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# Trifork Group AG (TRIFOR.DK)

Q4 2024 Earnings Call

## CORPORATE PARTICIPANTS

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## OTHER PARTICIPANTS

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## MANAGEMENT DISCUSSION SECTION

**Frederik Svanholm**

*Group Investment Director, Trifork Group AG*

Okay, let's start the presentation. My name is Frederik Svanholm. I am the Investor Director at Trifork. Today, our CEO, Jørn Larsen; and our CFO, Kristian Wulf-Andersen will be providing a presentation of approximately 35 minutes, followed by Q&A. Before we start, I have a bit of practical information. First, I would like to inform you that this presentation is recorded and will be made available in its full length on our Investor webpage later today. Second, I would like to inform you that if you want to download the presentation for today's call, you'll be able to find it on the front page of our Investor website. Third, we invite you to ask questions and engage with management after the presentation. Before we get started, we have to present this disclaimer. And you're all very smart people so you can read fast. So I think we can jump ahead.

And I will now hand it over to Group CEO, Jørn Larsen. Jørn, please go ahead.

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**Jørn Larsen**

*Chief Executive Officer, Trifork Group AG*

Thank you, Fred. And first of all, thank you so much for listening in. I can see we have a lot of participants today, and I hope we will get through a lot of interesting questions later on. First, I want to talk about how we ended 2024 and how we are already looking into 2025 with the guidance of 2025. And I'm very grateful for everyone at Trifork to fighting very hard in 2024. 2024 was not the easiest year in our career. I'm proud to say that we almost broke the revenue record, but we didn't make it at the end, even though we had some good acceleration towards the end of 2024. I also want to thank our customers and partners because without them we would not be here today.

And with this, I'd like to open the presentation here. So the Trifork Group, as you know, is Trifork and Trifork Labs. And also, in 2024, this combination of having Labs and Trifork proved to be something, I think, saved the year in a few different levels that I will talk about later. We have more or less the same distribution between Inspire, Build

and Run. We have a private part of business of 62% and the rest in public. It is our aim going forward that we'd like to be even stronger on public business. And so we have a number of initiatives that goes in that direction as well as continue our growth in private. In Labs, we have 24 companies, and we will talk about them later on. We have an all-time high book value for the lab companies, and some of these lab companies are doing very well.

Let's move on. So what I mentioned here before is that if you compare the 2023 and the 2024, and 2024 was a disappointment so let me be clear. We did not win two quarters Q2 and Q3, and those two quarters pulled down the expectation from what we anticipated going into 2024 to where we ended. And I apologize for this towards our investors and shareholders. However, we are hopeful. And when we look forward, as you can see, we already here indicate what we expect for 2025. So 2024 ended being back in growth. Nevertheless, a small growth, but a growth. And we see good traction and reasonable good pipeline and backlog for 2025. So our CFO and all our number of people have really been careful when we have done this estimation. We know that we don't want to repeat if we can avoid it what we did last year with downgrade on guidance. So this is something we have spent a lot of time on, and this is how we guide.

On the result, the difficulties of 2024 can be seen in the low profit EBITDA of 27%. But here, I want to also mention because we will look at it later on in the presentation, that actually our net result, we were better than 2023. And that may be counterintuitive, but Kristian will explain how that happened again. So let's move forward. So, Kristian, I'd like you to explain our guidance because we changed a few things in our guidance looking forward. So please go ahead, Kristian.

