



# FY 2022 webcast

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# Agenda

- 2022 highlights
- Strategic update
- Business unit performance
- Segment and group financials
- 2023 outlook
- Q&A

## Disclaimer

This presentation contains forward-looking statements including projections on future financial results. Statements regarding the future are subject to risks and uncertainties that may result in considerable deviations from the outlook. Furthermore, some of these expectations are based on assumptions regarding future events, which may prove incorrect. Please refer to the risk management section in the Annual Report 2022.



# 2022 highlights

- Transformational year focused on enabling future growth
- Divestment of infrastructure operations to sharpen profile
- Consolidation of Global Delivery Center to streamline operations
- Acquisition of prime4services to boost Production capabilities
- Important wins to fuel growth

Revenue **1,500** <sup>↑10%</sup>  
DKKm

Special items **278** <sup>↑34%</sup>  
DKKm

Gross profit **151** <sup>↑19%</sup>  
DKKm

Gross margin **10%** <sup>↑1%-pt.</sup>

Operating profit **(7)**  
DKKm

Operating margin **(0.5)%** <sup>↑0.6%-pt.</sup>

Figures represent NNIT's continuing operations as the Group's infrastructure operations are presented as discontinued operations in the 2022 annual report and consolidated financial statements. The HCS business unit as well as the SAP Basis and Cloud Native Solutions operations of the CDS business unit combined with some unallocated costs in connection to the carveout process are presented as 'Allocated to discontinued operations' in note 2.1 in the annual report. Operating profit before special items.



# Strategic update

## **TRANSFORMATION**

Specialized IT services provider with two strongly positioned business units

## **CLOUD & DIGITAL**

Focus on Danish market specifically within public and enterprise

## **LEVERAGE STRONGHOLDS**

Deliver digital solutions internationally with a regional approach in highly regulated industries

## **LIFE SCIENCES**

Pursue international growth within Life Sciences value chain

## **SHARPENED PROFILE**

Increasingly international, people-centric consultancy with asset-light business model

# Life Sciences Solutions (LSS)

- 20% revenue growth driven by acquisitions and currency impact
- Positive traction in H2 performance after slow H1
- Positive development expected in coming quarters
- Several orders won in Production and Regulatory Affairs

Revenue

873<sup>↑20%</sup>

DKKm

Employees

~600

Gross profit

158<sup>↓15%</sup>

DKKm

Gross margin

18%

Operating profit

7<sup>↓88%</sup>

DKKm

Operating margin

0.8%

The HCS business unit as well as the SAP Basis and Cloud Native Solutions operations of the CDS business unit combined with some unallocated costs in connection to the carveout process are presented as 'Allocated to discontinued operations' in note 2.1 in the annual report. Operating profit before special items.



# Cloud & Digital Solutions (CDS)

- Stable 2022 revenue after strong Q4 performance
- Capacity adjustments completed in Q2 have improved utilization
- Earnings and profitability improved during 2022
- Strong progress made in Chinese and Danish markets in particular

Revenue

853<sup>↑1%</sup>

DKKm

Employees

~600

Gross profit

137<sup>↑11%</sup>

DKKm

Gross margin

16%

Operating profit

64<sup>↑39%</sup>

DKKm

Operating margin

7.5%

The HCS business unit as well as the SAP Basis and Cloud Native Solutions operations of the CDS business unit combined with some unallocated costs in connection to the carveout process are presented as 'Allocated to discontinued operations' in note 2.1 in the annual report. Operating profit before special items.



# Segment information

- Services delivered through the LSS and CDS business units
- Allocated to discontinued operations covers
  - The SAP Basis and Cloud Native Solutions operations of the CDS business unit
  - Unallocated costs in connection with the carveout and reclassification between production costs and SG&A

DKKm	LSS	CDS	Allocated to discontinued operations	Total
<b>2022</b>				
Revenue	873	853	(226)	1,500
Production cost	715	716	(82)	1,349
Gross profit	158	137	(144)	151
Gross profit margin	18%	16%		10%
Operating profit before special items <sup>1</sup>	7	64	(78)	(7)
<b>2021</b>				
Revenue	729	848	(208)	1,369
Production cost	542	725	(25)	1,242
Gross profit	187	123	(183)	127
Gross profit margin	26%	15%		9%
Operating profit before special items <sup>1</sup>	60	46	(121)	(15)

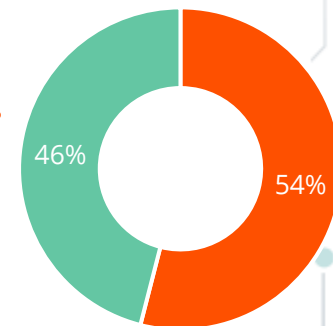
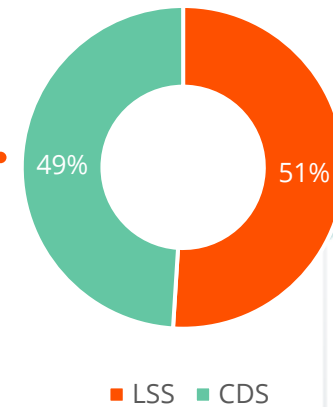
<sup>1</sup> When deducting special items and net financials consolidated profit before income taxes is obtained. See note 2.1 in the Annual Report 2022.

