

An aerial photograph of Copenhagen, Denmark, showing the harbor, a bridge, and the city skyline at sunset. The sky is filled with soft, golden light, and the water reflects the colors. The city buildings are densely packed, and a prominent church spire is visible in the distance. A bridge spans across the water in the foreground, and several boats are docked at the pier.

# Welcome to the Q2 2021 Financial Results Webcast

NNIT A/S

August 12, 2021

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# Representing NNIT A/S today

**Pär Fors**



**Chief Executive Officer**

**Pernille Fabricius**



**Chief Financial Officer**

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# 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 41-43 of the Annual Report 2020.

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# New CEO to drive continued international development and growth

Continued rollout of strategy launched in 2020



Continued growth in Life Sciences International



Continued Winning Solutions momentum



# Pär Fors

## **Profile**

- 30+ years of experience working within IT
- 20+ years of executive experience, leading IT teams to success
- IT generalist with pockets of deep knowledge

## **Background**

- CEO of CGI Scandinavia
- Chairman of the *Swedish IT and Telecom Industries*
- MSc in Business Administration and Economics from Linköping University, Sweden



# Commercial Highlights Q2 2021

**NNIT secured substantial infrastructure business with Novo Nordisk for another five years...**



	Contract	Segment	Customer	Amount (DKK million)	Length (years)
Q2 2021	Renewal of a global IT infrastructure agreement with the Novo Nordisk Group	Life Sciences	Existing Customer	Medium Tripple-digit	5
	Extension of a significant Compliance-as-a-Service engagement	Life Sciences	Existing Customer	Medium Double-digit	3
	New IDMP (Identification of Medical Products) compliance and Data Governance advisory engagement	Life Sciences	New customer	Lower Double-digit	2





**SL CONTROLS**  
AN NNIT GROUP  
COMPANY

## Acquisition #4

Further expanding the NNIT portfolio of services to the international life sciences market

# NNIT Life Sciences Acquisition Milestones

2018

2019

2020

2021



NNIT acquires US-based IT software and migration consulting company, Valiance



NNIT acquires Swiss-based IT compliance and quality management consulting company, Halfmann Goetsch Partner



NNIT acquires US-based supply-chain and compliance consulting company, Excellis Health Solutions



NNIT acquires Irish-based Pharmaceutical production consulting company, SL Controls

# Strategic Rationale

**Pharmaceutical production is one of the most important life sciences growth areas with an annual growth rate of 14.2%. Market growth is driven by increasing demand for specialized therapies.**

**The acquisition will expand NNIT's offerings within the strategic production IT winning solution.**

**SL Controls' production equipment integration services are complementary to NNIT's offerings providing a full end-to-end service model.**

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# Q2 2021 & 1H 2021 at a glance

Q2 2021	Revenue DKK 710m	Winning solutions DKK 368m	Operating profit* DKK 36m	Investment level** DKK 19m
	1.3% growth -1.8% organic growth	52% % of revenue	5.1% operating profit margin	2.7% % of revenue
1H 2021	Revenue DKK 1,441m	Winning solutions DKK 727m	Operating profit* DKK 84m	Investment level** DKK 52m
	1.3% growth -1.7% organic growth	50% % of revenue	5.8% operating profit margin	3.6% % of revenue

