

# nnIT

## Second Quarter Results 2024

August 27 2024



# Agenda

- 1 Q2 2024 highlights incl. regional performance
- 2 Q2 2024 group financial performance & outlook
- 3 Closing remarks and Q&A

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#### FORWARD-LOOKING STATEMENTS

This presentation contains forward-looking statements, which include estimates of financial performance and targets. These statements are not guarantees of future performance and involve certain risks and uncertainties. Therefore, actual future results and trends may differ materially from what is forecast in this report due to a variety of factors.

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# Solid strategic progress continues



**BUSINESS IMPROVING ON KEY  
PARAMETERS**



**SIGNIFICANT WINS SUPPORTING  
THE STRATEGIC CHOICES MADE**



**IMPORTANT STRATEGIC  
MILESTONES REACHED**

# Continued organic growth and increased profitability

Revenue  
DKKm

474.0

(11.8% growth vs LY)

Organic growth  
%

11.0%

(10.9% Q2 23)

Operating profit  
excl. special items, DKKm

32.0

(DKK 25.0m Q2 23)

Operating profit margin  
excl. special items, %

6.7%

(5.9% Q2 23)

# Gaining market share whilst profitability is increasing

## Q2 2024 Financial highlights

REVENUE DKKm

**135.0**

(13.3% vs Q2 23)

ORGANIC GROWTH

**12.3** %

(-0.3% in Q2 23)

GROSS MARGIN

**25.1** %

(21.9% in Q2 23)

REGIONAL OPERATING PROFIT MARGIN excl. SI

**14.8** %

(10.3% in Q2 23)

GROUP OPERATING PROFIT MARGIN excl. SI

**6.5** %

(1.8% in Q2 23)

## Overall highlights



### Revenue & commercial highlights

- Solid growth despite a challenging macroenvironment and temporary decline in the data migration business
- Growth primarily driven by expansion of engagements with existing customers
- Good traction and demand for digital transformation



### Profitability highlights

- Gross margin improving because of higher utilization and continued focus on reducing production cost
- Group operating profit margin increase of 4.7%-points driven by leveraging the cost base and tight cost management

# Growth materially impacted by the data migration business

## Q2 2024 Financial highlights

REVENUE DKKm

**88.1**

(-14.5% vs Q2 23)

ORGANIC GROWTH

**-15.2%**

(38.8% in Q2 23)

GROSS MARGIN

**30.8%**

(36.3% in Q2 23)

REGIONAL OPERATING PROFIT MARGIN excl. SI

**14.9%**

(22.9% in Q2 23)

GROUP OPERATING PROFIT MARGIN excl. SI

**4.2%**

(15.2% in Q1 23)

## Key highlights



- Despite recovery plan being on track, the temporary decline in the data migration business more than offset the growth in the two other business areas
- The core business of NNIT and Excellis continued to expand its engagements with existing customers whilst also bringing in 19 new customers
- Largest contract signed with a large existing pharma customer in Q3



- Profitability declined in line with the temporary decline in the data migration business
- In early July, Region US calibrated its cost base by adjusting capacity to protect profitability

# Back to growth and profitability

## Q2 2024 Financial highlights

REVENUE DKKm

**37.3**

(3.3% vs Q2 23)

ORGANIC GROWTH

**6.4** %

(2.1% in Q2 23)

GROSS MARGIN

**28.4** %

(3.1% in Q2 23)

REGIONAL OPERATING PROFIT MARGIN excl. SI

**13.2** %

(-7.9% in Q2 23)

GROUP OPERATING PROFIT MARGIN excl. SI

**3.9** %

(-17.4% in Q2 23)

## Key highlights



- Early signs show that the turnaround plan is working
- Growth has regained on back of the organizational initiative of making the sales functions a part of the delivery units
- Commercial initiatives rolled out with enhanced focus on sales and pricing



- Mitigating actions carried out of right-sizing capacity led to a significant increase of 21.3%-points in profitability
- Utilization rate improved and staffing of projects optimized

# Continued strong growth leading to higher market share

## Q2 2024 Financial highlights

REVENUE DKKm

**213.6**

(28.8% vs Q2 23)

ORGANIC GROWTH

**27.3** %

(7.5% in Q2 23)

