

Annual report 2015

nnit

NNIT A/S Østmarken 3A
DK-2860 Søborg Denmark www.nnit.com

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Tomas Haagen
Dirigent

81.044.716

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Who we are

NNIT is one of Denmark's leading IT service providers and consultancies. NNIT offers a wide range of IT services and solutions to its customers, primarily in the life sciences sector in Denmark and internationally and to Danish customers in the public, enterprise and finance sectors.

Our vision

By 2020, our quality and value adding IT services will make us:



Denmark's preferred IT outsourcing partner

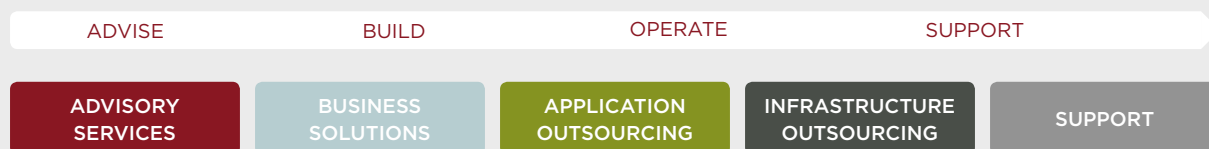


A leading international IT partner dedicated to life sciences

What we do

NNIT provides high-quality IT services. We are a wall-to-wall provider, which implies that we deliver services within all categories: advisory services, business solutions, application outsourcing and infrastructure outsourcing and support.

Our offerings



NNIT offers a broad range of IT services to four selected customer groups.



Life sciences

NNIT's life sciences customer group comprises pharmaceutical companies, medical device companies, clinical research organizations and biotech companies. Our largest life sciences customer is the Novo Nordisk Group and other customers are e.g. Lundbeck, Abbott, Astra-Zeneca and Roche.



Public

Our public customer group primarily comprises customers in Danish central and regional government as well as government-owned companies. Customers in the public customer group include DSB (the Danish railways), Region Hovedstaden (the Capital Region of Denmark) and Digitaliseringsstyrelsen (the Agency for Digitisation).



Finance

This segment comprises customers in the finance industry and currently all of our customers in this group are from the banking, insurance, pension and life insurance sectors. Our finance customers include PFA Pension, PenSam, Saxo Bank and Alka, among others.



Enterprise

NNIT's enterprise customer group comprises large Danish companies not included in other customer groups, including companies in the manufacturing and food industries. Our enterprise customers include, among others, Arla Foods, Vestas Wind Systems, Danish Crown and Bang & Olufsen.

One world, one NNIT

2,538

Employees worldwide



50+

Nationalities

5.9%

Growth in employees



78.4%

Employees with master's, PhDs, bachelor's or other professional degrees

Employee satisfaction

4.2

Out of 5



70.7%

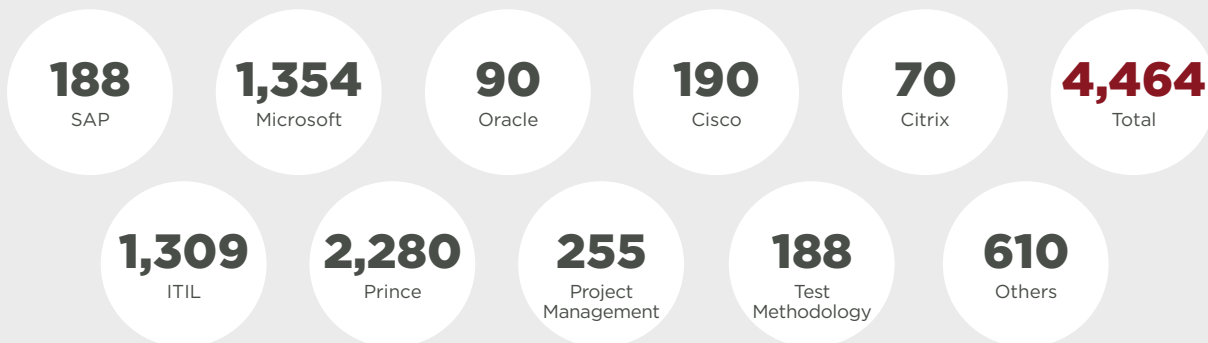
Men



29.3%

Women

Number of certifications held by employees in 2015





We are headquartered in Copenhagen (Denmark) and have sales and delivery offices in Aarhus (Denmark), Zurich (Switzerland), Frankfurt (Germany), London (UK), Princeton, New Jersey (United States) and Tianjin (China). Our delivery centers are Silkeborg (Denmark), Manila (the Philippines), and Prague and Olomouc (the Czech Republic).

Letter from
Jesper Brandgaard,
Chairman of the Board of Directors

Growth and value creation

2015 was an exciting year for NNIT. Most importantly, it was the year of the initial public offering (IPO) and hence the beginning of a new era. The separation from Novo Nordisk is now final, and NNIT stands on its own feet as an independent and strong IT services provider.

The preliminary interest in the NNIT share turned out to be overwhelming. Because of NNIT's strong legacy as a stable, profitable business that has grown steadily and organically for more than a decade, a large number of institutional and retail investors opted for the NNIT share when it became public. Looking back at 2015, I am pleased to note that we have had a positive development in our share price. At the same time the IPO has led to an increased brand awareness among our stakeholders.

As Chairman of the Board, I am pleased with NNIT's development during 2015. It proved that despite challenging market trends, with fewer large deals in the market, the company continues to generate profit and grow according to expectations. I believe that NNIT's exceptional experience within regulated industries allows the company to pursue its ambitions of becoming a leading international IT partner dedicated to life sciences – while at the same time taking advantage of its full portfolio of established services to become Denmark's preferred IT outsourcing partner.

Undeniably, NNIT competes in a specialized market characterized by skilled contenders and fierce rivalry. Yet, NNIT's broad range of IT services and solutions, as well as its track record as a viable supplier and advisor, enables it to continue its journey and win market share in the future.

Our direction is clear. We remain confident in our strategy, and in 2016 we will build on our momentum by continuously focusing on executing our strategy.

In 2015, we extended the cooperation with a number of customers - and also welcomed new ones to our portfolio of reputable business relationships. Our customers constitute the very basis of our business and our strategy aims to support them on their journey - whether they do business locally or abroad.

The Board of Directors

The Board of Directors is a collective body for promoting the long-term interests of the company in all respects, and we are responsible for ensuring that the



“Our direction is clear. We remain confident in our strategy, and in 2016 we will build on our momentum by continuously focusing on executing our strategy.”

overall strategic management and the financial and managerial control of NNIT are conducted adequately in all respects. We listen to, challenge and advise NNIT’s executive management team in relation to strategic initiatives and monitor the Group’s financial condition, risk management and business activities on an ongoing basis.

At the coming Annual General Meeting, the Board of Directors intends to propose re-election of the existing Board members and election of Carsten Dilling as new member and deputy chairman of the Board of Directors. If elected, the Board of Directors will then consist of eight members, which we find is sufficient to enable an appropriate distribution of tasks and ensure an effective and swift decision-making process. I am happy to note that the Board of Directors comprises the necessary expertise and experience to match the requirements of a professional, listed IT company.

I would like to use this opportunity to also thank previous deputy chairman, Wilbert A. M. Kieboom, for his contributions to the company, which were based on his significant experience as an executive in the IT industry,

Thank you

I want to thank everyone at NNIT for contributing to our 2015 performance. I would also like to express my appreciation to our shareholders and business partners for their trust and co-operation. In particular, I want to extend my gratitude towards our loyal customers, new as well as existing ones, who continue to place their trust and business with NNIT.

Letter from
Per Kogut,
President and CEO

Consolidating our potential

For NNIT, 2015 ended on a satisfactory note, reporting revenue growth of 7.9 percent and an operating profit margin of 10.3 percent. Despite a challenging year, primarily due to currency headwinds and a highly competitive market, we are satisfied with the results, and we complete the year delivering on our financial guidance.

Continuing our journey

Standing on the brink of 2016, I look back at an exciting year. In between the many new technology trends, including mobility, IT security, digitalization, cloud computing and continued industry consolidation, we continue to demonstrate persistent, solid organic growth within our key competence areas: our Danish home market and the international life sciences market.

This unique combination differentiates us from others, and I am proud to see that we continue to execute our strategy, while embracing technological innovations and challenges. In 2015 - in the year of the IPO - we demonstrated our operational strength by releasing a number of new service offerings, including IDMP (Identification of Medical Products), and enterprise hybrid cloud.

As a high-quality IT services provider, NNIT competes in a global market. Our competitors are global and given the increasing commoditization of IT services, it is crucial to be able to differentiate through a focused portfolio of services. But even more importantly, we

must differentiate in the way we deliver our services. NNIT's culture and values constitute the difference to our customers. We continue to focus on quality, customer proximity, speed and service as a key means to outperform our competitors and enhancing our position in the market.

Business drivers

While we reflect on our own efforts and ability to deliver the right solutions, we are of course also affected by the general market conditions, particularly within the life sciences industry and other regulated sectors. Recent regulation in the life sciences industry, such as the expected new standards for identification of medical products (ISO IDMP) and serialization, have far-reaching ramifications for IT decisions and investment priorities. To remain compliant, life sciences companies need to identify and track new types of data or documents and report on existing data on a more granular level than before, all of which requires significant additional IT resources. For NNIT, this means we must stay ahead of developments so we can continuously meet our customers' requirements and expectations.



“We continue to focus on quality, customer proximity, speed and service as a key means of beating our competitors and enhancing our position in the market.”

Cloud services is another emerging trend. We are experiencing a steep growth rate for cloud services, and some might claim that its success will cannibalize the core managed services offering. At NNIT, however, we are confident that cloud services will provide new opportunities for us. For instance, we have launched a hybrid cloud solution that combines the benefits of the public and private clouds. We expect that an increasing part of customers' IT spend in the coming years will be in the cloud.

We experienced a gradual change in general market terms during 2015. New pressures on competitiveness, price and agility compel IT solution vendors to seek new ways. The overall sentiment for investing in IT solutions stems from a wish to reduce cost and a need to implement new solutions more swiftly and flexibly.

Strategy

For NNIT – as for any other IT services provider – this means we must adapt to a new situation, where customers are increasingly selective, and tend to choose 'best-of-breed' providers, rather than 'best-of-suite' suppliers. Ultimately, this change means that we constantly need to scale our offerings and look for ways to meet our customers' needs with standardized packages, yet individually adapted to each client.

NNIT's strategic approach towards 2020 focuses on three areas: our competitiveness, our delivery capacity and the global life sciences industry. In a fast-changing market with intense competition, we must constantly focus on executing our strategy. We continue to strengthen our competitiveness by developing and implementing new services and solutions, we continue to explore and expand our delivery capacity to fully meet the requirements of our customers, and we continue to leverage our extensive knowledge about the life sciences industry to fully optimize our potential – not only in Denmark, but more importantly internationally.

The backbone of our success

We would not be able to pursue our ambitions without the dedication of all our employees, and I want to thank all my NNIT colleagues for their firm commitment to the company and to servicing our customers. Naturally, I also wish to express my gratitude to all of NNIT's stakeholders for their cooperation and support. I will look back at 2015 as a very unique year for everyone in NNIT, and I believe NNIT stands well-prepared to meet the future. I look forward to our continued journey towards further consolidating our potential.

2015 in figures

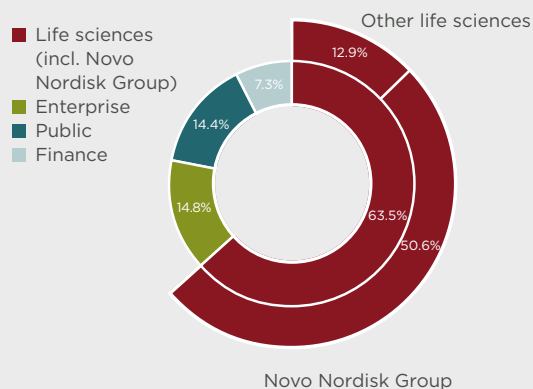
2,600

Revenue, DKK million

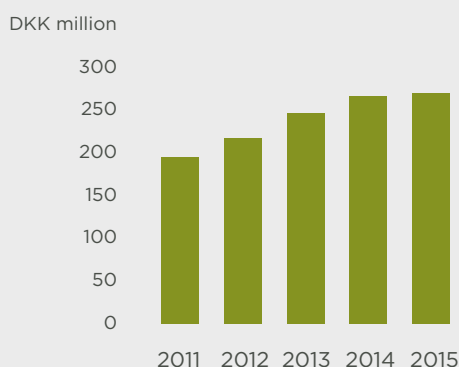
7.9%

Revenue growth

Revenue
by customer group in %



Operating profit



269

Operating profit, DKK million
(EBIT)

10.3%

Operating profit margin

2,020

Order backlog for 2016, DKK million

8.76

Earnings per share, DKK

211

Free cash flow, DKK million

4.00

Dividends proposed
per share, DKK

Performance highlights

DKK '000	2015	2014	2013	2012	2011	2014-2015
Financial performance						
Revenue:						Change
Life sciences	1,649,740	1,546,824	1,409,647	1,372,526	1,320,775	6.7%
Hereof Novo Nordisk Group	1,315,766	1,260,270	1,170,042	1,153,622	1,101,905	4.4%
Hereof other life sciences	333,974	286,554	239,605	218,904	218,871	16.5%
Enterprises	384,669	371,253	291,478	133,675	101,079	3.60%
Public	375,113	326,065	344,844	357,030	215,803	15.00%
Finance	190,765	166,254	158,563	164,326	157,475	14.7%
Total revenue by customer group	2,600,287	2,410,396	2,204,532	2,027,557	1,795,133	7.9%
IT Operation Services	1,740,403	1,667,104	1,495,686	1,359,852	1,131,848	4.4%
IT Solution Services	859,884	743,292	708,846	667,705	663,285	15.7%
Total revenue by business area	2,600,287	2,410,396	2,204,532	2,027,557	1,795,133	7.9%
EBITDA	410,322	389,363	354,269	306,696	256,936	5.4%
Depreciation and amortization	141,217	124,016	107,808	89,948	62,544	13.9%
Operating profit (EBIT)	269,105	265,347	246,461	216,748	194,392	1.4%
Net financials	3,128	2,377	(11,317)	(22,189)	(13,088)	31.6%
Net profit for the year	212,441	209,283	185,566	143,999	134,104	1.5%
Investment in tangible and intangible assets	136,041	155,226	104,249	174,811	109,958	-12.4%
Total assets	1,335,781	1,282,410	1,276,319	1,228,534	1,084,590	4.2%
Equity	740,818	684,252	765,344	682,232	617,060	8.3%
Dividends paid	83,713	290,000 ¹	108,000	68,000	79,000	-71.1%
Free cash flow	210,841	152,658	199,704	(65,473)	21,550	38.1%
Earnings per share²						
Earnings per share (DKK)	8.76	8.37	7.42	5.76	5.36	4.6%
Diluted earnings per share (DKK)	8.54	8.37	7.42	5.76	5.36	1.5%
Employees						
Average number of full-time employees	2,494	2,276	2,047	1,813	1,534	9.6%
Financial ratios³						
Gross profit margin	19.9%	19.9%	20.4%	20.5%	21.3%	
EBITDA margin	15.8%	16.2%	16.1%	15.1%	14.3%	
Operating profit margin	10.3%	11.0%	11.2%	10.7%	10.8%	
Effective tax rate	22.0%	21.8%	21.1%	26.0%	26.0%	
Return on equity	29.8%	28.9%	25.6%	22.2%	22.4%	
Solvency ratio	55.5%	53.4%	60.0%	55.5%	56.9%	
Long-term financial targets						
Revenue growth	7.9%	9.3%	8.7%	12.9%	8.5%	Target ≥ 5%
Operating profit margin	10.3%	11.0%	11.2%	10.7%	10.8%	≥ 10%
Return on invested capital (ROIC) ³	38.9%	41.3%	37.8%	34.4%	48.1%	30%
Cash to earnings ³	99.2%	72.9%	107.6%	(45.5)%	16.1%	
Cash to earnings (three-year average) ⁴	93.2%	45.0%	26.1%	(0.6)%	64.6%	80%
Additional numbers						
Order entry backlog for the following year ⁵	2,019,819	1,915,796	1,803,400	1,643,200	1,337,300	5.4%
Order entry backlog for the following year 2+3 ⁶	2,166,814	2,532,842	2,233,200	1,962,600	1,237,000	-14.5%

1) Includes payment of an interim dividend of DKK 150 million in September 2014.

2) In 2014 NNIT expanded its capital from DKK 1m to DKK 250m. The number of shares was increased from 1,000 to 25,000,000 shares. Additionally, a stock split was carried out in which the nominal value of the NNIT shares was changed from DKK 1,000 to DKK 10. Comparison figures are recalculated.

3) Please see page 69 for definitions.

4) Cash to earnings (three-year average) is a simple average of the past three years.

5) 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 a future financial year.

6) Year 2+3 represents 2017 and 2018 in the 2015 column and 2016 and 2017 in the 2014 column, etc.

2015 financial performance and outlook

NNIT delivered organic revenue growth of 7.9 percent and an operating profit margin of 10.3 percent. Despite a competitive market, NNIT has delivered strong growth; notably, double-digit growth from non-Novo Nordisk Group customers.

NNIT's revenue growth was in line with the latest guidance from October 2015 and in the high end of the guidance provided in February 2015 in the Annual Report 2014. Operating profit margin exceeded the guidance provided in February 2015 and the latest guidance from October 2015. Investments were in line with the latest guidance provided.¹

Revenue development

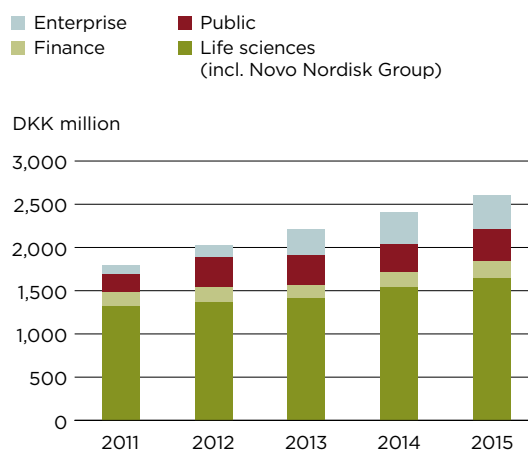
Organic revenue growth in 2015 was 7.9 percent, whereas the Danish IT-service market experienced growth of around 1.5 percent. NNIT remains competitive and continues to gain market share within its business areas.

Customer groups

In 2015, revenue from the life sciences customer group increased by DKK 102.9m, corresponding to 6.7 percent, primarily driven by an increase of 16.5 percent from non-Novo Nordisk Group customers. This growth came from both Danish and international non-Novo

Nordisk life sciences customers. Revenue from the Novo Nordisk Group was affected by the discontinuation of re-invoicing of software licenses. Adjusted for this, revenue growth from the Novo Nordisk Group was 6.9 percent (4.4 percent before adjustment) in 2015. The discontinuation had no effect on operating profit.

Revenue by customer group



¹ Please refer to the company announcement of January 27, 2016 for explanation of results compared with the latest expectations.

The share of NNIT's revenue from customers outside the Novo Nordisk Group in 2015 reached 49.4 percent compared with 47.7 percent in 2014.

Revenue from the enterprise customer group increased by DKK 13.4m, corresponding to 3.6 percent. Revenue was influenced by a one-off compensation to NNIT for early termination of a contract in Q1 2014. Adjusted for this compensation, revenue growth was 5.4 percent.

Revenue from the public customer group in 2015 increased by DKK 49.0m, corresponding to 15.0 percent increase over 2014. The increase was mainly due to several new contracts in the last three quarters of 2014, including ATP, the Danish tax authorities and the Danish courts. Additionally, in 2014, a DKK 35m reversal of revenue was made on a disputed contract, and adjusted for this, revenue growth was 3.9 percent in 2015.

Revenue from the finance customer group increased by DKK 24.5m, corresponding to 14.7 percent. The increase was primarily due to expansion of several existing customer contracts.

Development in order entry backlog

NNIT's order entry backlog for 2016 at the beginning of 2016 amounts to DKK 2,020m, which is an increase of 5.4 percent compared with the backlog of contracts for 2015 at the beginning of 2015. The increase

was primarily due additional projects or extensions of contracts to existing customers. New contracts have primarily been in the small to mid-size range.

The order entry backlog for 2017 and 2018 at the beginning of 2016 was 14.5 percent lower than it was at the beginning of 2015 for 2016 and 2017. The decline in the order entry backlog is due to expiration of several large infrastructure agreements in 2017 and 2018 in all customer groups where renegotiations or retendering have not yet been initiated. Should these contracts be renewed or replaced, the backlog will increase.

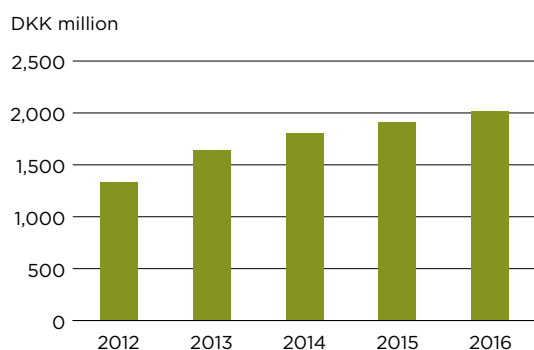
Development in gross profit, costs and operating profit

Gross profit increased by 7.8 percent, which is slightly lower than revenue growth would suggest due to the increase in exchange rates in NNIT's key sourcing locations, China and the Philippines, versus Danish kroner as well as the increase in costs of software and hardware purchased in US dollars. This was partly offset by gains on hedges, which are reported under net financials. Further, cost of goods sold was affected by the IPO incentive program (initiated in March 2015) and increased rental costs related to the expansion of facilities in Denmark. Despite these factors the gross profit margin is unchanged at 19.9% due to a number of cost and efficiency initiatives taken during 2015.

Sales and marketing costs increased by 15.8 percent in 2015 compared with 2014. This was primarily due

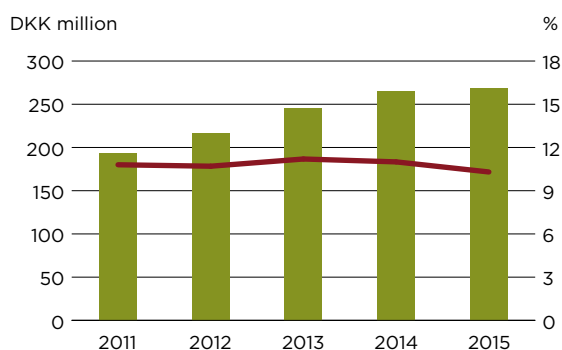
Order entry backlog

■ Contracts for delivery in the year at the beginning of the year



Operating profit and margin

■ Operating profit margin
■ Operating profit



to a strengthening of the sales force to support future growth, especially within international life sciences. The IPO incentive program also affected sales and marketing costs.

Administrative expenses increased by 15.7 percent. The increase was primarily due to the IPO incentive program and additional costs related to being a listed company such as new functions within treasury, investor relations and legal compliance.

Operating profit increased by 1.4 percent to DKK 269.1m, corresponding to an operating profit margin of 10.3 percent, which was 0.7 percentage points lower than 2014. The operating profit was negatively affected by DKK 30.8m due to currency headwind. This was only offset to a minor extent by a gain on hedges of DKK 6.8m under net financials, since NNIT was under Novo Nordisk's hedging program until the IPO in March 2015. Most of the currency exposure in 2015 was therefore not hedged until the end of January 2015, at which time the Chinese yuan, the Philippine peso, the US dollar and the Swiss franc had already appreciated significantly. Despite the currency headwind the strong underlying development in NNIT's operations and cost and efficiency initiatives secured an operating profit margin of 10.3% in 2015 which is above NNIT's long-term target of at least 10%.