\*Before special items

\*\*Excluding acquisitions

# Group Performance Overview

## Q2 2021

## First half 2021

## Full Year 2020

DKK million	Q2 2021	Q2 2020	Change	6M 2021	6M 2020	Change	2020
<b>Revenue</b>	710	701	1.3%	1,441	1,423	1.3%	2,830
Cost of goods sold	624	608	2.6%	1,255	1,227	2.3%	2,443
<b>Gross profit</b>	<b>86</b>	<b>93</b>	<b>-7.5%</b>	<b>186</b>	<b>196</b>	<b>-5.1%</b>	<b>387</b>
<i>Gross profit margin</i>	12.1%	13.3%	-1.2pp	12.9%	13.8%	-0.9pp	13.7%
Sales and marketing costs	30	31	-3.2%	61	62	-1.6%	127
Administrative expenses	20	24	-16.7%	41	49	-16.3%	95
<b>Operating profit before special items</b>	<b>36</b>	<b>38</b>	<b>-5.3%</b>	<b>84</b>	<b>85</b>	<b>-1.2%</b>	<b>165</b>
<i>Operating profit margin before special items</i>	5.1%	5.4%	-0.4pp	5.8%	6.0%	-0.1pp	5.8%
Special items	63	12	425.0%	69	19	263.2%	43
<b>Operating profit</b>	<b>-27</b>	<b>26</b>	<b>-203.8%</b>	<b>15</b>	<b>66</b>	<b>-77.3%</b>	<b>122</b>
<i>Operating profit margin</i>	-3.8%	3.7%	-7.5pp	1.0%	4.6%	-3.6pp	4.3%
Net financials	-11	-6	83.3%	-15	0	n/a	-20
<b>Profit before tax</b>	<b>-38</b>	<b>20</b>	<b>-290.0%</b>	<b>0</b>	<b>66</b>	<b>-100.0%</b>	<b>102</b>
Tax	-8	6	-233.3%	-1	17	-105.9%	26
<i>Effective tax rate</i>	21.1%	30.0%	-8.9pp	n/a	25.7%	n/a	25.5%
<b>Net profit/loss</b>	<b>-30</b>	<b>14</b>	<b>-314.3%</b>	<b>1</b>	<b>49</b>	<b>-98.0%</b>	<b>76</b>

# Life Sciences

## Q2 2021

DKK million	Q2 2021	Q2 2020	Change
Life Sciences (excl. NNG)	234	174	34.5%
<i>Life Sciences (Int.)</i>	165	106	55.7%
<i>Life Sciences (DK)</i>	69	68	1.5%
Novo Nordisk Group	151	175	-13.7%
Revenue	385	349	10.3%
Cost of goods sold	327	293	11.6%
<b>Gross profit</b>	<b>58</b>	<b>56</b>	<b>3.6%</b>
<i>Gross profit margin</i>	15.1%	16.0%	-0.9pp
Allocated costs	29	30	-3.3%
<b>Operating profit before special items</b>	<b>29</b>	<b>26</b>	<b>11.5%</b>
<i>Operating profit margin before special items</i>	7.5%	7.4%	0.1pp
Special items	32	6	433.3%
<b>Operating profit</b>	<b>-3</b>	<b>20</b>	<b>-115.0%</b>
<i>Operating profit margin</i>	-0.8%	5.7%	-6.5pp

## First half 2021

6M 2021	6M 2020	Change
462	333	38.7%
324	198	63.6%
138	135	2.2%
310	360	-13.9%
772	693	11.4%
649	575	12.9%
<b>123</b>	<b>118</b>	<b>4.2%</b>
15.9%	17.0%	-1.1pp
57	61	-6.6%
<b>66</b>	<b>57</b>	<b>15.8%</b>
8.5%	8.2%	0.3pp
35	9	288.9%
<b>31</b>	<b>48</b>	<b>-35.4%</b>
4.0%	6.9%	-2.9pp

## Full Year 2020

2020
717
456
261
732
1,449
1,205
<b>244</b>
16.8%
123
<b>121</b>
8.4%
22
<b>99</b>
6.8%

# Private & Public

## Q2 2021

DKK million	Q2 2021	Q2 2020	Change
Enterprise	182	170	7.1%
Public	75	107	-29.9%
Finance	68	75	-9.3%
Revenue	325	352	-7.7%
Cost of goods sold	297	315	-5.7%
<b>Gross profit</b>	<b>28</b>	<b>37</b>	<b>-24.3%</b>
<i>Gross profit margin</i>	8.6%	10.5%	-1.9pp
Allocated costs	21	25	-16.0%
<b>Operating profit before special items</b>	<b>7</b>	<b>12</b>	<b>-41.7%</b>
<i>Operating profit margin before special items</i>	2.2%	3.4%	-1.3pp
Special items	31	7	342.9%
<b>Operating profit</b>	<b>-24</b>	<b>5</b>	<b>-580.0%</b>
<i>Operating profit margin</i>	-7.4%	1.4%	-8.8pp

