

# Trading Statement Q1 2024

May 7, 2024

## EXECUTIVE SUMMARY

### REVENUE GROWTH OF 12.2% AND 5.2% OPERATING MARGIN. FULL-YEAR FINANCIAL OUTLOOK IS MAINTAINED

#### Q1 2024 key highlights

- The first quarter results were as planned on an overall level. Organic revenue growth of 8.0% driven by Region Denmark and Region Europe partly offset by Region US and Region Asia. The performance of our downscaled Region Asia was impacted by continuing headwind and not as expected. Total revenue growth was 12.2% compared with last year.
- The group operating profit excluding special items increased from DKK 20m in Q1 2023 to DKK 23.9m in Q1 2024, equal to a group operating profit margin excl. special items of 5.2%.
- The internal projects leading to further optimization of the business such as implementing a new ERP system, relocation of offices in several locations and completion of the IT separation of the infrastructure business, are progressing according to plan.
- The full-year financial outlook for organic revenue growth of around 10% and group operating profit margin excl. special items of 8-9% is maintained.

During the quarter, NNIT continued to see positive developments in its business performance, which fully supports the strategic direction initiated last year even though the start to the year was impacted by macroeconomic factors leading to more cautious customer behavior in terms of expansion of engagements and winning new business. Although some of this was anticipated, the performance in Region Asia was not as expected and significant actions have been taken to reduce capacity and regain profitability.

Despite a soft start to the year which was also impacted by timing of Easter, the strategic focus of NNIT remains intact. NNIT continues to see business improvements across its regions, and customer relationships remain strong supported by high customer satisfaction score. NNIT is closing in on several important milestones such as the introduction of a new global IT platform, relocation to new offices and integration of group companies during 2024.

As a consequence, supported by the backlog and a promising pipeline, the full-year outlook, is maintained with gradual improvements expected quarter by quarter.

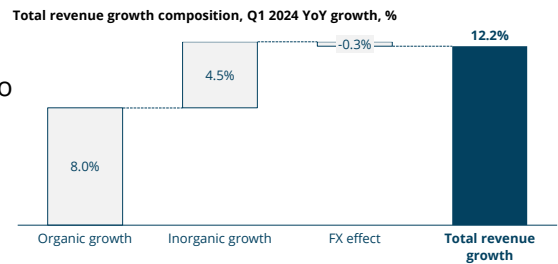
#### Financial overview – Selected key figures

NNIT A/S, DKK million	Q1 2024	Q1 2023	FY 2023
<b>Revenue</b>	<b>463.4</b>	<b>413</b>	<b>1,728</b>
Revenue growth, %	12.2%	16.0%	15.2%
Revenue growth, organic %	8.0%	11.3%	10.8%
<b>Group operating profit excl. special items</b>	<b>23.9</b>	<b>20</b>	<b>116</b>
Group operating profit margin excl. special items, %	5.2%	4.8%	6.7%
Special items	11.3	-14	-69
<b>Group operating profit incl. special items</b>	<b>35.2</b>	<b>6</b>	<b>47</b>
Group operating profit margin incl. special items, %	7.6%	1.4%	2.7%

**BUSINESS REVIEW**

**FULL-YEAR OUTLOOK MAINTAINED AS BACKLOG & PIPELINE ARE STRONG**

In Q1 2024, NNIT continued its strategic focus which led to improved business performance across the Life Science and Public-Enterprise space. Revenue grew 12.2% corresponding to organic growth of 8.0%. The variance between total revenue growth and organic growth is the impact from the revenue generated towards Aeven as this is considered inorganic revenue in the reported trading statement after the split and sale of the infrastructure business and FX.



The organic growth was in line with expectations and affected by the weak macroeconomic situation in China and Europe, and the softer start in Region US due to a significant temporary slowdown of the data migration business. NNIT maintains its financial full-year outlook as NNIT has seen a gradual improvement in the quarter, and backlog and pipeline are strong for the three largest regions Denmark, Europe and US. Gross margin improved slightly quarter over quarter due to improvements in Region US and Asia, balanced by timing of Easter in Q1 in 2024, while timing of Easter in 2023 was Q2.

