

**TRIFORK.**

# Bringing enterprises into the future

DANSKE BANK WINTER SEMINAR

30 NOVEMBER 2023



*Images created with generative AI*

**TRIFORK.**

... but not all  
tech is future  
proof yet!



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## PRESENTERS



**CEO**  
**Jørn Larsen**

|  |  |
|--|--|
| <b>Year of joining</b>                         | 1996   |
| <b>Year of birth</b>                           | 1966   |
| <b>Nationality</b>                             | Danish   |
| <b>Educational background</b>                  | Mechanical engineering degree – Civil engineering degree in Computer Science – University of Aalborg   |
| <b>Professional background</b>                 | Serial entrepreneur in the Nordic technology sector with co-foundation of >50 start-ups<br>From 1996: Founder and CEO of Trifork<br>1994-1995: Project Manager with Dator A/S<br>1984-1989: Technical Naval engineer with Maersk |
| <b>Other directorships and executive roles</b> | Member of the Board of Directors of ExSeed Ltd. (Labs company), Dawn Health (Labs company), and &Money ApS (Labs company), Owner of Blackbird II ApS   |
| <b>Trifork ownership</b>                       | 19.8%  |



**CFO**  
**Kristian Wulf-Andersen**

|  |   |
|--|---|
| <b>Year of joining</b>                         | 2007  |
| <b>Year of birth</b>                           | 1971  |
| <b>Nationality</b>                             | Danish  |
| <b>Educational background</b>                  | Bachelor in Economics – Aarhus Business School, Denmark   |
| <b>Professional background</b>                 | 1997-2007: Co-founder and CFO of the IT-infrastructure company Interprise Consulting A/S (acquired by Trifork)<br>1996-1999: IT consultant, trainer and management consultant at Siemens Nixdorf A/S / Siemens Business Services A/S<br>1989-2000: Officer at the Royal Danish Airforce |
| <b>Other directorships and executive roles</b> | CFO Trifork US, CFO Trifork Pty., member of the Board of Directors of EDIA B.V (Labs company)   |
| <b>Trifork ownership</b>                       | 1.2%  |