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### Kristian Wulf-Andersen

*Chief Financial Officer, Trifork Group AG*

Yes. Thank you, Jørn. So what you see here is the overall guidance for 2025 for the Trifork Group with the guidance in revenue, Trifork segment adjusted EBITDA and the Trifork Group EBIT. Overall, these are the expectations that you see here, and we have here to provide also the corresponding margins on the different items. Jørn already talked into the guidance for 2025. Then in relation to the midterm target, then that's, of course, we cannot go through the year 2024 with a flat development and then expect that we will end on net the same results in 2026, which the midterm guidance was covering. So now we have 2024 as the base year in relation to what we guide on midterm. And we have then adjusted to 10% to 15% annual growth, taking into account the difficulties in the current economical environment and still expecting that we can grow in this environment, but that it's not, say, as easy as it would be in a normal environment. So 10% to 15% annual growth, whereas 5% to 10% is organic growth as we see. We haven't changed the expectations to where we will be in relation to margins. So EBITDA and EBIT margins are still the same we guide. And we also still guide on the same approach towards leverage of 1.5% in the period. So that's unchanged as before.

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### Jørn Larsen

*Chief Executive Officer, Trifork Group AG*

Thank you, Kristian, for explaining that. So here we're going through the details of the full year and for the Q4. So first, in Q4, compared to Q4 2023, we see that we are net up by 1.8%. And Q4 2023 was also quite good quarter in that year. I don't know if you remember but that was where we had a lot of healthcare revenue and our extra revenue coming from Switzerland. So it is -- it's good to see that we are actually net up by 2%. Of course, it's not a double-digit number. But nevertheless, it's very nice to see. And when we compare the 12 months, we can certainly see the impact from Q2, Q3 that disappointed. And so we were not able to catch up. So we are down by 0.9% in total. And that's, as I said before, is not satisfactory. But what we see is now we are in a better trend. So also, what I want to highlight is the revenue of 2024 and the adjusted EBITDA and the margin of Q4. So all these

three numbers actually look quite okay. And if we up that with a few percent, it's where we want to head into 2025 and then improve from there. So the basic underlying metrics are healthy.

Let's move on. So, as you know, we are operating in this go-to-market model Inspire, Build and Run. And for Inspire, I will also touch on later. We improved our overall business in Inspire but not as much as we anticipated. So we have continued to optimize the business in Q4 and in going into the New Year. So we know that we will continue to improve the numbers in Inspire. But I want to highlight here that on the last bullet that we are still growing our awareness in the world. We have plus 1 million online subscribers. We are nominated one of the best video channels. And as you can see in this bullet, we are very popular when it comes to inspiring our tech community. And that is, of course, with – I'm very proud that we are able to do that with the limited resources we have ever put into this.

Next. So Build was okay. As you can see, the margins are not quite where they should be. I would like to see the margins go up a little bit and that is reflected in still in Q4 that we have some capacity that was not utilized. Plus, we invest in business development and sales. So this has to continue to kick in before we can improve. And if we then move to Run. So here we have some very good news. And it's good news on multiple levels because -- and a lot -- and a part of our Build is still selling consulting hours to our customers. And a number of the acquisitions that we made over the years have been purely consulting businesses where we sell hours to our customers. And what happened in 2024 was that the unemployment in tech increased, and a lot of companies have to cut down. But also with innovation of AI, where it is anticipated that AI can do a lot of the work that developers can do, and this has the effect that consulting companies need to look for different markets if they want to grow. And we are one of those companies that are looking to increase a different market. And what is the different market? How can we outcompete, you can say, that companies can hire themselves? And where we have to work in this environment, where we have unemployment? And the way we can do that is to sell IP and products. So it is with great pleasure that I see here that I can show you here that we have good margin. We all know that when you do product sales, you have better margins than if you sell ours in the hot market. So the game changer for us going forward is just to keep pushing on our Run to sell products, but also that the services that we have in Build will be on top of our products. So we will bundle, you can say, product revenue and service revenue and thereby, we will eliminate ourselves for some of the competition that you have if you just sell service. Because if you do the bundle, then it's a stronger offering towards the market. And when we sell this bundle to our customers, they save money compared to if they have to develop themselves or with freelancers or consultants.