The operating profit margin excl. special items was 5.2% equal to DKK 23.9m in profit compared with DKK 20.0m last year. NNIT expects to improve its profitability due to utilization optimization, mitigating actions taken in Region Asia, further leverage on cost base in the other regions and structural cost reduction due to NNIT moving to new facilities during the summer.

In connection with the divestment of the infrastructure business last year, NNIT made a reservation to cover risk and obligations associated with the divestment.

The reservation has been reassessed as part of Q1 closing, which has resulted in an income of DKK 20m booked as special items during Q1 2024.

## GROUP FINANCIAL HIGHLIGHTS – SELECTED KEY FIGURES

NNIT A/S, DKK million	Q1 2024	Q1 2023	FY 2023
<b>KEY FINANCIAL HIGHLIGHTS</b>			
Revenue growth, %	12.2%	16.0%	15.2%
Revenue growth, organic YoY, %	8.0%	11.3%	10.8%
Group operating profit margin excl. special items, %	5.2%	4.8%	6.7%
Special items from continuing operation	11.3	-14	-69
Group operating profit incl. special items	35.2	6	47
Group operating profit margin incl. special items, %	7.6%	1.4%	2.7%
Depreciation, amortization and impairment	10.3	13	28
<b>OTHER FINANCIAL HIGHLIGHTS</b>			
<b>Revenue</b>	<b>463.4</b>	<b>413.0</b>	<b>1,727.9</b>
- of which Region Europe	126.4	112.0	465.1
- of which Region US	92.9	99.0	386.7
- of which Region Asia	31.9	38.0	143.9
- of which Region Denmark	212.3	164.0	732.3
Production cost	337.7	302.5	1,283.0
<b>Gross profit</b>	<b>125.7</b>	<b>110.5</b>	<b>444.9</b>
<i>Gross margin, %</i>	<i>27.1%</i>	<i>26.8%</i>	<i>25.7%</i>
Regional overhead cost	47.6	40.0	157.5
<b>Regional operating profit</b>	<b>78.1</b>	<b>70.5</b>	<b>287.5</b>
<i>Regional operating profit margin, %</i>	<i>16.9%</i>	<i>17.1%</i>	<i>16.6%</i>
Corporate cost	54.2	50.5	171.8
<b>Group operating profit excl. special items</b>	<b>23.9</b>	<b>20.0</b>	<b>115.7</b>
<i>Group operating profit margin excl. special items, %</i>	<i>5.2%</i>	<i>4.8%</i>	<i>6.7%</i>
Special items	11.3	-14	-69
<b>Group operating profit incl. special items</b>	<b>35.2</b>	<b>6</b>	<b>47</b>
<i>Group operating profit margin incl. special items, %</i>	<i>7.6%</i>	<i>1.4%</i>	<i>2.7%</i>

## REGIONAL PERFORMANCE REVIEW

### Region Europe

The revenue growth for Region Europe was 12.9% in the first quarter ending at DKK 126.4m. Organic growth was 12.2% despite of the macroeconomic headwind, timing of Easter and a temporary slowdown in the data migration business. Growth was comprised of a mix of expansion of current engagements and bringing in new customers across the region and business areas.

The corresponding group operating profit margin excl. special items was slightly below last year ending at 1.3%. The margin dilution was primarily driven by a slightly lower utilization of billable employees, and also due to the temporary decline in the data migration business. Utilization will improve in the coming quarters as billable employees will be engaged in future projects based on a good order entry. To improve overall profitability, the region will continue to focus on streamlining its cost structure on top of improving the utilization.