# Trifork delivers NextGen tech solutions to industry leaders

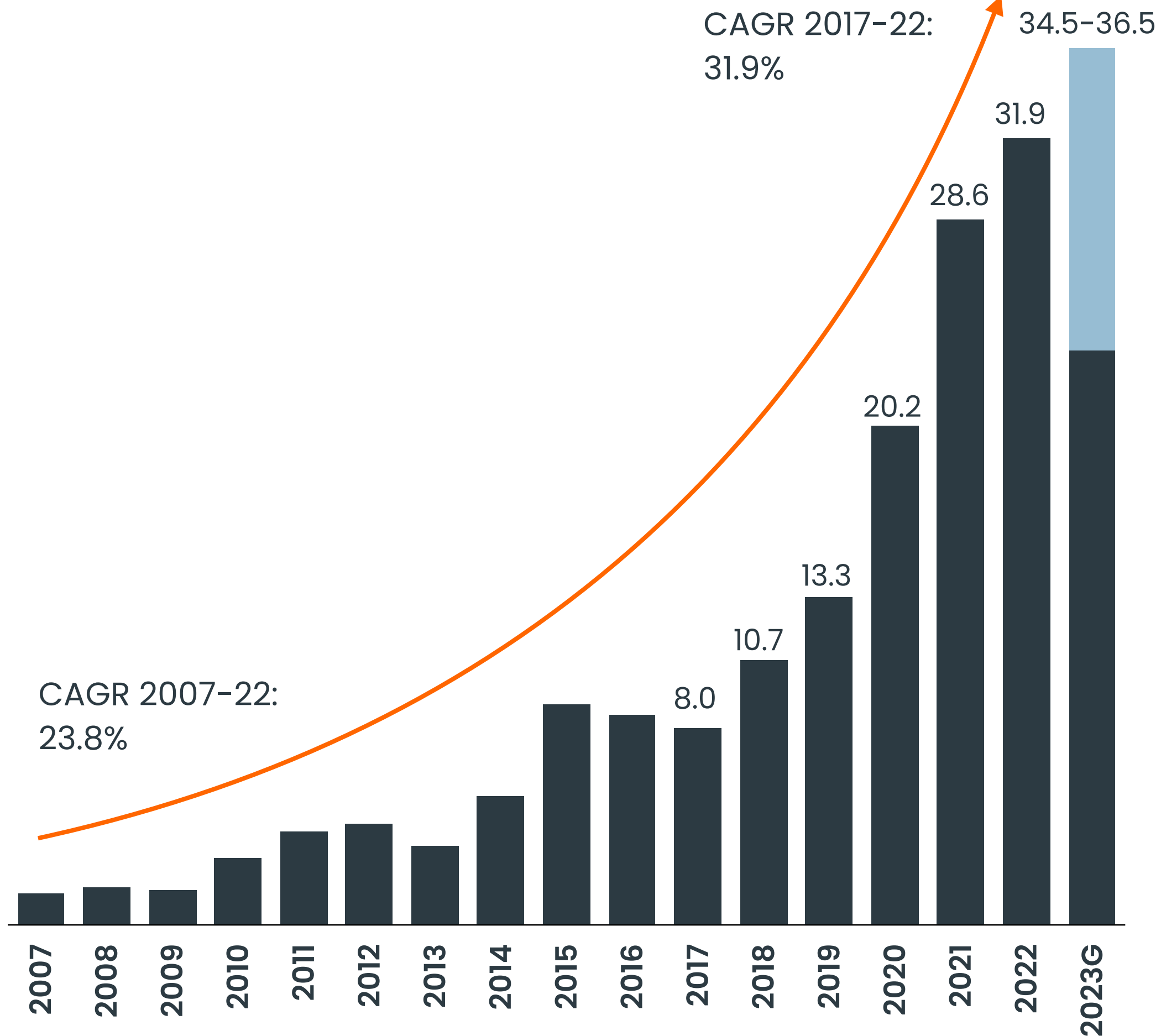
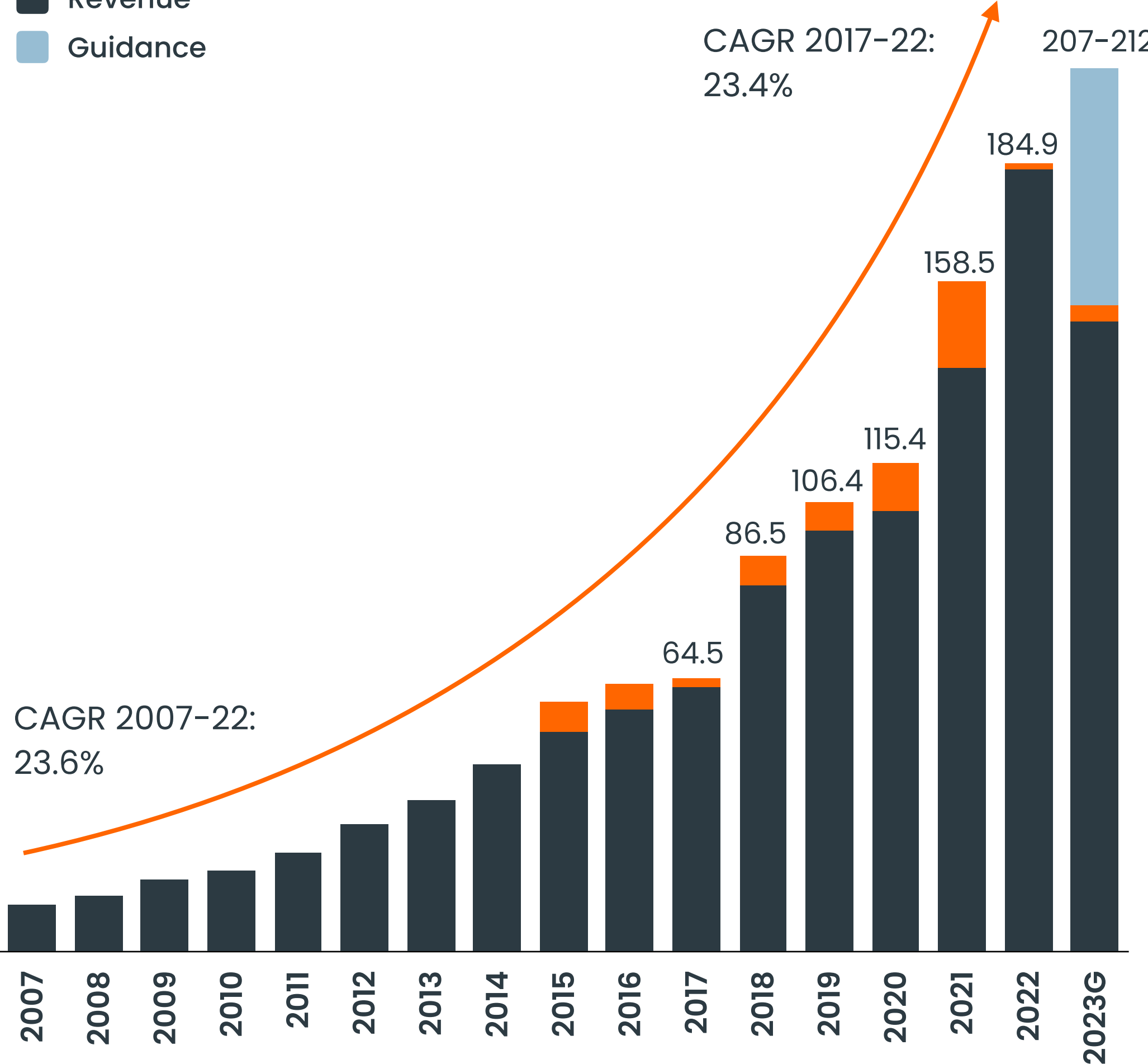


