



nnit
We make a mark

Trading Statement Q1 2025

May 5, 2025

EXECUTIVE SUMMARY

BUSINESS PERFORMANCE IMPACTED BY MARKET UNCERTAINTY EXPECTED TO CONTINUE. MITIGATING ACTIONS TAKEN TO PROTECT PROFITABILITY

Q1 2025 key highlights

- **Financial performance** for the first quarter was expected to be moderate, but macroeconomic and geopolitical uncertainty increased, which impacted NNIT. The uncertainty has influenced customer behavior, especially in the three regions focusing on IT Life Science solutions, where several projects have been postponed, most predominantly in Region Europe. Group revenue amounted to DKK 464.1m, entailing flat revenue growth compared with last year.
- Despite improving utilization and capacity adjustments made across regions during the quarter as well as tight cost focus across business areas, the **group operating profit excl. special items** declined to DKK 18.0m in Q1 2025 compared with DKK 23.9m in the same quarter last year. The decline was due to the lower profit generation in Region Europe and Region Denmark, partly offset by improved profitability performance in Region US and Region Asia. Group operating profit margin excl. special items was 3.9% in Q1 2025 compared with 5.2% in the same quarter last year.
- Region Denmark growth around 4% where selected solution areas focusing on the Public sector in Denmark, is showing growth upwards at 8%. SCALES also contributed to the growth in region Denmark solidifying its position as a leader within D365 solutions.
- **Special items** amounted to DKK 25.3m in Q1 2025 covering restructuring costs of DKK 20m impacting all regions, earn-out payments of DKK 3m, and IT systems and integration costs amounting to around DKK 2m.
- The **financial outlook** for 2025 was adjusted on May 5, 2025 cf. company announcement 04/2025 as the current macroeconomic and geopolitical landscape has deteriorated materially since the full-year outlook communicated in February. NNIT expects to be further affected by current uncertainty why the organic growth range was adjusted to 0% to 5% (previously 7% to 10%). Group operating profit margin excl. special items was maintained at 7% to 9% due to significant cost reducing initiatives with most already having been executed. As a result of lower revenue generation caused mainly by external factors, NNIT expects to incur additional restructuring costs as special items. Special items are expected to be at up to last year's level of DKK 69m (previously expected to be significantly below the 2024 level).

The first quarter was more severely affected by uncertainty than expected at the beginning of the year. Hesitance among several customers of NNIT has resulted in less revenue and sales as projects are being postponed. In general, NNIT has taken action to adjust capacity to fit the current demand with several reductions completed in 2024 and leaving NNIT in a stronger position going into 2025. However, it has been necessary to take further actions to mitigate the business impact from lower revenue generation with a reduction of around 100 employees in Q1 2025. Furthermore, NNIT has carried out several cost-reducing initiatives such as putting new employments on hold and limiting all discretionary spending to a minimum with full impact from the second quarter.

Given the current macroeconomic environment and geopolitical unrest, NNIT continues to expect that its customers will be affected, which is reflected in the adjusted full-year financial outlook.

Pär Fors, CEO of NNIT, comments: *"The business environment of NNIT has deteriorated in the first quarter of the year as especially our Life Science customers are being negatively impacted by the macroeconomic unrest. Customers are hesitant to engage in new contracts before things are stabilizing, and we are navigating this environment to continue our strategic journey at NNIT. However, the impact from the uncertainty is more severe than initially expected, why the full-year outlook has been adjusted."*

Financial overview – Selected key figures

NNIT A/S, DKK million	Q1 2025	Q1 2024	FY 2024
Revenue	464.1	463.4	1,851
<i>Revenue growth, %</i>	0.2%	12.2%	23.4%
<i>Revenue growth, organic %</i>	-0.8%	8.0%	10.8%
Group operating profit excl. special items	18.0	23.9	117
<i>Group operating profit margin excl. special items, %</i>	3.9%	5.2%	6.3%
Special items	.25.3	11.3	-69
Group operating profit incl. special items	-7.3	35.2	48
<i>Group operating profit margin incl. special items, %</i>	-1.6%	7.6%	2.6%
Free cash flow	-73	-166	-40

BUSINESS REVIEW

FRAGMENTED REGIONAL PERFORMANCE AS EXTERNAL FACTORS IMPACT OPERATIONS

NNIT's business operations were impacted by the macroeconomic environment and geopolitical uncertainty in Q1. While performance in Q1 2025 was expected to be softer than in the coming quarters of the year, the impact from uncertainty was more severe than anticipated.