Measured in constant currencies the operating profit margin increased from 11.0% in 2014 to 11.6% in 2015, reflecting the underlying strong performance of NNIT.

Business areas

DKK '000

IT Operation Services	2015	2014	2014-2015
Revenue	1,740,403	1,667,104	4.4%
Operating profit	172,231	188,388	-8.6%
<i>Operating profit margin</i>	<i>9.9%</i>	<i>11.3%</i>	<i>-1.4pp</i>

IT Solution Services	2015	2014	2014-2015
Revenue	859,884	743,292	15.7%
Operating profit	96,874	76,959	25.9%
<i>Operating profit margin</i>	<i>11.3</i>	<i>10.4%</i>	<i>0.9pp</i>

Business areas – revenue and profitability

IT Operation Services revenue increased by 4.4 percent, primarily driven by some of the large outsourcing customers outside the Novo Nordisk Group. Revenue from the Novo Nordisk Group was affected by the discontinuation of re-invoicing of software licenses. Adjusted for this discontinuation, revenue growth was 6.3 percent, well above market growth.

Operating profit in IT Operation Services decreased by 8.6 percent to DKK 172.2m leading to an operating profit margin of 9.9 percent. The decrease in operating profit was due to currency headwinds, the IPO incentive program and one-off costs related to the expansion of office facilities in Denmark in Q1 2015. During 2015 efficiency measures have ensured a strong close to the year, also ensuring a balanced capacity level entering 2016.

IT Solution Services' revenue increased by 15.7 percent, primarily driven by new customers in the life sciences, finance and public customer groups as well as the Novo Nordisk Group. Revenue in 2014 was influenced by certain one-time events, principally the reversal of revenue on a disputed contract partially offset by compensation received for early termination of another contract, which had a net negative impact on revenue. Adjusted for this, revenue growth in 2015 was 11.5 percent.

Operating profit in IT Solution Services increased by 25.9 percent to DKK 96.9m leading to an operating profit margin of 11.3 percent.

Development in net financials and tax

Net financials improved by DKK 0.7m to DKK 3.1m in 2015. Net financials were affected by the net fair value adjustment of Novo Nordisk shares and the obligations related to long-term incentive programs from previous years, which were net positive with DKK 4.1m. Gains from currency hedges in 2015 were DKK 6.8m. Various financial fees related to being a listed company and bank charges had a negative impact of DKK 7.7m.

Income tax in 2015 amounted to DKK 59.8m, which is an increase of DKK 1.4m compared with 2014. The effective tax rate for 2015 was 22.0 percent, which is an increase of 0.2 percentage points compared with 2014. The increase is caused by an adjustment of current

and deferred tax regarding previous years partly countered by the reduction of the Danish corporate tax rate from 24.5 percent to 23.5 percent.

Development in capital expenses and free cash flow

Investments in 2015 amounted to DKK 136.0m compared with DKK 155.2m in 2014. The decrease in investments was mainly related to the lack of new large outsourcing contracts. Throughout 2015 NNIT has worked on optimizing the capacity utilization of our data center as well as achieving the optimal split between our own and rented data center capacity. Based on this, NNIT decided not to invest in a new data center in 2015. A future decision on building a new data center will depend on the character and timing of new outsourcing contracts.

Free cash flow in 2015 was DKK 210.8m, an increase of 38% compared with 2014. This was primarily due to increased reversal of non-cash items, such as depreciations combined with lower investments. The strong development in free cash flow resulted in an increase in cash to earnings from 73% in 2014 to 99% in 2015. NNIT paid dividends of DKK 84m and acquired NNIT shares of DKK 94m in March 2015, and the total cash flow in 2015 was DKK 33m compared with DKK -137m in 2014.

Balance sheet

Net financial cash position as of December 31, 2015 increased by DKK 33.4m to a net cash position of DKK 131.0m. Equity as of December 31, 2015, was DKK 741m, which was an increase of DKK 56.6m compared with December 31, 2014. This increase was due to net profits from the operating activities countered by payment of dividends and the acquisition of NNIT shares in March 2015.

Development in long-term financial targets

NNIT operates with four long-term financial targets as an integral part of its strategic planning.

Both individually and in combination, these four targets guide NNIT towards competitive performance compared with the IT services industry as a whole.

The target level for operating profit margin is at least 10 percent. This target positions NNIT among the most profitable companies in the IT services industry in Europe and still allows for deviations to meet business

opportunities. In 2015, NNIT's operating profit margin reached 10.3 percent even though it was heavily affected by currency headwinds. In constant currencies the operating profit margin increased from 11.0% in 2014 to 11.6% in 2015.

The target level for revenue growth is at least 5 percent and reflects the expectation that NNIT will continue to grow faster than the market by attracting new customers and continue to deliver more value to existing customer relationships. In 2015, NNIT realized revenue growth of 7.9 percent.

The target level for return on invested capital of at least 30 percent mirrors NNIT's expected increase in investments in operational capacity to accommodate new and existing customers going forward. In 2015, NNIT realized a return on invested capital of 38.9 percent. A potential future investment in a new data center will decrease the return on invested capital for a period.

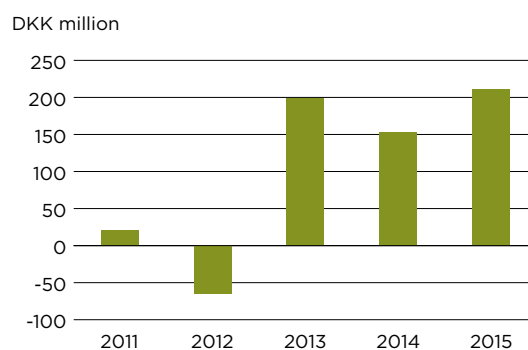
The target level for the three-year average cash-to-earnings ratio is 80 percent or higher. In 2015, NNIT reached a cash-to-earnings ratio of 99.2 percent and consequently a three-year average (2013-2015) of 93.2 percent. A potential future investment in a new data center will decrease the three-year average cash-to-earnings ratio for a period.

Events after balance sheet date

There have been no events after the balance sheet date with significant impact on the assessment of NNIT's financial position as of December 31, 2015.

Free cash flow

■ Free cash flow



Outlook

Our outlook for 2016 is based on the increase in order backlog for 2016 of 5.4% and expected revenue from our pipeline of potential orders.

Our expectations are based on a number of important assumptions. These include that relevant macroeconomic trends will not significantly change business conditions for NNIT during 2016; that business perfor-

mance, customer and competitor actions will remain stable; and that currency exchange rates, especially the Chinese yuan, Euro, Czech koruna, Philippine peso, US dollar and the Swiss franc, will remain at the current levels versus Danish kroner (as of January 20, 2016). To mitigate volatility in exchange rates, NNIT has entered into hedge contracts as illustrated below.

Summary of current expectations

	Current guidance	Long-term targets
Revenue growth		
In constant currencies**	at least 5%	≥ 5%
Operating profit margin		
In constant currencies**	10-11%	≥ 10%
Investments / revenue***	5-6%	5-6%

* Long-term targets are in reported currencies.

** Constant currencies measured using average 2015 exchange rates.

*** Re-investments and new customer investments in the short-term are expected to be 5-6 percent of total revenue. Throughout 2015 NNIT has worked on optimizing the capacity utilization of our own data center as well as achieving the optimal split between our own and rented data center capacity. Based on this NNIT decided not to invest in a new data center in 2015. A future decision on building a new data center will depend on the character and the timing of new outsourcing contracts. If NNIT decides to build another data center to support growth, NNIT expects additional investments of around DKK 250m over a three-year-period.

Currency sensitivities

	Estimated annual impact on NNIT's operating profit of a 10% increase in the outlined currencies against DKK*	Hedging period (months)
CNY	DKK -19 million	14
EUR	DKK 20 million	-
CZK	DKK -6 million	14
PHP	DKK -4 million	14
USD	DKK 3 million	-
CHF	DKK -2 million	-

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

* The above sensitivities address hypothetical situations and are provided for illustrative purposes only. The sensitivities assume our business develops consistent with our current 2016 business plan.

Key currency assumptions

DKK per 100	2014 average exchange rates	2015 average exchange rates	YTD 2015 average exchange rates at January 20, 2016	Current exchange rates at January 20, 2016
CNY	91.24	107.04	104.59	104.00
EUR	745.47	745.86	746.16	746.38
CZK	27.07	27.35	27.61	27.60
PHP	12.65	14.77	14.50	14.29
CHF	613.78	698.88	684.73	682.75
USD	561.78	672.69	687.34	684.31

Forward-looking statements

This Annual Report contains forward-looking statements. Words such as 'believe', 'expect', 'may', 'will', 'plan', 'strategy', 'prospect', 'foresee', 'estimate', 'project', 'anticipate', 'can', 'intend', 'outlook', 'guidance', 'target' and other words and terms of similar meaning in connection with any discussion of future operating or financial performance identify forward-looking statements.

Statements regarding the future are subject to risks and uncertainties that may result in considerable deviations from the outlook set forth. Furthermore, some of these expectations are based on assumptions regarding future events which may prove incorrect.

Please also refer to the overview of risk factors in the 'risk management' section on page 26-29.



AstraZeneca

“As a leading pharmaceutical company, we are highly dependent on the data we generate which brings to life the promise of our medicines. We need an environment where this data is always easily and reliably retrieved. NNIT is our partner in making sure that by the end of 2017, we achieve our goals for our clinical analysis and reporting environment: all our clinical trial safely stored in one database, and we are able to respond swiftly to any regulatory query and to market demands.”

Nevine Zariffa, Vice President, Biometrics and Information Sciences, AstraZeneca



Dedicated to sustainable growth

NNIT's aspiration is that, by 2020, quality and value-adding IT services will make us:

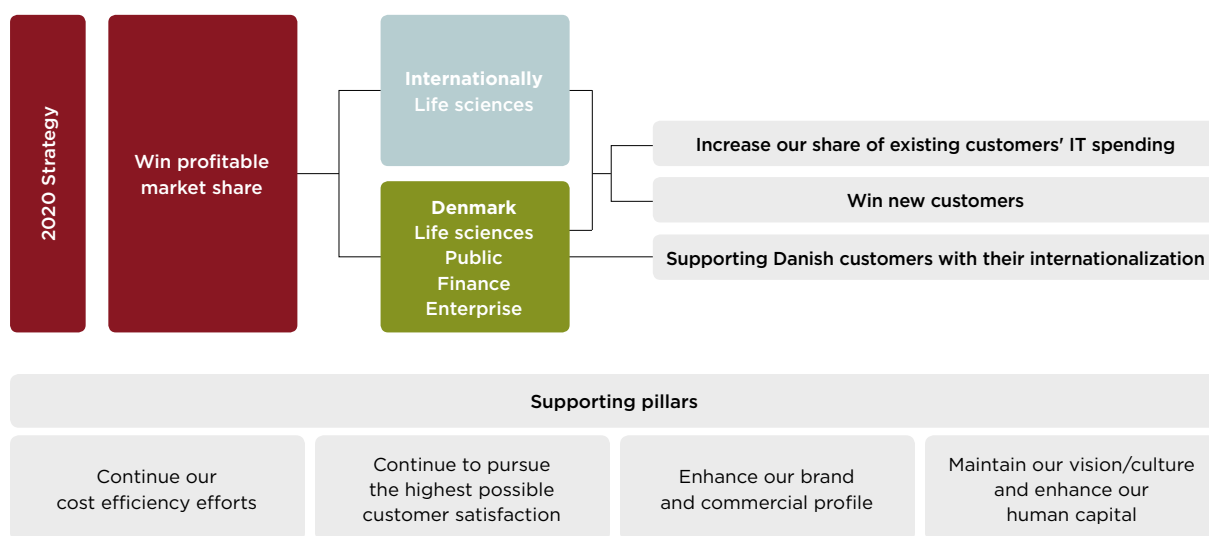
- Denmark's preferred IT outsourcing partner
- A leading international IT partner dedicated to life sciences

Our main objective is to grow our revenue and market share in the IT services market in Denmark and the life sciences IT services market internationally, while maintaining or improving our operating profit margins.

In particular, we seek to achieve this goal by targeting growth in revenue of at least 5 percent per year, while maintaining an operating profit margin of at least 10 percent. NNIT's Executive Management intends to

accomplish the principal objective by continuing to focus on the following key elements of the strategy:

- Continue to improve customer satisfaction
- Continue to expand our market share in Denmark
- Support Danish customers' internationalization
- Leverage our strong industry-specific expertise in life sciences internationally
- Continue to enhance and deepen our expertise and service offerings through specialization and standardization
- Continue to increase industrialization of service delivery
- Maintain our culture and enhance our human capital



IT services market in brief

NNIT operates in the IT services market. IT services account for approximately half of the total IT market, in Denmark as well as in the global market, the other areas being hardware and software.

Key trends

The IT services market is undergoing rapid change. Several technology and demand-driven trends affect this development. The top five key trends that are likely to affect NNIT's business are described below:

Cloud

Cloud computing is one of the emerging trends that is currently changing the IT landscape. An example of this is software, development platforms and infrastructure being supplied 'as a service', which means that standardized solutions are delivered from multi-tenant clouds and paid according to usage. To system integrators such as NNIT, this opens up new opportunities to deliver orchestration of hybrid cloud solutions across public and private clouds as well as legacy systems in customers' own data centers or in NNIT's data center.

Digitalization and smart machines

Digitalization is another topic that tops the business agenda for most companies across all industries. One of the key focus areas is 'smart machines', the new generation of solutions that combine big data analytics, automation and robotics. These technologies are changing businesses and challenging the traditional view on what IT can be used for. They also challenge the role of the CIO, who must understand more than ever how to support the business with the right solutions. For NNIT, it means an increased focus on how we deliver the agile environments and IT outsourcing

that enables the IT department to succeed in the new digital business model.

Security

When company data become business critical assets, data security and the ability to secure access become even more important. At the same time, threats increase and the attacks become more professional and targeted, which requires advanced measures to protect company assets. NNIT offers a range of security services that cover these needs, and we are the first Nordic system integrator to earn the CERT (Computer Emergency Response Team) certification for our security services.

Multi-sourcing

Another trend is the growing tendency for companies to divide outsourcing contracts into smaller contracts that focus on individual functions, for example network, backup or specific applications. A multi-vendor strategy enables them to choose different vendors or even insource parts of the IT operation. For system integrators such as NNIT, this means we can expect fewer large deals in the market. On the other hand, it implies more opportunities from customers who are otherwise engaged with a single large vendor.

Regulation and compliance

In today's world, more and more IT is driven by regulation and compliance, hence the need to have the necessary IT to support the legal requirements. This is especially relevant in the life sciences industry, and we see this increasingly in other industries as well. Compliance with customer and vendor contracts also drives significant IT investments, for example upgrading solutions that depend on unsupported software.

A competitive IT services market

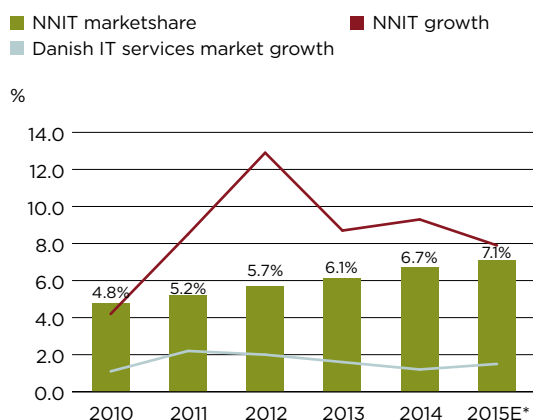
The IT services market in general is competitive. The need for agility, speed and breadth of services and solutions, as well as the demand for improved margin and bottom line, continues to pressure the market and increase competition. Still, NNIT is one of the fastest-growing large IT services vendors in Denmark and the third largest measured by revenue.

Our competitors can be divided into five categories:

- The global players, including Accenture, IBM, CSC, Atos and CGI
- The offshore players including Tata Consultancy Services, HCL and Cognizant
- Local Danish players including KMD, Atea, TDC Hosting, EG and Netcompany
- Other competitors for example cloud vendors (like Amazon and Microsoft), specialized life sciences providers (such as Oracle), business process outsourcers (such as Visma in the Danish market, or Quintiles in the international life sciences market)
- In-house IT departments that choose to handle elements of their IT operation themselves

NNIT growth and marketshare

Danish IT services market 2010-2015



* 2015E is estimated number based on IDC forecast for Danish IT services market for 2015

Source: IDC Denmark IT Services Vendor Shares, 2012-13 and 2013-14, IDC Denmark IT Services Spending Forecast by Market and Vertical Industry 2010-2016

Key strengths

As a high-quality IT services provider, NNIT competes in a global market with international competitors.

Given the increasing standardization of basic IT services, it is crucial to be able to differentiate through a focused portfolio of services. But even more important: we must differentiate in the way we deliver our services. NNIT's culture and values are what make the difference to our customers. We live our values - open and honest, conscience driven and value adding. In other words, we meet the customer eye to eye in a straightforward dialog, and we take care of our customers' IT as if it were our own.

Maintaining and extending our leading position in the Danish IT services market, while also strengthening our position in the international life sciences IT services market, rely on our key strengths:

Strong track record

Ever since NNIT was founded, we have delivered solid, organic revenue growth rates, consistently outperforming the growth of the Danish IT services market. Our scale and quality focus, as well as our strong market position in Denmark, allow us to compete for most large IT projects in Denmark and leave us well-positioned for further growth in Denmark and internationally.

Stable business model

Our business model implies a close customer relationship, which along with our global delivery centers and scale-driven operating leverage, have helped us deliver robust operating profit margins over the past decade. At the same time, we have diversified our customer base and grown our share of revenue from customers outside the Novo Nordisk Group from 35 percent in 2010 to 49 percent in 2015. The long-term nature of many of the major contracts further adds to the transparency of the business, reducing operational risk and warranting long-lasting customer relationships.

Profound experience

Being born in the life sciences industry as Novo Nordisk's internal IT department, NNIT and not least our highly skilled employees understand and adhere to the regulatory requirements and the application landscape of the attractive life sciences industry. However, our experience also allows us to pursue other regulated

industries such as finance and public, with strict focus on control and compliance. Further, the NNIT management team has a proven track record in the IT industry, which, combined with the strong NNIT culture and values, provides a key competitive advantage.

Integrated global delivery model

Finally, we believe that our integrated local nearshore and offshore service delivery model enables us to provide our services and solutions in a comprehensive and well-managed way, with enhanced timely delivery, significant cost advantages, quality control and improved customer satisfaction, as well as overhead cost savings that makes us competitive compared to other delivery models.

A focused strategy to reach our ambition

We have set out to reach ambitious goals. We want to become the preferred outsourcing partner in Denmark and a leading partner to international life sciences. And we are progressing according to plan.

Denmark's preferred IT outsourcing partner

NNIT is currently the third-largest IT services vendor in the Danish market, with a 2014 total market share of 6.7 percent according to IDC and an organic revenue growth of 7.9 percent from 2014 to 2015.

According to Gartner, the market is forecasted to grow at a compound annual growth rate (CAGR) of 3.3

percent in the period 2015-2019, so we are still gaining market share in a competitive market. Our competitors include local players and global contestants from both US and India.

A key reason for this continuous growth is our customer satisfaction, which in 2015 was 4.1 and continues to be above our target of 4.0 out of 5.0.

Leading international partner for life sciences

NNIT serves the life sciences market in Western Europe, North America and China. Combined, these regions are expected to grow by an average of 5.1 percent in 2015-2019. The total global market for IT to life sciences is more than 200 bnDKK, and the IT services market for NNIT's selected regions alone was 66.3 bnDKK in 2015.

We continue our journey towards being a leading international IT partner for life sciences. We show growth rates of 16.5 percent in life sciences outside the Novo Nordisk Group and have a mix of large and small deals with international life sciences companies.

The year has brought new business from a number of existing and new customers. Novo Nordisk, Lundbeck and LEO Pharma are among the Danish customers, while Bayer, Gilead, AstraZeneca and Novartis are among the many international customers who have chosen to place some of their IT business with NNIT.

As a system integrator, we depend on our ability to pick the winning technologies in the market. NNIT engages therefore in partnerships with selected hard-

Danish IT Services market

Mio DKK	2014	2015	2016	2017	2018	2019
Solutions*	17,424	17,814	18,253	18,652	19,008	19,332
Infrastructure**	17,445	17,587	17,719	17,748	17,685	17,624
Total IT Services	34,869	35,401	35,973	36,399	36,693	36,956
Total IT Services growth according to IDC (September 2015)	1.6%	1.5%	1.6%	1.2%	0.8%	0.7%
Total growth according to Gartner (December 2015)***	2.5%	2.4%	2.8%	3.0%	3.5%	3.9%

* Solutions include: Application Management, CAD, IS Consulting and System Integration

** Infrastructure include: Hosting infrastructure Services, IS outsourcing, Network and Desktop outsourcing, Network consulting and integration, support services

*** Include: Cloud Services, Consulting, HW&SW Support, Implementation, Infrastructure Outsourcing, Application Outsourcing

ware, software and consultancy providers to ensure that we continue to provide the right mix of services to our customers. The partnerships are typically non-exclusive go-to-market partnerships, in which we invest in building competencies in the vendor's technology, as well as in surrounding integration services, in order to supply the full range of services to our customers across different technologies.

Driving our strategic focus areas

In a fast-changing market with intense competition, we must constantly focus on strategy execution. To ensure that, we have identified three focus areas:

- Our ability to grow our business significantly in the attractive life sciences market
- Our ability to have the right delivery setup, in terms of people, locations and technology
- Our ability to stay competitive, by meeting the market with the right price point and the right services mix

International life sciences growth

NNIT holds a niche position in the international life sciences market. Our main activities are in advisory services and projects, with an increasing focus on application and infrastructure outsourcing.

We are perceived as a trusted advisor to the industry with deep domain knowledge, and we create value with our IT solutions and our knowledge about how to operate IT according to GxP pharma industry standards. GxP stands for Good Practice in areas such as clinical development, manufacturing and drug safety.

Our wide portfolio of services for the industry is focused within clinical development, regulatory affairs, supply chain and quality management. In these specific areas, we hold world-leading positions and are acknowledged for our expertise. It is our ambition to develop our position in consultancy services and outsourcing services to the industry during 2016.

We constantly monitor the regulatory environment in the industry in order to offer IT support for new regulatory areas, including serialization requirements and ISO IDMP, but also changes to existing requirements from FDA and EMA.

Global delivery capacity

NNIT is currently located in seven geographic regions, with a total of 11 office locations.

Country	Location	Purpose	Number of employees
Denmark	Soeborg	Headquarters, delivery and sales	1,452
Denmark	Aarhus	Delivery and sales, Western Denmark	85
Denmark	Silkeborg	Delivery	10
China	Tianjin	Delivery and life sciences sales	698
Philippines	Manila	Delivery	116
Czech Republic	Prague	Delivery	110
Czech Republic	Olomouc	Delivery	12
Switzerland	Zurich	Delivery and life sciences sales	25
Germany	Frankfurt	Delivery and life sciences sales	6
USA	Princeton, New Jersey	Delivery and life sciences sales	18
UK	London	Delivery and life sciences sales	6



Arla

“NNIT operates the business-critical SAP installation at Arla. In 2015, we decided to upgrade our data warehouse with a SAP Hana solution to improve performance in our data mining. As a leading supplier of SAP Operations, and as responsible for operating the rest of our business-critical SAP installation, NNIT was the obvious partner to deliver the solution.”