# Mid-term target: 15-25% annual revenue growth

EUR m

- Revenue from acquisitions
- Revenue
- Guidance

- Adjusted EBITDA, Trifork Segment
- Guidance



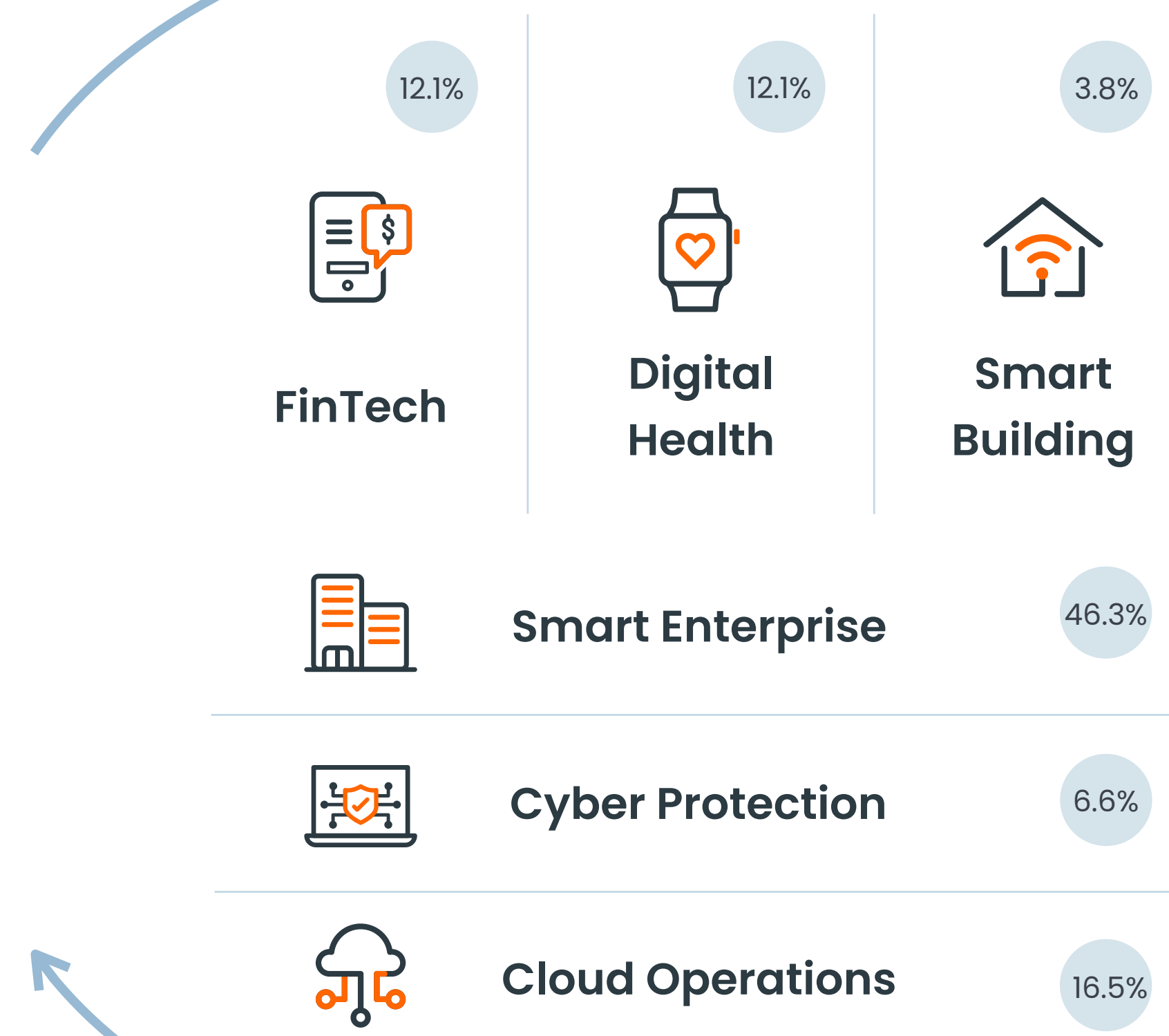
# How are we organized?



# Keeping solutions separate from products and R&D

## Trifork segment

- Software solutions and services
- 72 individual business units
- 1,202 employees in 15 countries
- Majority ownership
- ~ 1/3 of sales from public sector
- ~ 3/4 of sales from time & material
- Steady and profitable double-digit growth paired with acquisitions