And so that's the way forward for Trifork. And we call it product-led business, and we will talk more about it a little bit later. What we also saw in 2024 is that we were able to continue our, you can say, the risk of having few big customers. So the customer concentration has developed in a healthy way, although we also can see is that we have a very loyal customer base because when we did the IPO, we still have 18 of our top 20 customers as customers, and I'm very proud about that. And also, I'd like to thank our organization for maintaining a really healthy relationship to our biggest customers. And I can tell you that the two customers that disappeared, they are unfortunately no longer with us. It's simply companies that went out of business. So they didn't stop buying from another place. Main events in Q4 are in Trifork Labs segment and the win in Switzerland for Swiss Post that are – one of the companies that are going to facilitate the whole Swiss population with an electronic patient record and that's the revolution in Switzerland. It's something that in Denmark and in other countries we have had for a long time. Maybe not one. So actually, Switzerland, here they go a little bit forward by setting a foundation for everyone that we can each have a record. In Labs, the big news was the collaboration with an investor into our lab company XCI. So XCI is one of our fastest-growing and best companies in labs, not the only one, but a very good one where we reduced our stake. So it's not like we exited, but we went from 20% shareholding to 14.3%. And that I think is a very strong signal towards XCI, but also very beneficial for Trifork. Let's move on.

So with the organization, we still grew because the people we hire and the people we acquired through acquisitions are core to our future growth. And we are a more lean company now than we were in the mid-summer of 2024. It does take a little time to adjust an organization to have another profile. We also see sick leave down trending. However, I would like to see it going closer to 2% than this 3%. It seems like COVID kind of never ended. We have a higher sick leave now than prior to COVID, unfortunately. And that also cost on margin. With trade shows, we had a very good year in 2024. So never before were we so much, you can say, extroverted and on the scene of big tech conferences. So our local and our case stories were seen by a lot more people in 2024 than ever before. And I'm very happy about that as well. Let's move on.

Also like a proof case we have a number of new case stories in our report. And I hope you will take a look at them, and you can find them all on our trifork.com. But here's one. And this is a very good example of when our lab company that produces products, and we help that product company implement this product at a customer. And this is a customer in the US. So it's one of the biggest companies in America and ranked at 51 on the Fortune 500 by revenue. And it's an energy transfer company. So they transfer things like gas from A to B, and they have thousands of miles of pipes, and they have 8,000 field technicians. So, if you recall, a case story a few years ago from Vestas, this is very much like that. So any company that has assets in the real world and where they have an army of field technicians that needs to maintain these assets for them to work, we can support them with very effective tools. And you see here, Randall, he states that the working with our tools has been a really a positive thing. And the good thing about this company is that they have a very aggressive M&A strategy. So they buy two to three big companies every year. And every time they buy a company, they have more and more field technicians. So this is a very good customer for us. But on top of that, they also want to work with us in other things that we can provide. So this is a good example of this land with some IP, and then you get a lot of service on top of that. Let's move on.

So going into 2024, with all the things that happened in 2024, we had four main strategic priorities, and we have worked very hard through the year with all of these. And as I mentioned already, the optimization of Inspire, we partly succeeded with that, but that's probably the one we were least good at. The one where we are -- where we really have positive trend is our Run business. So not only did we sell more of the IP we already had that were just shown in the case story just before with Energy Transfer. But we also innovated new products. And in the year of 2024, we launched our new Corax AI platform that is very popular in the market, and we have a lot of meetings with customers who want to take advantage of our platform because it's a jungle when you want to work with AI. But if you work with our Corax Data and Corax AI, you have a safe garden where you can utilize the full power of AI no matter where it's from. But you have a very structured way of using AI. And we can also make sure that you execute AI in a very safe environment. So we have GPUs in our service centers. So you -- if you have some very secret stuff you want to use AI on, we can make sure that this information and the data analysis do not leave the premise and that's probably more important than ever before. Two years ago, everyone was just happy to do whatever computing in the public cloud. Today, that's not the case. Let's move on.

