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Trifork – annual report 2016

Revenue increased by 7% to EURm 63.1 and EBITDA achieved was EURm 8.2.

2016 was a year of learning for Trifork

In 2016 we celebrated our 20 years anniversary with another record year measured on revenue. From that perspective we are proud of what has been achieved over the years. Our ambitions are to continue the journey and make Trifork even more successful in the years to come.

With total revenue of EURm 63.1 in 2016 we achieved a growth of 7% compared to 2015. This was clearly less than anticipated as our target for revenue growth is 15-25% per year. EBITDA for 2016 totalled EURm 8.2, a decrease of 7% compared to 2015 and equal to an EBITDA-margin of 13% compared to 15% in 2015.

“In 2016, we have had great success with the integration of our most recent acquisitions and we now see Trifork as a full service provider being able to help our clients from the initial idea-phase and all the way to implementation and operation of solutions. We learned a lot from our new initiative with the GOTO Accelerate conference and though it was expensive learning we now have ended up creating the new concept branded “Trifork Accelerate”, where Trifork work with our clients at top management level. Together with the clients we use design thinking techniques combined with software expertise. In this way we help the client to innovate and create new opportunities and improve their products and services.”, says Jørn Larsen, CEO, Trifork.

New focus on investments

For strategic reasons Trifork in 2016 decided to separate the service business from the product/start-up business. The separation is done by creating a new entity “Trifork Incuba”, within the Trifork Group. This entity will operate as an incubator for all Trifork start-ups. Trifork Incuba will advise the start-ups, make seed investments and help them in the process of fundraising and building their organisations.

“By separating Trifork Incuba from our service business we plan to reduce the risk of entering into new ventures. With a separate organisation that focuses 100% on improving the success of our new start-ups we already see benefits and expect to be able to minimize any negative impact on group EBITDA. The strategy of Trifork Incuba is to help these start-ups off the ground and support them until they have their first customers and a proven product.” states Jørn Larsen, CEO, Trifork.

Financial performance in 2016

- Revenue
 - Trifork achieved total revenue of EURm 63.1, corresponding to growth of 6.9% compared to 2015 where EURm 59.0 was achieved.
 - The Academy segment decreased revenue by 30.5% to EURm 6.3
 - The Project (services) segment increased revenue by 10.6% to EURm 46.3
 - The Product segment increased revenue by 9.8% to EURm 8.9.
- EBITDA
 - EBITDA for 2016 totalled EURm 8.2 corresponding to an EBITDA-margin of 12.9% and a compared to 2015 where EURm 8.9 was achieved.
 - The Academy segment made a loss of EURm 0.4 in EBITDA compared to a profit of EURm 0.6 in 2015.
 - With EBITDA of EURm 5.4 the Project segment improved by EURm 0.6 compared to 2015.
 - The Product segment reported EBITDA of EURm 2.9 corresponding to an EBITDA-margin of 32.6%.
- EBIT for the period totalled EURm 5.2 corresponding to an EBIT-margin of 8.2%. This was a decrease of 26.2% compared to 2015 where EURm 7.0 was achieved with a margin of 11.9%.
- Profit before tax amounted to EURm 5.3, which was a decrease of 44.8% compared to 2015, where EURm 9.7 was achieved.
- Net profit for the period was EURm 4.2, which was a decrease of 50.9% compared to 2015, where EURm 8.6 was achieved.

“The financial numbers achieved was clearly less than we expected in 2016”, says Jørn Larsen, CEO, Trifork, and continues: “We were challenged on a couple of markets and at the same time heavily investing in finding the right model for our product and start-up business. This caused us to miss our targets for 2016. Our target is to achieve an annual growth between 15-25%. We believe this is the right ratio for us to grow and that we at this ratio still will be able to improve our profit margins significant.”

Significant events in 2016

- The GOTO conference took place for the first time in Stockholm. The GOTO concept is now implemented in London, Copenhagen, Berlin, Amsterdam, Chicago and Stockholm.
- Trifork planned and launched two new GOTO-conference concepts. The first one was the GOTO Start-up where investors and start-up companies gets the opportunity to meet and exchange ideas and experiences. The second one was GOTO Accelerate, which is focused on setting the digital transformation on the agenda. Based on the experiences from this Trifork now delivers Accelerate Design Sprint workshops to companies that wish to initiate new digital transformations.
- In the end of 2016 Trifork acquired the rest of the shares in the company Open Credo Ltd. Trifork now owns 100% of the company and the results have been consolidated in the 2016 annual report.
- The focus on product based business has resulted in the founding of three new companies in 2016.

In 2016 Trifork co-founded the company Humio ApS. The company is developing the product Humio which is Trifork owns 49% of the company.

In UK the company The Perfect App Ltd. was founded to focus on the development and international sales of the product “The Perfect App” (TPA), which handles deployment of mobile apps and collection of app analysis from any mobile platform.

- In Holland the company Trifork Learning Solutions B.V was founded to focus on the development and sales of the product “QTI”. This product is used by many education centres to orchestrate and implement electronic exams.
- In 2016 Trifork also invested additional capital in several smaller start-up companies, which fit well with the Trifork business model and technology focus.

Dividend for 2016

The Board of Directors proposes to make a dividend payment of EURm 1 to the shareholders in the 2016 financial statement. This is in line with the dividend-policy of the company that target to pay out an annual dividend of approximately 25% of the net profit belonging to the parent company. The group in 2017 will use the rest of the profit generated in 2016 to invest in new acquisitions and in additional purchase of treasury shares. The intention is to use the treasury shares as payment in future acquisitions.

Outlook for 2017

- Trifork expects total revenue of EURm 75 in 2017, corresponding to at growth of 19% compared to 2016.
- EBITDA is expected to total EURm 11, corresponding to an EBITDA-margin of 14.7% and a 35% increase of EBITDA compared to 2016.

Kind regards,

The board of Directors
Trifork Holding AG

About Trifork

Trifork was founded in 1996 and is an innovative software development company focusing on new technologies and trends through conferences, innovative software development through customer projects and on delivering software products to create business value for its customers. Trifork develops and delivers business critical IT-systems for several sectors including finance, healthcare, government, manufacturing and telecom. Trifork employs just over 430 people in 22 offices in Aarhus, Aalborg, Amsterdam, Berlin, Budapest, Buenos Aires, Copenhagen, Eindhoven, Esbjerg, Krakow, London, Leeds, San Francisco, Stockholm and Zürich. In 2016 Trifork achieved total revenue of EURm 63.1 with an EBITDA of EURm 8.2.