GROSS MARGIN

**23.0** %

(23.2% in Q2 23)

REGIONAL OPERATING PROFIT MARGIN excl. SI

**17.4** %

(16.1% in Q2 23)

GROUP OPERATING PROFIT MARGIN excl. SI

**8.4** %

(8.1% in Q2 23)

## Key highlights



- Growth driven by the strong backlog and pipeline Region DK had coming into the year
- New contracts have been signed and existing engagements have been prolonged primarily within the Public space
- Expansion of engagements with existing customers led to continued growth for SCALES



- Profitability slightly increased by 0.3%-points to 8.4%
- Profitability still affected by a material number of billable employees allocated to important internal projects



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# Improved business performance leading to solid growth

## Q2 2024 Financial highlights

REVENUE DKKm

**474.0**

(11.8% vs Q2 23)

ORGANIC GROWTH

**11.0** %

(10.9% in Q2 23)

GROSS MARGIN

**29.4** %

(24.3% in Q2 23)

GROUP OPERATING PROFIT excl. SI

**32.0**

(25.0 in Q2 23)

GROUP OPERATING PROFIT MARGIN excl. SI

**6.7** %

(5.9% in Q2 23)

## Key highlights



- Market share was captured in Region Denmark and Region Europe, and growth returning in Region Asia
- Region US significantly challenged by the data migration business
- Important strategic contracts won with existing clients and new customers



- Improvement in profitability supported by top line growth, corrective actions carried out in Region Asia and tight cost management across the board

# Cash flow impacted by non-recurring payments

## Key metrics

NET CASH FLOW, DKKm

**-91**

(-50m in Q2 23)

FREE CASH FLOW, DKKm

**-262**

(676m in Q2 23)