Torben Fabrin, CIO, Arla

NNIT was one of the first service providers in the world to offer GxP cloud services and we deliver infrastructure operations and support to GmP level. The first version was launched in 2012, and the next version is expected to be ready for the market in early 2016.

Proximity to the customers is key to our market approach. We currently have offices in 11 locations.

This international reach enables us to be close to our international customers and ensures we always have the best competencies available at competitive prices. To ensure that we are based in the right locations, we constantly monitor any development in wages, available talent, office productivity and regulatory requirements, while we also observe the geopolitical situation.

Delivery setup and data center capacity

Our ability to have the right delivery setup, in terms of people, locations and technology, is key to our ability to compete in the market. Our integrated teams model and our focus on being in the right locations to attract the best competencies at competitive cost levels is a key parameter, another being our technical delivery capacity.

We base our infrastructure operations on our own data center, as well as on partner facilities. The NNIT-owned data center, located in the Copenhagen area, is a future-proof facility, equivalent to tier 4, which is the highest ranking that can be achieved for a data center. It is built for full redundancy, meaning that all components can be swapped without interrupting operations. And it is built for regulated industries, including audit readiness and dedicated environments for security and compliance aware industries. We monitor our data center capacity closely in order to meet market demands in our own and in third-party facilities. Throughout 2015 NNIT has worked on optimizing the

capacity utilization of our own data center as well as achieving the optimal split between our own and rented data center capacity. Based on this, NNIT decided not to invest in a new data center in 2015. A future decision on building a new data center will depend on the character and timing of new outsourcing contracts.

Competitiveness

Since NNIT's start, the company has consistently demonstrated its ability to deliver profitable growth above market levels. To maintain this track record, we need to remain an attractive IT partner and to win and re-win business ahead of our competitors. We believe we can achieve this by providing the right services at a competitive price point.

New services

During 2015, we have launched a number of new services and further developed our position in existing business areas. New services include:

- A complete cybersecurity portfolio including advisory, critical systems security, identity and access management, NNIT CERT, managed security services, business continuity management and compliance assurance
- The NNIT Automation Suite: Automation and lean administration of high volume and/or rule-based case handling for the public sector
- Windows 2003 EOS: Migration of Windows 2003 servers, which went out of support during 2015
- Office 365: NNIT offers consulting, implementation and management of Microsoft Office 365 cloud solutions
- SAP SuccessFactors: SAP cloud solution for HR management
- SAP S/4 Hana: SAP has launched S/4 Hana, the next-generation SAP applications. NNIT offers consultancy and migration services for our customers on this journey
- The NNIT Enterprise Hybrid Cloud

ISO-IDMP Stands for International Organization for Standardization (ISO) for the identification of medicinal products (IDMP), and is a new set of standards for reporting medicine information to regulatory authorities such as FDA and EMA.

FDA US Food and Drug Administration

EMA The European Medicines Agency

Serialization Track-and-trace solutions for drug production and distribution

EOS End of Support

NNIT Enterprise Hybrid Cloud

In December 2015, NNIT launched an enterprise hybrid cloud solution. The enterprise solution delivers controlled IaaS (infrastructure-as-a-service) with enterprise level policies, monitoring, incident management and everything else that customers need to operate a professional enterprise infrastructure – regardless of the underlying platform.

The enterprise hybrid cloud combines the best of the cloud by integrating Microsoft Azure with the customer's private IT environments. Hybrid clouds are especially attractive to organizations that want to explore the flexibility and scalability of the public cloud, while keeping the ability to maintain in-house capacity for mission-critical applications.

SAP is a core business area for NNIT. We have approximately 250 consultants directly involved in building, maintaining and operating SAP solutions for our customers. This makes us one of Denmark's leading SAP houses.

The further development of the SAP business area will continue in 2016, with the launch of a NNIT SAP cloud solution and with many business opportunities related to the next SAP platform called S4/Hana, as well as regulatory-driven requirements from the life sciences industry.

Cloud is an integrated part of our customers' IT, both on an infrastructure and software level. Customers need agility and service orchestration, but they primarily need a partner they can trust with their core IT business platforms.

NNIT invests in the ability to provide the right cloud solutions to the market. In 2015, we launched our enterprise hybrid cloud solution that enables us to deliver and manage infrastructure in our own data center and based on Azure from Microsoft. This gives our customers the best of both worlds: agility and scale in the public cloud, combined with the enterprise level monitoring, incident management and backup required by a professional organization. The enterprise hybrid cloud solution is expected to be upgraded in early 2016 to support GxP operations. For NNIT, this will be our second-generation GxP cloud.

Productivity

The IT market is characterized by rapidly increasing volumes, but also decreasing unit prices. Further, the key exchange rates in some of NNIT's main currencies have appreciated versus the Danish kroner increasing cost of some of NNIT's delivery centers in Danish kroner. This is a development that has also impacted our international competitors since they to a large extent source from India, where the Indian rupee has also appreciated versus Danish kroner.

To secure and further improve NNIT's competitiveness and to offset market price pressure NNIT will initiate an Operational Excellence Program. The aim of the program is to identify and implement cost reductions and to further implement lean processes, automation, tool optimization and organizational optimization, while still maintaining quality.

In addition to this, NNIT has launched the following productivity initiatives:

- Increased global sourcing targeting 45 percent of employees in near-shore and off-shore destinations at the end of 2016, subject to customer requirements
- Standardization and simplification of smaller production environments with differentiated service levels
- Procurement savings

The operational excellence program and related costs are expected to be operating profit neutral in 2016.

Risk management

NNIT operates in a highly competitive and rapidly changing global marketplace. In order to sustain profitable growth, NNIT considers risk management a necessity and has adopted a structured approach to address this area.

NNIT believes that efficient risk management requires a structured method applied consistently across the organization. In NNIT, risk management contains four elements: risk identification, risk assessment, identification of mitigating actions and risk reporting.

NNIT identifies risk using a combination of a bottom-up and a top-down approach. Key risks are initially identified within each divisional area and are reported to Group Management together with information on what has been done and what is intended to be done.

High risks are aggregated and a broad list presented in an annual risk report and challenged by Group Management and finally by the Audit Committee of the Board as well as the Board of Directors. Group Management continuously follows up and reports monthly on risk development with mitigating actions to the Board of Directors.

The following contains in random order a brief description of the key risks important to NNIT's business including mitigating actions undertaken by the company.

Risk

Loss of existing business

In 2015, NNIT's revenue of DKK 2,600m was attributed to 166 customers. NNIT's single largest customer is the Novo Nordisk Group, which accounted for 1,316m or 50.6 percent of NNIT's revenue in 2015. NNIT's top five customers accounted for 70.0 percent of NNIT's revenue in 2015 and top ten customers accounted for 80.9 percent.

NNIT is dependent on these customers' IT spending, including renewal and non-termination of existing contracts. In particular, NNIT is dependent on the Novo Nordisk Group's IT spend with NNIT and the contract renewal and non-termination of the large infrastructure agreements.

Failure to renew contracts with existing customers, particularly the large outsourcing contracts, or renewal at notably different prices and terms will affect NNIT's business significantly.

Ability to generate new business

NNIT has a long-term strategic target of at least 5 percent growth in revenue.

With the expected growth rates in the Danish IT services market, NNIT must continue to gain market share in the Danish market to meet the long-term strategic targets.

The Danish IT services market has been and is characterized by intense competition, from both domestic and international players. Therefore, NNIT must continuously improve productivity and efficiency in order to meet the market price and maintain margins.

Outside the Danish IT services market, NNIT strategically pursues the life sciences market. NNIT has strong domain knowledge and delivers primarily smaller projects, but in order to deliver greater growth, NNIT also needs to win larger projects and outsourcing agreements.

Risk mitigation

NNIT maintains focus on staying competitive by offering high-quality solutions that match customers' needs and requirements at market-conform prices. Consequently, NNIT continues to develop offerings that match technology developments and customers' business needs.

NNIT maintains close relationships with customers to gain continuous feedback and understanding of their business needs.

In order to offer market-conform prices, NNIT continuously focuses on process optimization and automation and leverages the global delivery model. Moreover, NNIT continuously focuses on diversifying its business to increase the revenue base outside its largest customers.

In order to attract and win new business, NNIT continues to develop and strengthen its offerings matching customers' needs and requirements as well as build partnerships with some of the industry's leading technology providers.

The company's presence in countries within the EU (Denmark and the Czech Republic), as well as outside of the EU (China and the Philippines), allows NNIT to offer a delivery setup that matches the customers' needs, requirements and preferences.

NNIT focuses on proximity with international life sciences customers matching NNIT's size within selected geographical locations and focuses on being on the regulatory forefront within selected areas of the pharmaceutical value chain.

NNIT continues to use partnerships with leading software providers in the life sciences industry to gain access to new life sciences customers.

Risk

Price pressure in market

The Danish IT services market is very competitive. Domestic and international players compete in a moderately growing market.

The number of large outsourcing contracts available in the market have lately been limited, which directs attention to midsize and small-size deals, allowing more IT service vendors to compete.

This results in price pressure, which continuously requires NNIT to make efficiency gains.

Ability to adapt to market changes

The IT services market is characterized by rapid technological change, evolving industry standards, changing customer preferences and constant introduction of new products and services.

Current areas of significant change include the further standardization of application areas that enable Software-as-a-Service ("SaaS"), mobility, cloud-based computing and the processing and analyzing of large amounts of data.

Failure to identify, understand and adapt rapidly to technological changes could lead to loss of revenue and profitability.

Currency risk

NNIT reports its operating results in Danish kroner. However, a proportion of revenue and costs are entered in other currencies.

Exchange rate fluctuations in the currencies in which NNIT earns revenue and incurs costs will influence the reported results.

The main net currency exposures are in Chinese yuan and euro. NNIT is also exposed to changes in the Philippine peso, the Czech koruna and the Swiss franc.

Risk mitigation

NNIT continues to focus on price competitiveness by leveraging its delivery centers and offering customers lower cost options within the EU (the Czech Republic) as well as outside of the EU (China and the Philippines).

NNIT continues to automate processes in order to reduce costs and increase scalability. An Operations Excellence program has been initiated in order to lean and optimize processes further.

NNIT continues to develop and strengthen offerings that match its customers' needs and requirements as well as building partnerships with some of the industry's leading technology providers.

A dedicated business development and technology unit in NNIT focuses on investigating and gathering the newest market trends while developing and managing offering initiatives and partnerships.

In order to be a leading IT partner to the life sciences industry, NNIT continues to be at the forefront of regulatory development within selected areas of the life sciences value chain.

To reduce the currency impact on the company's results, NNIT engages in currency hedging. NNIT currently hedges around 90 percent of the major foreign currency net exposure in Chinese yuan (hedged via the offshore Chinese yuan CNH), Philippine peso (proxy hedged via the US dollar) and the Czech koruna for the coming 14 months.

NNIT also aims to create natural hedges by aiming to balance revenue and costs in the main exposed currencies.

For a more detailed description of NNIT's currency risks, see note 4.3 of the Group financial statements.

Risk

Operating risk

NNIT's ability to deliver the agreed quality of services is crucial. This includes operational stability, backup and fast restoring, keeping agreed security levels and delivering projects on time and according to scope.

Inadequate operational stability, quality or security controls involve the risk of reduced client satisfaction and loyalty as well as the risk of damaging NNIT's market reputation.

Delivery model

Changes in applicable laws and regulations, particularly regulations on data protection and anti-offshoring legislation, might increase costs or threaten NNIT's ability to continue to serve customers from certain global locations.

The recent ruling by the EU Court of Justice on the so-called 'Safe-Harbor' agreement is an example, which may impact the use of resources from outside the EU.

Employees

NNIT's business is founded on IT specialists' expertise and innovation.

NNIT's ability to maintain and renew existing customer contracts and obtain new business depends on the company's ability to attract, retain and develop qualified IT professionals whose skills keep pace with the continuing changes in information technology, evolving industry standards and changing customer preferences.

The shortage of, and significant competition for, qualified IT professionals with the advanced technological skills necessary to provide the services and solutions that NNIT offers constitutes a risk for the company.

Risk mitigation

NNIT operates an extensive quality system and the company has invested in securing stable operations by building and operating a data center, renewing the core IT infrastructure and updating the service management systems and processes in order to continue to deliver high quality and stability.

NNIT constantly monitors the legal frameworks and any changes to these.

NNIT is present in countries within the EU (Denmark and the Czech Republic) as well as outside of the EU (China and the Philippines), which allows NNIT to offer a flexible delivery setup.

NNIT continues to work with segregation of duties to enable certain processes and data to be handled separately from within EU, while other services can be handled from outside EU.

NNIT has a good track record of attracting talented employees.

Employer branding and an attractive working environment are tools used to ensure that people with high potential continue to join NNIT.

NNIT strives to maintain market-conform compensation packages and has established a long-term incentive program for senior executives and other key employees.

NNIT actively uses delivery centers outside of Denmark as a means to mitigate any shortage of qualified IT professionals in the Danish IT services market.

Shareholder information

NNIT had approximately 26,000 registered shareholders at December 31, 2015, representing 98 percent of the company's share capital.

The share price at December 31, 2015 was DKK 188.50 per share, equivalent to a market capitalization of DKK 4,713m. The NNIT share's first day of trading was March 6, 2015, when it was offered at a price of DKK 125 per share. It thus increased by 51 percent during 2015. In comparison, the Nasdaq Copenhagen A/S blue chip index (OMXC20 CAP) increased by 10 percent, while the Nasdaq OMX Copenhagen MidCap index, which includes the NNIT share, increased by 17 percent in the same period. IT services peers in the Nordic and European markets increased by 4 percent and 21 percent respectively in the same period.

Share capital and ownership

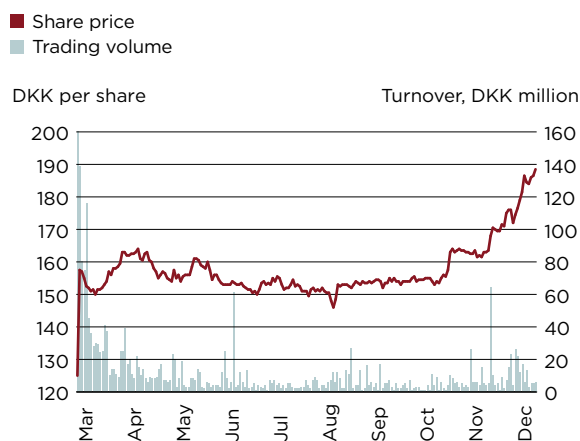
NNIT's share capital is DKK 250,000,000 divided into 25,000,000 shares, each of nominal value DKK 10. NNIT has one share class, each share carrying 10 votes and there are no restrictions on ownership or voting rights.

NNIT had approximately 26,000 registered shareholders at December 31, 2015. The three largest shareholders held approximately 57 percent of the share capital, with 51 percent being directly and indirectly controlled by Novo A/S. The ten largest shareholders of NNIT held in total around 74 percent of the NNIT share capital.

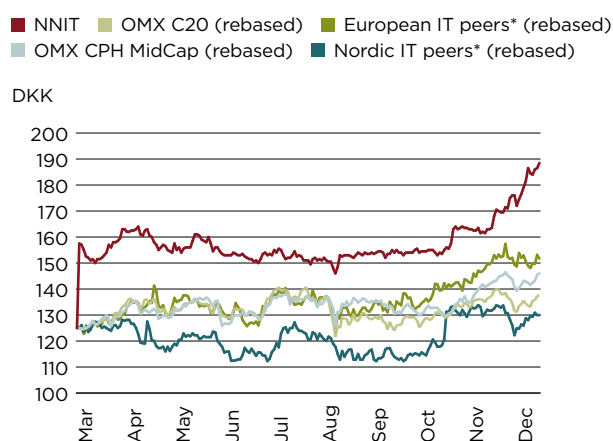
Share data

Stock exchange:	Nasdaq Copenhagen 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):	188.50
Treasury shares:	750,000 (3.0%)

Share price development and trading volume, 2015



NNIT share price compared with peers



* Nordic IT peers: Atea, Cybercom, KnowIT, HiQ, Tieto

* European IT peers: Atos, Bechtle, CapGemini, Devoteam, Gfi Informatique, IndraSistemas, Ordina, Sopra Steria

In accordance with section 55 of the Danish Companies Act, the following investors have reported holding more than 5 percent of NNIT's share capital:

- Novo A/S, 25.50% (directly)
- Novo Nordisk A/S, 25.50% (directly)
- FMR Co. Inc, 5.30% (directly)

Novo A/S has 51 percent indirect ownership through its holding of Novo Nordisk A/S.

FMR LLC has 6.31 percent indirect ownership through its holding of FMR Co. Inc. as well as other subsidiaries.

At the end of 2015, around 74 percent of NNIT's shares were held by investors in Denmark, while 5 percent were held by investors in the other Nordic countries. Outside of the Nordic region, UK and US investors held 7 and 10 percent of the shares respectively. The remaining proportion of 2 percent of the registered shares was held by other European investors, while the outstanding 2 percent is not registered by name.

Dividend policy and capital structure

NNIT intends to deliver a competitive return to shareholders through dividend payouts. The guiding principle is that excess capital after funding NNIT's growth opportunities including investments should be returned to the shareholders. NNIT's dividend policy determines that it intends to pay dividends of 40 percent of the annual net result, while remaining cash and debt neutral.

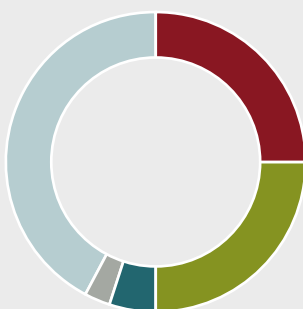
For 2015, the Board of Directors intends to propose to the shareholders at the annual general meeting that dividends of DKK 4.00 per share be distributed for the financial year 2015, equal to a dividend payout of 46 percent of the 2015 net result. NNIT does not pay a dividend on its holding of treasury shares.

Annual General Meeting

The Annual General Meeting of NNIT A/S will be held on Friday March 11, 2016 at 2 pm at NNIT headquarters, Oestmarken 3A, 2860 Soeborg, Denmark.

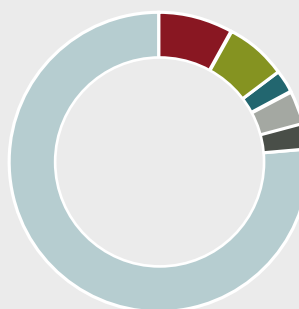
Shareholder overview

- Novo A/S, 25.5%
- Novo Nordisk A/S, 25.5%
- FMR LLC, 6.3%
- NNIT A/S, 3%
- Others, 39.7%



Shareholders by geography

- Denmark, 74%
- United States, 10%
- United Kingdom, 7%
- Rest of Europe, 2%
- Nordics, 5%
- Not registered on name, 2%



Financial calendar for 2016

January 27, 2016	Full-year report for the period January 1, 2015 to December 31, 2015 and Annual Report
January 28, 2016	Deadline for submission by NNIT shareholders of proposals to be considered by the Annual General Meeting
March 11, 2016	Annual General Meeting
March 16, 2016	Expected date for dividend payout
May 13, 2016	Interim report for the period January 1, 2016 to March 31, 2016
August 16, 2016	Interim report for the period January 1, 2016 to June 30, 2016
October 26, 2016	Interim report for the period January 1, 2016 to September 30, 2016

Company announcements in 2015

December 15, 2015	NNIT A/S: 21/2015	Major shareholder announcement
December 2, 2015	NNIT A/S: 20/2015	Changes to the Board of Directors of NNIT A/S
November 17, 2015	NNIT A/S: 19/2015	Financial report for the first nine months of 2015 and Finance Calendar for 2016
September 4, 2015	NNIT A/S: 18/2015	Major shareholder announcement
August 21, 2015	NNIT A/S: 17/2015	Financial report for Q2 2015
May 13, 2015	NNIT A/S: 16/2015	Section 28a reporting of transactions
May 12, 2015	NNIT A/S: 15/2015	Financial report for Q1 2015
March 26, 2015	NNIT A/S: 14/2015	Major shareholder announcement
March 26, 2015	NNIT A/S: 13/2015	Stabilisation period ends
March 26, 2015	NNIT A/S: 12/2015	Exercise in full of the overallotment option in connection with the initial public offering of NNIT A/S
March 10, 2015	NNIT A/S: 11/2015	Section 28a reporting of transactions
March 6, 2015	NNIT A/S: 10/2015	Share-based incentive programmes and Section 28a reporting of transactions
March 6, 2015	NNIT A/S: 9/2015	Section 28a reporting of transactions
March 6, 2015	NNIT A/S: 8/2015	Major shareholder announcement
March 6, 2015	NNIT A/S: 7/2015	Stabilisation period begins
March 6, 2015	NNIT A/S: 6/2015	Financial calendar 2015
March 6, 2015	NNIT A/S: 5/2015	Initial public offering of NNIT A/S priced at DKK 125 per offer share
March 6, 2015	NNIT A/S: 4/2015	Result of the extraordinary general meeting held on 6 March 2015
March 5, 2015	NNIT A/S: 3/2015	Early close of offering of shares
March 2, 2015	NNIT A/S: 2/2015	Increase of the indicative offer price range
February 23, 2015	NNIT A/S: 1/2015	NNIT publishes offering circular and sets indicative price range for its contemplated IPO

The Board of Directors intends to propose re-election of the existing Board members and election of Mr. Carsten Dilling as new member of the Board. The Board of Directors further intends to propose re-election of Jesper Brandgaard as Chairman and election of Carsten Dilling as new Deputy Chairman.

The Board of Directors intends to propose re-election of PricewaterhouseCoopers Statsautoriseret Revisionsspartnerselskab as the Company's accountant.

Furthermore the Board of Directors intends to propose i) that the shareholders authorize the company to acquire treasury shares of up to 10 percent of the company's share capital. Further, the Board of Directors intends to propose ii) that the shareholders authorize the Board of Directors to pay out interim dividend, and iii) that general meetings and documents prepared for general meetings going forward shall be in English and iv) that the shareholders authorize the Board of Directors to decide to disclose information in English alone.

Communication with shareholders

NNIT aims to give investors the best possible insight into the company to ensure fair and efficient pricing

of the NNIT share. This is done by pursuing an open dialog with investors and analysts. NNIT hosts conference calls with Executive Management following the release of quarterly financial results. Executive Management and Investor Relations also travel extensively and participate in relevant seminars, to both ensure that investors with significant share holdings in NNIT can meet with NNIT on a regular basis and provide other shareholders and potential shareholders access to Executive Management and Investor Relations.

NNIT is currently covered by five analysts, who regularly create research reports on NNIT. A full list of the analysts covering NNIT can be found at nnit.com/ investor together with an overview of all company announcements, press releases, historical financial figures and further information on NNIT.

NNIT's share register is managed by VP Securities A/S, Weidekampsgade 14, 2300 Copenhagen S, Denmark, and shareholders can register shares in the name of the shareholder by contacting the depository bank.

NNIT Investor Relations contact information: Jesper Wagener, Head of IR, telephone +45 3075 5392, jvwa@nnit.com, nnit.com/investor



NNIT is listed on NASDAQ Copenhagen

On March 6, 2015, NNIT completed its Initial Public Offering and was admitted to trading and official listing on NASDAQ Copenhagen. At an offer price of DKK 125, the share immediately attracted substantial interest from both Danish and international institutional investors. Today, NNIT has approximately 26,000 registered shareholders.

24/7 infrastructure support in 2015 numbers

228,807

calls to Servicedesk

309,471

events and incidents

355,237

service requests



71,293

tasks

21,937

changes

1,979

customized (non-standard)
service requests

Every day, we deliver stable 24/7 infrastructure and operations support for our 80+ customers.