So the strategic priorities for 2025, I just want to mention one, but here you can see a number. I want to mention the top one because the top one is to double down on selling more IP, more products, having this IP-first strategy towards the market. And there are many reasons for that. Now, I want to mention another one that I didn't mention before and that is if you have something a customer can really benefit from when they want to do their business. And let me use aviation as an example. So, for more than 10 years, we have been working to develop custom solutions for a number of airlines. But now all these airlines, they need to continue their innovation, but they also need to maintain the whole software stack. And in reality, all these airlines, more or less, have invented the wheel 100 times. We are looking into the top 100 airlines in the world, and we have a good communication with at least 25% of these at present. And we want to expand that more into 2025. And we see that they need the same thing. And they made all these custom platforms, and there is no idea in them to continue to maintain these platforms.

So what we offer is a product suite that can replace the custom-built software that they have. And that's a very good way for us to get our product in, but it's also a very good way for the customers to save a lot of money. And that's a good match. Let's move on.

So here, there are some interesting things because Trifork has always been a company that is very curious about new technologies. And the orange dots are some of these new technologies that we have been following over the years. And still, concept computing is very interesting, and we are still observing and follow it very closely. But what I want to talk about here is GenAI and digital twins because sometimes -- and also spatial computing, sometimes you follow one technology trends. But then when you combine a few of them, then you actually have like almost a superpower. So recently, I was on one of my favorite ride-alongs where I followed the leadership of a company in their production facilities and in the workshops. And I saw a pattern that we are working on now and that is to create digital twins of individual experts. So imagine that a person will have 40 years of experience. And imagine a group of people who have a lot of experience. Imagine that you could create a digital twin like a human or like an artificial copy of these people but in one digital twin. So then less experienced people can access this, you can say, virtual or special person and consult that is what you all are used to do with ChatGPT or whatever you use nowadays. But imagine you can take experience. And because experience today is something that is undocumented on the Internet, so therefore there will never be like a general available AI to ask. But we can build this model if we can capture the experience of people into a digital twin using GenAI and maybe also spatial computing. And we call that assisted work in the field. And that's something we are working hard on to bring to the market in 2025. Let's move on.

So Trifork has always been about a combination of organic growth and M&A. And we made three acquisitions in 2024, and we are very happy with the traction of all of them. And we are working hard to also to find very interesting companies in 2025 and to include in the Trifork Group. Let's move on.

So, as I said, I think, Kristian, you can explain more about the consequences of the development in our lab company -- in our lab group. So, first of all, the book value is up again, and we have some really strong traction in the top 5, but also in the 6 to 10 place in lab. These, as you remember, they are not places one to five. They are random -- randomly ordered but grouped into. And so some of these companies are showing good profit, good growth. And in the combination of all of our lab companies, they actually have more than €100 million in combined revenue. And you know that we don't consolidate that revenue. We only consolidate, you can say, the profit and the dividends from them. And Kristian, I'd like to hand it over to you now because now we see a lot of bars and numbers and you're very good at that.

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## Kristian Wulf-Andersen

*Chief Financial Officer, Trifork Group AG*

Yes. So all details, of course, supplied in the annual report, but I'll just go through some of the details. And as Jørn said here in relation to the lab companies, then last year we started also providing a little bit more inside information and in the average for the top 10 companies, and this is what you see here. So seeing the development in the revenue, as Jørn talked into, but also seeing the development in the margins and in the growth of the companies. Overall what we've done here in the way that we show it to you is that we also then have accounted for our ownership ratio in the different companies. So that's what you see here in the weighted by current lab ownership because, of course, we don't own 100% of all the companies. But overall, you could say the development that we have tried to enrich and to support in general in our lab companies is that instead of just focusing on brand and development of growth, that they also improve profitability. And this is what you see here in this slide, how that has developed the last two years.



Then also, if you look into the annual report, you see that – the number of pages has more than almost doubled compared to last year. And last year, we reported a separate ESG reporting. And this year, we have included the CSRD reporting as required by the legislation in Denmark. So that's why you see a lot of additional pages here. We're happy to report all of this and follow, you could say, the development within CSRD. And there's a lot of things happening right now also in the legislation in EU, etcetera. So how that will be in the coming years? We don't know. But this is the status that we have right here.