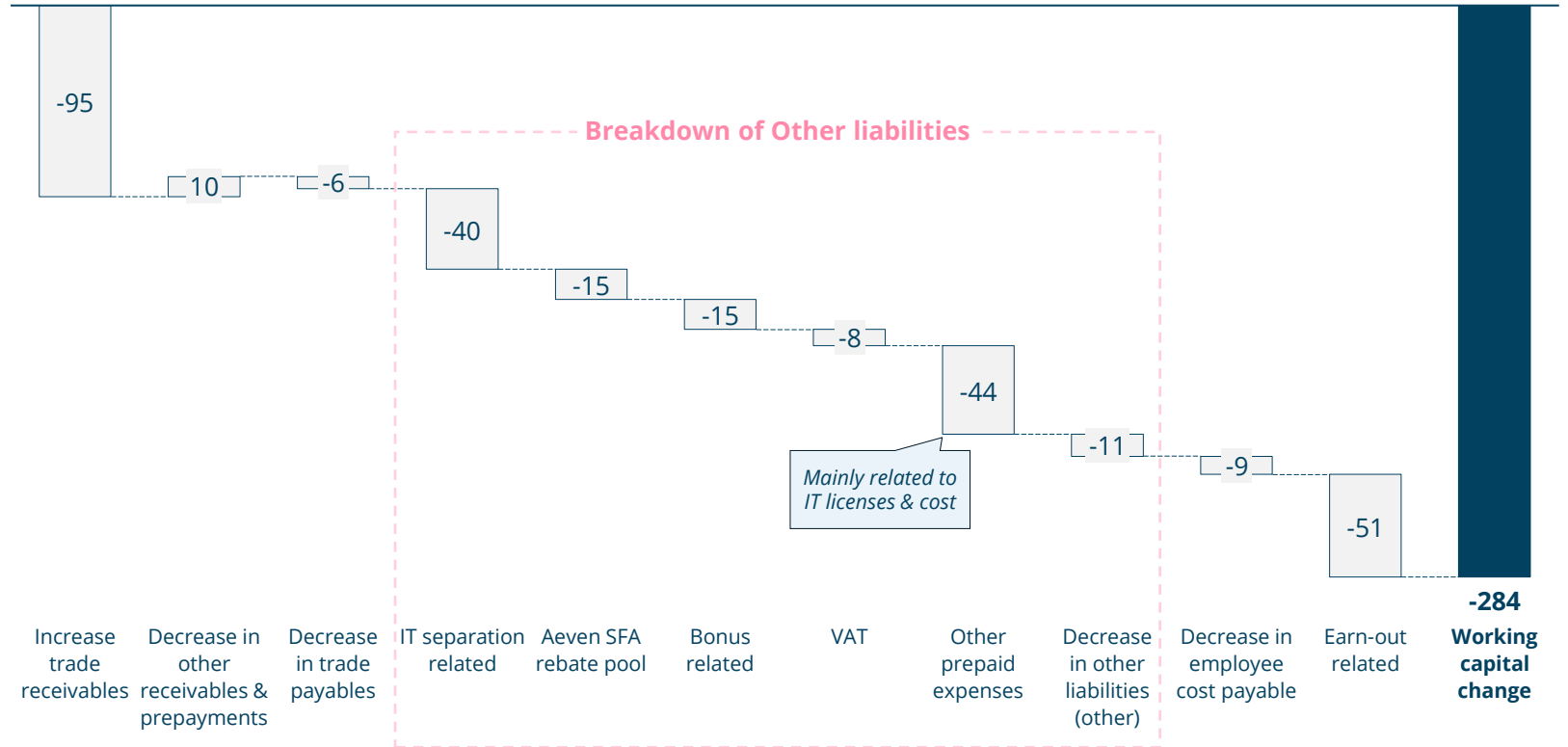
WORKING CAPITAL CHANGES, DKKm

**-284**

(-337m in Q2 23)

## Changes in working capital mainly driven by several non-recurring factors

Changes in working capital



# Full-year 2024 financial outlook confirmed

## FY 24 OUTLOOK



**~10%**

ORGANIC GROWTH



**8-9%**

GROUP OPERATING  
PROFIT MARGIN EXCL. SPECIAL ITEMS

## 5 KEY LEVERS HAVE BEEN EFFECTUATED TO ACCELERATE PROFITABILITY



Important  
strategic wins in  
US and Denmark



Full effect from  
the turnaround in  
Asia



Restructuring of  
the data migration  
business in both  
Europe and US



Completion of  
crucial internal  
projects



Relocation of  
office spaces

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# Closing remarks



**GOOD STRATEGIC  
MOMENTUM**



**PERFORMANCE IS GRADUALLY  
IMPROVING AS PLANNED**



**FY 2024 OUTLOOK  
CONFIRMED**

# Q&A

# Contact information



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# APPENDIX



# The NNIT investment case

NNIT will grow its existing business utilizing its core assets alongside increasing profitability. Further opportunities to grow through M&A supported by robust balance sheet

## 01 | GROWTH



Well-positioned in globally attractive markets with **ample growth opportunities**

## 02 | PROFITABILITY



Leveraging existing assets and reducing cost base will **lift profitability**

## 03 | BALANCE SHEET



Poised for growth with **robust balance sheet** and leverage ratio of 0-1x

## 04 | M&A



Build on solid track record of acquiring and integrating companies to **accelerate growth through M&A**

# Key assumptions

The financial aspirations for 2026 are based on assumptions of relatively stable market conditions and supplemented by annual guidance

## TIME HORIZON



The aspirations cover the strategy period

**2023 to 2026**

## BASELINE



The baseline for the aspirations is the current **FY 2023 outlook**

## COST INFLATION



Able to **alleviate** impact of salary and cost inflation through pricing actions

## INDUSTRY DEVELOPMENT



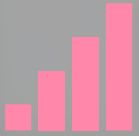
Our markets are expected to grow by **~8% CAGR**