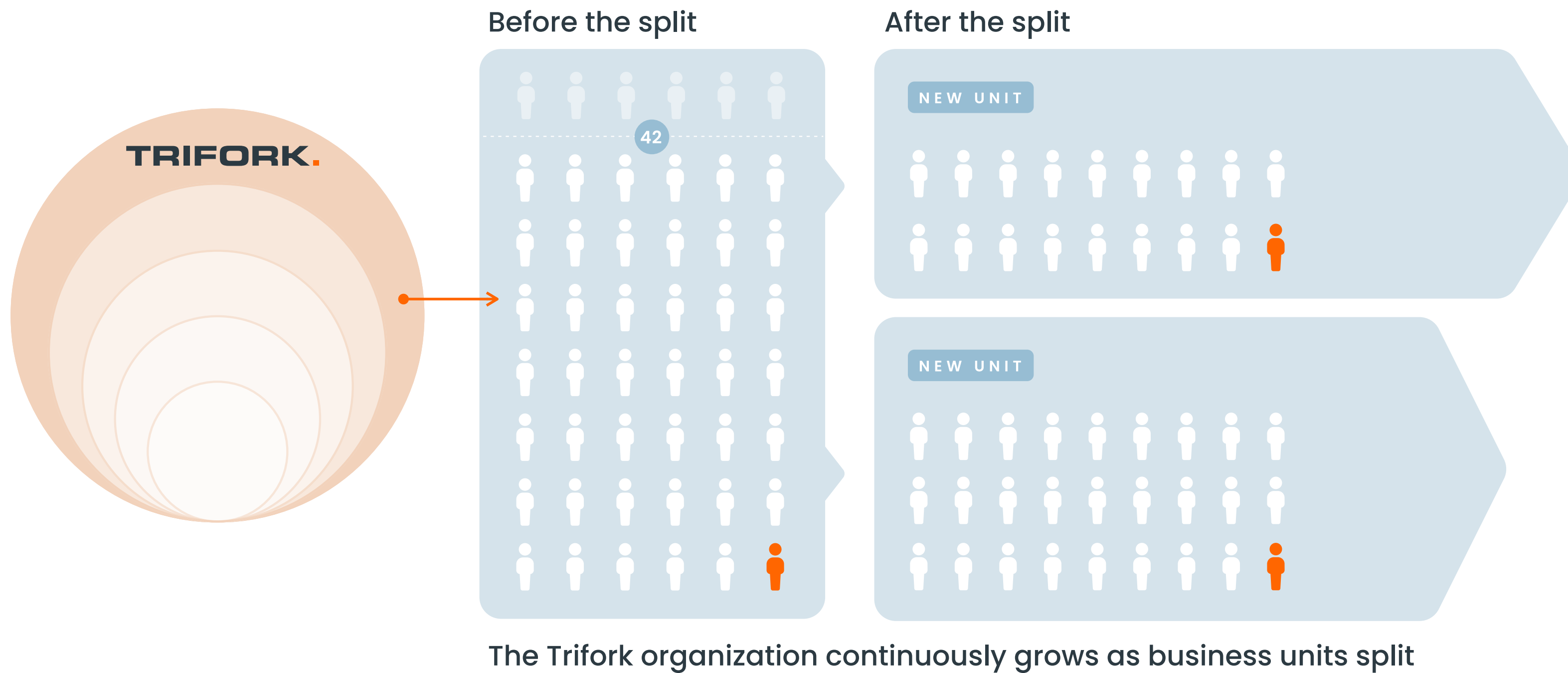
## Trifork Labs

- Software products and platforms
- 21 strategic partnerships & startups
- Minority investments being Trifork's R&D
- Revenue synergies and supports innovation culture
- Current top 10 investments (93% of EURm 56.5 book value) are in good shape operationally and funding-wise
- EURm 70.5 realized gains since 2016<sup>(1)</sup>









# Teal organization: Big in a small way

72  
BUSINESS UNITS







CCOs in each business area ensuring strategic direction and cross-unit cooperation

-   
Digital Health  
CCO
-   
FinTech  
CCO
-   
Smart Building  
CCO
-   
Smart Enterprise  
CCO
-   
Cyber Protection  
CCO
-   
Cloud Operations  
CCO

## Principals of Teal

- 1 Self-managed business units with entrepreneurial mentality
- 2 Units of ideally up to 42 people
- 3 “Cell division” – business units split when a certain size is reached
- 4 “Living organism”

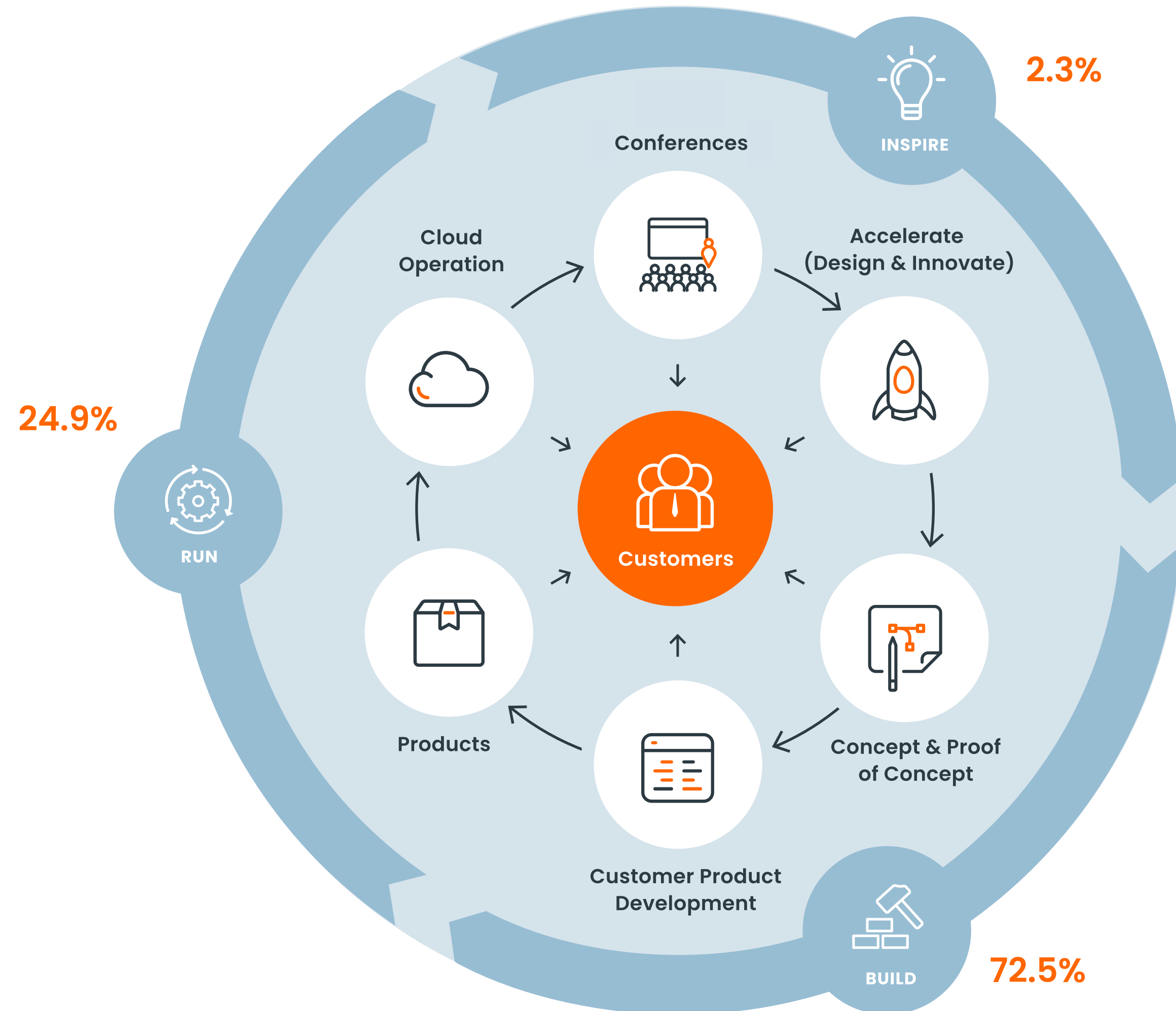
## Benefits

-  Talent retention and attraction
-  Highly agile and scalable
-  P&L responsibility at the BU level
-  Low dependency on any single person