Revenue was dampened during the quarter with projects being postponed especially in Region Europe, and the sales pipeline developing slower overall. NNIT still managed to win strategically important contracts in both Region US and Region Denmark with a large pharmaceutical company and in the Public segment, respectively. In Q1 2025, total revenue amounted to DKK 464.1m compared to DKK 463.4m in the same quarter last year, corresponding to a total revenue growth of 0.2% and organic growth being negative by 0.8%.

For Q1 2025, the group operating profit excl. special items was DKK 18m (Q1 2024 was DKK 23.9m) equal to 3.9% compared with 5.2% in the same quarter last year. The decline in earnings and profitability was caused by lower-than-planned revenue generation entailing low capacity utilization. The decline was mostly driven by Region Denmark, which was impacted by overcapacity compared with demand due to postponement of a larger project and lower revenue growth than planned. Moreover, the region was impacted by a reallocation of corporate costs related to rental of premises in Q1 2025 of around DKK 5m, which was not included in Q1 2024. Region US and Region Asia delivered higher group operating profit before special items compared with last year.

Special items amounted to DKK 25.3m in Q1 2025 due to earn-out payment and restructuring costs. Restructuring costs were related to capacity adjustments completed mainly in Region Europe and Region Denmark, which will positively impact the cost run-rate for the rest of year.

NNIT is well-positioned to regain momentum if the situation stabilizes. However, the current development of the macroeconomic and geopolitical environment in the beginning of the second quarter suggests a continuation of high uncertainty as customers' demand for IT Life Science solutions is dampened.

GROUP FINANCIAL HIGHLIGHTS – SELECTED KEY FIGURES

NNIT A/S, DKK million	Q1 2025	Q1 2024	FY 2025
KEY FINANCIAL HIGHLIGHTS			
Revenue growth, %	0.2%	12.2%	23.4%
Revenue growth, organic YoY, %	-0.8%	8.0%	10.8%
Group operating profit margin excl. special items, %	3.9%	5.2%	6.3%
Special items from continuing operation	25.3	-11.3	69
Group operating profit incl. special items	-7.3	35.2	48
Group operating profit margin incl. special items, %	-1.6%	7.6%	2.6%
Depreciation, amortization and impairment	10.2	10.3	44
OTHER FINANCIAL HIGHLIGHTS			
Revenue	464.1	463.4	1,851
- of which Region Europe	119.3	126.4	512
- of which Region US	87.0	92.9	346
- of which Region Asia	37.0	31.9	149
- of which Region Denmark	220.8	212.3	844
Production cost	344.3	337.7	1,372
Gross profit	119.8	125.7	478
<i>Gross margin, %</i>	25.8%	27.1%	25.8%
Regional overhead cost	45.4	47.6	180
Regional operating profit	74.4	78.1	298
<i>Regional operating profit margin, %</i>	16.0%	16.9%	16.1%
Executive Summary	Business & Regional Performance Review	Financial Outlook	Other Events & Contact

Corporate cost	56.4	54.2	181
Group operating profit excl. special items	18.0	23.9	117
<i>Group operating profit margin excl. special items, %</i>	3.9%	5.2%	6.3%
Special items	25.3	-11.3	69
Group operating profit incl. special items	-7.3	35.2	48
<i>Group operating profit margin incl. special items, %</i>	-1.6%	7.6%	2.6%

REGIONAL PERFORMANCE REVIEW

Region Europe

The first quarter was challenged by the continuation of the Life Science market slowdown, which further accelerated because of the current geopolitical disturbances. This impacted NNIT's customers and the region's revenue and profitability. Revenue declined by DKK 7.4m to DKK 119.3m in the first quarter as several customers postponed projects. Total growth was negative by 5.6%, and organic growth was negative by 5.9%. Customers' hesitation to initiate larger transformation projects continued, and current projects continue to be of shorter duration and scope. To offset the current trend, the region has sharpened its commercial focus on sales.

In addition to the sharpening of sales focus, the region has taken out capacity and lowered its cost base as part of the ongoing transformation to mitigate the current revenue development and the impact on profitability. Furthermore, a larger transformation of the region is currently ongoing with an increased focus on the organizational structure after the appointment of a new Head of the region effectuated in January. The region continues to streamline its operation after the integration of group companies and transforming its go-to-market approach, which will start to have an impact from the second quarter.