So, of course, environment is very important. We have in our past ESG reporting as well reported a lot of this. So what we are focused on in this report is the Scope 1, 2, and 3, meaning there -- and how we want to reduce under different scopes, but very much focused on creating the baseline for following the future transitions that Trifork will live up to in the future. Then on the social part, it's, you could say, business as usual for Trifork. It's like we really are concerned about the employees we have and the well-being of the employees we have. But of course, we can also improve and as a company that does grow, and we believe that we want to grow in the future. We will also do much more in how we support our employees in the future. In relation to governance, of course, we have to live up to governance, but we also improve governance all the time. And here, we also go the next step in relation to actually going to our suppliers, etcetera, and start evaluating our suppliers in relation to not only governance, but also in relation to environmental and emission criteria, etcetera, moving forward.

Overall, if we look back and distribute on quarters, we see as Jørn talked into, that Q4 was once again up compared and here is like just to show a longer trend line with the -- including the quarters. So, overall, positive trend in Q4. But of course, as Jørn also mentioned, we're not happy with the flat development and especially Q2 and Q3 being low in 2024. The Trifork Group and equal to Trifork Segment revenue as we do not include any revenue from any lab companies in what we report, Jørn already talked into. I would just mention here that, of course, this is a mix of the different countries that we operate in and where we saw a negative development in the UK and a more flat development in Denmark, our biggest market. Then we saw a very nice improvement in the US with the 69.9% in Q4 and also for the year, US has been driving new revenue as part of the Trifork Group.

Looking into Trifork Segment performance on EBITDA or adjusted EBITDA, then, for the year, the 13.1% was disappointing overall seen for the year. But improvements in Q4 with the 16.1% was on the right track, you could say. And despite, you could say, the initiatives that we have been doing with the cost saving programs that we launched or communicated about back in November. And some of the cost savings already started saving cost in Q4. So, of course, that's positive. But other initiatives had an increased impact on cost. And this is then a combination. But in the long run, we actually are well off, we believe, in the track of these initiatives and believe this to improve in the coming quarters.

If we look into the Trifork Segment performance and on Inspire, Build and Run, then as Jørn talked into, we were really not satisfied with the development in Q4 in Inspire and that caused us to do some changes. I'll come back to that. And Build, I already talked into. And then Run, the average for the year was 24.5% in EBITDA margin, which was at a satisfying level for the year. The cost saving program, not talked much more into this. It's following the plan, and we still have the same target with the €10 million saving on the same activity level as in 2024. So that's progressing well.

Looking into the Trifork Group performance on EBIT, then it's impacted by the same, you could say, parameters as EBITDA. And the result of that is then an increase – increased margin in Q4 compared to the rest of the year. Overall, if we look into the Trifork Segment and look at the timeline, then what you see here is a positive development in revenue, but negative development on the EBITDA level. Next year, since we have done more actions on Inspire segment here is that most likely we will see a decline in the revenue but an improvement on EBITDA level. So that's the game plan and based on the initiatives that we are now in progress on to lower the

risk on EBITDA. But then maybe also not including as much revenue from this as in the past. And this is just a follow-up here on the quarterly level. So no more comments here. In the Build base segment, in the same way and same way of showing this is the bar showing the revenue and the margins being the light blue here. So we saw the drop in the margins during Q2, Q3, and then now an improvement again in Q4. So we believe that we are on the right track in relation to where to go now. And that is growth starting again. And so this is the way we see this moving forward.

Overall, we here saw more or less the same revenue as in Q4, as last year. So the flat development here and this is from where – so you can say Q2, Q3, we saw a decrease, but now we are at par again in the Build. And then the initiatives that Jørn talked about in relation to supporting the Run-based business with the services here in – additional services in Build, that's the plan for the growth in the future.