# Customer-centric go-to-market model

9M 2023:

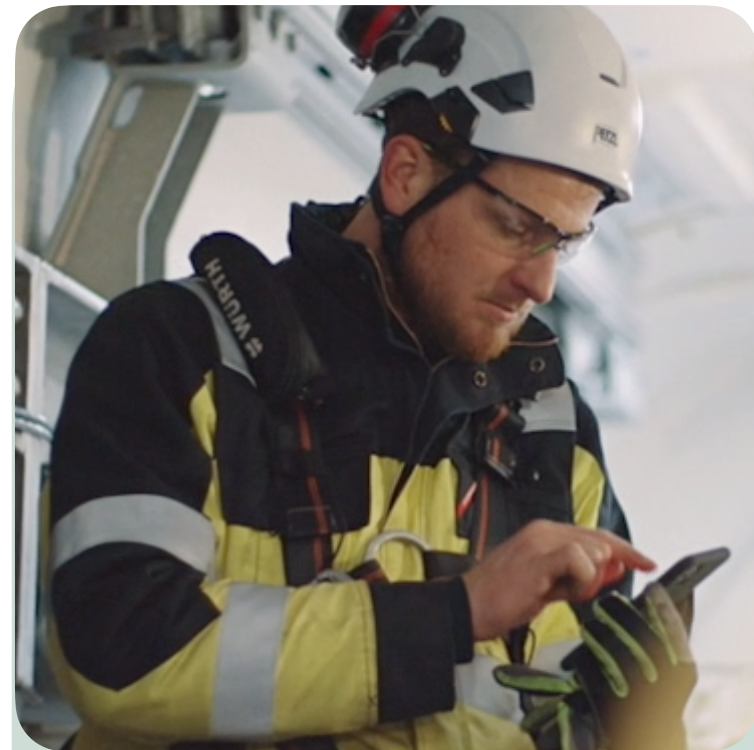
- **Recurring customers:** Around 1/4 of revenue (signed contracts for e.g. operations, cyber protection, service agreements, licenses, etc. - typically Run customers)
- **Repeat customers:** Around 1/2 of revenue (invoiced for at least two years in a row - typically Build customers)
- Many recurring and repeat customers have been with Trifork for more than ten years
- **New customers:** Around 1/4 of revenue (invoiced for less than two years and not on recurring contracts - typically Build customers).



# Growing double-digit in a slower market - how?



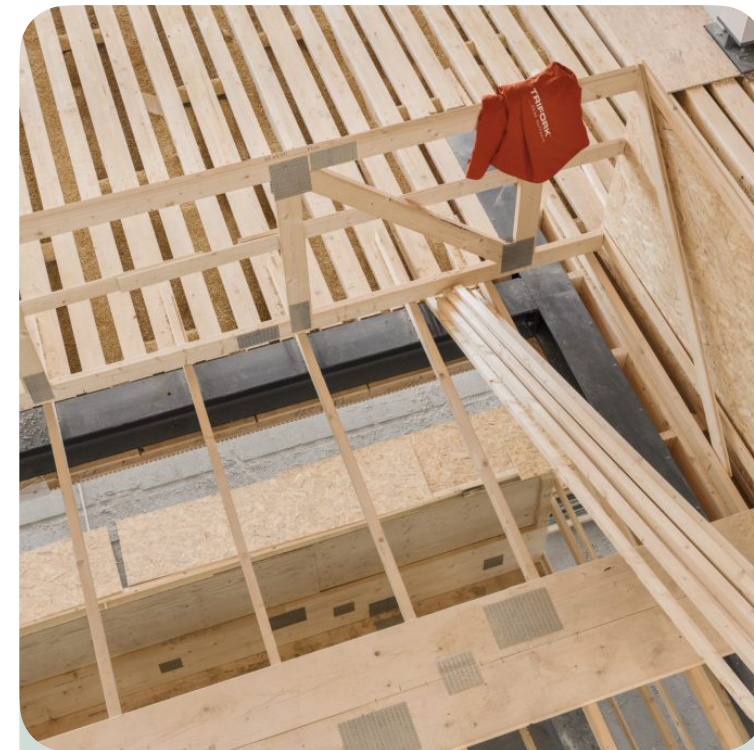
# CFO agenda is more important in 2023 and 2024