During 2015, we have, together with several of our most important customers, focused specifically on minimizing the number of major incidents (incidents with a broader business impact at our customers), no matter whether these incidents fall within NNIT's contractual scope or they relate to other vendors or

customers' own part of the IT operations. This has had a profound impact, and we are proud to have reduced the total number of major incidents from 172 in 2014 to 112 in 2015. NNIT is committed to continuing this focus on delivering the best possible level of quality to our customers' IT operations.



PFA

“The pension business is digital by nature – it requires a very high degree of IT in all processes. Our ambition at PFA is to create maximum value for our 800,000 customers, and that requires high performance from our IT systems. We have chosen NNIT for the job, because we require the highest quality and sense of urgency from our IT outsourcing partner.”

Jon Johnsen, COO, PFA

Corporate governance

NNIT's corporate governance guidelines provide the overall direction for NNIT's Board of Directors and Executive Management in their definition of working procedures and principles.

Corporate governance refers to the way a company is governed as well as the interaction between a company's managerial bodies, its shareholders and other stakeholders.

NNIT's corporate governance guidelines are intended to ensure efficient and adequate management of NNIT within the framework defined by applicable legislation, rules and recommendations for listed companies in Denmark and by NNIT's articles of association, vision, mission and values.

As a publicly listed company, NNIT is subject to the Danish recommendations for corporate governance¹. Accordingly, NNIT's Board of Directors has reviewed and discussed each of the recommendations and concluded that, with a few exceptions, the company is in full compliance with the recommendations.

As such, NNIT complies with the recommendations on corporate governance in all material respects. However, due to the limited size of the company and its current ownership structure, the Board of Directors finds that full compliance is not fully warranted. Consequently, NNIT is not in full compliance on the matters of separate nomination and remuneration committees as well as the adoption of a takeover response manual.

First, regarding the nomination and remuneration committees, the Board of Directors has found that commit-

tees other than the Audit Committee are not required as they would add unnecessary cost and complexity to the current business model. The tasks of a nomination committee and a remuneration committee are handled by the Chairmanship in accordance with the Chairmanship Charter. Moreover, the principles for remuneration of the Board of Directors and Executive Management are approved by the general meeting.

Second, given the current ownership structure of NNIT, where two shareholders jointly hold a controlling stake of the company, the Board of Directors has not found it necessary or appropriate to adopt a takeover response manual with formalized contingency procedures.

The basis for the corporate governance structure of NNIT includes:

- Articles of Association
- Rules of Procedure of the Board of Directors as well as the Executive Management
- Competence Profile of the Board of Directors
- Dividend Policy
- Remuneration Principles, including Overall Guidelines on Incentive Pay
- Corporate Social Responsibility Policy
- Diversity Policy for Management Levels

¹ The Danish recommendations on corporate governance are available on https://corporategovernance.dk/sites/default/files/recommendations-eps-12401-rapport-selskabsledelse-uk-5k-nov-2014_0.pdf

Management and Board committees

NNIT's overall management objective is, in all respects, to promote the long-term interests of the company and of all stakeholders.

Board of Directors

NNIT has a two-tier management structure in which powers and responsibilities are distributed between the Board of Directors and Executive Management. The two bodies are independent, and no person can serve as a member of both corporate bodies at the same time. The Board of Directors supervises the work of Executive Management and is responsible for the overall management and strategic direction, while Executive Management handles the day-to-day management.

NNIT's Board of Directors currently consists of five members elected by the general meeting and two employee-elected members. Three out of the five members elected by the general meeting are regarded as independent. 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 general meeting are elected for one year at a time, whereas members elected by NNIT's employees are elected for a four-year period. Re-election may take place. Pursuant to the articles of association, no candidate for Board membership may have reached the age of 70 on the date of the general meeting.

In 2015, the Board of Directors held seven ordinary meetings.

Chairmanship

The Chairmanship consists of the Chairman and the Deputy Chairman. The Chairmanship is responsible for organizing, convening and chairing meetings of the Board of Directors and on continuously keeping themselves informed about the work carried out in the Audit Committee. The Chairmanship represents the Board of Directors externally to investors, press and other third parties and, at the same time, functions as the main point of contact between the Board

of Directors, Executive Management, and the Audit Committee. The Chairmanship handles tasks that are usually managed by a nomination and a remuneration committee.

The Chairmanship, which was established on February 17, 2015, held six meetings in 2015 prior to the six meetings of the Board of Directors held since the IPO.

Currently, the position as Deputy Chairman is vacant. A new Deputy Chairman will be elected by the annual general meeting on March 11, 2016.

Audit Committee

The Board of Directors has established an Audit Committee, which has a charter outlining the purpose and responsibilities of the committee. The Audit Committee reports to the Board of Directors and is responsible for the on-going dialog with the external auditor and facilitates exchange of information between the Board of Directors and the company's external auditor. Further, the Audit Committee reviews accounting and audit matters, which require a more thorough evaluation, and assists the Board of Directors with the overview of internal controls and risk management.

In 2015, the Audit Committee, which was established on March 6, 2015 has held five meetings.

The Audit Committee currently consists of three members who collectively fulfill the requirements regarding both financial expertise and independence.

Executive Management

The Board of Directors has appointed an Executive Management consisting of three members, who legally represent the company. Three additional managers have been appointed members of Group Management.

Executive Management is responsible for the day-to-day management of the company and carries out and ensures compliance of other tasks required pursuant to the Company's Articles of Association and Rules of Procedure of Executive Management as well as applicable laws and regulations.

Self-assessment

The Board of Directors annually performs both a self-assessment and a review of Group Management's performance and succession preparedness.



Adding value for our customers

Every day, NNIT employees deliver support for our many customers. Kasper Kronmann Nielsen, Qaisra Kamilla Kalsoom Mirza, and Allan Tharuman are three of the colleagues who are part of NNIT's dedicated force of more than 2,500 staff.

The 2015 self-assessment included assessment of the Board of Directors and Group Management's contribution to finance, operation, company strategy, organization and management. It also included an assessment of the CEO's and Chairmanship's contribution to the cooperation between the Board of Directors and Group Management and the Board of Director's supervision of Executive Management.

The self-assessment resulted in a list of recommendations for improvements within the areas of finance, operation, strategy, organization and cooperation between the Board of Directors and Group Management.

Remuneration

NNIT has adopted overall principles for remuneration and incentive-based remuneration. The overall objective is to offer a competitive remuneration and promote awareness of profitable growth in line with NNIT's vision.

Remuneration of the Board of Directors

The shareholders approve the remuneration of the Board of Directors for both the previous and the coming year at the annual general meeting. The level of the total remuneration for the Board of Directors proposed to the annual general meeting is in line with conventional compensation for Board of Directors of comparable Danish companies.

Members of the Board of Directors receive fixed remuneration. They are not offered any type of incentive-based remuneration. However, in connection with the initial public offering, members of the Board of Directors were offered the opportunity to buy shares at the IPO price up to an amount equal to the member's annual fee.

The base fee is equal for all Board members. However, the Chairman and the Deputy Chairman receive respectively 2.5 and 1.5 times the base fee whereas the Chairman and members of the Audit Committee receive respectively an additional fee of 0.5 and 0.25 time the base fee. NNIT further pays members not residing in Denmark a fixed travel allowance and reimburses Board members reasonable expenses such as travel and accommodation in connection with Board meetings and relevant education.

Remuneration of Executive Management

The Board of Directors approves the remuneration of Executive Management for the coming year. The remuneration package for Executive Management consists of a fixed annual base salary and variable elements consisting of short-term and long-term incentives. In addition, members of Executive Management receive a pension contribution and other benefits.

The fixed annual base salary is designed to attract, retain and motivate qualified individuals with professional and personal competencies required to support NNIT's performance. The incentive pay elements are designed to align the interests of Executive Management with the interests of the shareholders.

The incentive pay is based on actual achievements over a period of time. As part of the approval of the incentive pay, the Board of Directors every year decides the target values for the coming year. The Board of Directors sets the incentive targets at demanding levels considering international market practice, budgets and long-term business plans.

The fixed annual base salary accounts for approximately 30 percent to 55 percent of the total value of the remuneration package. The interval states the span between "maximum performance" and the "on-target-performance".

Incentive remuneration of employees

All employees in NNIT participate in a cash based bonus scheme or short-term incentive program linked to the achievement of pre-defined personal and/or financial performance. Managers from VP level and up furthermore participate in a share based long-term incentive program linked to the overall financial performance of the company.

Further, in connection with the initial public offering, all employees were offered a number of shares in NNIT subject to certain conditions to further align their interest and commitment to the company with the interests of the shareholders.

NNIT's Remuneration Principles were adopted by the Board of Directors of the Company and approved by the general meeting on February 17, 2015. Besides the principles for fixed fees or salary and incentive-based

remuneration described above, the Remuneration Principles include principles for pension, other benefits, termination of employment and severance payment.

NNIT's Remuneration Principles are available from the company's website at <http://www.nnit.com/about-us/Pages/remuneration-principles.aspx>

Internal controls and risk management related to financial reporting

Overall control environment

NNIT's internal control system is an integrated part of the risk management systems developed to either eliminate or mitigate significant risks identified in the financial reporting process and to ensure a true and fair view of the financial reporting without material errors.

The Board of Directors has overall responsibility for NNIT's internal control environment and has approved policies, standards and procedures in key areas related to financial reporting, including Treasury Policy and other relevant procedures.

The Audit Committee is responsible for monitoring the internal controls and risk management systems as well as challenging the Group Management in its assessment of material financial reporting risks, i.e. any risk that may cause a material error in the financial reporting.

The accounting information is reviewed by both controllers and technical accounting specialists.

Internal control procedures related to the financial reporting process at group level have been established to assess on an ongoing basis NNIT's internal control environment and to manage significant identified risks. However, as a risk of unexpected losses will always exist, such controls can provide reasonable, but not absolute assurance against material misstatements, omissions or losses. The aim of the control environment is therefore to provide the Board of Directors and Group Management with reasonable assurance that:

- significant risks are identified and material misstatements are detected and corrected
- internal controls are in place to support the quality and efficiency of the financial reporting processes

- the financial reporting is in compliance with NNIT policies and procedures and gives a true and fair view of NNIT's financial position and results and
- our business is conducted in compliance with applicable legislation, standards and other regulation.

Risk assessment

Risks related to the financial reporting process and consolidated accounts are identified and assessed annually based on a materiality test including an assessment of the impact of quantitative and qualitative factors as well as an assessment of the likelihood of any material error occurring. The risk of errors is higher for accounting areas that require management judgment and for transactions generated through complex accounting processes, such as revenue recognition on major outsourcing contracts and assessment of work in progress (construction contracts). Accounting areas that require management to make estimates and judgments are described in the relevant notes to the consolidated financial statements, under key accounting estimates.

On an ongoing basis, the Audit Committee discusses:

- material and relevant new accounting principles and standards and implementation of such
- evaluation of the overall effectiveness of the internal controls for financial reporting
- accounting for material significant accounting estimates

Control activities

In order to sustain a robust control environment, control activities are designed to obtain the desired assurance. These control measures must ensure that all relevant aspects of a specific area are covered and that the combination of control activities monitors all relevant aspects of the business. The control activities are based on the risk assessment made by Group Management and the purpose is to prevent, detect and correct any material misstatements in the financial reporting.

As part of its risk management, the company has also set up a whistle blower function which, in addition to the usual control functions, is intended to provide access to report on suspected irregularities in the business.

Information and reporting systems

All material subsidiaries use the same ERP platforms, which exist within the group.

Information and communication systems to ensure accounting and internal control compliance have been established, including reporting instructions and other relevant guidelines. The aim is to ensure that employees receive relevant information on a timely basis to ensure efficient and reliable execution of tasks, including for carrying out the established control activities.

In addition, NNIT has implemented a formalized reporting process for reporting monthly, quarterly, and budget and estimate figures from all countries and functions.

Monitoring

Each month, all subsidiaries report financial positions and results to Group Finance. This information is used to prepare consolidated financial statements and reports submitted to the Board of Directors and Group Management.

Local management is responsible for ensuring that the control environment in each subsidiary is sufficient to prevent material errors in the subsidiaries' financial reporting.

In order to ensure that adequate internal control procedures are maintained locally, group Finance (group Accounting) visits the subsidiaries on a regular basis.

Corporate social responsibility

NNIT is committed to developing its business based on the combination of running a profitable company with continued growth, while acting in a socially responsible manner and with environmental awareness. Our DNA emerges from the regulated pharmaceutical industry and it reflects our approach to quality and business ethics as well as our definition of corporate responsibility.

Our Corporate Social Responsibility Policy integrates and reflects our business objectives and our core business values: open and honest, conscience driven, and value adding – while keeping in mind that corporate responsibility must be carried out through the mutual commitment of management and employees as an integrated part of our daily work. We are accountable

for our financial, environmental and social performance and we act accordingly as individuals and as a company.

Our Business Ethics provide guidance and outlines the responsibilities of our employees and directions to protect NNIT from malpractice that may undermine NNIT's business integrity and affect our long-term business success and corporate values. NNIT is committed to applying a consistent, high level of business ethics standards across the value chain, and, as such, our business ethics are applicable to all NNIT employees in all countries and locations as well as to external partners working on behalf of NNIT.

As NNIT relies on suppliers and subcontractors to provide goods and services, NNIT strives to ensure that customers' assets are protected, and we aim to ensure that our suppliers and subcontractors comply with local labor laws and regulations to meet our business standards. Hence, when engaging with suppliers, NNIT conducts a supplier approval process to ensure they meet our safety and quality requirements as well as our business standards.

Our supplier contracts include a document describing NNIT's responsible sourcing standards, which we consider an integral part of our business relations with our suppliers. We expect our suppliers to share the fundamental principles expressed in the document and we require our suppliers and subcontractors to comply with and meet United Nations Global Compact requirements. This is our way of bringing commercial attention to the corporate responsibilities and of securing awareness of fundamental principles to ensure sustainability on a broad scale.

NNIT continuously aims to reduce the use of resources and the environmental impact of our business activities, and we constantly seek to reduce energy consumption in all business areas.

NNIT has always prioritized the working environment. Safe, healthy and stimulating jobs are prerequisites for the flexibility, adaptability and personal development required of employees of NNIT.

As part of our internal processes, we have developed a Working Environment Process, which covers all activities required to ensure a healthy working environ-

ment. In January 1999, NNIT's Working Environment Council was established and the document "NNIT A/S - Arbejdsmiljøarbejde i Danmark" has since been approved. We continue to focus on our working environment to create optimal working conditions for our employees and to prevent accidents.

In addition to our overall approach to proper and diligent business conduct, NNIT has committed itself to the following:

- The Universal Declaration of Human Rights¹
- The United Nations Convention against Corruption²
- International Labour Organization's conventions and declarations³, including the Rio Declaration on Environment and Development, convention no. 155⁴
- Declaration on Fundamental Principles and Rights at Work⁵

Diversity

NNIT recognizes the value of diversity and hence the importance of promoting diversity in its management levels, including gender-related diversity.

It is NNIT's ambition to increase diversity at the management levels by creating equal opportunities for men and women, promoting international experi-

ence, and maintaining the management's capability to effectively undertake its managerial responsibilities considering the company's international profile.

NNIT aims to employ the best candidates, and the candidate's qualifications shall therefore always be the decisive factor in external and internal recruitment processes.

In 2013, the Board of Directors increased its diversity ambition. Consequently, by 2017 the Board should consist of the following:

- At least two shareholder-elected Danish Board members
- At least two shareholder-elected non-Danish Board members
- At least two female and two male shareholder-elected Board members

Currently, the Board of Directors consists of one shareholder-elected female Board member and one non-Danish Board member.

NNIT's Diversity Policy is available from the company's website at <http://www.nnit.com/about-us/Pages/diversity-policy.aspx>

1 <http://www.un.org/Overview/rights.html>

2 https://www.unodc.org/documents/brussels/UN_Convention_Against_Corruption.pdf

3 http://www.ilo.org/wcmsp5/groups/public/---ed_norm/---declaration/documents/publication/wcms_095895.pdf

4 <http://www.unep.org/documents.multilingual/default.asp?documentid=78&articleid=1163>

5 <http://www.ilo.org/declaration/lang-en/index.htm>



Novo Nordisk

“At Novo Nordisk, we are driving change to defeat diabetes and other serious chronic conditions. To ensure the highest possible quality, and to ensure compliance with the strict regulation in the industry, we rely on our IT systems. NNIT has been part of the entire journey, and remains the primary and valued supplier of IT services to Novo Nordisk across all processes in our business.”

Vincent Turgis, Senior Vice President IT

Non-financial results in 2015

NNIT reports on selected elements of the company's non-financial activities. This overview aims to provide appropriate information on NNIT's services, certifications, customers and employees.

Customers

Customer satisfaction

NNIT maintains focus on customer satisfaction. Initiatives during the year included a Customer Feedback Program to measure customer experiences continuously. The Customer Feedback Program is divided into three formal feedback channels, all based on web surveys that measure satisfaction level on an ascending scale from 1 to 5.

The three feedback channels include a survey that measures the customer's overall satisfaction with NNIT, a survey that gauges satisfaction with specific deliveries, and end-user surveys that continuously measure customers' satisfaction with NNIT's service desk.

The three feedback channels received ratings in 2015 of respectively 3.6, 4.1, and 4.3. Equivalent ratios in 2014 were 3.7, 4.1 and 4.3.

Quality and security

The quality and security level of NNIT's deliveries are among others measured in the number of customer complaints. The number of complaints was 26 in 2015 up from 20 in 2014. NNIT is highly focused on addressing and closing customer complaints including thorough root cause analysis to mitigate reoccurrence.

Audits

Throughout the year, NNIT undergoes audits with customers, third-party audits, independent service auditor

reports, and internal audits. All types of audits seek to verify that deliveries meet customer expectations and regulatory requirements. The number of customer audits and independent service auditor reports remain on approximately the same level in 2015 as in 2014.

In 2015, there were 10 customer audits (nine in 2014) and 19 independent service auditor reports requested by customers (22 in 2014). NNIT also conducted several internal audits in line with ISO 9001 and ISO 27001 certification requirements.

Services and certifications

Service key performance indicators

NNIT agrees on key performance indicators (KPI) with every customer in the respective service operation contracts, reflecting KPIs for operating and maintenance of IT systems and project-related engagements.

In 2015, NNIT fulfilled 98.2 percent of the KPIs compared with 97.7 percent in 2014.

Project and service desk performance

NNIT measures project performance by surveying customers. On a scale of 1 to 5 (5 being the best), NNIT received a 4.1 rating in 2015 up 0.1 since 2014.

Swift and accurate response time is an essential parameter for efficient customer service. NNIT's Service Desk has a customer-defined timeframe to solve client inquiries and aims to service 80 percent of all

answered calls within the given timeframe. In 2015, the service level was 81.2 percent, compared with 81.0 percent in 2014.

Certifications

In 2015, two certification audits were conducted and passed. NNIT was successfully transitioned from ISO 27001:2005 to ISO 27001:2013. As in 2014, the Chinese office was included in the certification audit conducted by DNV GL (Det Norske Veritas Germanischer Lloyd). NNIT's ISO 9001:2008 certification also passed the surveillance audit in Denmark and China and for the first time also in the company's Philippine office.

Employees

Passionate people

NNIT aims to deliver competitive business results through its culture comprised of passionate individuals in winning teams. NNIT focuses on employee job satisfaction through learning, teambuilding, health and overall attractiveness.

Corporate culture

NNIT is comprised of passionate and loyal employees, who constitute the 'One NNIT Spirit'. Employees around the world have contributed to defining One NNIT and continue to identify the spirit in words and pictures tagged #onennit on Instagram.

One NNIT is the sum of great colleagues, our commitment to working together and the way we do things. It involves sharing a common vision and set of values.

Employee satisfaction

Employee satisfaction is surveyed once a year and includes managerial performance and the development of NNIT's people and organization. In 2015, the overall employee satisfaction was 4.2 on a scale of 1 to 5 (4.3 in 2014). The result of the survey creates the basis for constructive discussion of the working climate within teams.

NNIT's employee turnover rate in 2015, adjusted for managed turnover, was 11.3 percent - below NNIT's target of less than 12 percent. The overall turnover rate was 14.7 percent (13.0 percent in 2014), affected by an increasing market demand for IT solution developers.

NNIT's employees

During 2015, NNIT increased its staff by 104, employing a total 2,538 highly skilled people at year-end.

Of these, 39.0 percent were located outside of Denmark (36.2 percent in 2014). The workforce consists of 70.7 percent men and 29.3 percent women (71.7 percent and 28.3 percent respectively in 2014). Overall, the current gender distribution matches the available resources well.

NNIT's employees are highly educated, many with extensive knowledge of IT applications and infrastructure, life science and consultancy. Approximately 80 percent hold an academic or professional degree, primarily within IT engineering.

Professional development

To ensure continuous learning and development, all personal development agreements made between employees and managers are documented in an annual performance improvement system. NNIT strongly encourages employees constantly to improve and develop their professional qualifications in the technologies NNIT uses. At the end of 2015, NNIT employees held a total of 4,464 certifications within the following technology categories: SAP, Microsoft, Oracle, ITIL, PRINCE2 and others.

Development opportunities in NNIT are further reflected in the number of internal job rotations and promotions. In 2015, 111 employees rotated internally and 345 employees were promoted. Thus, in 2015 NNIT had a job rotation and promotion rate of 19.2 percent which is around 5 percentage points below 2014. The actual figures reflect a growth in the number of promotions - primarily in NNIT's consulting department, whereas the operations department saw less demand for new employees, and consequently fewer job rotations.



Pen Sordan Saulo, NNIT Philippines and Jack Shouli Yan, NNIT China at NNIT headquarters in Denmark.

Non-financial key figures 2013-2015

	2015	2014	2013	Target
Customers				
1 Customer satisfaction (scale 1-5)	3.6	3.7	3.5	4.0
EvalGO (scale 1-5)	4.1	4.1	4.0	4.0
End User Survey (scale 1-5)	4.3	4.3	4.2	4.0
2 Quality (customer complaints)	26	20	48	-
3 Customer audits	10	9	5	-
Services and certifications				
4 Service key performance indicators	98.2%	97.7%	96.6%	95.0%
5 Project performance (ability to meet deadlines - scale 1-5)	4.1	4.0	3.9	3.8
6 Service desk performance (response time)	81.2%	81.0%	81.2%	80.0%
7 Certifications (ISO)	2	2	1	-
Employees				
8 Average number of full-time employees (FTEs)	2,494	2,276	2,046	-
9 Number of employees, year end	2,538	2,434	2,184	-
- Men	1,794	1,744	1,579	-
- Women	744	690	605	-
10 Internationalization ratio	39.0%	36.2%	29.6%	-
11 Education breakdown of employees:				
- Master's or PhDs	664	648	461	-
- Bachelor's	999	860	790	-
- Professional degrees	327	302	274	-
- Other	548	624	657	-
12 Employee turnover	14.7%	13.0%	13.5%	-
Unmanaged employee turnover	11.3%	9.8%	10.0%	<12%
13 Employee satisfaction (scale 1-5)	4.2	4.3	4.2	4.0
14 Job rotations & promotions	19.2%	24.4%	23.9%	> 10%
15 Number of certificates held by employees	4,464	3,910	3,411	-
- SAP	188	159	148	-
- Microsoft	1,354	1,261	1,171	-
- Oracle	90	78	80	-
- ITIL	1,309	1,171	1,010	-
- Prince2	280	255	219	-
- Other	1,243	986	783	-

Please see the previous pages for a description of the development in non-financial key figures.

Accounting policies for non-financial key figures

Customers

Customer satisfaction

The Customer Satisfaction Survey is performed once a year. The quarterly EvalGO survey and the monthly End User Survey are calculated as a simple average based on their respective time intervals. All of the surveys are ranked on an ascending scale.

