

**Company announcement 09/2022****NNIT divests infrastructure operations and suspends 2022 guidance**

NNIT accelerates strategy execution to increase growth and profitability through an exclusive focus on the Group's two business units, Life Sciences Solutions and Cloud & Digital Solutions. NNIT consequently divests its Hybrid Cloud Solutions business unit as well as select parts of its Cloud & Digital Solutions business unit to funds advised by Agilitas Private Equity LLP. The guidance for 2022 is suspended due to the divestment.

Today, NNIT has entered into an agreement to divest its Hybrid Cloud Solutions business unit as well as select parts of its Cloud & Digital Solutions business unit (together "the IO business") to funds advised by Agilitas Private Equity LLP ("Agilitas"). The divestment contemplates a transfer to a newly incorporated Danish company established by NNIT of the IO business comprising all functions, activities, customer contracts, other assets in its Hybrid Cloud Solutions business unit and shares in subsidiaries in China, the Czech Republic and the Philippines as well as select parts of the SAP Basis and Cloud Native Solutions operations of its Cloud & Digital Solutions business unit, and a subsequent sale of all shares in the newly incorporated Danish company to funds advised by Agilitas. The IO business employs approximately 1,500 staff in Denmark, China, the Czech Republic and the Philippines.

The purchase price for the divested operations amounts to DKK 1,500 million (Enterprise Value on a debt free basis). The purchase price will be adjusted for net debt, working capital and potential EBITDA adjustments as of the closing of the transaction. Net proceeds will further be adjusted for the payment of carve-out and separation costs currently estimated to amount to around DKK 200 million to be booked as special items in 2022 as well as tax associated with the divestment. NNIT intends to reinvest the proceeds to accelerate growth in its continuing activities. In connection with the transaction, NNIT has undertaken to issue a vendor note of up to DKK 200 million to be repaid no later than six (6) years after closing of the transaction, and the rest of the purchase price will be paid in cash.

Pär Fors, CEO of NNIT, comments: "We are pleased to enter into this agreement to sell our infrastructure outsourcing business to funds advised by Agilitas and establish NNIT as a highly specialized IT services provider focusing exclusively on our core areas within life sciences and cloud and digital solutions. The transaction will enable accelerated investments in services, customer experiences and growth initiatives to build a more focused business with higher margin expectations. The new NNIT will build critical mass and pursue specific business opportunities in our core business areas, while simultaneously launching agile services and entering innovative partnerships to create customer value."

The divestment will be carried out with a focus on continuing to create customer value and ensuring continuity.

“We are convinced that the infrastructure activities will be better positioned to fulfill service and growth goals and deliver customer value as a specialized, stand-alone infrastructure outsourcing business backed by Agilitas. We have included our largest customer Novo Nordisk in our deliberations, and they have confirmed to continue the IT operations contracts and relationship under the new ownership,” said Pär Fors.

Kevin Iermiin, Partner at Agilitas, who will be joining the board of the IO business following closing of the transaction, commented: “This is a pivotal moment for the IO business, which we believe will flourish from becoming a standalone company with a dedicated management team. It is a business of high quality, which is a testament to the talent of its work force. We look forward to working together with the management team and further investing in the IO business to accelerate growth following closing of the transaction. We will work to ensure continuity while driving innovative new products and services which will ultimately benefit the IO business’ customers. Agilitas has extensive experience of leading investments in Denmark, and a strong enthusiasm for the Danish IT market, having previously backed the buyouts of several Danish companies.” He continued: “The quality of the services provided by the IO business and the people behind them have impressed incoming CEO of the IO business Henrik Bodskov, who will be leveraging his more than 20 years’ experience in the IT sector, including CEO of IBM Denmark. Henrik will build on the existing platform and bring innovative solutions to help its customers secure and scale their IT infrastructure as they grow.”

Henrik Bodskov will start as CEO of the IO business following closing of the transaction, as he transitions out of his current role at IBM Denmark.

The transaction entails a carve-out and separation of the IO business which is expected to take six months. The transaction is subject to the separation and carve-out having in all material respects been completed (including certain key carve-out milestones having been met) without material adverse change on the IO business or the continuing business of NNIT and conditional on the purchase price not falling below DKK 1,000 million after adjustments. The transaction is further subject to regulatory approvals as well as other customary closing conditions.

### **Strategic focus**

The transaction enables the NNIT Group to center investments, competencies and sales force around the two core business areas, Life Sciences Solutions and Cloud & Digital Solutions, delivering high-quality solutions and services in attractive markets with strong growth prospects. The divestment marks an acceleration of NNIT’s strategy execution with the aim of increasing growth and profitability, while simultaneously enabling greater investment in the continuing business and reducing capital employed.

Following the divestment, NNIT will be organized in two independent business units and have approximately 1,650 employees in Denmark, the Czech Republic, Germany, Switzerland, the UK and Ireland, USA, the Philippines, China and Poland. According to proforma figures, the continuing operations had revenue of approximately DKK 1.5 billion in 2021.

All employees working for the IO business will be transferred to the new entity in their existing roles, with no day-to-day changes for staff or customers of the IO business.