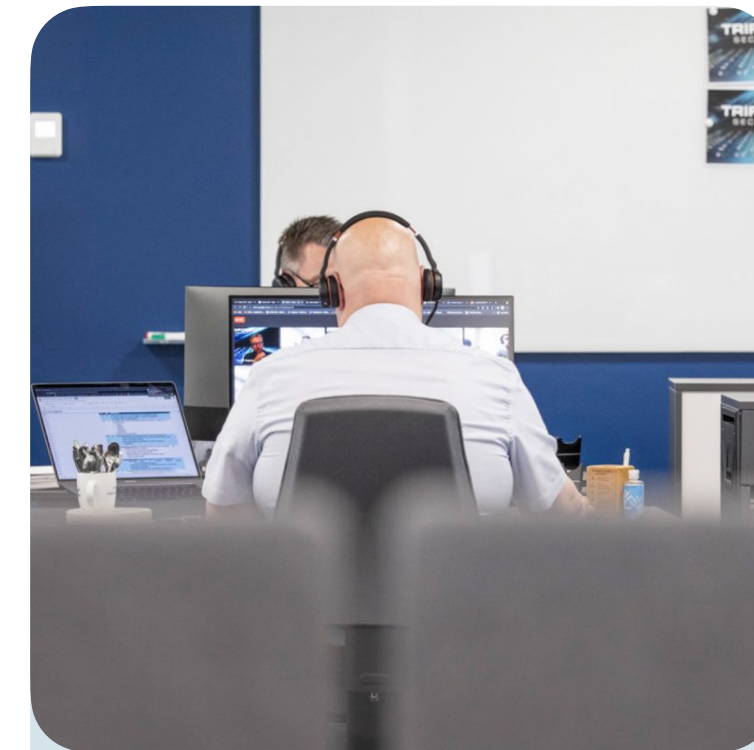
**Mobile devices  
in field &  
factory**



**Pressure on  
healthcare  
system**



**Sustainability  
movement**



**Cyber  
protection**



**Hybrid cloud  
operations**

**CFO AGENDA**

Cost savings

Cost savings

Reducing emissions

NIS2 compliance

Cost flexibility  
GDPR compliance

**CEO AGENDA**

Customer outcome  
Happy employees

Improving care

Relevant to customers  
and employees

Customer trust  
Supplier trust

Customer trust

**OUR EXPERTISE**

ERP  
systems

Enterprise  
applications

User  
experience

IT roadmap

Data  
processes

AI

Machine  
learning

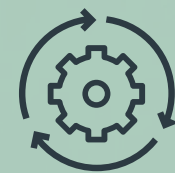
Penetration  
testing

Quality  
intelligence

# “Ride-along” is a key element in our Enterprise strategy

TOTAL SALES GROWTH 9M/23: 14.9%<sup>(1)</sup>  
ORGANIC SALES GROWTH 9M/23: 11.7%

## WHAT WE DO



We approach C-level and get “invited inside” to understand their processes



We suggest a list of tech innovations, focus on cost savings with short ROI



We build (some of) the suggestions



Gen AI image

## WHAT WE GET

Innovation partner instead of bidding for standard specs



Gets customers into Inspire-Build-Run flywheel and creates repeat business opportunities



Deeper understanding of value creation leads to better pricing



# US has become an integral part of our growth strategy

## US

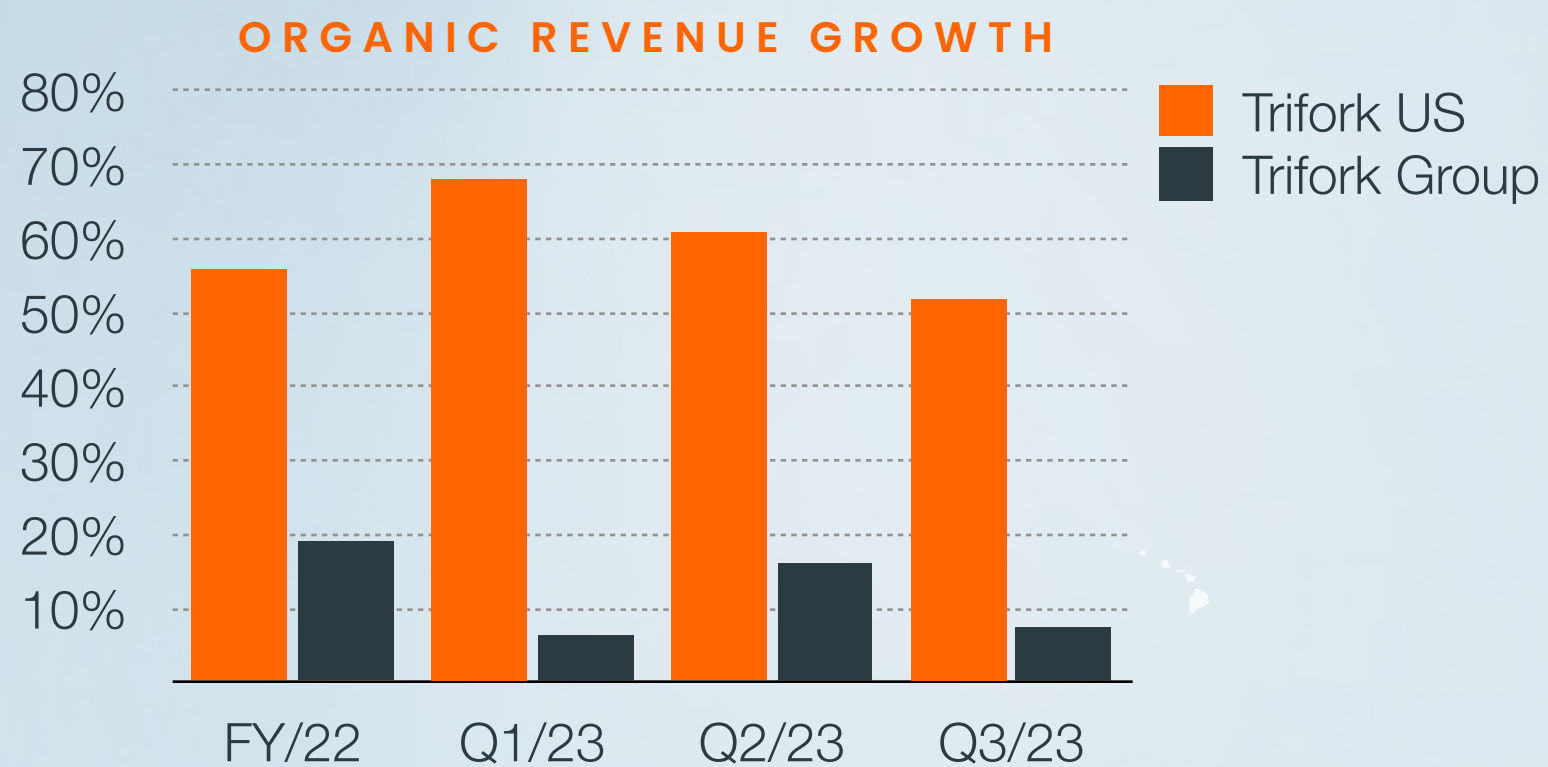
- A true NextGen market
- 2022 revenue: EUR 6.8m (4% of Group)
- Q2 2023: Hired Karan Yadav as CEO of Trifork US (senior exec. from Apple and SAP with focus on Enterprise)
- Focus on Chicago and enterprises running on SAP and Apple
- Import Smart Enterprise domain expertise from Europe
- Continue building on AI expertise in reducing costs and improving workflow decisions with "add-on" solutions
- Potential acquisitions
- Nurture strategic partnerships