Quality

Quality is measured as the total number of customer complaints received by NNIT during the financial year. An enquiry to NNIT is classified as a complaint if the customer contacting NNIT maintains that his or her inquiry concerns a complaint, or the agreed product and service requirements have not been met and this has caused serious disadvantages for the customer.

Audits

Customer audits refer to audits of an NNIT organizational unit by a customer. Third-party audits refer to audits of NNIT certifications by an external body, such as DNV GL. Independent service auditor reports refer to audit of an NNIT delivery by an external audit provider, such as PwC.

Services and certifications

Service

The fulfillment of KPIs for the operation and maintenance of IT systems refers to measurements of all service targets in NNIT's 2015 operation contracts. Success is calculated as the total number of KPIs fulfilled divided by the total number of KPIs in the financial year.

Projects performance

The measurement is part of the EvalGo Survey, where one dimension is ability to meet deadlines. The survey

is performed quarterly and the result per year is calculated as a simple average of surveys answered by customers during the year. The survey is ranked on an ascending scale.

Service Desk performance

The performance of Service Desk is measured as the number of calls answered within the customer defined timeframe divided by the total number of answered calls. Service desk only covers customers where NNIT has a contractual service desk obligation.

Certifications

Certification and surveillance audit of ISO certificates are conducted by the DNV GL, who annually ensures that NNIT fulfils the requirements connected to its ISO certificates.

Employees

Average number of full-time employees (FTEs)

FTE is measured as the simple average of the number of employees at the end of each month in the financial year converted into full-time equivalents. The number excludes temporary employees and pre-graduate final-year students. Employees are included in the calculation on employment percentage basis (full-time employees have a working percentage of 95 percent or more).

Gender distribution

Gender distribution is calculated as the ratio of men or women to the total number of employees at the end of the financial year.

Internationalization ratio

The internationalization ratio is measured as the proportion of employees employed at NNIT locations outside of Denmark.

Educational background

Educational background is defined in accordance with the international standards of the European Higher Education Area. Only one educational qualification (the longest) is included per person.

Employee turnover

Employee turnover is measured as the number of employees leaving NNIT during the financial year as a ratio of the average number of employees during the financial year. The ratio includes managed turnover, which refers to employees leaving NNIT involuntarily. The average number of employees is determined as a simple average of the number of full-time employees (FTEs). Unmanaged employee turnover is excluding managed turnover and students. Comparison figures for 2014 and 2013 have been restated as they previously included students.

Employee satisfaction

Once a year, a survey (eVoice) is conducted among all employees. The result is calculated as a weighted average of seven categories, where overall employee satisfaction is one of the categories. The scores are based on an ascending scale.

Promotions and job rotations

The number of job rotations is measured as the number of employees who have been promoted or given a new job description during the financial year divided by the average number of full-time employees (FTEs).

Professional development

The number of certifications includes all certifications of all employees.

Board of Directors

December 31, 2015



Jesper Brandgaard
Chairman

Personal background: Born in 1963. Danish citizen. MSc in Economics and Auditing as well as an MBA from Copenhagen Business School.

Directorships: Chairman of the Board of Directors since 2002. Member of the Board of Directors since 1999, except between April 19, 2001 and April 24, 2002. Chairman of SimCorp A/S' Board of Directors.

Executive Vice President and CFO of Novo Nordisk A/S.

Not regarded independent due to Novo Nordisk A/S' ownership in NNIT A/S and membership of NNIT's Board of Directors beyond 12 years.



John Beck
Member of audit committee

Personal background: Born in 1962. UK citizen. BA in Economics and Fellow of the Institute of Chartered Accountants in England and Wales.

Directorships: Member of the Board of Directors since March 2015. Independent Consultant and Business Advisor. Previously managing position at IBM's global life sciences unit.

Regarded as independent.



Anne Broeng
Chairman of audit committee

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

Directorships: Member of the Board of Directors since 2014. Member of the boards of NASDAQ OMX Nordic Ltd., VKR Holding A/S, Købmand Hermand Sallings Fond, Købmand Ferdinand Sallings Mindefond, F. Salling Holding A/S, F. Salling Invest A/S, ATP, Lønmodtagernes Garantifond, PensionDanmark, Bikubenfonden and Deputy Chairman of Bruhn Holding ApS. Previously Group Executive Vice President and CFO of PFA Pension.

Regarded as independent.



Alex Steninge Jacobsen
Member of audit committee

Personal background: Born 1978. Danish citizen. MSc in Planning and Management from the Technical University of Denmark.

Directorships: Employee-elected member of the Board of Directors since 2011. Owner of Numb Frog v/Alex Steninge Jacobsen.

Associate Service Delivery Director at NNIT.



René Stockner

Personal background: Born 1957. Danish citizen. MSc in Engineering and PhD in Systems Science and Database Applications from the Technical University of Denmark.

Directorships: Member of the Board of Directors since 2009.

Chief Executive Officer of Giritech A/S and Excitor A/S.

Regarded as independent.



Eivind Kolding

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

Directorships: Member of the Board of Directors since 2015. Member of the board of directors of Novo Nordisk A/S and Sonion Group.

Chief Executive Officer of Novo A/S.

Not regarded independent due to Novo A/S' direct and indirect ownership in NNIT A/S.



Anders Vidstrup

Personal background: Born 1962. Danish citizen. Graduate Diploma in Business Administration from Copenhagen Business School.

Directorships: Employee-elected member of the Board of Directors since 2015. Chairman of the Board of Directors of Residence Massena Nice A/S.

Senior IT Quality SME at NNIT A/S.

Group Management

December 31, 2015



Per Kogut
President and CEO

Per Kogut joined NNIT in January 2007.

Mr. Kogut is Chairman of the Board of Netgroup A/S, member of the Board of Tee TopCo A/S (EET Europarts) and member of the Board of the Danish IT Industry Association (ITB). Mr. Kogut holds an MSc in Political Science from the University of Copenhagen.



Carsten Krogsgaard Thomsen
Executive Vice President and CFO

Carsten Krogsgaard Thomsen joined NNIT in January 2014.

Mr. Krogsgaard is a member of the Board of GN Netcom A/S, GN Resound A/S and GN Store Nord A/S. He previously served as Deputy Chairman (2011-2014) and member (2004-2014) of the Board of NNIT. Mr. Krogsgaard holds an MSc in Economics from the University of Copenhagen.



Jess Julin Ibsen
Executive Vice President IT Operation Services

Jess Julin Ibsen joined NNIT in June 2013.

Mr. Ibsen is a member of the executive management of Cardiff Komplementar ApS, Chairman of the Board of K/S Cardiff and member of the Board of FastPassCorp A/S. Mr. Ibsen holds an MSc in Industrial Engineering from the Technical University of Denmark.



Michael Bjerregaard
Senior Vice President Client Management

Michael Bjerregaard joined NNIT in March 2005.

Mr. Bjerregaard is a member of the Board of Cohaesio Holding ApS, Keepit A/S and SurfTown A/S.

Mr. Bjerregaard holds an MSc in Engineering from the Danish Engineering Academy as well as a Bachelor of Commerce, Informatics and Management Accounting from Copenhagen Business School.



Brit Kannegaard Johannessen
Senior Vice President, People, Communication & Quality

Brit Kannegaard Johannessen joined NNIT in May 2010.

Ms. Johannessen is member of the Board of Directors of Mediehuset Ingeniøren A/S. Ms. Johannessen holds an MSc in Business Administration and Commercial Law from Aalborg University.



Søren Luplau-Pagh
Senior Vice President IT Solution Services

Søren Luplau-Pagh joined NNIT in June 2007 and present position since June 2011.

Mr. Luplau-Pagh is a member of the Board of Fonden 65-Ferie. Mr. Luplau-Pagh holds an Executive MBA from Henley Management College, University of Reading.

Financial statements 2015

Financial statements 2015

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Management's statement

The Board of Directors and the Executive Management (the "Management") have today discussed and approved the annual report of NNIT A/S (NNIT A/S together with its subsidiaries the "Group") for the financial year 2015.

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the European Union. The Management Review and the parent company financial statements of NNIT A/S, are prepared in accordance with the Danish Financial Statements Act.

Further, the consolidated financial statements, the financial statements of the parent company and Management Review have been prepared in accordance with additional requirements for listed companies.

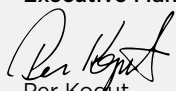
In our opinion, the accounting policies applied are appropriate, and the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the Parent Company's financial position at December 31, 2015 and of the results of the Group's and Parent Company's operations and cash flows for the Group for the financial year 2015.

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.

Soeborg, January 27, 2016

NNIT A/S

Executive Management



Per Kogut
President and CEO



Carsten Krogsgaard Thomsen
Executive Vice President and CFO



Jess Julin Ibsen
Executive Vice President
IT Operation Services

Board of Directors



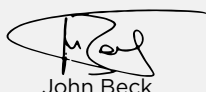
Jesper Brandgaard
Chairman



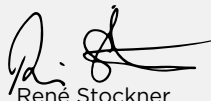
Anne Broeng



Eivind Kolding



John Beck



René Stockner



Alex Steninge Jacobsen
Employee-elected representative



Anders Vidstrup
Employee-elected representative

Independent auditor's report

To the Shareholders of NNIT A/S

Report on consolidated financial statements and parent company financial statements

We have audited the consolidated financial statements and the parent company financial statements of NNIT A/S for the financial year 1 January - 31 December 2015, which comprise income statement, balance sheet, statement of changes in equity and notes, including summary of significant accounting policies, for both the Group and the Parent Company, as well as statement of comprehensive income and statement of cash flow for the Group. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the European Union. The parent company financial statements are prepared under the Danish Financial Statements Act. Moreover, the consolidated financial statements and the parent company financial statements are prepared in accordance with Danish disclosure requirements for listed companies.

Management's Responsibility for the consolidated financial statements and the parent company financial statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on the consolidated financial statements and the parent company financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements and the parent company financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements and the parent company financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements and the parent company financial statements,

whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of consolidated financial statements and parent company financial statements that give a true and fair view 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 Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the consolidated financial statements and the parent company financial statements.

The audit has not resulted in any qualification.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the Group's financial position at 31 December 2015 and of the results of the Group's operations and cash flows for the financial year 1 January - 31 December 2015 in accordance with International Financial Reporting Standards as adopted by the European Union and Danish disclosure requirements for listed companies.

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 2015 and of the results of the Parent Company's operations for the financial year 1 January - 31 December 2015 in accordance with the Danish Financial Statements Act and Danish disclosure requirements for listed companies.

Statement on the Management's Review

We have read Management's Review in accordance with the Danish Financial Statements Act. We have not performed any procedures additional to the audit of the consolidated financial statements and the parent company financial statements. On this basis, in our opinion, the information provided in Management's Review is consistent with the consolidated financial statements and the parent company financial statements.

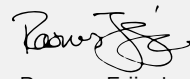
Soeborg, January 27, 2016

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab
CVR No. 33 77 12 31



Mogens Nørgaard Mogensen
State Authorised
Public Accountant



Rasmus Friis Jørgensen
State Authorised
Public Accountant

Consolidated financial statements

Income statement and statement of comprehensive income

for the year ended December 31

DKK '000	Note	2015	2014
Income statement			
Revenue	2.1	2,600,287	2,410,396
Cost of goods sold	2.2, 2.3, 2.4, 5.1	2,083,027	1,930,680
Gross profit		517,260	479,716
Sales and marketing costs	2.2, 2.3, 2.4, 5.1	129,604	111,898
Administrative expenses	2.2, 2.3, 2.4, 5.1	118,551	102,471
Operating profit		269,105	265,347
Financial income	4.1	28,756	21,722
Financial expenses	4.1	25,628	19,345
Profit before income taxes		272,233	267,724
Income taxes	2.5	59,792	58,441
Net profit for the year		212,441	209,283
Earnings per share			
Earnings per share (DKK)	4.2	8.76	8.37
Diluted earnings per share (DKK)	4.2	8.54	8.37
Statement of comprehensive income			
Net profit for the year		212,441	209,283
Other comprehensive income:			
<i>Items that will not be reclassified subsequently to the income statement:</i>			
Remeasurement related to post employment benefit obligations	3.6	(293)	(3,633)
Tax on other comprehensive income	2.5	343	888
<i>Items that may be reclassified subsequently to the income statement, when specific conditions are met:</i>			
Exchange rate adjustment related to subsidiaries (net)		2,168	2,370
<i>Recycled to financial items</i>		3,754	-
<i>Unrealized value adjustments</i>		(7,655)	-
Cash flow hedges		(3,901)	-
Tax on other comprehensive income related to cash flow hedges	2.5	916	-
Other comprehensive income, net of tax		(767)	(375)
Total comprehensive income		211,674	208,908

Balance sheet

at December 31

Assets

DKK '000	Note	2015	2014
Intangible assets	3.1	27,571	35,411
Tangible assets	3.2	402,186	401,298
Deferred taxes	2.5	43,939	5,583
Other financial assets	3.3	28,313	22,269
Total non-current assets		502,009	464,561
Inventories		1,730	1,639
Trade receivables	3.4, 5.6	489,465	430,416
Work in progress	3.5	84,443	131,558
Other receivables and pre-payments		76,771	88,075
Tax receivables	2.5	-	13,478
Shares	4.3	49,315	55,035
Derivative financial instruments	4.4	1,022	-
Cash and cash equivalents	4.3, 5.6	131,026	97,648
Total current assets		833,772	817,849
Total assets		1,335,781	1,282,410

Balance sheet

at December 31

Equity and liabilities

DKK '000	Note	2015	2014
Share capital	4.2	250,000	250,000
Treasury shares	4.2	(7,500)	-
Retained earnings		395,969	344,716
Other reserves		5,349	5,823
Proposed dividends	4.2	97,000	83,713
Total equity		740,818	684,252
Deferred taxes	2.5	46	4,143
Employee benefit obligations	3.6	39,054	31,683
Provisions	3.7	8,339	4,534
Total non-current liabilities		47,439	40,360
Prepayments received	3.5, 5.6	60,499	41,146
Trade payables	5.6	72,978	110,942
Employee costs payable		267,518	259,643
Tax payables	2.5	11,338	2,589
Other current liabilities		105,738	112,950
Derivative financial instruments	4.4	5,330	-
Employee benefit obligations	3.6	18,629	21,800
Provisions	3.7	5,494	8,728
Total current liabilities		547,524	557,798
Total equity and liabilities		1,335,781	1,282,410
Contingent liabilities, other contractual obligations and legal proceedings	5.5		
Related party transactions and ownership	5.6		
Events after balance sheet date	5.7		

Statement of cash flows

for the year ended December 31

DKK '000	Note	2015	2014
Net profit for the year		212,441	209,283
Reversal of non-cash items	5.3	235,180	197,861
Interest received	4.1	1,015	338
Interest paid	4.1	(5,711)	(1,033)
Income taxes paid	2.5	(75,767)	(81,600)
Cash flow before change in working capital		367,158	324,849
Changes in working capital	5.4	(14,018)	(9,673)
Cash flow from operating activities		353,140	315,176
Purchase of tangible assets	3.2, 5.4	(140,692)	(150,898)
Dividends received	4.1	671	1,110
Sale/(purchase) of shares (net)		3,573	(12,057)
Payment of deposits	3.3	(5,851)	(673)
Cash flow from investing activities		(142,299)	(162,518)
Dividends paid		(83,713)	(290,000)
Sales/(Purchase) of treasury shares (net)		(93,750)	-
Cash flow from financing activities		(177,463)	(290,000)
Net cash flow		33,378	(137,342)
Cash and cash equivalents at the beginning of the year		97,648	234,990
Cash and cash equivalents at the end of the year	5.4	131,026	97,648

Statement of changes in equity

at December 31

DKK '000

2015	Note	Share capital	Treasury share	Retained earnings	Other reserves			Total other reserves	Proposed dividends	Total
					Exchange rate adjustment	Cash flow hedges	Tax			
Balance at the beginning of the year		250,000	-	344,716	3,796	-	2,027	5,823	83,713	684,252
Net profit for the year		-	-	212,441	-	-	-	-	-	212,441
Other comprehensive income for the year		-	-	(293)	2,168	(3,901)	1,259	(474)	-	(767)
Total comprehensive income for the year		-	-	212,148	2,168	(3,901)	1,259	(474)	-	211,674
Transactions with owners:										
Purchase of treasury shares		-	(7,500)	(86,250)	-	-	-	-	-	(93,750)
Share-based payments	5.1	-	-	20,290	-	-	-	-	-	20,290
Deferred tax on share-based payments ¹		-	-	2,065	-	-	-	-	-	2,065
Dividends paid		-	-	-	-	-	-	-	(83,713)	(83,713)
Proposed dividends for 2015		-	-	(97,000)	-	-	-	-	97,000	-
Balance at the end of the year	4.2	250,000	(7,500)	395,969	5,964	(3,901)	3,286	5,349	97,000	740,818
2014										
Balance at the beginning of the year		1,000	-	621,779	1,426	-	1,139	2,565	140,000	765,344
Net profit for the year		-	-	209,283	-	-	-	-	-	209,283
Other comprehensive income for the year		-	-	(3,633)	2,370	-	888	3,258	-	(375)
Total comprehensive income for the year		-	-	205,650	2,370	-	888	3,258	-	208,908
Capital increase		249,000	-	(249,000)	-	-	-	-	-	-
Dividends paid		-	-	(150,000)	-	-	-	-	(140,000)	(290,000)
Proposed dividends for 2014		-	-	(83,713)	-	-	-	-	83,713	-
Balance at the end of the year	4.2	250,000	-	344,716	3,796	-	2,027	5,823	83,713	684,252

1 Deferred tax on increased value of NNIT shares in relation to share-based payments.

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1. Basis of preparation

1.1 Summary of significant accounting policies

The consolidated financial statements are presented in accordance with the International Financial Reporting Standards (IFRS), approved by the European Union, and in accordance with additional Danish disclosure requirements for annual reports of listed companies. The consolidated financial statements are prepared in accordance with IFRS standards and interpretations applicable to the 2015 financial year.

Measurement basis

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

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

Long-term incentive program (LTIP) and employee launch incentive program (ELI) are in 2015 disclosed as employee benefit obligations in non-current and current liabilities. Further unrealised gain on shares and value adjustment of long-term incentive programs in Novo Nordisk shares in financial income and expenses are shown gross instead of net. Comparative figures for 2014 have been changed. Another minor reclassification to the 2014 figures has been made. None of the changes have had any effect on net profit or equity.

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 consideration received or receivable from the sale of our services and solutions and is the gross sales price less VAT and any price reductions in the form of discounts and rebates. Revenue is recognized as performance takes place.

Revenue from the sale of services is recognized when all the following conditions have been met:

- the amount of revenue can be reliably measured;
- it is probable that economic benefits associated with the transactions will accrue to NNIT;
- the stage of completion of the transaction at the end of the reporting period can be measured reliably; and
- costs incurred or to be incurred in connection with the transaction can be reliably measured.

These conditions are normally met when the services have been performed by NNIT.

Solutions business area

Advisory services, business solutions and application outsourcing are principally provided by the Solutions business area. Negotiated contracts to design or develop IT applications for customers (part of application outsourcing) are treated as construction contracts in accordance with IAS 11 and the recognition of revenue in respect of these types of contracts is described below under "Construction contracts and the percentage of completion method". Revenue from contracts not treated as construction contracts are recognized as performance takes place in accordance with IAS 18 based on the criteria listed above.

Operations business area

The infrastructure outsourcing and support services are principally provided by the Operations business area. Typically, an outsourcing contract will require the performance of certain preparatory projects (such as transition projects) and the operation of the IT system. As described below under "Outsourcing contracts", the revenue under an outsourcing contract is allocated to these two components in proportion to the costs that are expected to be incurred to perform the contract as a whole. This estimate is made at inception of the contract and this allocation of the revenue remains fixed for the duration of the contract. Revenue in respect of both the preparatory project and the operation of the IT system is recognized as performance takes place in accordance with IAS 18.

Construction contracts and the percentage of completion method

The percentage of completion method is used to determine the proportion of a construction contract's sales value that is to be recognized as revenue in a particular period, whether the basis for charging under the contract is fixed price, time-and-material, or a mix of both. The proportion of revenue to be recognized in a particular period is calculated according to the stage 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. The sales value agreed in the contract is recognized over the contract period using this method. Some of our contracts provide for incentives payments and these are only recognized as revenue if it is probable that certain specified performance targets or standards will be met and that the amount of the incentive can be reliably measured.

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

Construction contracts for which the recognized revenue from the work performed exceeds progress billings are recognized in the balance sheet as receivables.

Construction contracts for which progress billings exceed the revenue are recognized as liabilities. Prepayments from customers are recognized under liabilities.

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

Outsourcing contracts

The revenue from major outsourcing contracts is separated into two components, preparatory projects (such as transition projects) and operation of the IT systems. These separate identifiable components of revenue are accounted for separately to reflect the substance of the transaction.

Revenue from preparatory projects is recognized as performance takes place by reference to the stage of completion and, accordingly, we recognize revenue using the percentage of completion method as described above in relation to costs of transition or set-up activities necessary to enable delivery of the service or solution.

Revenue from the operation of the IT systems is recognized in the period the outsourcing services are provided based on amounts billable to a customer (for fixed price components

in the contract, we typically use straight-line over the course of a year and for variable components based on usage of units, and price lists according to the contract) less any amounts allocated to any preparatory projects.

Hedge accounting

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

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

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

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

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

1.2 Summary of key accounting estimates

The preparation of financial statements in conformity with IFRS requires the use of certain key accounting estimates.

Determination of the carrying value of some assets and liabilities requires valuations, 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, so that the actual outcome may differ from these estimates.

Management regards judgments and estimates under the following items as significant to these consolidated financial statements:

- Construction contracts (note 3.5)
- Onerous contracts/projects (note 3.7)
- Legal proceeding/claims (note 5.5)
- Deferred tax (note 2.5)

Construction contract

The determination of the stage of completion of construction contracts is based on estimates of future costs, hours and materials. Management estimates on individual assessments of specific projects and 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.

Provision for onerous contracts/projects

Provisions for onerous contracts/projects refer to projects that NNIT is obliged to complete, for which the total project costs exceed the total project income. Such estimates are inherently uncertain on an individual basis, according to the known situation at the balance sheet date and historical experience.

Provisions for legal proceeding/claims

Provisions for legal disputes consist of various types of provisions linked to ongoing legal disputes. Management makes judgments about provisions and contingencies, including the probability of pending and potential future litigation outcomes which, by their very nature, are dependent on inherently uncertain future events. When determining likely outcomes of litigations, etc., Management considers the input of external counsel on each case. Although Management believes that the total provisions for legal proceedings are adequate based upon currently available information, there can be no assurance that there will not be any changes in facts or matters or that any future lawsuits, claims, proceedings or investigations will not be material.

Deferred tax

Deferred tax is measured according to the balance sheet-based liability method on all temporary differences between the carrying value and tax value of assets and liabilities. NNIT recognises deferred tax assets if it is probable that sufficient taxable income will be available in the future against which the temporary differences can be utilised. Management judges the amount of deferred tax assets to be recognized in the financial statements on the basis of deferred tax liabilities and approved budgets and other information. Management considers future taxable income and assesses the possibility of recognizing the deferred tax assets.

1.3 Changes in accounting policies and disclosures

Adoption of new or amended IFRSs

Based on an assessment of new or amended and revised accounting standards and interpretations (IFRSs) issued by IASB and IFRSs endorsed by the European Union effective on or after January 1, 2015, it has been assessed that the application of these new IFRSs has not had a material impact on the consolidated financial statements in 2015 and Management does not anticipate any significant impact on future periods from the adoption of these new IFRSs.