The initiatives carried out in the first quarter were not sufficient to offset the revenue shortfall in profitability. The regional operating profit declined to DKK 11.9m in Q1 2025 from DKK 14.2m in Q1 2024. The margin was 10.0% in the first quarter compared with 11.2% in the same quarter last year.

DKK million	Q1 2025	Q1 2024	FY 2024
Revenue	119.3	126.4	512
<i>Revenue growth, YoY, %</i>	-5.6%	12.9%	10.1%
<i>Revenue growth, organic YoY, %</i>	-5.9%	12.2%	9.5%
Production cost	92.3	97.2	391
Gross profit	27.0	29.2	121
<i>Gross margin, %</i>	22.7%	23.1%	23.6%
Regional overhead cost	15.1	15.0	54
Regional operating profit	11.9	14.2	67
<i>Regional operating profit margin, %</i>	10.0%	11.2%	13.0%
Corporate cost	15.4	12.5	50
Group operating profit excl. special items	-3.5	1.6	16
<i>Group operating profit margin excl. special items, %</i>	-2.9%	1.3%	3.1%

Region US

Revenue for Region US amounted to DKK 87.0m compared with DKK 92.9m in Q1 2024. Revenue growth was negative by 6.3% and organic growth down by 9.5%. The Manufacturing & Supply chain segment, which consists of the former Excellis Health Solutions, continued to deliver solid performance driven by expansion of its customer base and securing a strong backlog and pipeline going into the second quarter. The data migration business continues to be challenged with the recovery and pipeline materializing at a slower pace, and the R&D

area was materially impacted by the moderate market slowdown. These negative effects more than offset the solid performance in the Manufacturing & Supply chain segment.

Despite the revenue decline in the first quarter, regional operating profit increased by DKK 7.0m to DKK 26.4m with a corresponding margin of 30.4%. The development was positively impacted by a positive one-off of around DKK 2m related to reversal of an accrued expense in Q1 2025. Adjusting for this one-off, the regional operating profit was DKK 24.4m, equal to a margin of 28.0%. Though, the significant uplift in profit of adjusting for the positive one-off is due to a large reduction of usage of subcontractors and capacity adjustments made during the end of 2024 positively impacting production cost, and general reduction of regional overhead cost.

DKK million	Q1 2025	Q1 2024	FY 2024
Revenue	87.0	92.9	346
<i>Revenue growth, YoY, %</i>	-6.3%	-6.2%	-10.6%
Revenue growth, organic YoY, %	-9.5%	-5.5%	-10.4%
Production cost	50.1	57.4	207
Gross profit	36.9	35.5	139
<i>Gross margin, %</i>	42.5%	38.2%	40.0%
Regional overhead cost	10.5	17.9	65
Regional operating profit	26.4	17.6	73
<i>Regional operating profit margin, %</i>	30.4%	19.0%	21.2%
Corporate cost	10.4	11.8	34
Group operating profit excl. special items	16.1	5.8	39
<i>Group operating profit margin excl. special items, %</i>	18.5%	6.3%	11.3%

Region Asia

Region Asia managed to grow its business in an uncertain macroeconomic environment in the first quarter. Revenue increased by DKK 5.1m to DKK 37.0m corresponding to revenue growth of 16.0%. Organic growth was 12.6%. The significant uplift in revenue is a continuation of the momentum from last quarter where Region Asia expanded its customer portfolio and existing engagements. However, negative implications from the ongoing trade war, are expected to impact the business in China from the second quarter.

The region's operating profit increased to DKK 2.8m from a loss of DKK 1.7m in the same quarter last year after a significant turnaround. The margin was 7.6% compared with negative 5.3% in the same quarter last year. The favorable development in profitability is a result of the turnaround efforts carried out during the end of 2023 and first half of 2024 including streamlining of processes. The region has been able to increase utilization and deliver a higher number of billable hours, based on a capacity that has been reduced by more than 30 employees compared to last year.