## MACROECONOMY



**No deterioration** of the global economy and stable exchange rates

# Financial aspirations towards 2026



**~10%**  
**CAGR**

**ORGANIC REVENUE GROWTH**



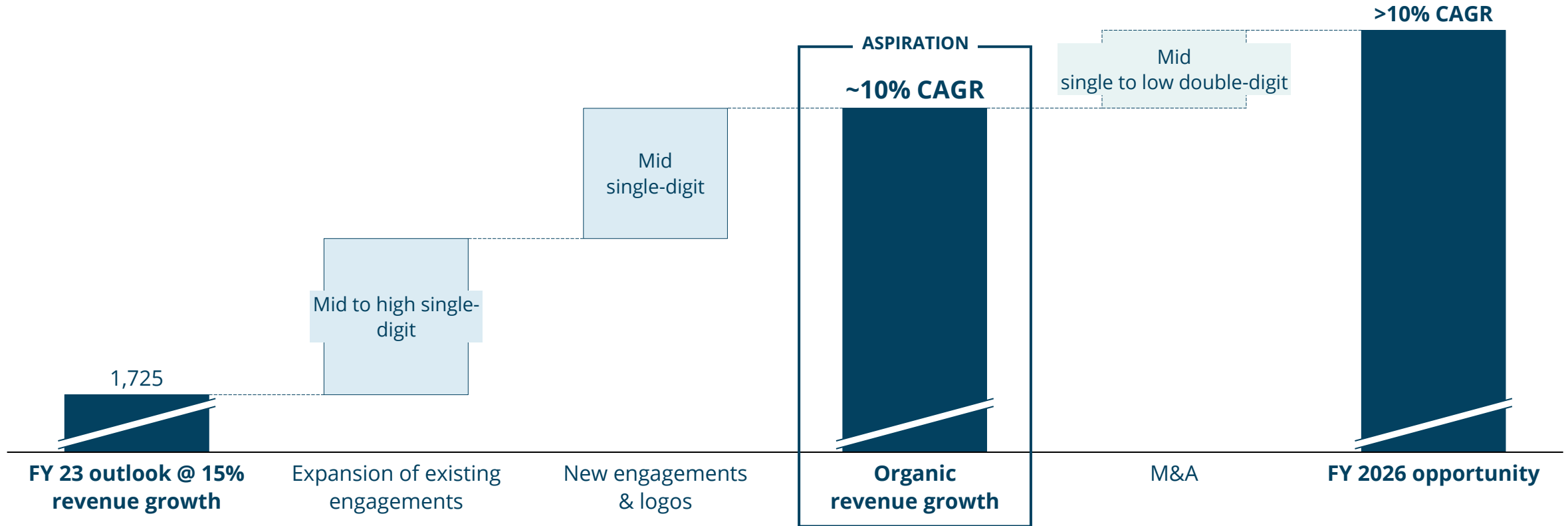
**~10-13%**

**YEARLY AVERAGE GROUP OPERATING  
PROFIT MARGIN BEFORE SPECIAL ITEMS**

# Opportunities for profitable growth

NNIT operates in globally attractive markets with opportunities to grow within existing playing field