NNIT has from January 1, 2015 designated hedge accounting for currency derivatives to hedge forecasted foreign currency cash flows.

New or amended IFRSs that have been issued but have not yet come into effect and have not been early adopted

In addition to the above, IASB has issued a number of new or amended and revised accounting standards and interpretations that have not yet come into effect. The following standards are in general expected to change current accounting regulation most significantly:

IASB has issued IFRS 15 “Revenue from Contracts with Customers”, with effective date January 1, 2018. It currently awaits EU endorsement. IFRS 15 is part of the convergence project with FASB to replace IAS 18 and IAS 11. The new standard will establish a single, comprehensive framework for revenue recognition. Revenue is recognized when a customer obtains control of a service and thus has the ability to direct the use and obtain the benefit from the service. NNIT has assessed that the standard will impact on major outsourcing contracts. Based on current assumptions we have estimated that the standard will not have a significant impact on the consolidated financial statements. In relation to major outsourcing contracts profit on some phases of certain contracts will be 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 and transformation phases do not transfer services to the customer under IFRS 15. In this case the costs incurred to perform those activities would be considered start-up costs, which are capitalized and amortized over the contract period. This will not impact revenue recognition on major outsourcing contracts which are completed before December 31, 2017.

IASB has issued IFRS 9 “Financial Instrument” with effective date January 1, 2018. It currently awaits EU endorsement.

The new standard will in relation to hedge accounting provide more opportunities to apply proxy hedges and repeal requirement for retrospective effectiveness testing.

NNIT has assessed the impact of the standard and determined that the implementation of IFRS 9 will not result in a different treatment for accounting purposes in relation to hedge accounting.

IASB has issued IFRS 16 “Leasing”, with effective date January 1, 2019. It currently awaits EU endorsement. All leases must be recognized in the balance sheet with a corresponding lease liability, except for short-term assets and minor assets. Leased assets are amortized over the lease term, and payments are allocated between installments on the lease obligation and interest expense, classified as financial items.

NNIT has assessed that the impact of the balance sheet recognition of leases will affect a number of financial ratios significantly such as EBITDA margin, return on equity and solvency ratio.

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

Segment reporting

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

Operation segments are reported in a manner consistent with the internal reporting provided to Group Management and the Board of Directors.

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

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

Translation of foreign currency

Functional currency and presentation currency

The financial statement items for each of the Group’s entities are measured in the currency used in the economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in Danish kroner (DKK).

Transactions and balance sheet

Transactions in foreign currencies within the year are translated into the functional currency at the exchange rate as of the transaction date. Receivables and liabilities in foreign currencies that have not been settled on the balance sheet date are translated at the exchange rate on 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 at the exchange rate on the balance sheet date, and income statement items at the average exchange rate.

Exchange differences arising from:

- The translation of subsidiaries’ net assets at the beginning of the financial year at exchange rates on the balance sheet date
- The translation of subsidiaries’ income statements at exchange rates on the balance sheet date

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 that are 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.

Financial items

Financial income and expenses comprise interest, realized and unrealized gains and losses from exchange rate adjustments, realized and unrealized capital gains and losses on shares, foreign exchange gain/loss on forward contracts and the cumulative value adjustment of these instruments transferred from the hedging reserve within equity, and fair value adjustment of cash settled share-based payments liabilities.

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

Dividend income is recognized when the right to receive payment is established.

Tax

Income tax comprises the 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 value and tax value of assets and liabilities.

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 as of the balance sheet date will apply at the time of the expected realization of the deferred income 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 is assessed jointly with the Novo Group. Income tax is allocated between the companies in proportion to their taxable incomes (full allocation with a compensation concerning tax losses). The jointly assessed companies are included in the Tax Prepayment Scheme.

Intangible assets*IT development projects*

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

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

Development costs meeting the criteria for capitalization are measured at cost less accumulated amortization and any impairment loss. 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 as from completion of the development work by the straight-line method, over the period for which 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 are tested for impairment if there are indications of impairment.

Where it is determined that the carrying value of intangible assets is higher than its recoverable amount which is the higher of fair value less costs to sell and value in use, i.e. the present value of expected future cash flows, it is written down to its recoverable amount.

Tangible assets

Tangible fixed assets are measured at cost less accumulated depreciation and any impairment loss. The cost price includes the purchase price and costs relating directly to the purchase. Subsequent costs are either included in the carrying value 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 straight-line over the following useful life periods:

- Other plant, equipment and fittings: 3-10 years
- Leasehold improvements: 5-10 years
- Buildings: 50 years

Land is not depreciated.

Asset residual values and useful life are assessed and if necessary adjusted on each balance sheet date.

Tangible assets are tested for impairment if there are indications of impairment. The carrying value of an asset is written down to its recoverable value if the carrying value exceeds the estimated recoverable value. The recoverable value 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 value for 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 value. Impairments are recognized in the income statement under the relevant functional areas.

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

Inventories

Goods for resale are measured at cost price, or a lower net realizable value.

Trade receivables

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

Other receivables and prepayments*Deposits*

Deposits comprise rental deposits.

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.

Shares

Shares include Novo Nordisk B shares which are purchased in relation to the former share-based incentive program for key employees. The shares are measured and revaluated at fair value through profit and loss because the related liability is measured at fair value through profit and loss.

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 at the Annual General Meeting (declaration date). Proposed dividends are disclosed in the statement of changes in equity.

Employee benefits

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

Pensions

NNIT operates with a number of defined-contribution pension plans. The costs of these pension plans are expensed 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 as of the balance sheet date less the fair value by applying the projected unit credit method. Plan assets, if any, are measured at fair value and offset against the defined benefit obligation in the balance sheet. Service costs and the interest component are recognized in the income statement. Actuarial gains and losses are recognized in other comprehensive income in the period in which they occur. Settlements are immediately recognized in the income statement.

Jubilee benefits

This comprises liabilities for the cost of employee anniversaries. The liability is based on an actuarial calculation using the projected unit credit method.

Long-term incentive, launch incentive and option programs

NNIT has four different share-based incentive programs long-term incentive program (LTIP), launch incentive program (LIP) and Employee launch incentive program (ELI) and an option program, which expired in 2015.

Long-term incentive program (LTIP)

Group Management and the Vice President Group are part of a long-term share-based incentive program (LTIP). For 2015 and subsequent periods LTIP allocations will be made in NNIT shares, whereas allocations for performance in 2014 and previous years have been made in Novo Nordisk shares.

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

LTIP Novo Nordisk B shares

The participants receive Novo Nordisk B shares. NNIT has the obligation to deliver Novo Nordisk shares, and consequently, the arrangement is classified as a cash settled arrangement.

The value of the shares allocated under the LTIP is recognized as an expense over the vesting period.

The total amount recognized within operating profit during the vesting period is based on the market value of the shares which are finally granted to the participants. Costs are recognized as cost of goods sold, sales and marketing costs and administrative expenses as applicable, and are recognized in the balance sheet as employee costs payable. Thereafter the liability is adjusted to the market value of the listed shares. Adjustment of the liability due to share price changes is recognized in the income statement under financial items.

The former share options program, last granted in 2006, was treated as an equity plan. Accordingly, the value of the arrangement on allocation was distributed as a cost over the vesting period of four years. The exercise period for options granted under the former share options program expired March 26, 2015.

The total amount recognized during the vesting period is set on the basis of the market value of the allocated shares or options. The cost is recognized under cost of goods sold, sales and marketing costs and administrative expenses, as applicable. The market value of the options was calculated on allocation date using the Black-Scholes model. Non-market related conditions for acquisition of the right are included in the number of options likely to be potentially exercisable.

LTIP NNIT shares

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

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

Launch incentive program (LIP)

Group Management and the Vice President Group have acquired shares at the offer Price. For each share they have been granted two Restricted Shares Units (RSU). The shares are subject to a lock up period of three years where after the shares are released if certain KPI's are met and the employee is still employed at NNIT.

NNIT has the obligation to deliver own shares, and consequently, the arrangement is classified as an equity-settled arrangement and will be expensed over the three-year vesting period based on the market price at grant date.

During that period the shares are administered as part of the Company's treasury shares and no dividends will be paid on such shares and the participants will not be able to exercise any voting rights during the lock-up period.

Employee launch incentive program (ELI)

Employees that were not part of LIP were offered to participate in ELI.

Employees in Denmark the have been granted a number of RSUs based on the offer price representing a value at grant date of DKK 18,000. The RSUs will be subject to a three-year lock-up period from the grant date whereafter the grants will be converted into shares if certain KPIs are met.

NNIT has the obligation to deliver own shares for participants in Denmark, and consequently, the arrangement is classified as an equity-settled arrangement and will be expensed over the three-year vesting period based on the market price at grant date.

Employees outside Denmark received a conditional cash bonus of an amount equivalent to the value of an applicable number of shares of DKK 9,000 which the participant would

otherwise have been entitled to upon vesting of the RSU will become payable after the three-year lock-up period.

NNIT has the obligation to deliver cash for participants outside Denmark, and consequently, the arrangement is classified as a cash settled arrangement. The liability for the cash bonus is adjusted to the market value of the listed shares. Adjustment of the liability due to price changes is recognized in the income statement under financial items.

Provisions

Provisions are recognized where 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 amount can be reliably estimated.

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

Provision for onerous contracts/projects

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

Provision for refurbishment obligation

This refers to refurbishment obligations NNIT is obliged to reestablish according to lease contracts on office premises.

Trade payables

Trade payables are measured at amortized cost.

Cash flow statement

The cash flow statement is prepared by the indirect method, working from the operating profit for the period. The cash flow statement shows the cash flows for the year, divided into operating, investing and financing activities, and how these cash flows have impacted on 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, provisioned liabilities, 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, the purchase and sale of securities and dividends received.

Cash flow from financing activities

Cash flows from financing activities comprise cash flows from raising and repaying long-term debt and dividend payments to shareholders.

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	=	$\frac{\text{Operating profit} \times 100}{\text{Revenue}}$
Gross profit margin	=	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$
Return on assets	=	$\frac{\text{Operating profit} \times 100}{\text{Average operating assets}}$
Return on equity	=	$\frac{\text{Net profit after tax} \times 100}{\text{Average equity}}$
Dividend per share for the year	=	$\frac{\text{Proposed dividend}}{\text{The number of outstanding shares}}$
Return on invested capital (ROIC)	=	$\frac{\text{Net profit} \times 100}{\text{Average invested capital}^1}$
EBITDA margin	=	$\frac{\text{Operating profit} + \text{depreciation and amortization}}{\text{Revenue}}$
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.

Above key ratios have been prepared in accordance with the guidelines issued by the Danish Society of Financial Analysts.

Earnings per share

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.

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:

- Cash to earnings
- Financial resources at the end of the year
- Free cash flow

Cash to earnings

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

Financial resources at the end of the year

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

Free cash flow

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

Backlog

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

2. Results for the year

2.1 Segment information

NNIT delivers services and solutions through two business areas, each responsible for delivering a number of services to customers. Both business areas share sales and support functions and are promoted and marketed as part of the unified NNIT business offering. Depending on the services and solutions the customer retains us to deliver, NNIT may deliver the services and solutions through one or the other business area or jointly with both business areas contributing to an integrated delivery.

The Operations business area, or IT Operation Services, delivers infrastructure outsourcing and related consulting, as well as support services which are usually sold under outsourcing contracts.

The Solutions business area, or IT Solutions Services, delivers solution services to customers, including advisory services, business solutions and application management.

DKK '000	2015	2014
Revenue by business area		
Operations	1,740,403	1,667,104
<i>hereof Novo Nordisk Group</i>	889,877	867,127
<i>hereof non-Novo Nordisk Group</i>	850,526	799,977
Solutions	859,884	743,292
<i>hereof Novo Nordisk Group</i>	425,889	393,143
<i>hereof non-Novo Nordisk Group</i>	433,995	350,149
Total revenue	2,600,287	2,410,396
Revenue by customer group		
Life Sciences	1,649,740	1,546,824
<i>hereof Novo Nordisk Group</i>	1,315,766	1,260,270
<i>hereof other Life Sciences</i>	333,974	286,554
Enterprise	384,669	371,253
Public	375,113	326,065
Finance	190,765	166,254
Total revenue	2,600,287	2,410,396
Operating profit by business area		
Operations	172,231	188,388
Solutions	96,874	76,959
Total operating profit	269,105	265,347
Amortization, depreciation and impairment losses		
Operations	138,883	120,064
Solutions	2,334	3,952
Total amortization, depreciation and impairment losses	141,217	124,016

The Danish operations generated 90.5% of the revenue in the year ended December 31, 2015 (2014: 92.3%) based on the location of customer purchase orders. As a consequence of the predominantly Danish revenue, NNIT will not disclose a geographical revenue split.

98.7% of non-current assets are placed in Denmark (2014: 98.2%)

The Novo Nordisk Group generated 50.6% of the revenue in the year ended December 31, 2015 (2014: 52.3%).

2.2 Employee costs

DKK '000	2015	2014
Employee costs amount to:		
Wages and salaries	1,315,275	1,187,486
Pensions - defined contribution plans	119,332	107,649
Pensions - defined benefit obligations	4,912	3,822
Other employee costs	94,745	86,681
Total employee costs	1,534,264	1,385,638
Included in the income statement under the following headings:		
Cost of goods sold	1,357,824	1,226,290
Sales and marketing costs	99,727	90,066
Administrative expenses	76,713	69,282
Total employee costs	1,534,264	1,385,638
Average number of full-time employees	2,494	2,276

Group Management's remuneration and share-based payment

DKK '000	Fixed base salary	Cash Bonus (STIP)	IPO Bonus	Pension	Benefits	Share-based incentives (LTIP)	Total
2015							
Per Kogut	3,161	1,497	500	1,164	165	2,966	9,453
Carsten Krogsgaard Thomsen	1,891	562	1,000	613	165	1,398	5,629
Jess Julin Ibsen	2,107	363	250	618	165	1,584	5,087
Executive Management in total	7,159	2,422	1,750	2,395	495	5,948	20,169
Other members of Group Management total	4,891	1,027	600	506	416	2,387	9,827

DKK '000	Fixed base salary	Cash Bonus (STIP)	IPO Bonus	Pension	Benefits	Share-based incentives (LTIP)	Total
2014							
Per Kogut	2,618	767	-	846	185	2,117	6,533
Carsten Krogsgaard Thomsen ¹	1,580	461	-	510	148	1,387	4,086
Jess Julin Ibsen ²	1,727	508	-	559	167	1,703	4,664
Executive Management in total	5,925	1,736	-	1,915	500	5,207	15,283
Other members of Group Management total	4,429	1,340	-	463	354	1,310	7,896

¹ Carsten Krogsgaard Thomsen joined Executive Management in February, 2014.

² Jess Julin Ibsen has in addition to the annual share-based incentives (LTIP) for 2014 received an agreed additional share-based remuneration of total DKK 316k.

2.2 Employee costs - continued

Board of Directors

DKK '000	Fixed base fee	Fee for ad hoc tasks ⁶ and committee work	Travel allowance	Total
2015				
Jesper Brandgaard (Chairman of the Board of Directors) ¹	562	-	-	562
Wilbert A.M. Kieboom (Deputy Chariman of the Board) ^{2,5}	450	-	104	554
Anne Broeng (Chairman of the Audit Committe)	263	143	-	406
Lars Fruergaard Jørgensen ^{1,3}	-	-	-	-
Eivind Kolding ²	225	-	-	225
John Beck (member of the Audit Committe) ²	225	56	134	415
René Stockner	263	30	-	293
Alex Steninge Jacobsen (member of the Audit Committe)	263	86	-	349
Anders Vidstrup ⁴	225	-	-	225
Kenny Smidt ³	37	30	-	67
Fees to Board of Directors total	2,513	345	238	3,096⁷

¹ Members of the Board of Directors from Novo Nordisk A/S, have waived the right to receive remuneration for the period January 1, 2015 to March 6, 2015

² Elected at the Extraordinary General Meeting March 6, 2015.

³ Lars Fruergaard Jørgensen and Kenny Smidt resigned as of March 6, 2015.

⁴ Elected by the employees in January 2015 and joined the Board of Directors as of March 6, 2015.

⁵ Wilbert A.M. Kieboom resigned as of December 2, 2015.

⁶ Ad hoc fees in 2015 relates to IPO activities until March 6, 2015

⁷ Excluding social security taxes paid by NNIT A/S amounting to DKK 47k (2014: DKK 0).

DKK '000	Fixed base fee	Fee for ad hoc tasks and committee work	Travel allowance	Total
2014				
Jesper Brandgaard (Chairman of the Board) ¹	-	-	-	-
Anne Broeng	100	100	-	200
Lars Fruergaard Jørgensen ¹	-	-	-	-
René Stockner	150	100	-	250
Alex Steninge Jacobsen	150	100	-	250
Kenny Smidt	150	100	-	250
Fees to Board of Directors total	550	400	-	950

¹ Members of the board of Directors from Novo Nordisk A/S, have waived the right to receive remuneration.

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 will be 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 the Vice President Group to align the interests of executives and shareholders.

The program is based on earnings including hedge gains/losses, before interest and tax compared to the targeted level. In addition, the realized free cash flow compared to the targeted level is taken into consideration.

NNIT's Board of Directors approves the financial targets for the coming year, ensuring that the short-term targets are aligned with NNIT's long-term targets and strategy.

2015

The maximum allocation under LTIP for the CEO cannot exceed the equivalent of ten months' fixed base salary including pension contribution, and the maximum allocation for the other members of Executive Management cannot exceed the equivalent of eight months of such person's fixed base salary including pension contribution. The maximum 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 the Vice President Group.

2.2 Employee costs - continued

2014 and prior years

For 2014 the maximum allocation under LTIP for the CEO and other members of Executive Management cannot exceed the equivalent of eight months' fixed base salary including pension contribution, whereas a fixed and predefined number of shares will be allocated to other members of Group Management and the Vice President Group.

The shares for all programs are tied for a period of three years. If the profit goals are not realized, a "claw back" clause allows the shares in the joint pool to be reversed. The maximum number of shares that can be reversed each year is equivalent to the maximum potential allocation.

The shares allocated to the members of Group Management based on the 2012 performance, are released to the individual participants subsequent to the approval of the Annual Report 2015 by the Board of Directors. Based on the share price at the end of 2015, the value of the released shares is as follows:

DKK	Number of shares	Market value
Values at December 31, 2015 of shares released February 3, 2016		
Per Kogut	10,435	1,966,998
Carsten Krogsgaard Thomsen	-	-
Jess Julin Ibsen	-	-
Executive Management in total	10,435	1,966,998
Other members of Group Management total	6,880	1,296,880

2.3 Development costs

DKK '000	2015	2014
Costs for development of new projects, which do not fulfil the requirements for recognition in the balance sheet are expensed immediately in the income statement		
Cost of goods sold	9,682	9,304
Sales and marketing costs	-	-
Administrative expenses	2,309	1,091
Total development costs	11,991	10,395

2.4 Amortization, depreciation, and impairment losses

DKK '000	2015	2014
Amortization	7,840	7,839
Depreciation	133,377	116,178
Total amortization, depreciation, and impairment losses	141,217	124,017
Amortization, depreciation and impairment losses are recognized in the income statement:		
Cost of goods sold	136,261	119,018
Sales and marketing costs	200	112
Administrative expenses	4,756	4,887
Total amortization, depreciation, and impairment losses	141,217	124,017

2.5 Income taxes

DKK '000	2015	2014
Current tax	76,819	53,110
Deferred tax	(18,773)	3,814
Adjustments recognized for current tax of prior periods	21,782	1,562
Adjustments recognized for deferred tax of prior periods	(20,036)	(45)
Income taxes in the income statement	59,792	58,441
Computation of effective tax rate:		
Statutory corporate income tax rate in Denmark	23.5%	24.5%
Deviation in foreign subsidiaries' tax rates compared to Danish tax rate (net)	(0.5%)	(0.6%)
Effect on deferred tax related to change in the Danish corporate tax rate	0.2%	0.5%
Other adjustments to taxable income	(1.9%)	(2.6%)
Adjustment of current and deferred tax regarding previous years	0.7%	-
Effective tax rate	22.0%	21.8%
Tax on other comprehensive income for the year	1,259	888

Tax on other comprehensive income for the year relates to remeasurement related to pension obligations and cash flow hedges.

Deferred taxes

DKK '000	Intangible assets	Tangible assets	Current assets	Lease receivables and liabilities	Share based programs	Cash flow hedges	Provisions	2015
2015								
Deferred tax asset/liability								
At the beginning of the year	(8,070)	50,409	(57,589)	2,085	-	-	14,605	1,440
Adjustments related to previous years	212	(1,021)	20,947	(106)	-	-	4	20,036
Exchange rate adjustments	-	186	3	-	-	-	474	663
Movements within the year	2,197	2,641	6,354	519	2,065	-	6,523	20,299
One-off due to change in Danish tax rate	(405)	972	(49)	74	-	-	(396)	196
Movements in comprehensive income in the year	-	-	-	-	-	916	343	1,259
At the end of the year	(6,066)	53,187	(30,334)	2,572	2,065	916	21,553	43,893
Deferred tax is recognized in the balance sheet as follows								
Deferred tax under assets								43,939
Deferred tax under liabilities								(46)
Total deferred tax								43,893

2.5 Income taxes – continued

DKK '000	Intangible assets	Tangible assets	Current assets	Lease receivables and liabilities	Provisions	2014
2014						
Deferred tax asset/liability						
At the beginning of the year	(9,731)	42,707	(46,211)	2,085	15,227	4,077
Adjustments related to previous years	-	45	-	-	-	45
Exchange rate adjustments	-	120	(22)	-	(280)	(182)
Movements within the year	1,921	8,159	(12,182)	-	(1,094)	(3,196)
One-off due to change in Danish tax rate	(260)	(622)	826	-	(136)	(192)
Movements in comprehensive income in the year	-	-	-	-	888	888
At the end of the year	(8,070)	50,409	(57,589)	2,085	14,605	1,440

NNIT A/S participates in a joint Danish taxation arrangement with 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.

DKK '000	2015	2014
Tax payable/receivable		
Tax receivable at the beginning of the year	10,889	(15,938)
Income tax paid during the year	69,684	69,868
Tax refund related to previous years	3,658	11,732
Withholding taxes paid during the year	2,425	-
Current tax on profit for the year	(76,819)	(53,110)
Adjustments related to previous years	(20,931)	(1,562)
Exchange rate adjustments	(244)	(101)
At the end of the year	(11,338)	10,889
Tax payables/receivables are recognized in the balance sheet as follows		
Tax receivables	-	13,478
Tax liabilities	(11,338)	(2,589)
Total tax	(11,338)	10,889

3. Operating assets and liabilities

3.1 Intangible assets

DKK '000	IT development projects	IT development projects under construction	2015
2015			
Cost at the beginning of the year	62,069	-	62,069
Additions	-	-	-
Cost at the end of the year	62,069	-	62,069
Amortization and impairment losses at the beginning of the year	26,658	-	26,658
Amortization	7,840	-	7,840
Amortization and impairment losses at the end of the year	34,498	-	34,498
Carrying amount at the end of the year	27,571	-	27,571
Amortization period	5-10 years		
2014			
Cost at the beginning of the year	62,069	-	62,069
Additions	-	-	-
Cost at the end of the year	62,069	-	62,069
Amortization and impairment losses at the beginning of the year	18,819	-	18,819
Amortization	7,839	-	7,839
Amortization and impairment losses at the end of the year	26,658	-	26,658
Carrying amount at the end of the year	35,411	-	35,411
Amortization period	5-10 years		

Impairment test of Intangible assets

At December 31, 2015 there were no indication of impairment. As a consequence, no impairment test has been conducted. IT development projects mainly include NNIT's ERP system, which is used as basis for the entire Group's day-to-day operations.