DKK million	Q1 2024	Q1 2023	FY 2023
<b>Revenue</b>	<b>126.4</b>	<b>112.0</b>	<b>465.1</b>
<i>Revenue growth, YoY, %</i>	12.9%	0.7%	-0.6%
<i>Revenue growth, organic YoY, %</i>	12.2%	-9.5%	-2.8%
Production cost	97.2	84.3	329.8
<b>Gross profit</b>	<b>29.2</b>	<b>27.7</b>	<b>135.3</b>
<i>Gross margin, %</i>	23.1%	24.7%	29.1%
Regional overhead cost	15.0	12.0	56.7
<b>Regional operating profit</b>	<b>14.2</b>	<b>15.7</b>	<b>78.6</b>
<i>Regional operating profit margin, %</i>	11.2%	14.0%	16.9%
Corporate cost	12.5	13.8	46.7
<b>Group operating profit excl. special items</b>	<b>1.6</b>	<b>1.9</b>	<b>31.9</b>
<i>Group operating profit margin excl. special items, %</i>	1.3%	1.7%	6.9%

## Region US

In the first quarter, Region US experienced a slower start to the year than expected with revenue growth of -6.2% and organic growth of -5.5%. Two out of three business areas delivered improved performance, while the data migration business suffered from delayed order entry and postponed projects. These challenges in the data migration business are seen to be temporary and resulting from changes in customers' approach to data migration efforts and tools, enabling a diversification and slight recalibration of NNIT's offering.

Region US' has maintained focus on growing the business by increasing and expanding its customer base, ensuring a positive trajectory throughout the quarter with a strong backlog and pipeline for the rest of the year.

Region US' group operating profit excl. special items ended at DKK 5.8m, equal to a margin of 6.3%, which was slightly below same quarter last year. However, Region US' gross margin and regional operating profit margin improved compared with last year with profit being on par due to a strong focus on utilization. There continues to be a strong profitability potential as the cost base can be further leveraged.

DKK million	Q1 2024	Q1 2023	FY 2023
<b>Revenue</b>	<b>92.9</b>	<b>99.0</b>	<b>386.7</b>
<i>Revenue growth, YoY, %</i>	-6.2%	39.5%	23.9%
<i>Revenue growth, organic YoY, %</i>	-5.5%	33.9%	27.4%
Production cost	57.4	67.9	252.0
<b>Gross profit</b>	<b>35.5</b>	<b>31.1</b>	<b>134.6</b>
<i>Gross margin, %</i>	38.2%	31.4%	34.8%
Regional overhead cost	17.9	14.0	54.8
<b>Regional operating profit</b>	<b>17.6</b>	<b>18.1</b>	<b>80.8</b>
<i>Regional operating profit margin, %</i>	19.0%	18.3%	20.9%
Corporate cost	11.8	10.9	37.4
<b>Group operating profit excl. special items</b>	<b>5.8</b>	<b>7.2</b>	<b>43.4</b>
<i>Group operating profit margin excl. special items, %</i>	6.3%	7.2%	11.2%

## Region Asia

In Q1 2024, the revenue for Region Asia decreased by 16.1% to DKK 31.9m. Organic growth was -12.1%. The financial performance in Region Asia was not as planned. The macroeconomic environment in China remains

challenging and continues to negatively impact the business performance. NNIT experiences lower demand for external support and customers are hesitant to sign new or expand existing contracts.

The weak revenue performance was the main catalyst for the development in the region's group operating profit margin excl. special items that ended at -18.0%. During the end of the quarter, NNIT has taken additional mitigating actions to right size its business to the worsened market demand in order to improve profitability.

DKK million	Q1 2024	Q1 2023	FY 2023
<b>Revenue</b>	<b>31.9</b>	<b>38.0</b>	<b>143.9</b>
<i>Revenue growth, YoY, %</i>	-16.1%	18.2%	-8.3%
Revenue growth, organic YoY, %	-12.1%	18.5%	-4.2%
Production cost	28.4	36.1	135.0
<b>Gross profit</b>	<b>3.5</b>	<b>1.9</b>	<b>8.9</b>
<i>Gross margin, %</i>	11.0%	5.1%	6.2%
Regional overhead cost	5.2	3.0	12.7
<b>Regional operating profit</b>	<b>-1.7</b>	<b>-1.1</b>	<b>-2.8</b>
<i>Regional operating profit margin, %</i>	-5.3%	-3.3%	-2.0%
Corporate cost	4.0	4.2	14.3
<b>Group operating profit excl. special items</b>	<b>-5.7</b>	<b>-5.3</b>	<b>-17.2</b>
<i>Group operating profit margin excl. special items, %</i>	-18.0%	-19.2%	-11.9%