## Europe

- Export public capabilities from Denmark
- Deeper local penetration in selected business areas
- Mainly organic growth with bolt-on acquisitions

## Nordics

- Deeper local penetration in our six business areas
- Mainly organic growth with bolt-on acquisitions

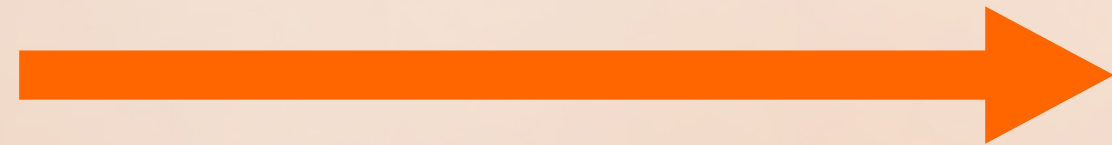


# AI - what does it mean for Trifork?



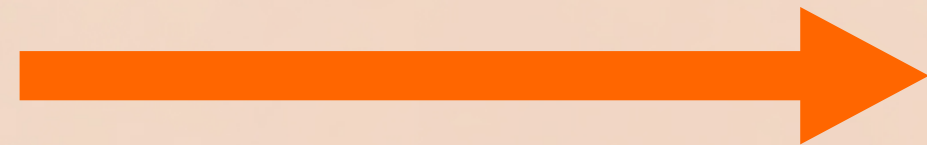
# AI will drive demand for NextGen tech expertise

AI is not magic



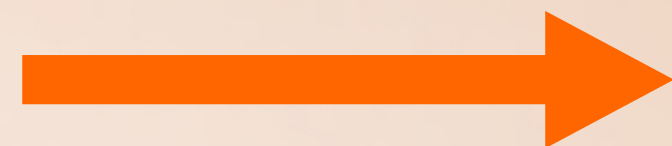
AI is data and math, not human intelligence

AI is not revolution



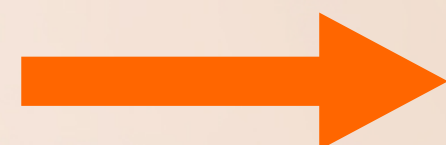
AI is evolution and a tool to achieve faster and more effective problem solving

AI hype driven by the introduction of user-friendly interfaces like ChatGPT



Housebuilders did not become obsolete after the emergence of more efficient electric power tools... Similarly, NextGen tech experts will continue to be in high demand with the penetration of AI

AI models: Garbage in, garbage out!  
Most organizations do not have sufficient data structure in place to obtain meaningful value from AI



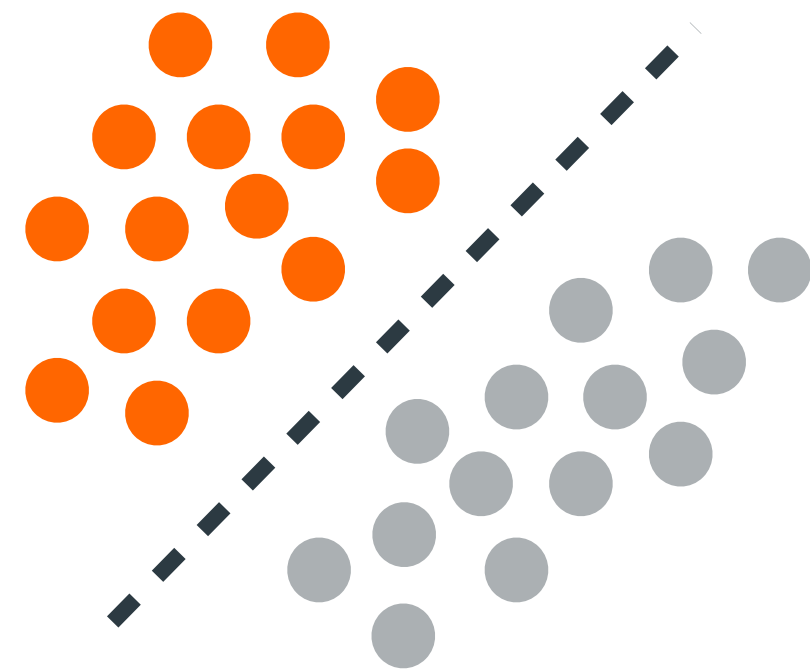
Increased demand for Trifork's capabilities within ERP systems, architecture, IoT, development, operations, security, etc.