DKK million	Q1 2025	Q1 2024	FY 2024
Revenue	37.0	31.9	149
<i>Revenue growth, YoY, %</i>	15.9%	-16.1%	3.7%
Revenue growth, organic YoY, %	12.6%	-12.1%	6.1%
Production cost	30.2	28.4	123
Gross profit	6.8	3.5	26
<i>Gross margin, %</i>	18.3%	11.0%	17.2%
Regional overhead cost	3.9	5.2	18
Regional operating profit	2.8	-1.7	8
<i>Regional operating profit margin, %</i>	7.6%	-5.3%	5.2%
Corporate cost	4.7	4.0	14
Group operating profit excl. special items	-1.9	-5.7	-6
<i>Group operating profit margin excl. special items, %</i>	-5.1%	-18.0%	-4.0%

Region Denmark

Region Denmark continued to grow its business, however, at a more moderate pace mainly due to a decline in pass-through revenue generated towards Aeven. Revenue amounted to DKK 220.8m in Q1 2025 compared with DKK 212.3m in Q1 2024. Total growth and organic growth came to 4.0%. NNIT is well-positioned in the Public segment in Denmark and has secured solid traction, and the growth is mainly due to a solid foundation built during 2024 for the Public segment including new projects starting. However, Region Denmark had more resources on the bench than normal. The overcapacity was due to a larger contract being postponed and signed after the end of the quarter, and the loss of a Public tender.

Furthermore, SCALES continued to solidify its position as a leader within D365 Microsoft solutions. In Q1 2025, SCALES expanded its customer portfolio delivering a growth of around 20%. In the Private segments excluding SCALES, Region Denmark expected to see a moderate growth in Q1 2025. However, the growth was flat to slightly declining, consequently entailing capacity adjustments carried out towards the end of the quarter with effect from the second quarter.

As a result, the regional operating profit contracted to DKK 33.3m in Q1 2025 compared with DKK 48.0m in the same quarter last year corresponding to a margin of 16.5% and 22.6%, respectively. However, the regional operating profit in Q1 2025 was also impacted by a reallocation of corporate cost to Region Denmark, which was not done last year. The cost amounts to around DKK 5m, which would have reduced the regional operating profit in Q1 last year to DKK 43.0m and margin to 20.2%, if adjusted. Overall, the decline in regional operating profit margin is unsatisfactory, and initiatives to reduce capacity and costs further have been executed to improve profitability.

DKK million	Q1 2025	Q1 2024	FY 2024
Revenue	220.8	212.3	844
<i>Revenue growth, YoY, %</i>	4.0%	29.4%	15.3%
Revenue growth, organic YoY, %	4.0%	18.0%	12.3%
Production cost	171.7	154.7	651
Gross profit	49.1	57.6	193
<i>Gross margin, %</i>	22.2%	27.1%	22.9%
Regional overhead cost	15.8	9.6	42

Executive
Summary

**Business & Regional Performance
Review**

Financial
Outlook

Other Events &
Contact

Regional operating profit	33.3	48.0	151
<i>Regional operating profit margin, %</i>	<i>15.1%</i>	<i>22.6%</i>	<i>17.9%</i>
Corporate cost	26.0	25.9	83
Group operating profit excl. special items	7.3	22.1	68
<i>Group operating profit margin excl. special items, %</i>	<i>3.3%</i>	<i>10.4%</i>	<i>8.1%</i>

FINANCIAL OUTLOOK

FULL-YEAR FINANCIAL OUTLOOK ADJUSTED

As geopolitical uncertainty increased in Q1 and impacted NNIT more severely than initially anticipated, the financial outlook for 2025 was adjusted on May 5, 2025, cf. company announcement no. 04/2025. The uncertainty is expected to continue, and NNIT therefore adjusted expectations for organic growth to 0% to 5% (previously 7% to 10%). Expectations for the Group operating profit margin excl. special items were maintained at 7% to 9%. This assumes no further deterioration of the current macroeconomic and geopolitical environment, compared to what NNIT anticipates now.

Special items are expected to be at up to last year's level of DKK 69m (previously expected to be below the 2024 level) driven by higher restructuring costs.

NNIT A/S	Announced on	Announced on
	5 May 2025	18 Feb 2025
	Adjusted 2025 outlook	Previous 2025 outlook
Organic growth	0-5% range	7-10% range
Group operating profit margin excl. special items	7-9% range	7-9% range

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 24-26 of the Annual Report 2024.

OTHER EVENTS

OTHER IMPORTANT EVENTS AFTER THE REPORTING PERIOD

NNIT adjusts its 2025 financial outlook

On May 5, 2025, NNIT released company announcement 04/2025 announcing that the full-year outlook for 2025 was adjusted.

CONTACT

CONFERENCE CALL

May 6, 2025, at 3:00 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 private 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 the subsidiary SCALES. Together, these companies employ more than 1,700 people in Europe, Asia and the USA.