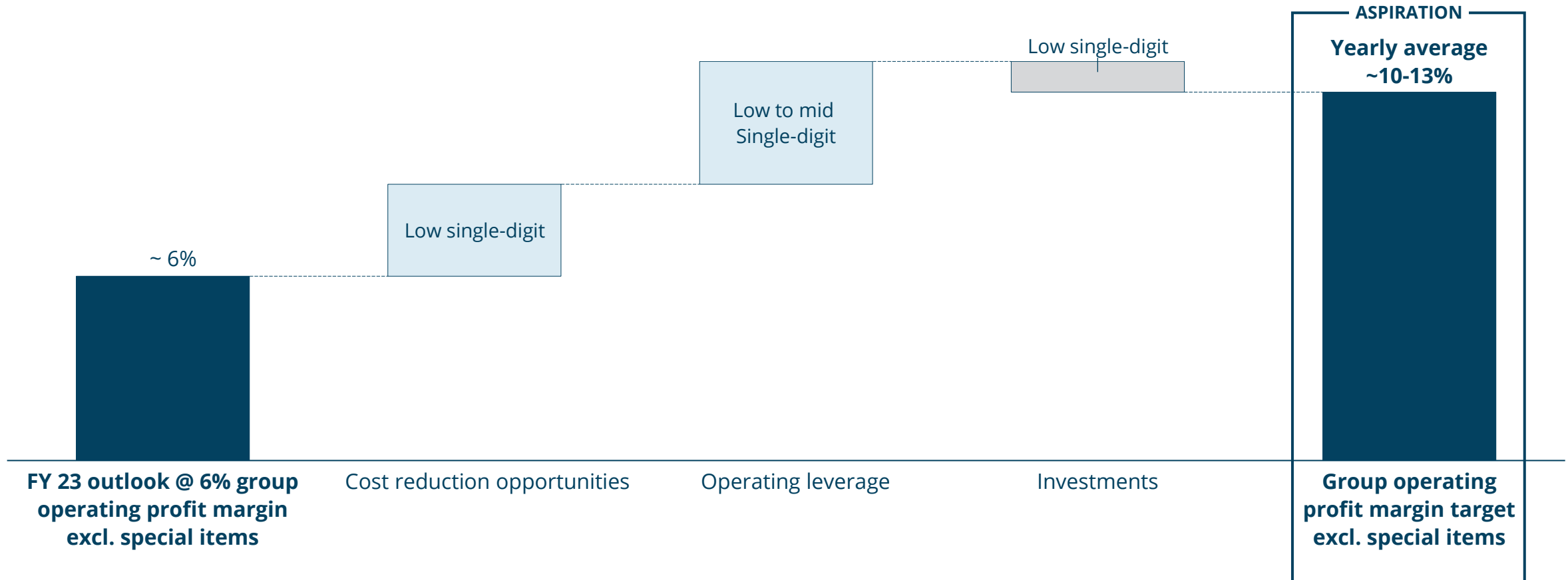
Mid-term revenue aspiration, %



# Margin expansion driven by leverage on cost base

Leveraging existing assets and reducing cost base will lead to margin expansion

Mid-term Group operating profit margin excl. special items aspiration, %



# Our future state

In 2026, we are an industry leading employer and solution provider specialized in international life science and the Danish Public market



**Industry-leading employer**  
with strong attraction, retention  
and employee development



A truly **international company** driven by strong  
regions and an international  
management team



A **commercially savvy**  
company where everyone acts  
as commercial leaders



A **leading international life sciences** solution provider  
within R&D, Manufacturing,  
Quality and Commercial areas



A **Public Denmark specialist**  
driven by our customized  
application expertise