# Two types of AI with different purposes and impact

## DISCRIMINATIVE AI



### What is discriminative AI?

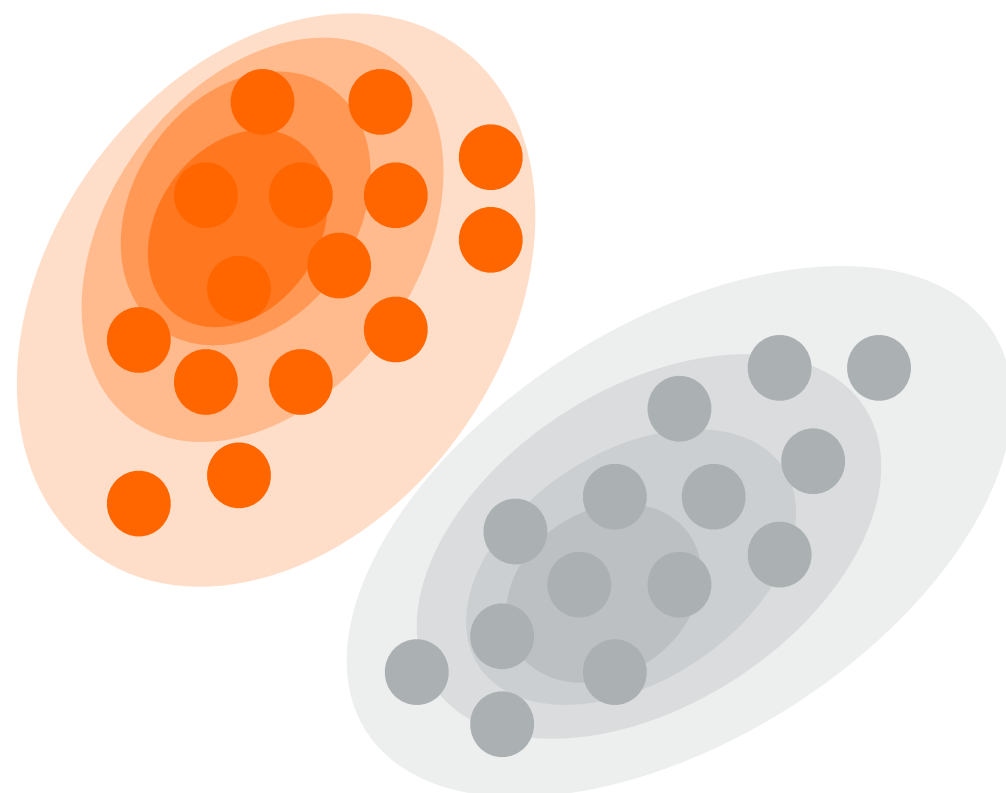
- Discriminative models divide the data space into classes by learning the decision boundaries
- Neural networks used for pattern recognition in data, image recognition, computer vision, natural language processing, handwriting recognition, time series analysis, and more.
- Works well for supervised learning, e.g. ERP data, chatbots, repetitive processes in the physical world.



### Current revenue driver for Trifork

- Railway: Automatic detection of signs
- Manufacturing: Quality control
- Insurance: Fraud detection
- Insurance: Customer service assistant
- Airport: Baggage handling
- Offshore: Corrosion detection
- Healthcare: Second opinion on treatment

## GENERATIVE AI



### What is generative AI?

- Generative models understand how data is embedded into the space
- Generates new data samples based on the probability distribution of the training data
- E.g. clustering images based on similarities, generating new images or software code, or exploring multi-dimensional data
- Works well for unsupervised learning but results depend on human guidance and domain expertise



### Current efficiency driver for Trifork

- Can assist in low-value parts of coding (simple problems), marketing material, etc.
- Potentially a strong revenue driver in 1-2 years when gen AI matures from the hype phase and quality improves
- Sell less hours
- Sell more domain expertise, IP, and value-based

# Q&A

-  Strong non-cyclical growth drivers
-  Software innovation specialists
-  Long track record of resilient and profitable growth
-  Full-circle and low-risk business model
-  Effective and agile teal organization
-  Successful and profitable R&D model with Trifork Labs
-  Enabling customers to become sustainable with software



# Appendix: Flexible capital allocation towards mid- and long-term value creation

## Organic growth

- Mid-term target: 10-15% annual organic growth over a three-year period
- Organic growth historically 2/3 of total growth
- 2023: Increased hiring of business developers and sales people to offset slower market
- Launching new business units

## M&A

- Mid-term target: 15-25% total annual growth incl. M&A
- M&A historically 1/3 of total growth
- Historically funded by own cash flows and little debt
- Valuations have become more reasonable
- Improved M&A pipeline

## Debt management

- Q3/23: Net interest-bearing debt to adj. EBITDA of 0.5x
- Mid-term target to stay below 1.5x
- Can exceed 1.5x temporarily due to e.g. M&A

## Trifork Labs

- Trifork's R&D through product companies that are co-financed by other investors
- Strong historical track record
- Focus on strategic investments
- Focus on strong synergies with Trifork's six business areas

## Shareholder returns

- 25% of net cash profit belonging to shareholders (dividends and buybacks)
- Subject to capital needed for growth and maintaining gearing target