## Region Denmark

In the first quarter, Region Denmark delivered strong revenue growth of 29.4% reaching DKK 212.3m in revenue including revenue generated towards Aeven. Organic growth was 18.0% mainly driven by expansion of engagements with Public and Private customers and higher utilization, and partly offset by the timing of Easter. Furthermore, SCALES continued to perform well accounting for about 30% of the region's revenue.

Region Denmark's group operating profit margin excl. special items was 10.4% equal to DKK 22.1m which was DKK 5 more compared with last year. The improvement is due to lower regional overhead cost and leverage on the overall cost base. The region's group operating profit margin excl. special items was on par with last year. The margin has been dampened by a material number of billable employees spending time on important internal projects such as the IT separation from Aeven.

DKK million	Q1 2024	Q1 2023	FY 2023
<b>Revenue</b>	<b>212.3</b>	<b>164.0</b>	<b>732.3</b>
<i>Revenue growth, YoY, %</i>	29.4%	16.1%	29.8%
Revenue growth, organic YoY, %	18.0%	16.3%	17.0%
Production cost	154.7	114.2	566.1
<b>Gross profit</b>	<b>57.6</b>	<b>49.8</b>	<b>166.2</b>
<i>Gross margin, %</i>	27.1%	30.4%	22.7%
Regional overhead cost	9.6	11.0	33.2
<b>Regional operating profit</b>	<b>48.0</b>	<b>38.8</b>	<b>133.9</b>
<i>Regional operating profit margin, %</i>	22.6%	23.7%	18.3%
Corporate cost	25.9	21.6	73.4
<b>Group operating profit excl. special items</b>	<b>22.1</b>	<b>17.2</b>	<b>60.5</b>
<i>Group operating profit margin excl. special items, %</i>	10.4%	10.5%	8.3%

## FINANCIAL OUTLOOK

### FULL-YEAR FINANCIAL OUTLOOK MAINTAINED

The current financial outlook announced on 19 February 2024 in connection with the Annual Report 2023, cf. company announcement no. 01/2024, is maintained as explained earlier in the trading statement. NNIT's organic growth is expected to be around 10% with a group operating profit margin excl. special items of between 8-9%.

		<i>Announced on 20 Feb 2024</i>
NNIT A/S	<b>2024 outlook maintained</b>	
Organic growth	Around 10%	
Group operating profit margin excl. special items	8-9%	

### Forward-looking statements

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

Please also refer to the overview of risk factors in the 'risk management' section on page 27-28 of the Annual Report 2023.

## OTHER EVENTS

### OTHER IMPORTANT EVENTS AFTER THE REPORTING PERIOD

The Board of Appeal confirmed 26 April 2024 the Danish Business Authority's decision of 27 January 2023 on the accounting treatment of earn-out payments related to acquisitions. This has already been fully reflected in this and previous reporting.

## CONTACT

### CONFERENCE CALL

May 7, 2024, at 2:00 PM CEST:

[Webcast link](#)

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## ABOUT NNIT

NNIT is a leading provider of IT solutions to life sciences internationally, and to the public and enterprise sectors in Denmark.

We focus on high complexity industries and thrive in environments where regulatory demands and complexity are high.

We advise on and build sustainable digital solutions that work for the patients, citizens, employees, end users or customers.

We strive to build unmatched excellence in the industries we serve, and we use our domain expertise to represent a business first approach – strongly supported by a selection of partner technologies, but always driven by business needs rather than technology.

NNIT consists of group company NNIT A/S and subsidiaries SCALES, Excellis Health Solutions and SL Controls. Together, these companies employ more than 1,700 people in Europe, Asia and USA. Read more at [www.nnit.com](http://www.nnit.com)