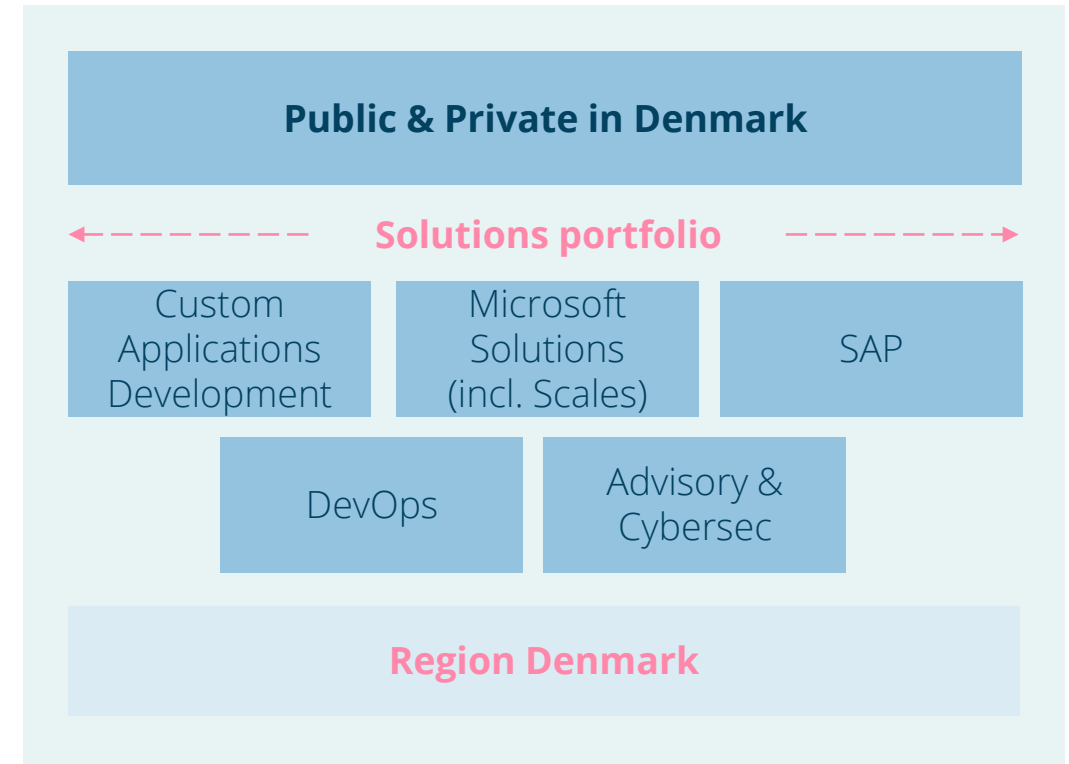
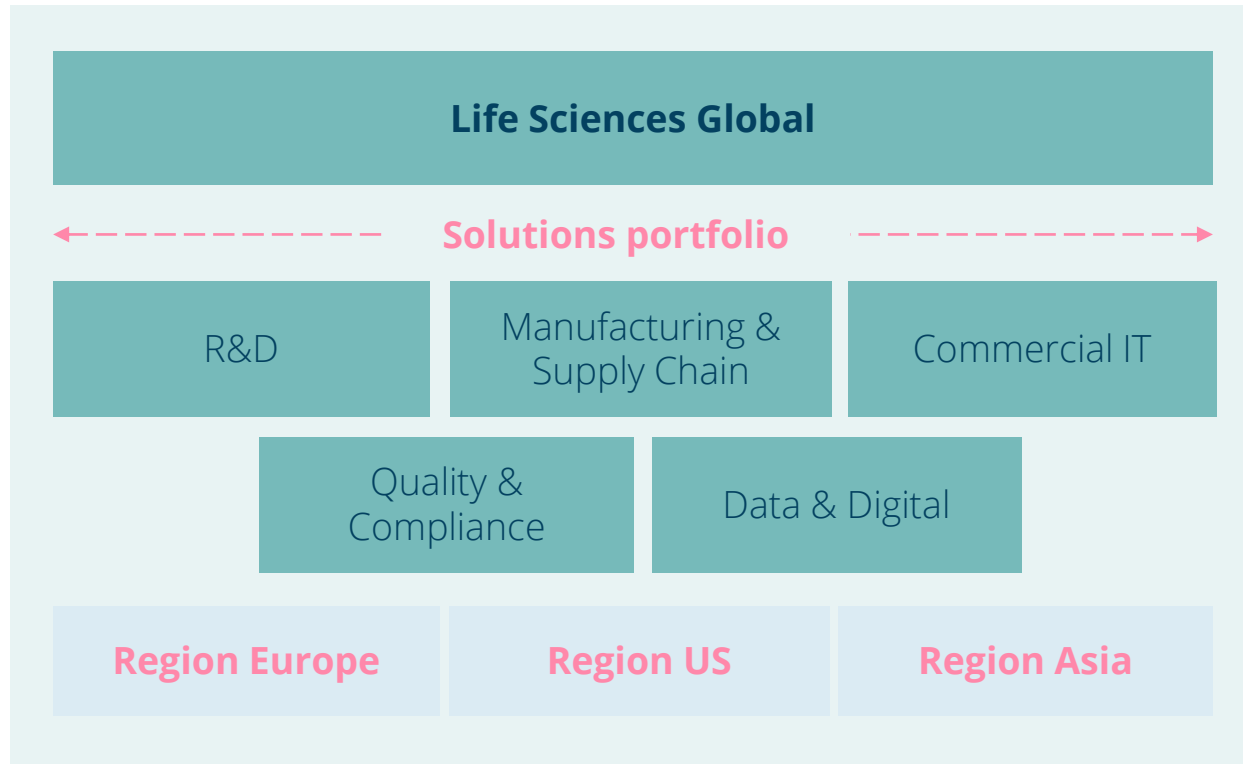


**Easy to deal with** due to  
future-fit systems and  
processes

# Business approach

Together with our customers and partners, we bring digital transformation to life and make a mark. We target industries where regulatory demands, high complexity and quality of life is at play

Our solutions portfolio delivers a strong value proposition to specific customer needs with regional execution





# Focus towards 2026

## OUTGROWING THE MARKET



We aspire to **grow faster than the market** i.e. take market shares

## DOMAIN FOCUS



**Building domain and tech competencies** in selected parts of the global life sciences value chain and the Danish Public sector

## REPEATABILITY



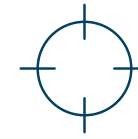
Continued investments in bringing new **repeatable services** to the market