3.2 Tangible assets

DKK '000	Land and buildings	Other equipment	Leasehold improvements	Payments on account and assets under construction	2015
2015					
Cost at the beginning of the year	138,541	650,067	48,212	10,277	847,097
Additions	195	115,163	6,921	13,762	136,041
Disposals	-	(3,006)	-	-	(3,006)
Transfer	-	10,277	-	(10,277)	-
Exchange rate adjustment	-	28	734	-	762
Cost at the end of the year	138,736	772,529	55,867	13,762	980,894
Depreciation and impairment losses at the beginning of the year	31,226	387,868	26,707	-	445,801
Depreciation	8,055	118,086	7,236	-	133,377
Depreciation reversed on disposals	-	(852)	-	-	(852)
Exchange rate adjustment	-	42	340	-	382
Depreciation and impairment losses at the end of the year	39,281	505,144	34,283	-	578,708
Carrying amount at the end of the year	99,455	267,385	21,584	13,762	402,186
Depreciation period	12-50 years ¹	3-10 years	5-10 years		
2014					
Cost at the beginning of the year	138,277	540,972	43,321	2,272	724,842
Additions	264	140,467	4,219	10,276	155,226
Disposals	-	(33,780)	-	(96)	(33,876)
Transfer	-	2,175	-	(2,175)	-
Exchange rate adjustment	-	233	672	-	905
Cost at the end of the year	138,541	650,067	48,212	10,277	847,097
Depreciation and impairment losses at the beginning of the year	23,172	316,672	20,459	-	360,303
Depreciation	8,054	102,093	6,031	-	116,178
Depreciation reversed on disposals	-	(31,030)	-	-	(31,030)
Exchange rate adjustment	-	133	217	-	350
Depreciation and impairment losses at the end of the year	31,226	387,868	26,707	-	445,801
Carrying amount at the end of the year	107,315	262,199	21,505	10,277	401,296
Depreciation period	12-50 years ¹	3-10 years	5-10 years		

¹ Land is not depreciated.

Records of fixed assets in NNIT are inspected on a regular basis to locate assets, which are no longer in use. Such assets are scrapped.

3.3 Other financial assets

DKK '000	2015	2014
Deposits		
Cost at the beginning of the year	22,269	21,455
Exchange rate adjustments	193	141
Additions	5,851	673
Carrying amount at the end of the year	28,313	22,269

3.4 Trade receivables

DKK '000	2015	2014
Total trade receivables (gross)	489,876	431,706
Allowances for bad debt at the beginning of the year	(1,290)	(467)
Losses on bad debts	-	-
Adjustment of allowances for bad debt in the year	879	(823)
Allowances for bad debt at year end	(411)	(1,290)
Total trade receivables (net)	489,465	430,416

NNIT is continuously conducting 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 debts is made. On the basis of historical data, the allowances for bad debts at December 31, 2015 was DKK 411k (2014: DKK 1,290k). The credit rating of trade receivables at December 31, 2015 is assessed satisfactory.

Ageing of non-impaired trade receivables:

Not due at balance sheet date	410,249	381,390
Overdue between 1 and 30 days	46,030	15,673
Overdue between 31 and 60 days	3,465	4,085
Overdue by more than 60 days ¹	29,721	29,268
Total trade receivables	489,465	430,416

¹ Includes trade receivables with a customer due to legal dispute. Please refer to note 5.5.

Trade receivables include receivables from related parties amounting to DKK 241,814k (2014: DKK 194,878k).

3.5 Work in progress

DKK '000	2015	2014
Cost of work in progress	467,041	458,804
Gross profit	136,652	177,737
Work in progress at sales value	603,693	636,541
Received payments on account	(579,749)	(546,129)
Work in progress at the balance sheet date (net)	23,944	90,412
Recognized in the balance sheet as follows:		
Work in progress under assets	84,443	131,558
Prepayments under liabilities	(60,499)	(41,146)
Work in progress at the balance sheet date (net)	23,944	90,412

3.6 Employee benefit obligations

Defined benefit pension obligations

DKK '000	Pension liability	Plan asset	Net liability
2015			
At the beginning of the year	33,145	22,008	11,137
Current service costs	4,912	-	4,912
Interest expenses	663	518	145
Interest income	-	-	-
Employer contributions	-	3,848	(3,848)
Benefits paid from plan asset	(5,886)	(5,886)	-
Remeasurement gains/(losses) recognized in other comprehensive income	103	(190)	293
Remeasurement gains/(losses) - adjustment from prior years	24	-	24
Settlements	(1,090)	-	(1,090)
Exchange rate adjustments	3,616	2,351	1,265
Plan participant contribution etc.	1,104	1,104	-
At the end of the year	36,591	23,753	12,838

DKK '000	Pension liability	Plan asset	Net liability
2014			
At the beginning of the year	22,814	15,853	6,961
Current service costs	3,822	-	3,822
Interest expenses	640	-	640
Interest income	-	499	(499)
Employer contributions	-	3,613	(3,613)
Benefits paid from plan asset	768	768	-
Remeasurement gains/(losses) recognized in other comprehensive income	3,375	(258)	3,633
Remeasurement gains/(losses) - adjustment from prior years	-	-	-
Settlements	-	-	-
Currency revaluation	686	493	193
Plan participant contribution etc.	1,040	1,040	-
At the end of the year	33,145	22,008	11,137

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 19.2 years (2014: 18.7 years).

Assumptions used for valuation

DKK '000	2015	2014
Discount rate	0.8%	1.5%
Price inflation	1.3%	1.3%
Projected future remuneration increases	1.8%	1.8%
Future increases in social security	0.0%	1.3%

Actuarial valuations are performed annually.

Significant actuarial assumptions for the determination of the retirement benefit obligation are discount rate and expected future remuneration increases. The sensitivity analyses below have been determined based on reasonably likely changes in the assumptions occurring at the end of the period.

DKK '000	1% point increase	1% point decrease
Discount rate	(3,117)	3,903
Future remuneration	(622)	482

The sensitivity analysis above considers the single change shown with the other assumptions assumed to be unchanged. In practice, changes in one assumption may be accompanied by offsetting changes in another assumption (although this is not always the case).

3.6 Employee benefit obligations – continued

DKK '000	2015	2014
Provision for jubilee benefit obligations		
At the beginning of the year	5,374	4,994
Utilized	(200)	(450)
Additions	37	830
At the end of the year	5,211	5,374
The provision concerns NNIT's future employee jubilee obligations and is based on actuarial calculations.		
Provision for long-term incentive and launch incentive programs		
At the beginning of the year	36,972	37,285
Transfer to employees	(21,800)	(21,620)
Additions	24,909	21,912
Cancelled	(447)	(605)
At the end of the year	39,634	36,972
Recognized in the balance sheet as follows		
Employee benefit obligations under non-current liabilities	21,005	15,172
Employee benefit obligations under current liabilities	18,629	21,800
At the end of the year	39,634	36,972
Defined benefit pension obligations	12,838	11,137
Jubilee benefit obligations	5,211	5,374
Long-term incentive and launch incentive programs	21,005	15,172
Total employee benefits obligations	39,054	31,683

3.7 Provisions

DKK '000	2015	2014
Provision for onerous contracts/projects		
At the beginning of the year	6,824	5,782
Additions	134	6,824
Reclassified to work in progress	-	(5,000)
Utilized	(2,565)	(782)
At the end of the year	4,393	6,824
Provision for onerous contracts/projects relates to projects that NNIT is obligated to finalize and where the total project costs exceed the total project income. The provision is based on historical data and an individual evaluation of ongoing projects.		
Provision for refurbishment obligation		
At the beginning of the year	6,438	3,022
Exchange rate adjustment	218	-
Additions	3,806	3,416
Utilized	(1,022)	-
At the end of the year	9,440	6,438
Provision for refurbishment obligation relates to the leasehold agreement regarding Østmarken 3A, DK-2680 Soeborg, Denmark and Bändliweg 20, CH-8048 Zurich, Switzerland		
Provisions are recognized in the balance sheet as follows		
Non-current provisions	8,339	4,534
Current provisions	5,494	8,728
Total provisions	13,833	13,262

4. Capital structure and financing items

4.1 Financial income and expenses

Financial income

DKK '000	2015	2014
Interest income from related parties	-	3
Fair value adjustments of financial instruments from related parties (net)	3,019	3,930
Fair value adjustments of financial instruments external (net)	3,754	-
Dividends from shares	671	1,110
Interest related to tax	738	-
Unrealized gain on shares (net)	18,408	15,559
Realized gain on shares (net)	1,928	-
Realized/unrealized gain on currency	-	785
Other financial income	238	335
Total financial income	28,756	21,722

Financial expenses

DKK '000	2015	2014
Interest expenses to related parties	-	12
Interest related to tax	19	206
Guarantee commission	1,024	991
Realized/unrealized loss on currency	3,667	3,079
Value adjustment of long-term incentive programs in Novo Nordisk shares	16,239	14,242
Other financial expenses	4,679	815
Total financial expenses	25,628	19,345

4.2 Share capital, distribution to shareholder and earnings per share

DKK '000	2015	2014
Net profit for the year	212,441	209,283
Number '000		
Average number of shares outstanding	24,250	25,000
Dilutive effect of share-based payments	636	-
Average number of shares outstanding, including dilutive effect of share-based payments	24,886	25,000
Earnings per share DKK	8.76	8.37
Diluted earnings per share DKK	8.54	8.37

The share capital has a nominal value of DKK 250,000,000, divided into 25,000,000 shares with a nominal value of DKK 10 each. No shares carry special rights.

DKK '000	Nominal value	Market value	As % of share capital	Number of shares (thousand)
Treasury shares				
2015				
Holding at the beginning of the year	-	-	-	-
Acquisition of treasury shares	10	93,750	3%	750
Disposal of treasury shares	-	-	-	-
Value adjustment	-	47,625	-	-
Holding at the end of the year	10	141,375	3%	750

The purchase of treasury shares during the year relates to the long-term incentive program.

Retained earnings are accumulated earnings.

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

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

DKK '000	2015	2014
Net cash distribution to shareholders		
Ordinary dividends	83,713	140,000
Extraordinary interim dividends	-	150,000
Total	83,713	290,000

At the end of 2015, proposed dividends (not yet declared) of DKK 97,000k (DKK 4.00 per share) are recognized in Retained earnings. The proposed dividend at the end of 2014 was DKK 83,713k (DKK 3.35 per share) and in addition at September 30, 2014 an extraordinary interim dividend of DKK 150,000k (DKK 6.00 per share) was declared and paid out. In 2014 dividends were paid out to Novo Nordisk A/S being the sole owner of NNIT.

4.3 Financial assets and liabilities

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

- Cash and cash equivalents
- Financial assets at fair value through comprehensive income
- Financial assets at fair value through the income statement
- Loans and receivables
- Financial liabilities at fair value through the comprehensive income
- Financial liabilities measured at amortized cost

DKK '000	Cash and cash equivalents	Financial assets at fair value through compre- hensive income	Financial assets at fair value through the income statement	Loans and receivables	Total
2015					
Financial assets by category					
Other financial assets	-	-	-	28,313	28,313
Trade receivables	-	-	-	489,465	489,465
Work in progress	-	-	-	84,443	84,443
Other receivables and pre-payments	-	-	-	76,771	76,771
Shares ¹	-	-	49,315	-	49,315
Derivative financial instruments	-	1,022	-	-	1,022
Cash and cash equivalents	131,026	-	-	-	131,026
Total financial assets at the end of 2015	131,026	1,022	49,315	678,992	860,355

DKK '000	Cash and cash equivalents	Financial assets at fair value through compre- hensive income	Financial assets at fair value through the income statement	Loans and receivables	Total
2014					
Financial assets by category					
Other financial assets	-	-	-	22,269	22,269
Trade receivables	-	-	-	430,416	430,416
Work in progress	-	-	-	131,558	131,558
Other receivables and pre-payments	-	-	-	88,075	88,075
Shares ¹	-	-	55,035	-	55,035
Cash and cash equivalents	97,648	-	-	-	97,648
Total financial assets at the end of 2014	97,648	-	55,035	672,318	825,001

¹ It is designated that fair value adjustment of shares is through the income statement

4.3 Financial assets and liabilities – continued

DKK '000	Financial liabilities at fair value through comprehensive income	Financial liabilities measured at amortized cost	Total
2015			
Financial liabilities by category			
Trade payables	-	72,978	72,978
Derivative financial instruments	5,330	-	5,330
Other current liabilities	-	105,738	105,738
Total financial liabilities at the end of 2015	5,330	178,716	184,046

DKK '000	Financial liabilities at fair value through comprehensive income	Financial liabilities measured at amortized cost	Total
2014			
Financial liabilities by category			
Trade payables	-	110,942	110,942
Other current liabilities	-	112,950	112,950
Total financial liabilities at the end of 2014	-	223,892	223,892

Fair value measurement hierarchy

Financial assets at fair value through the income statement are categorized in the fair value hierarchy as level 1 (active market data).

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 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.

The interest-bearing liabilities relate to limited overdrafts made on NNIT's DKK 400,000k credit facility, which bears interest according to movements in the T/N rate, and cash balances which bear negative interest due to the current low interest environment.

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 and the Swiss franc.

4.3 Financial assets and liabilities – continued

Foreign exchange sensitivity analysis

NNIT estimates that, holding all other variables constant, a 10% depreciation of the average 2015 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 2015. The following sensitivity analysis address hypothetical situations and are provided for illustrative purposes only:

DKK '000	2015	2014
CNY	(16,401)	(11,849)
CZK	(3,625)	(1,346)
PHP	(3,199)	(2,347)
CHF	(2,146)	(1,976)
USD	497	(1,845)
EUR	15,049	9,327

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

At present NNIT's sales in Chinese yuan, Czech koruna, Philippine peso and Swiss franc are not sufficiently large to balance these currency risks. To manage the foreign exchange rate risks, NNIT has historically entered into hedging contracts to hedge the major foreign currency balances in Chinese yuan, Czech koruna, Philippine peso and US Dollar 14 months ahead. Since the US Dollar exposure at the beginning of 2016 has changed to be slightly positive, it has been decided to discontinue hedging of US Dollar in 2016.

The isolated currency effect on profit before tax and other comprehensive income (equity), taking hedging contracts into consideration, of a 10% depreciation of the exchange rate of the Danish kroner is summarized below.

At December 31, 2015 NNIT A/S' net balance position (trade Receivables minus trade Payables) divided on currency amounted to a short term outflow primary in Chinese yuan, Czech koruna, Swiss franc and British pound and a short term inflow in US Dollar. A 10% depreciation of the exchange rate of the Danish kroner against NNIT A/S' transaction exposures (net balance position less hedging contracts) will have the below illustrated impact (in Danish kroner) on our the net profit before tax at December 31, 2015.

DKK '000	Trade Receivables	Trade Payables	Net balance position	Transaction exposure ¹	10% sensitivity
December 31, 2015					
CNY	8,132	18,056	(9,924)	3,883	388
CZK	-	6,551	(6,551)	(1,912)	(191)
CHF	1,534	4,675	(3,141)	(3,141)	(314)
GBP	1,504	2,905	(1,401)	(1,401)	(140)
USD ²	16,217	9,013	7,204	9,596	960

¹ Including hedge contracts to be settled in January 2016

² PHP is proxy hedged via USD

DKK '000	Trade Receivables	Trade Payables	Net balance position	Transaction exposure	10% sensitivity
December 31, 2014					
CNY	10,667	14,740	(4,073)	(4,073)	(407)
CZK	293	2,788	(2,495)	(2,495)	(250)
CHF	-	5	(5)	(5)	(1)
GBP	8	(56)	64	64	6
USD	10,291	14,110	(3,819)	(3,819)	(382)

4.3 Financial assets and liabilities – continued

As hedge accounting is applied from January 1, 2015, the effect on other comprehensive income of a 10% depreciation of the exchange rate of Danish kroner, is shown for 2015 only. As December 31, 2015 NNIT A/S' hedge contracts covered the period from January 2016 to February 2017. Taking all hedge contracts with effect on other comprehensive income (equity) into account (contracts with expiry from February 2016 to February 2017), a 10% depreciation of the exchange rate of the Danish kroner, will result in an unrealised hedge gain as illustrated below..

DKK '000	Contract amount	Transaction exposure	10% sensitivity
December 31, 2015			
CNY	186,555	172,748	17,275
CZK	(2,495)	(2,495)	(250)
USD	(3,819)	(3,819)	(382)

Share price risk

NNIT is exposed to a market price risk in regard to Novo Nordisk B and NNIT shares listed on Nasdaq Copenhagen A/S in connection with the long-term share-based incentive program for key employees. In March 2015, upon completion of the offering, NNIT purchased NNIT shares corresponding to the near term obligation, which minimizes NNIT's risk when there are fluctuations in the share value. In May 2015, NNIT sold Novo Nordisk shares to adjust to a decreased obligation in Novo Nordisk B shares.

Credit risk

NNIT's credit risk principally arises from the trade receivables, which amounted to DKK 489,465k as at December 31, 2015 (December 31, 2014: DKK 430,416k). NNIT's single largest concentration of credit risk is with the Novo Nordisk Group. As at December 31, 2015, our trade receivables from the Novo Nordisk Group amounted to DKK 241,817k (December 31, 2014: DKK 194,878k). The classification of trade receivables according to maturity date is described in note 3.4.

Cash management

NNIT wants to maintain a flexible capital structure. As at December 31, 2015, NNIT had undrawn committed credit facilities in the amount of DKK 400,000k (2014: DKK 300,000k). The credit facility includes financial covenants with reference to the ratio between net debt and EBITDA. As at December 31, 2015, NNIT had cash and cash equivalents of DKK 109,293k in Denmark and DKK 21,733k outside of Denmark.

Capital management

NNIT monitors capital on the basis of the solvency ratio, which is calculated on the basis of total equity as a percentage of total equity and liabilities. At the end of the year, the solvency ratio was 55.8 % (2014: 53.4 %).

4.4 Derivative financial instruments

DKK '000	Contract amount, net	Fair value adjustment recognized in other comprehensive income	Positive fair value at year-end	Negative fair value at year-end	Current hedge duration (month)
Cash flow hedges					
2015					
CNH ¹	186,555	(4,405)	343	(5,161)	14
CZK	71,456	(58)	3	(61)	14
USD ²	44,091	562	676	(108)	14
	302,102	(3,901)	1,022	(5,330)	

¹ CNY is hedged via CNH

² PHP is proxy hedged via USD

5. Other disclosures

5.1 Long-term share-based incentives, launch incentives and option programs

Long-term share-based incentive program

Group Management and the Vice President Group 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 expensed with the following amounts:

DKK '000	2015	2014
Long-term incentive program (LTIP) in Novo Nordisk shares - cash based	21,270	17,343
Long-term incentive program (LTIP) in NNIT shares - share based	3,193	-
Launch incentive program (LIP) - share based (Group Management and Vice President Group)	9,966	-
Launch incentive program (ELI) - share based (Employees not part of LIP)	7,108	-
Launch incentive program (ELI) - cash based (Foreign employees not part of LIP)	3,192	-
Incentive program expensed in income statement	44,729	17,343
Recognized in the income statement:		
Cost of goods sold	15,144	3,721
Sales and marketing costs	3,651	1,655
Administrative expenses	9,695	2,016
Financial items	16,239	9,951
Total	44,729	17,343

Shares are expensed over the four-year vesting period at the market value at grant date. Value adjustments are recognized as financial items.

Outstanding restricted stock units (in NNIT shares)

Number '000	2015	2014
Outstanding at the beginning of the year	-	-
Issued restricted stock units to employees	295	-
Launch Incentive program (LIP)	291	-
Long-term incentive program (LTIP)	83	-
Shares allocated to joint pool for Group Management	374	-
Cancelled during the year	(33)	-
Outstanding at the end of the year (in NNIT shares)	636	-

Outstanding restricted stock units (in NNIT shares)

Number '000	Issued	Cancelled	Outstanding	Value at launch date (DKK'000)	Vesting year
Outstanding restricted stock units to employees					
2015 Restricted stock units (ELI)	295	(29)	266	36,875	2018
Total restricted stock units to employees	295	(29)	266	36,875	
Shares allocated to joint pool for Group Management					
2015 Shares allocated to joint pool (LTIP)	54	-	54	8,335	2019
2015 Shares allocated to joint pool (LIP)	191	-	191	23,875	2018
Total shares in joint pool for Group Management	245	-	245	32,210	
Shares allocated to joint pool for Vice President Group					
2015 Shares allocated to joint pool (LTIP)	29	-	29	4,476	2019
2015 Shares allocated to joint pool (LIP)	100	(4)	96	12,500	2018
Total shares in joint pool for Vice President Group	129	(4)	125	16,976	

5.1 Long-term share-based incentives, launch incentives and option programs - continued

Board of Directors and Group Management's holding of NNIT shares

DKK '000

	At the beginning of the year	Additions during the year	Sold/ transferred during the year	At the end of the year	Market value
Jesper Brandgaard ¹	-	-	-	-	-
Anne Broeng	-	3,600	-	3,600	679
Eivind Kolding	-	2,400	-	2,400	452
John Beck	-	2,000	-	2,000	377
René Stockner	-	2,400	-	2,400	452
Alex Steninge Jacobsen	-	1,600	-	1,600	302
Anders Vidstrup	-	1,200	-	1,200	226
Board of Directors in total	-	13,200	-	13,200	2,488
Per Ove Kogut	-	32,664	-	32,664	6,157
Carsten Krogsgaard Thomsen	-	19,248	-	19,248	3,628
Jess Julin Ibsen	-	21,804	-	21,804	4,110
Other members of Group Management ²	-	21,906	-	21,906	4,130
Executive Management in total	-	95,622	-	95,622	18,025
Joint pool ³	-	369,765	-	369,765	48,649
Total	-	108,822	-	108,822	20,513

¹ Jesper Brandgaard is restricted from investing in NNIT A/S shares due to internal Novo Nordisk policies.

² Other members of Group Management are Brit Kannegaard Johannessen, Michael Bjerregaard and Søren Luplau-Pagh.

³ Joint pool for Executive Management, other members of Group Management and the Vice President Group.

Besides the above NNIT shares a joint pool for Executive Management, other members of Group Management and Vice President Group exists for Novo Nordisk shares. The annual allocation to the Novo Nordisk joint pool is locked up for three years before it is transferred to the participants employed at the end of each three-year period. Based on the split of participants when the joint pool was established, approximately 41% of the joint pool will be allocated to the members of Executive Management and approximately 59% to other members of Group Management and Vice President Group. In the lock-up period, the joint pool may potentially be reduced in the event of lower-than-planned value creation in subsequent years. At December 31, 2015 the Novo Nordisk joint pool holds 106,677 Novo Nordisk Shares (December 31, 2014 170,705 shares). The Novo Nordisk joint pool is reduced by 13,584 shares assigned to retired Executive Management, other members of Group Management and Vice President Group. The joint pool includes the 2012 program which will be released February 3, 2016.

5.1 Long-term share-based incentives, launch incentives and option programs - continued

Share options program

In the period 1998-2006, share options (Novo Nordisk B shares) were granted to key employees. The last share options under this program were granted in 2006 with a four-year vesting period. The options granted in 2006 could be exercised until March 26, 2015.