## First half 2021

6M 2021	6M 2020	Change
356	376	-5.3%
173	212	-18.4%
140	142	-1.4%
669	730	-8.4%
606	652	-7.1%
<b>63</b>	<b>78</b>	<b>-19.2%</b>
9.4%	10.7%	-1.3pp
45	50	-10.0%
<b>18</b>	<b>28</b>	<b>-35.7%</b>
2.7%	3.8%	-1.1pp
34	10	240.0%
<b>-16</b>	<b>18</b>	<b>-188.9%</b>
-2.4%	2.5%	-4.9pp

## Full Year 2020

2020
712
407
262
1,381
1,238
<b>143</b>
10.4%
99
<b>44</b>
3.2%
22
<b>22</b>
1.6%



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# Balance sheet

Assets DKK million	June 30, 2021	June 30, 2020	Dec 31, 2020
Intangible assets	796	527	781
Tangible assets	517	557	552
Lease assets	198	271	227
Contract assets	69	58	75
Deferred tax	42	26	32
Deposits	34	32	33
<b>Total non-current assets</b>	<b>1.656</b>	<b>1.471</b>	<b>1.700</b>
Inventories	3	1	2
Contract assets	33	45	36
Trade receivables	468	505	497
Work in progress	149	163	145
Other receivables	32	22	21
Pre-payments	112	113	87
Tax receivable	48	26	30
Derivative financial instruments	8	5	1
Cash and cash equivalents	168	120	143
<b>Total Current assets</b>	<b>1.021</b>	<b>1.000</b>	<b>962</b>
<b>Total assets</b>	<b>2.677</b>	<b>2.471</b>	<b>2.662</b>

Equity and liabilities DKK million	June 30, 2021	June 30, 2020	Dec 31, 2020
Share capital	250	250	250
Treasury shares	-2	-3	-3
Retained earnings	882	877	855
Other reserves	6	3	-17
Proposed dividends	0	49	49
<b>Total equity</b>	<b>1.136</b>	<b>1.176</b>	<b>1.134</b>
Leasing liability	154	204	171
Employee benefit obligation	35	125	29
Contingent consideration (earn out)	61	43	112
Provisions	25	25	24
Long term loan	20	28	21
Bank overdraft	334	148	304
<b>Total non-current liabilities</b>	<b>629</b>	<b>573</b>	<b>661</b>
Prepayments received, contract assets	38	20	16
Prepayments received, work in progress	91	97	111
Leasing liability	85	81	70
Trade payables	68	93	108
Employee cost payable	281	142	277
Tax payables	13	9	4
Other current liabilities	280	255	247
Derivative financial instruments	0	5	5
Contingent consideration (earn out)	56	17	28
Provisions	0	3	1
<b>Total current liabilities</b>	<b>912</b>	<b>722</b>	<b>867</b>
<b>Total equity and liabilities</b>	<b>2.677</b>	<b>2.471</b>	<b>2.662</b>

# Cash flows

Cash flow DKK million	Q2 2021	Q2 2020	6M 2021	6M2020	Dec 31, 2020
Net profit for the period	-30	14	1	49	76
Reversal of non-cash items	89	94	168	204	228
Net interest and taxes paid	-10	-9	-27	-31	-58
Changes in working capital	129	131	9	91	282
<b>Cash flow from operating activities</b>	<b>178</b>	<b>230</b>	<b>151</b>	<b>313</b>	<b>528</b>
Capitalization of intangible assets	-8	-10	-13	-17	-40
Purchase of tangible assets	-10	-28	-23	-45	-95
Change in trade payables related to investments	-1	3	-16	-15	0
Payment of deposit	0	-1	0	1	0
Acquisition cost refund	0	0	-1	0	0
Acquisition of subsidiary	0	0	0	0	-188
Payment of earn-out	-9	0	-34	-60	-62
<b>Cash flow from investing activities</b>	<b>-28</b>	<b>-36</b>	<b>-87</b>	<b>-136</b>	<b>-385</b>
Dividends paid	0	0	-25	-49	-98
Purchase of treasury shares	0	0	-8	0	0
Installments on lease liabilities	-19	-24	-36	-47	-89
Long term loan	0	0	0	0	-8
Bank overdraft	-121	-170	30	-83	73
<b>Cash flow from financing activities</b>	<b>-140</b>	<b>-194</b>	<b>-39</b>	<b>-179</b>	<b>-122</b>
<b>Net cash flow</b>	<b>10</b>	<b>0</b>	<b>25</b>	<b>-2</b>	<b>21</b>
<b>Free cash flow</b>	<b>150</b>	<b>194</b>	<b>64</b>	<b>177</b>	<b>143</b>