It remains part of NNIT's strategy to pursue M&A opportunities. The acquisitions of US-based Valiance in 2018, Swiss-based Halfmann Goetsch Partner in 2019, US-based Excellis Health Solutions in 2020, Ireland-based SL Controls in 2021, and most recently German-based prime4services in 2022 have added significant value to the continuing operations in terms of capabilities, services, customers, and growth.

**Life Sciences Solutions** offers specialized, regulated IT solutions to global life sciences companies. The business unit delivers solutions within Clinical, Regulatory Affairs, Production IT, Quality management and other business areas supporting the entire life sciences value chain. Headed by Senior Vice President Ricco Larsen, the business unit employs approximately 850 people. The business unit reported revenue of DKK 723 million in 2021.

NNIT continues to see attractive growth potential for Life Sciences Solutions, driven by deep subject matter expertise, agile services and solutions, further specialization in high-growth areas, accelerated cloud migration towards public clouds as well as acquisitions and new partnerships.

**Cloud & Digital Solutions** offers digital transformation solutions centered around applications, including Microsoft Solutions, SAP Solutions, Cybersecurity, Custom Application Development, and Digital Business Consultants to both Danish corporations as well as international life sciences clients. Headed by Senior Vice President Kasper Søndergaard Andersen, the business unit employs approximately 800 people and reported revenue of approximately DKK 750 million in 2021, excluding the Cloud Native and SAP Basis activities that are included in the transaction.

Cloud & Digital Solutions has the potential to fast-track growth on the back of an increased focus on its core application centered solution areas where the continued business unit can now focus on building critical mass, expanding its portfolio of offerings and focus its Cloud capabilities to support customers' application and data-led journey into the public cloud.

### **Suspended 2022 guidance**

After today's agreement, the IO business will be reclassified to "discontinued activities" in NNIT's consolidated financial statements. Due to the contemplated structural change of the Group, NNIT does not consider it prudent to provide 2022 guidance for the continuing activities, hence NNIT temporarily suspends its 2022 outlook (previously: revenue growth of 2-5% with an operating profit before special items of around 5% and special items of up to the same level as in 2021). NNIT will provide updates to the market when NNIT's visibility on the 2022 guidance for the continuing activities increases and in the second half of the year.

Following closing of the transaction, NNIT will leverage the sharpened focus on the two core business units, Life Sciences Solutions and Cloud & Digital Solutions, with the ambition to significantly strengthen revenue and profitability of the continuing activities from 2023.

### **The divested business**

The IO business constitutes a leading Danish IT infrastructure outsourcing business with long-standing customer relationships with international life sciences companies, including Novo Nordisk, as well as Danish private and public sector customers. The business builds mainly on three state-of-the-art data centers, two of which are fully owned, supported by offshore deliveries. The activities reported proforma revenue of approximately DKK 1.4 billion in 2021, employ approximately 1,500 people and will be headed by Henrik Bodskov who is expected to start as CEO of the IO business following closing of the transaction.

In addition to the Hybrid Cloud Solutions business unit, the agreement also covers select parts of the SAP Basis and Cloud Native Solutions operations of the Cloud & Digital Solutions business unit.

Agilitas believes the IO business will flourish as a standalone company with a dedicated management team. Agilitas is looking forward to working with the management team and employees of the IO business to continue to answer the critical needs of its customers with even more innovative and sustainable solutions. Agilitas is a seasoned backer of businesses with significant experience of leading investments in the Danish IT infrastructure market.

### **Transition period**

With the signing of the agreement, a transition period of six months will commence before the transaction can close. This period will be dedicated to the detailed planning of the transfer of the IO business into a newly incorporated Danish company established by NNIT in close dialogue with customers and appropriate parties to address all commercial, HR and legal aspects. Special attention will be paid to avoiding any disruption to day-to-day operations and ensuring a high level of customer satisfaction.

Employees will be transferred to the new company in accordance with the Danish Act on Transfer of Undertakings honoring all rights and obligations under individual employment agreements and collective bargaining agreements.

Nordea acted as exclusive financial advisor to NNIT.

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**Conference call**

NNIT will host a teleconference today, June 22, 2022 at 9:30 CEST to present the transaction and answer questions. Please visit the NNIT website [www.nnit.com](http://www.nnit.com) to access the teleconference, which can be found under 'Investors – Events & Presentations'. Material will be available on the website.

Conference call details:

<https://streams.eventcdn.net/nnit/nnit-announcement/>

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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 Valiance, SCALES Excellis Health Solutions, SL Controls, and prime4services. Read more at [www.nnit.com](http://www.nnit.com).

**Agilitas Private Equity LLP** – [www.agilitaspe.com](http://www.agilitaspe.com)

Agilitas is a pan-European, mid-market private equity firm founded in 2011. The funds advised by the firm invest in high-quality, defensible businesses with opportunities for significant step changes, creating long-term value. Agilitas Private Equity LLP has a patient, sector-focused approach to investing and a strong track record of growing, improving and strengthening the businesses it backs. Agilitas is experienced at leading investments in the Nordics and Denmark in particular, having led the buy-out of the Reconor Group, Danoffice IT, and Cibicom as well as strategic add-ons for these companies such as Mijodan for the Reconor Group, Datacon and Edgemo for Danoffice IT, and TelPartner for Cibicom.