

Company announcement 12/2020 November 9, 2020

The NNIT Group acquires Excellis Health Solutions and continues its Life Sciences growth journey

NNIT A/S ("NNIT"), a leading provider of IT services and consultancy announces that it has signed an agreement to acquire Excellis Health Solutions, LLC. ("Excellis").

Excellis is a leading specialized global provider in end-to-end supply chain consulting services to the life sciences industry. With the acquisition of Excellis, NNIT strengthens its leading global position within life sciences even further.

Excellis will strengthen NNIT's customer portfolio across the global pharma and biotech industries and enhance the Group's ability to provide end-to-end life sciences IT services to all customers.

Per Kogut, CEO of NNIT, comments:

"We are excited to welcome Excellis and their unique experience and expert knowledge of the life sciences end-to-end supply chain. The acquisition is an important milestone in our strategy to grow the life sciences segment, further. At the same time, we are delivering on our promise to further strengthen and grow our portfolio of IT services and solutions to the benefit of our customers. Excellis will play an important role in securing our leading global position."

Greg Cathcart, CEO and Founder of Excellis comments:

"We are extremely proud to join the NNIT Group and the journey they are on. By joining a global leading provider of IT services to the life sciences industry, the Excellis team will have an opportunity to expand much faster, and we believe that the capabilities that NNIT brings to the market is something our customers will require, and vice versa. The acquisition will support our joint goals as well as our customers' goals."

Transaction overview

NNIT will acquire 100% of the shares of Excellis for an upfront payment of USD 29.4 million. Further, the agreement consists of an earn-out element being realized until the end of 2023, which at target is USD 12.6 million, depending on performance.

Following the acquisition, Excellis will in daily operations continue its current business, while working together with NNIT on new and existing business opportunities. Excellis will be named "Excellis Health Solutions - an NNIT Group Company".

NNIT will finance the acquisition through its operating cash flows and existing credit facilities. No external equity or debt financing will be needed.

Closing of the agreement is expected to be during November, 2020.

Strategic rationale

The combination of pharma production IT winning solutions and Excellis' supply chain expertise strengthens NNIT's international deliveries and helps secure new manufacturing execution systems (MES) implementation and TraceLink integration projects.

Additionally, NNIT can integrate information from manufacturing processes with information from the supply chain, providing clients with an increased overview and control over the supply chain.

Excellis' unique position as the only global reselling and implementation partner of TraceLink will facilitate positioning of cloud MES, making NNIT a key service provider for production and supply chain cloud solutions.

Further, NNIT and Excellis can collaborate to offer end-to-end MS Dynamics and SAP S/4 Hana services, from vendor selection and advisory to implementation and application outsourcing as well as supporting Excellis's customers in adapting the wide range of Veeva Solutions offerings.

About Excellis

Headquartered in New Hope, Pennsylvania in the US. Excellis provide end-to-end supply chain consulting services on a global basis for the life sciences industry. The company employs 100+ staff and independent contractors, mainly located in its headquarter and the company's Manchester, UK office.

For the financial year 2020, Excellis is expected to generate revenue of around DKK 110 million and normalized operating profit of around DKK 19 million equal to an operating profit margin of around 17%. In 2021 revenue is expected to grow 15-20% with an operating profit margin at the same level as in 2020.

Outlook

The acquisition is expected to generate additional revenue in the last two months of 2020 of around DKK 16 million corresponding to approximately 0.5pp growth in 2020. As a result, the outlook for 2020 in constant currencies is increased:

- Revenue growth around -7.5% in constant currencies, while expected growth excluding Excellis is maintained at around -8% in constant currencies
- Operating profit margin before special items of around 6% in constant currencies is maintained
- Level of investment (CAPEX) is 5-7% of total revenue is maintained excluding the acquisition of Excellis

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About NNIT

NNIT A/S is one of Denmark's leading IT service providers and consultancies. NNIT A/S offers a wide range of IT services and solutions to its customers, primarily in the life sciences sector in Denmark and internationally and to customers in the public, enterprise and finance sectors in Denmark. As of September 30, 2020, NNIT A/S had 3,035 employees. NNIT has approximately 400 clients of which around 150 are located outside Denmark. Some 25% are international life sciences clients. For more information please visit www.nnit.com.