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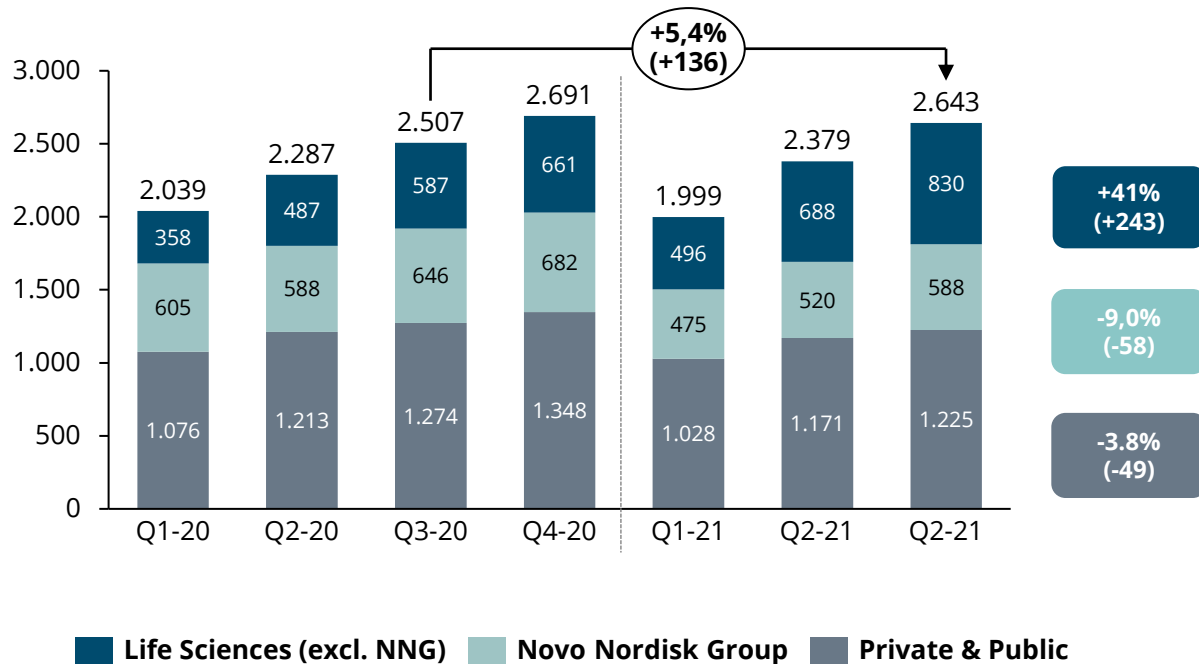
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# Backlog development, current year

Backlog for the year, beginning of Q3 2021



- At the beginning of Q3 2021, NNIT's order entry backlog for 2021 amounted to DKK 2,643 million, up 5.4% from last year.
  - Life Sciences (excl. NNG)** customers increased by 41%.
  - Novo Nordisk Group** declined by 9.0%.
  - Private & Public** decreased by 3.8%.
- The high growth forecast within NNIT's project business has a relative low backlog visibility. Therefore, the backlog for the current year should not be used in isolation as a proxy for the upcoming year.

# Outlook

	2021	
Revenue growth	Reported currencies:	1-4%
Operating profit margin	Reported currencies:	Around 5% before special items
CAPEX	Share of revenue:	5-7% <sup>1</sup>

<sup>1</sup>CAPEX investments and re- investments are in 2021 expected to be between 5-7 percent of total revenue excluding acquisitions

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# Closing remarks

**Life Sciences International continued the strong growth in Q2 2021 with revenue increasing 56% compared to Q2 2020**



**Momentum within Winnings Solutions that now constitute 52% of total revenue**

**Strategy established to improve visibility and enable efficiency execution within Infrastructure operations**

**Expectations for 2021 remain, and we maintain our financial guidance**





# Questions



# Investor contact information

## Upcoming events

**November 3, 2021**

- Interim report for the first nine months of 2021

## Investor contact

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**We make a mark**  
nnit.com