Outstanding share options

DKK '000	No. of options	Average exercise price	Fair value
2015			
Outstanding at the beginning of the year	25,000	35.0	5,633
Exercised in the year	(25,000)	35.0	(5,633)
Outstanding at the end of the year	-	-	-
2014			
Outstanding at the beginning of the year	113,750	34.2	17,658
Exercised in the year	(88,750)	34.1	(19,088)
Reversed/cancelled during the year	-	-	-
Value adjustment	-	-	7,063
Outstanding at the end of the year	25,000	35.0	5,633

Exercisable and outstanding share options 2015

DKK '000	Issued share options No. of options	Exercised/ reversed No. of options	Outstanding/ not exercised No. of options	Exercise price DKK	Exercise period
Share option scheme for 2006	390,000	390,000	-	35.0	3/27/10 - 3/26/15
Share option scheme exercisable at the end of the year			-		

Exercisable and outstanding share options 2014

DKK '000	Issued share options No. of options	Exercised/ reversed No. of options	Outstanding/ not exercised No. of options	Exercise price DKK	Exercise period
Share option scheme for 2005	300,000	300,000	-	30.6	4/11/09 - 4/10/14
Share option scheme for 2006	390,000	365,000	25,000	35.0	3/27/10 - 3/26/15
Share option scheme exercisable at the end of the year			25,000		

5.2 Fee to statutory auditors

DKK '000	2015	2014
Statutory audit	900	926
Audit-related services	374	308
Tax advisory services	-	64
Other services ¹	1,884	1,892
Total fee to statutory auditors	3,158	3,190

¹ The fee relates to IT customer-audits requested by customers. The fee to PwC for their assistance in relation to the IPO has been paid by Novo Nordisk A/S.

5.3 Reversal of non-cash items

DKK '000	2015	2014
Income taxes	59,792	58,441
Amortization and depreciation	141,217	124,017
Scrap of tangible assets	2,154	2,847
Increase/(decrease) in provisions and employee benefits	4,771	9,014
Dividends received reclassified to investing activities	(671)	(1,110)
Provision share-based payments NNIT shares	20,290	-
Interests paid/received	4,696	(1,267)
Other adjustments for non-cash items	2,931	5,919
Total	235,180	197,861

5.4 Statement of cash flows - specifications

DKK '000	2015	2014
Changes in working capital		
Increase/(decrease) in current receivables less tax receivables	(721)	(92,719)
Increase/(decrease) in current liabilities less provisions and tax payables	(17,948)	87,375
- hereof change in trade payables related to investments	4,651	(4,329)
Total	(14,018)	(9,673)
Purchase of tangible assets		
Purchase of tangible assets	(136,041)	(155,226)
Change in trade payables related to purchase of tangible assets	(4,651)	4,328
Total	(140,692)	(150,898)
Additional cash flow information ¹		
Cash and equivalents at the end of the year	131,026	97,648
Undrawn committed credit facilities	400,000	300,000
Financial resources at the end of the year	531,026	397,648
Cash flow from operating activities	356,713	315,176
Cash flow from investing activities	(145,872)	(162,518)
Free cash flow	210,841	152,658

¹ Additional non-IFRS measures. 'Financial resources at the end of the year' are defined as the sum of cash and equivalents at the end of the year 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 credit facility of DKK 400,000k with Danske Bank. This replaces the DKK 300,000k credit facility as part of Novo Nordisk's cash pool scheme which NNIT had until the completion of the IPO.

5.5 Contingent liabilities, other contractual obligations and legal proceedings

Operating lease commitments expiring within the following periods from balance sheet date

DKK '000	2015	2014
Within 1 year	65,407	55,958
Between 1 and 5 years	225,591	184,141
After 5 years	45,644	85,430
Total	336,642	325,529
Operating leases in the income statement for the year	68,924	44,886

Operating leases include rental of premises, vehicles and hardware.

Other contractual obligations expiring within the following periods from balance sheet date

Within 1 year	24,847	25,578
Between 1 and 5 years	30,040	37,864
Total	54,887	63,442
Other contractual obligations in the income statement for the year	43,170	24,576

Other contractual obligations include maintenance, licenses and contractual agreements.

Contractual obligations with related parties

Contractual obligations with related parties for 2015 amount to DKK 1,750k (2014: DKK 3,307k). These obligations include service agreements.

Contingent liabilities and legal proceedings

Contingent liabilities

In 2014 the Court of Justice of the European Union passed a preliminary ruling (C-464/12) rejecting the Danish VAT practice previously applied by the Danish Tax Authorities, which required VAT to be charged on the provision of administration services to pension companies, in a case involving ATP PensionService A/S.

As a result of the preliminary ruling, two pension companies in 2014 requested that NNIT refunds VAT collected on IT services provided by NNIT. Since NNIT has paid forward the VAT to the Danish Tax Authorities, NNIT has requested the Danish Tax Authorities to suspend the limitation period and reassess the VAT returns.

On November 25, 2015, the Danish Tax Authorities published administrative guidelines (in Danish "styresignaler") based on the ATP PensionServices preliminary ruling. The guidelines however, do not clarify whether all or parts of the IT services provided by NNIT to the two pension companies are to be regarded as administration services and hence VAT exempted.

NNIT does not expect the requests to have any material effect on the financial position and operating results of NNIT A/S as the terms of the customer contracts with the two pension companies allow NNIT to pass on the net effects of any new or amended taxes in respect of the IT services provided to the two customers. Consequently, no provision has been made.

Legal proceedings

NNIT is currently involved in a legal dispute with a customer in our public customer group regarding the delivery of a supply and logistics IT system. The parties disagree as to which party is responsible for the delay. In April 2014, the customer terminated the agreement, alleging material breach as a particular delivery milestone was delayed and claiming that the solution was defective. NNIT disagrees with the basis for the customer's termination of the contract and believes they were not entitled to do so under the terms of the contract. In June 2014, the customer initiated arbitration proceedings in Copenhagen, Denmark. The arbitration dispute in question is still in its preparatory stages and therefore NNIT cannot reliably predict the potential outcome of the arbitration dispute and/or the time frame for the resolution of the arbitration dispute.

In the audited consolidated financial statements for 2014 NNIT reversed DKK 35m of revenue previously recognized in connection with the contract to which the dispute relates. NNIT estimates that in the event that the arbitration award is granted entirely in favor of the counterparty, it would reduce NNIT's operating profit by approximately DKK 87m (a cash outflow of DKK 74m) plus costs of arbitration incurred and/or interest.

The updated estimate takes into account and is additional to the reversal of revenue previously recognized. In the event that the arbitration award is granted entirely in NNIT's favor based on the revised pleadings, NNIT estimates that this would increase the operating profit by approximately DKK 51m (a cash inflow of DKK 64m), excluding any costs of arbitration incurred and/or interest awarded to NNIT. NNIT currently expects a final ruling by the arbitration tribunal earliest at the end of 2016.

5.6 Related party transactions and ownership

Ownership

NNIT A/S is controlled by Novo A/S, of which the Novo Nordisk Foundation is the ultimate owner.

The consolidated financial statements of the parent company, Novo A/S as well as the ultimate parent company, the Novo Nordisk Foundation, can be ordered at the Novo Nordisk Foundation, Tuborg Havnevej 19, 2900 Hellerup.

Related party transactions

NNIT has had related party transactions with Group Management of NNIT A/S, NNIT Board of Directors, Novo A/S, the Novo Nordisk Group, the Novozymes Group and Xellia Pharmaceuticals Group. All agreements have been negotiated at arm's length, and most of these agreements are for one year.

For information on remuneration to Group Management of NNIT, please refer to note 2.2 'Employee costs'.

DKK '000	2015	2014
Net sales		
Novo Nordisk Group	1,315,766	1,260,270
Novozymes Group	47,673	36,483
Novo A/S	1,166	25
Xellia Pharmaceuticals Group	5,041	3,549
Total	1,369,646	1,300,327
Net purchases		
Novo Nordisk Group	31,888	54,551
Novozymes Group	172	130
Total	32,060	54,681
Financial income		
Novo Nordisk Group	3,019	3,933
Total	3,019	3,933
Financial expenses		
Novo Nordisk Group	-	12
Total	-	12
Trade receivables		
Novo Nordisk Group	231,816	185,774
Novozymes Group	9,154	8,399
Xellia Pharmaceuticals Group	844	705
Total	241,814	194,878
Work in progress		
Novo Nordisk Group	15,903	36,544
Novozymes Group	2,736	-
Xellia Pharmaceuticals Group	190	483
Total	18,829	37,027

5.6 Related party transactions and ownership - continued

DKK '000	2015	2014
Short-term cash pooling in related companies classified as cash		
Novo Nordisk Group	-	69,859
Total	-	69,859
Liabilities to related parties		
Novo Nordisk Group	8,320	10,990
Novozymes Group	215	163
Total	8,535	11,153
Prepayments from related parties		
Novo Nordisk Group	20,514	1,142
Total	20,514	1,142

Companies in the NNIT Group:

	Country	Year of incorporation/ acquisition	Issued share capital/paid in capital	Percentage of shares owned
NNIT (Tianjin) Technology Co.Ltd.	China	2008	CNY 5,331,428	100
NNIT Philippines Inc.	Philippines	2009	PHP 24,000,002	100
NNIT Switzerland AG	Switzerland	2010	CHF 500,000	100
NNIT Germany GmbH	Germany	2011	EUR 25,000	100
NNIT Inc.	USA	2011	USD 1,000,000	100
NNIT Czech Republic s.r.o.	Czech Republic	2014	CZK 2,000,000	100
NNIT UK Ltd.	UK	2015	GBP 50,000	100

5.7 Events after balance sheet date

There have been no events after the balance sheet date that could have a significant impact on the assessment of NNIT's financial position at December 31, 2015.

Parent company financial statements

Income statement

for the year ended December 31

DKK '000	Note	2015	2014
Revenue		2,485,004	2,327,992
Cost of goods sold	2.1	2,036,810	1,894,014
Gross profit		448,194	433,978
Sales and marketing costs	2.1	114,481	100,656
Administrative expenses	2.1	90,450	85,778
Operating profit		243,263	247,544
Financial income	4.1	55,078	30,318
Financial expenses	4.2	22,389	17,005
Profit before income taxes		275,952	260,857
Income taxes	2.2	55,629	55,257
Net profit for the year		220,323	205,600
Proposed allocation:			
Dividends	4.3	97,000	83,713
Retained earnings		123,323	121,887
		220,323	205,600

Balance sheet

at December 31

Assets

DKK '000	Note	2015	2014
Intangible assets	3.1	27,571	35,411
Tangible assets	3.2	399,138	395,510
Financial assets	3.3	44,671	31,161
Total fixed assets		471,380	462,082
Inventories		1,730	1,639
Trade receivables		233,943	217,639
Trade receivables - related parties		229,088	201,000
Work in progress	3.4	62,952	93,145
Work in progress - related parties	3.4	18,777	36,845
Other receivables and pre-payments		69,686	81,205
Deferred taxes		35,529	-
Tax receivables	2.2	-	13,478
Shares		49,315	55,035
Derivative financial instruments	4.4	1,022	-
Cash and cash equivalents		109,275	69,859
Total current assets		811,317	769,845
Total assets		1,282,697	1,231,927

Balance sheet

at December 31

Equity and liabilities

DKK '000	Note	2015	2014
Share capital	4.3	250,000	250,000
Retained earnings		367,411	316,286
Proposed dividends		97,000	83,713
Total equity		714,411	649,999
Deferred taxes	3.5	-	4,126
Employee benefit obligations		41,751	42,346
Other provisions	3.6	12,733	11,358
Total provisions		54,484	57,830
Prepayments received	3.4	36,308	40,186
Prepayments received - related parties	3.4	20,491	960
Trade payables		52,511	94,537
Trade payables - related parties		42,939	34,604
Employee costs payable		247,065	245,677
Tax payables		7,334	-
Other current liabilities		101,824	108,134
Derivative financial instruments	4.4	5,330	-
Total current liabilities		513,802	524,098
Total equity and liabilities		1,282,697	1,231,927
Contingent liabilities, other contractual obligations and legal proceedings	5.2		
Related parties and ownership	5.3		

Statement of changes in equity

at December 31

DKK '000	Note	Share capital	Treasury share	Retained earnings	Cash flow hedges	Proposed dividends	Total
2015							
Balance at the beginning of the year		250,000		316,286		83,713	649,999
Net profit for the year				220,323			220,323
Dividends from subsidiaries				2,182			2,182
Purchase of shares			(7,500)	(86,250)			(93,750)
Share-based payments				20,290			20,290
Deferred tax on share-based payments ¹				2,065			2,065
Cash flow hedges					(3,901)		(3,901)
Tax on Cashflow hedges					916		916
Dividends paid						(83,713)	(83,713)
Proposed dividends for 2015				(97,000)		97,000	-
Balance at the end of the year	4.3	250,000	(7,500)	377,896	(2,985)	97,000	714,411

DKK '000	Note	Share capital	Treasury share	Retained earnings	Cash flow hedges	Proposed dividends	Total
2014							
Balance at the beginning of the year		1,000	-	593,399	-	140,000	734,399
Net profit for the year		-	-	205,600	-	-	205,600
Capital increase		249,000	-	(249,000)	-	-	-
Dividends paid		-	-	(150,000)	-	(140,000)	(290,000)
Proposed dividends for 2014		-	-	(83,713)	-	83,713	-
Balance at the end of the year	4.3	250,000	-	316,286	-	83,713	649,999

¹ Deferred tax on increased value on NNIT shares in relation to share-based payments.

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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 financial statements are continuously presented according to the same practice as the consolidated financial statements, except for the below deviations. The accounting policies for the parent company financial statements are unchanged from the last financial year except for the practice mentioned in note 1.3 'Changes in accounting policies and disclosures' in the consolidated financial statements. Please refer to note 1.1-1.4 for accounting policies in the consolidated financial statements.

Supplementary accounting policies for the parent company

Investments in subsidiaries

Investments in subsidiaries includes invested capital in subsidiaries in China, the Philippines, Switzerland, Germany, the USA, the Czech Republic and UK. Invested capital is measured at cost price or lower recoverable amount.

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 60.

2. Results for the year

2.1 Employee costs

DKK '000	2015	2014
Wages and salaries	1,114,055	1,050,429
Pensions	100,946	95,632
Other employee costs	38,042	45,559
Total employee costs	1,253,043	1,191,620
Included in the income statement:		
Cost of goods sold	1,120,220	1,065,308
Sales and marketing costs	48,869	46,473
Administrative expenses	83,954	79,839
Total employee costs	1,253,043	1,191,620
Average number of full-time employees	1,607	1,546

For further information about fees to Board of Directors and salary to Group Management, please refer to note 2.2 'Employee costs' and 5.1 'Long-term share-based incentive, Launch incentive and option programs', in the consolidated financial statements.

2.2 Income taxes

The parent company has expensed DKK 55,629k in tax regarding 2015 (2014: DKK 55,257k) and is based on fully utilised deferred tax.

DKK '000	2015	2014
Tax payables/receivables		
Tax payables/receivables at the beginning of the year	13,478	(11,777)
Income tax paid regarding current year	65,264	65,909
Tax paid related to previous years	2,941	10,123
Withholding taxes paid during the year	2,196	-
Current tax on profit for the year	(70,295)	(49,218)
Current tax regarding cash flow hedges	-	(1,559)
Adjustments related to previous years	(20,918)	-
At the end of the year	(7,334)	13,478

3. Operating assets and liabilities

3.1 Intangible assets

DKK '000	IT development projects	2015	2014
Cost at the beginning of the year	62,069	62,069	62,069
Additions	-	-	-
Cost at the end of the year	62,069	62,069	62,069
Amortization and impairment losses at the beginning of the year	26,658	26,658	18,819
Amortization	7,840	7,840	7,839
Amortization and impairment losses at the end of the year	34,498	34,498	26,658
Carrying amount at the end of the year	27,571	27,571	35,411
Amortization period	5-10 years		

3.2 Tangible assets

DKK '000	Land and buildings	Other equipment	Leasehold improvements	Payments on account and assets under construction	2015	2014
Cost at the beginning of the year	138,541	648,003	38,919	10,277	835,740	717,712
Additions	195	114,920	6,916	13,762	135,793	151,464
Disposals	-	(3,006)	-	-	(3,006)	(33,436)
Transfer	-	10,277	-	(10,277)	-	-
Cost at the end of the year	138,736	770,194	45,835	13,762	968,527	835,740
Depreciation and impairment losses at the beginning of the year	31,226	386,847	22,157	-	440,230	357,528
Depreciation	8,055	117,608	4,348	-	130,011	113,292
Depreciation reversed on disposals during the year	-	(852)	-	-	(852)	(30,590)
Depreciation and impairment losses at the end of the year	39,281	503,603	26,505	-	569,389	440,230
Carrying amount at the end of the year	99,455	266,591	19,330	13,762	399,138	395,510
Depreciation period	12-50* years	3-10 years	5-10 years			

3.3 Financial assets

DKK '000	Deposits	Investment in subsidiaries	2015	2014
Cost at the beginning of the year	19,705	11,456	31,161	29,692
Additions	5,736	7,774	13,510	1,765
Disposals	-	-	-	(296)
Carrying amount at the end of the year	25,441	19,230	44,671	31,161

3.4 Work in progress

DKK '000	2015	2014
Cost of work in progress	459,376	420,971
Gross profit	135,606	160,255
Work in progress at sales value	594,982	581,226
Received payments on account	(570,052)	(492,382)
Work in progress at the balance sheet date (net)	24,930	88,844
Recognized in the balance sheet as follows		
Work in progress under assets	81,729	129,990
Prepayments under liabilities	(56,799)	(41,146)
Work in progress at the balance sheet date (net)	24,930	88,844

3.5 Deferred taxes

DKK '000	Intangible assets	Tangible assets	Current assets	Property	Share based programs	Cash flow hedges	Provisions	2015
At the beginning of the year	(8,070)	48,170	(58,020)	2,176	-	-	11,618	(4,126)
Adjustments related to previous years	212	(989)	20,841	(106)	-	-	53	20,011
Movements within the year	2,197	2,598	7,395	519	2,065	916	3,758	19,448
One off due to change in Danish tax rate	(405)	972	(49)	74	-	-	(396)	196
At the end of the year	(6,066)	50,751	(29,833)	2,663	2,065	916	15,033	35,529

NNIT A/S participates in a joint Danish taxation arrangement with 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.

3.6 Other provisions

DKK '000	2015	2014
Provision for onerous contractes/projects		
At the beginning of the year	6,824	5,782
Additions	134	6,824
Reclassified to work in progress	-	(5,000)
Amount used	(2,565)	(782)
At the end of the year	4,393	6,824
Provision for onerous contracts/projects on projects relates to projects that NNIT is obligated to finalize and where the total project costs exceed the total project income. The provision is based on historical data and an individual evaluation of ongoing projects.		
Provision for refurbishment obligation		
At the beginning of the year	4,534	3,022
Additions	3,806	1,512
At the end of the year	8,340	4,534
Provision for refurbishment obligation relates to the leasehold agreement regarding Østmarken 3A, DK-2680 Soeborg, Denmark		
Total other provisions	12,733	11,358

4. Capital structure and financing items

4.1 Financial income

DKK '000	2015	2014
Interest income from related parties	88	63
Fair value adjustments of financial instruments from related parties (net)	3,019	3,930
Fair value adjustments of financial instruments external (net)	3,754	-
Dividends from shares	671	1,110
Dividends from subsidiaries	26,411	9,656
Interest related to tax	738	-
Unrealized gain on shares (net)	18,408	15,559
Realized gain on share (net)	1,928	-
Other financial income	61	-
Total financial income	55,078	30,318

4.2 Financial expenses

DKK '000	2015	2014
Interest expenses to related parties	-	12
Interest related to tax	-	206
Guarantee commission	1,024	991
Unrealized loss on shares (net)	-	-
Realized/unrealized loss on currency	620	954
Value adjustment of long-term incentive programs in Novo Nordisk shares	16,239	14,242
Other financial expenses	4,506	600
Total financial expenses	22,389	17,005

4.3 Statement of changes in equity

DKK '000	2015	2014	2013	2012	2011
Share capital					
January 1	250,000	1,000	1,000	1,000	1,000
Capital increase	-	249,000	-	-	-
December 31	250,000	250,000	1,000	1,000	1,000

4.4 Derivative financial instruments

DKK '000	Contract amount, net	Fair value adjustment recognized in other comprehensive income	Positive fair value at year-end	Negative fair value at year-end	Current hedge duration (month)
Cash flow hedges					
2015					
CNH ¹	186,555	(4,405)	343	(5,161)	14
CZK	71,456	(58)	3	(61)	14
USD ²	44,091	562	676	(108)	14
	302,102	(3,901)	1,022	(5,330)	

¹ CNY is hedged via CNH

² PHP is proxy hedged via USD

5. Other disclosures

5.1 Fee to statutory auditors

DKK '000	2015	2014
Statutory audit	641	526
Other assurance engagements	374	308
Tax advisory services	-	36
Other services ¹	1,884	1,892
Total fee to statutory auditors	2,899	2,762

¹ The fee relates to IT customer-audits requested by customers. The fee to PwC for their assistance in relation to the IPO has been paid by Novo Nordisk A/S

5.2 Contingent liabilities, other contractual obligations and legal proceedings

DKK '000	2015	2014
Within 1 year	52,788	47,579
Between 1 and 5 years	198,225	182,958
After 5 years	45,428	85,430
Total operating lease commitments	296,441	315,967
Total operating leases in the income statement for the year	54,785	38,025

Operating leases include rental of premises, vehicles and hardware. For information regarding legal proceeding and contingent liabilities, please refer to note 5.5 'Contingent liabilities, other contractual obligations and legal proceedings', in the consolidated financial statements.

Other contractual obligations expiring within the following periods from balance sheet date

Within 1 year	24,847	25,578
Between 1 and 5 years	30,040	37,864
Total	54,887	63,442
Other contractual obligations in the income statement for the year	43,170	24,576

Other contractual obligations include maintenance, licenses and contractual agreements.

5.3 Related parties and ownership

For information regarding transactions with related parties, please refer to note 5.6 'Related party transactions and ownership' in the consolidated financial statements.

For information on remuneration to Group Management of NNIT, please refer to note 2.2 'Employee costs', in the consolidated financial statements.

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Editorial team: **NNIT Communications**
Design and production: **MeyerBukdahl**
Photography: **Jakob Boserup**

Headquarters

NNIT A/S

Oestmarken 3A
DK-2860 Soeborg
Denmark

CVR: 21 09 31 06
Tel: +45 7024 4242
Fax: +45 4437 1001
www.nnit.com

Denmark

NNIT A/S

Hedeager 1. 2.sal
DK-8200 Aarhus N
Denmark

NNIT A/S

Oerstedsvej 3
DK-8600 Silkeborg
Denmark

International

NNIT Switzerland AG

Bändliweg 20
CH-8048 Zurich
Tel: +41 44 405 9090
Fax: +41 44 405 9099

NNIT Germany GmbH

c/o Regus
Herriotstrasse 1
DE-60528 Frankfurt am Main
Tel: +49 69 66 36 98 73

NNIT UK Ltd.

c/o MoFo Notices Limited
CityPoint
One Ropemaker Street
London EC2Y 9AW
Tel: +45 7024 4242

NNIT Inc.

650 College Road East, suite 3500
Princeton, New Jersey 08540
USA
Tel: +1 (609) 955 5660
Fax: +1 (609) 945 5651

NNIT Czech Republic s.r.o

Explora Jupiter
Bucharova 2641/14 2.NP
CZ-158 00 Prague 5
Tel: +420 277 010 010

Lazecka 568/53A

CZ-77900 Olomouc
Tel: +420 585 204 821

NNIT (Tianjin) Technology Co. Ltd.

20th floor, Building A, Jin Wan Mansion
Nanjing Road 358
CN-300100 Tianjin
Tel: +86 (22) 58 856 666

NNIT Philippines Inc.

24/F 88 Corporate Center
141 Valero St.
PH-1227 Makati City
Tel: +63 2 889 0999
Fax: +63 2 889 0998