# Group financials 2022

DKKm	2022	2021	2020	2019	2018
<b>Revenue</b>	<b>1,500</b>	<b>1,369</b>	<b>2,830</b>	<b>3,058</b>	<b>3,007</b>
<i>Revenue growth</i>	9.6%	-	(7.5)%	1.7%	5.5%
<b>Gross profit</b>	<b>151</b>	<b>127</b>	<b>387</b>	<b>475</b>	<b>541</b>
Sales and marketing costs	81	74	127	131	128
Administrative expenses	77	68	95	105	106
<b>Operating profit before special items</b>	<b>(7)</b>	<b>(15)</b>	<b>167</b>	<b>242</b>	<b>309</b>
<i>Operating margin before special items</i>	(0.5)%	(1.1)%	5.9%	7.9%	10.3%
Special items	(278)	(208)	(90)	(68)	(22)
<b>Operating profit/loss</b>	<b>(285)</b>	<b>(223)</b>	<b>77</b>	<b>174</b>	<b>287</b>
Net financials	(9)	(12)	(7)	7	(4)
<b>Profit/loss, continuing operations</b>	<b>(258)</b>	<b>(175)</b>	<b>47</b>	<b>138</b>	<b>215</b>
Profit/loss	(202)	(49)	47	138	215
Free cash flow	(292)	(102)	143	242	116

Financial key figures for 2021 and 2022 exclude discontinued operations, while 2018-2020 include discontinued operations.

FY-22 BU revenue



FY-22 BU gross profit



# 2023 outlook

- Leverage sharpened focus on two core business units to improve performance
- Solid trajectory in Custom Application Development (CDS) and Production (LSS)
- Profitability lifted by higher revenue and utilization, impaired by higher cost in H1
- Special items related to carve-out, separation and restructuring

Revenue growth

~10%

Operating profit margin

~5%

Special items

≤180

DKKm

# Q&A





# Contact information

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# Appendix: Discontinued operations

## 3.9 Discontinued operations

June 22, 2022 it was announced that NNIT was divesting the infrastructure operations (Hybrid Cloud Solutions and selected parts of Cloud & Digital Solutions) and in December 2022 it qualified for recognition as Discontinuing operations according to IFRS 5 which also has retrospective impact.

DKK million	2022	2021
<b>Revenue</b>	<b>1,451</b>	<b>1,508</b>
Cost of goods sold	1,244	1,213
<b>Gross profit</b>	<b>207</b>	<b>295</b>
Sales and marketing costs	71	71
Administrative expenses	68	65
<b>Operating profit before special items</b>	<b>68</b>	<b>159</b>
Special items	-	-
<b>Operating profit/(loss)</b>	<b>68</b>	<b>159</b>
Financial income	2	-
Financial expenses	-	-
<b>Profit/(loss) before income taxes</b>	<b>70</b>	<b>159</b>
Income taxes	14	33
<b>Profit/(loss) for the year of discontinuing operations</b>	<b>56</b>	<b>126</b>
<b>Earnings per share</b>		
Earnings per share (DKK)	2.25	5.07
Diluted earnings per share (DKK)	2.24	5.04
<b>Cash Flows from discontinued operations</b>		
Cash flow from operating activities	106	205
Cash flow from investing activities	(117)	(92)
Cash flow from financing activities	-	-
<b>Cash flow from discontinued operations</b>	<b>(11)</b>	<b>113</b>

## Assets held for sale

DKK million	Note	2022
Intangible assets		86
Tangible assets		475
Deferred taxes		19
Deposits		7
Transition cost		80
Trade receivables		234
Work in progress		82
Prepayments		68
<b>Assets classified as held for sale</b>		<b>1,051</b>
Employee benefit obligations		1
Prepayments received, transition cost		46
Prepayments received, work in progress		30
Employee costs payables		85
Tax payables		22
Other current liabilities		15
<b>Liabilities directly associated with assets classified as held for sale</b>		<b>199</b>
<b>Net assets classified as held for sale</b>		<b>852</b>

Assets and liabilities directly associated with assets classified as held for sale solely relates to the discontinued operations in relation to Hybrid Cloud Solutions and selected parts of Cloud & Digital Solutions.