

Company announcement 20/2023

NNIT updates its financial reporting structure

After the completion of the transformative divestment of the Group's infrastructure business, NNIT has changed its financial reporting format to reflect its new regional organization and to ensure consistency with internal management reporting.

Following the implementation of the new organization on May 2, 2023, NNIT consists of four regions:

- Region Denmark (excluding life sciences)
- Region Europe (including life sciences in Denmark)
- Region US
- Region Asia

The new regional structure has been introduced to increase customer proximity and enhance global coordination across regions. From a financial perspective, the four regional P&Ls will include allocated corporate cost such as legal, human resources, finance and global delivery centers. A consolidation of the four regional P&Ls will constitute NNIT's group P&L and be supplemented by management commentary to provide increased transparency in respect of financial and business performance for each region.

The new financial reporting structure has been implemented and will take effect with the release of the interim report for the first six months of 2023 on August 31, 2023. Financial figures have been restated to reflect the new reporting structure back to the first quarter of 2022 (factsheet attached).

Overview - restated Group and regional financial figures

NNIT, DKKm	Q1 22	Q2 22	Q3 22	Q4 22	Q1 23
Revenue	356	368	380	396	413
Production cost	260	274	252	294	295
Gross profit	96	94	129	102	118
<i>Gross margin</i>	26.9%	25.6%	33.8%	25.6%	28.5%
Regional cost	48	45	52	45	39
Regional operating profit	48	49	76	56	78
<i>Regional operating profit margin</i>	13.5%	13.3%	20.0%	14.2%	19.0%
Corporate cost	64	67	73	32	58
Group operating profit before special items	-16	-18	3	24	20
<i>Group operating profit margin before special items</i>	-4.5%	-4.8%	0.8%	6.1%	4.9%
Special items	47	57	51	123	14
Group operating profit incl. special items	-63	-75	-48	-99	6

Region Denmark, DKKm	Q1 22	Q2 22	Q3 22	Q4 22	Q1 23
Revenue	141	136	133	154	164
Production cost	95	97	78	99	109
Gross profit	46	39	55	55	55
<i>Gross margin</i>	32.9%	28.9%	41.4%	35.5%	33.5%
Regional cost	14	13	19	11	11
Regional operating profit	33	26	36	43	44
<i>Regional operating profit margin</i>	23.1%	19.2%	27.2%	28.2%	26.9%
Corporate cost	24	25	28	12	22
Group operating profit before special items	8	1	9	31	22
<i>Group operating profit margin before special items</i>	6.0%	0.8%	6.5%	20.2%	13.5%

Region Europe, DKKm	Q1 22	Q2 22	Q3 22	Q4 22	Q1 23
Revenue	112	119	122	115	112
Production cost	83	90	88	103	83
Gross profit	28	29	34	12	29
<i>Gross margin</i>	25.2%	24.4%	27.7%	10.7%	26.0%
Regional cost	17	14	15	17	12
Regional operating profit	11	15	19	-5	17
<i>Regional operating profit margin</i>	10.0%	12.3%	15.6%	-3.9%	15.1%
Corporate cost	20	21	23	10	17
Group operating profit before special items	-9	-6	-4	-15	-1
<i>Group operating profit margin before special items</i>	-8.0%	-5.2%	-3.1%	-12.7%	-0.5%

Region US, DKKm	Q1 22	Q2 22	Q3 22	Q4 22	Q1 23
Revenue	71	76	82	83	99
Production cost	51	56	53	54	67
Gross profit	20	20	29	29	32
<i>Gross margin</i>	28.0%	26.7%	35.3%	35.2%	32.6%
Regional cost	14	15	16	13	14
Regional operating profit	6	5	12	17	19
<i>Regional operating profit margin</i>	8.1%	7.0%	15.2%	20.0%	18.9%
Corporate cost	13	14	15	7	13
Group operating profit before special items	-8	-9	-3	10	6
<i>Group operating profit margin before special items</i>	-10.8%	-11.2%	-3.4%	11.9%	6.1%

Region Asia, DKKm	Q1 22	Q2 22	Q3 22	Q4 22	Q1 23
Revenue	32	37	44	44	38
Production cost	31	32	33	38	36
Gross profit	1	5	11	5	2
<i>Gross margin</i>	4.5%	14.6%	25.0%	12.0%	4.1%
Regional cost	3	3	2	4	3
Regional operating profit	-1	3	9	1	-1
<i>Regional operating profit margin</i>	-4.0%	7.6%	19.7%	2.3%	-3.3%
Corporate cost	7	7	8	3	6
Group operating profit before special items	-8	-4	1	-2	-7
<i>Group operating profit margin before special items</i>	-24.7%	-11.2%	2.1%	-5.4%	-19.2%

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The NNIT Group provides a wide range of IT and consulting services internationally.

In Denmark, where the Group HQ is based, we are one of the leading IT companies, servicing both private and public sector customers across all industries. In the rest of Europe, Asia and USA, we are solely focused on companies within life sciences.

Supporting the entire supply chain, we help optimize internal company processes, production, sales and customer experiences:

We advise, build, operate and support, enabling digital transformation and customers to reap the full potential of their organizations. Our role is to foster innovation and make the mark our customers and we aspire to.

The NNIT Group consists of group company NNIT A/S and subsidiaries SCALES, Excellis Health Solutions and SL Controls. Read more at www.nnit.com.