## INTERNATIONAL MINDSET



New organization catering to **regional autonomy** to meet local market needs

## ACQUISITIONS



**Focused M&A approach** to support our new strategy

# Group P&L

NNIT A/S DKKm	Quarterly performance					FY performance	
	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023	FY23	FY22
<b>Revenue</b>	<b>474</b>	<b>463</b>	<b>438</b>	<b>453</b>	<b>424</b>	<b>1,728</b>	<b>1,500</b>
Production cost	353	338	330	329	321	1,283	1,092
<b>Gross profit</b>	<b>121</b>	<b>126</b>	<b>108</b>	<b>124</b>	<b>103</b>	<b>445</b>	<b>408</b>
<i>Gross margin</i>	25.5%	27.1%	24.6%	27.3%	24.3%	25.8%	27.2%
Regional overhead cost	46	48	30	44	44	157	166
<b>Regional operating profit</b>	<b>75</b>	<b>78</b>	<b>78</b>	<b>80</b>	<b>59</b>	<b>287</b>	<b>242</b>
<i>Regional operating profit margin</i>	15.8%	16.9%	17.8%	17.6%	13.9%	16.6%	16.1%
Corporate cost	43	54	32	54	36	172	248
<b>Group operating profit excl. special items</b>	<b>32</b>	<b>24</b>	<b>46</b>	<b>26</b>	<b>23</b>	<b>116</b>	<b>-7</b>
<i>Group operating profit margin excl. special items</i>	6.7%	5.2%	10.6%	5.8%	5.4%	6.7%	-0.5%
Special items	15	-11	9	16	30	69	278
<b>Group operating profit incl. special items</b>	<b>17</b>	<b>35</b>	<b>37</b>	<b>10</b>	<b>-5</b>	<b>49</b>	<b>-285</b>
<i>Group operating profit margin incl. special items</i>	3.5%	7.6%	8.6%	2.3%	-1.2%	2.8%	-19.0%

# Region Europe P&L

Region Europe DKKm	Quarterly performance					FY performance	
	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023	FY23	FY22
<b>Revenue</b>	<b>135</b>	<b>126</b>	<b>109</b>	<b>125</b>	<b>119</b>	<b>465</b>	<b>468</b>
Production cost	101	97	65	88	93	330	365
<b>Gross profit</b>	<b>34</b>	<b>29</b>	<b>44</b>	<b>38</b>	<b>26</b>	<b>135</b>	<b>103</b>
<i>Gross margin</i>	<i>25.1%</i>	<i>23.1%</i>	<i>40.4%</i>	<i>30.1%</i>	<i>21.8%</i>	<i>29.0%</i>	<i>22.1%</i>
Regional overhead cost	14	15	15	16	14	57	63
<b>Regional operating profit</b>	<b>20</b>	<b>14</b>	<b>29</b>	<b>22</b>	<b>12</b>	<b>78</b>	<b>40</b>
<i>Regional operating profit margin</i>	<i>14.8%</i>	<i>11.2%</i>	<i>26.6%</i>	<i>17.6%</i>	<i>10.0%</i>	<i>16.8%</i>	<i>8.6%</i>
Corporate cost	11	13	9	15	10	46	74
<b>Group operating profit excl. special items</b>	<b>9</b>	<b>2</b>	<b>20</b>	<b>7</b>	<b>2</b>	<b>32</b>	<b>-33</b>
<i>Group operating profit margin excl. special items</i>	<i>6.5%</i>	<i>1.3%</i>	<i>18.8%</i>	<i>6.1%</i>	<i>1.9%</i>	<i>6.9%</i>	<i>-7.1%</i>

# Region US P&L

Region US DKKm	Quarterly performance					FY performance	
	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023	FY23	FY22
<b>Revenue</b>	<b>88</b>	<b>93</b>	<b>91</b>	<b>94</b>	<b>103</b>	<b>387</b>	<b>312</b>
Production cost	61	57	61	58	66	252	213
<b>Gross profit</b>	<b>27</b>	<b>35</b>	<b>30</b>	<b>36</b>	<b>37</b>	<b>135</b>	<b>98</b>
<i>Gross margin</i>	<i>30.8%</i>	<i>38.2%</i>	<i>33.1%</i>	<i>38.5%</i>	<i>36.3%</i>	<i>34.9%</i>	<i>31.5%</i>
Regional overhead cost	14	18	11	16	14	55	58
<b>Regional operating profit</b>	<b>13</b>	<b>18</b>	<b>19</b>	<b>20</b>	<b>23</b>	<b>80</b>	<b>40</b>
<i>Regional operating profit margin</i>	<i>14.9%</i>	<i>19.0%</i>	<i>21.3%</i>	<i>21.3%</i>	<i>22.7%</i>	<i>20.7%</i>	<i>12.9%</i>
Corporate cost	9	12	7	12	8	38	49
<b>Group operating profit excl. special items</b>	<b>4</b>	<b>6</b>	<b>12</b>	<b>8</b>	<b>16</b>	<b>43</b>	<b>-9</b>
<i>Group operating profit margin excl. special items</i>	<i>4.2%</i>	<i>6.3%</i>	<i>13.5%</i>	<i>8.5%</i>	<i>14.9%</i>	<i>10.9%</i>	<i>-2.9%</i>

# Region Asia P&L

Region Asia DKKm	Quarterly performance					FY performance	
	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023	FY23	FY22
<b>Revenue</b>	<b>37</b>	<b>32</b>	<b>32</b>	<b>37</b>	<b>36</b>	<b>144</b>	<b>157</b>
Production cost	27	28	31	33	35	135	134
<b>Gross profit</b>	<b>11</b>	<b>3</b>	<b>2</b>	<b>4</b>	<b>1</b>	<b>9</b>	<b>23</b>
<i>Gross margin</i>	<i>28.4%</i>	<i>11.0%</i>	<i>5.5%</i>	<i>11.2%</i>	<i>2.8%</i>	<i>6.3%</i>	<i>14.7%</i>
Regional overhead cost	6	5	3	3	4	13	12
<b>Regional operating profit</b>	<b>5</b>	<b>-2</b>	<b>-1</b>	<b>1</b>	<b>-2</b>	<b>-4</b>	<b>11</b>
<i>Regional operating profit margin</i>	<i>13.2%</i>	<i>-5.3%</i>	<i>-2.6%</i>	<i>2.9%</i>	<i>-5.5%</i>	<i>-2.8%</i>	<i>7.1%</i>
Corporate cost	3	4	3	4	3	14	25
<b>Group operating profit excl. special items</b>	<b>1</b>	<b>-6</b>	<b>-3</b>	<b>-3</b>	<b>-5</b>	<b>-18</b>	<b>-14</b>
<i>Group operating profit margin excl. special items</i>	<i>3.9%</i>	<i>-18.0%</i>	<i>-10.7%</i>	<i>-9.1%</i>	<i>-13.9%</i>	<i>-12.5%</i>	<i>-8.7%</i>

# Region Denmark P&L

Region DK DKKm	Quarterly performance					FY performance	
	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023	FY23	FY22
<b>Revenue</b>	<b>214</b>	<b>212</b>	<b>206</b>	<b>196</b>	<b>166</b>	<b>732</b>	<b>564</b>
Production cost	164	155	174	150	127	566	369
<b>Gross profit</b>	<b>49</b>	<b>58</b>	<b>32</b>	<b>46</b>	<b>39</b>	<b>166</b>	<b>195</b>
<i>Gross margin</i>	<i>23.0%</i>	<i>27.1%</i>	<i>15.5%</i>	<i>23.3%</i>	<i>23.3%</i>	<i>22.7%</i>	<i>34.6%</i>
Regional overhead cost	12	10	1	9	12	33	57
<b>Regional operating profit</b>	<b>37</b>	<b>48</b>	<b>31</b>	<b>37</b>	<b>28</b>	<b>133</b>	<b>138</b>
<i>Regional operating profit margin</i>	<i>17.4%</i>	<i>22.6%</i>	<i>14.9%</i>	<i>18.8%</i>	<i>16.7%</i>	<i>18.2%</i>	<i>24.5%</i>
Corporate cost	19	26	13	23	15	73	89
<b>Group operating profit excl. special items</b>	<b>18</b>	<b>22</b>	<b>17</b>	<b>14</b>	<b>12</b>	<b>60</b>	<b>49</b>
<i>Group operating profit margin excl. special items</i>	<i>8.4%</i>	<i>10.4%</i>	<i>8.4%</i>	<i>7.2%</i>	<i>7.5%</i>	<i>8.2%</i>	<i>8.7%</i>

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