The Run-based segment here, we saw a small increase but from being flat to being an increase from 2023 to 2024. But overall, for the year, we saw the decline, the impact that we saw in Q3 but now in a better place. And we saw the margins in Q4 being high. That's to some extent is also the seasonality. So usually, we would see better margins in Q4. But also, overall, for the year, we are satisfied with the margins here. And once again, just to show the historical development to follow the margins over the quarters and to follow up the revenue development. When we're looking into the Run-based segment, we also always look into how it's distributed in relation to our own license support to hosting securities, which are the two most important parts for us. And then we have the third-party licenses and hardware coming on top. So what we see here is that that we have a good trend. We believe now in the two first parts of hosting and security and license support on own licenses. And this is where we focus moving forward.

Then going back to the Labs segment and a little more details here. What you see in the left is the development on EBT, in the lab companies. And we've seen that since 2016 where we had a negative EBT, then we have had a positive EBT in all the years. And this EBT is a combination of realized and unrealized gains. And what we saw in 2024, if we look out to the right, is that we increased the realized gains. So even if we divested or if we impaired some smaller investment, then the positive development, both in realized and unrealized gains in the lab companies that are doing well had the positive impact that you see here. The reason for us to believe that this dual strength or dual strategy of both having a Trifork Segment and Trifork Labs segment is that we believe that this is a more healthy model for us or a good model for us in relation to when looking into the total profit for the company. So where we see here that 2023 and 2024 actually on net income is more or less on par despite that we actually lost business or had a challenges in the Trifork Segment. Then by adding on the positive impact from the Labs segment, then they're equal to be on the same net income level which is positive seen from our part. In 2024, we also acquired some NCIs and that increased the earnings per share as Trifork now – more of the profit in the company now belongs to Trifork shareholders.

Overall on the Trifork Group cash flow and financial position, then we see that the leverage was a little higher in the end of the year. That was, to some extent, due to the delays in receiving exit proceeds from some of our exits. But it's also that we had some large deals just in the end of the year, which cost our amount of debtors, the balance of debtors to be somewhat higher than what we usually see. So end of January, the net debt ratio has already now decreased, so net debt reduced by just about €9 million from December ending and to January ending. Just to then also talking to here that we initiated a share buyback program of €2 million, which will run in the first half of 2025.

And now, we move on to questions.



## QUESTION AND ANSWER SECTION

**Frederik Svanholm**

*Group Investment Director, Trifork Group AG*

A

Thank you, Kristian. Yes, let's start the Q&A session, and I will ask anyone who would like to ask a question to limit themselves to two questions initially and then get back in the queue so that we hopefully give everyone a chance to ask their questions. So, to ask a question, make sure to click the raise hand button. I will announce your name, and then you should unmute yourself and then you can ask your questions. And we will have the first questions from Yiwei Zhou from SEB. Wei, please go ahead.

**Yiwei Zhou**

*Analyst, Skandinaviska Enskilda Banken AB*

Q

Yes. Hi. And thank you for taking my question. I have several questions and I'll do one at a time. Firstly, when looking at the guidance or EBITDA guidance for 2025, it suggests that the €5 million to €10 million absolute EBITDA growth here in the Trifork Segment. And you also mentioned that the cost savings expect to generate a €10 million here also in 2025. In relation to this, I mean, is the guidance here just reflects the caution or I'm missing anything here?

**Kristian Wulf-Andersen**

*Chief Financial Officer, Trifork Group AG*

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Well, in relation to the guidance and, of course, you can always be very optimistic and say everything will go right or you can look into 2024 and see what happened there. And so, of course, I mean, we trust that the cost saving program will turn out as we expect and, in the end, give an annual saving of €10 million. But on the other hand, we also know that part of that is not taking effect until maybe midyear, etcetera. And we also know that in order to initiate that program, we have some costs initially in the year, some was carried in 2024, some was carried here initially in the year, which is additional cost. But we do see that the majority of effect to kick in in 2025 and in the guidance that we have.

That said, in relation to, you could say, we also see that we need to continue to invest in business development as we also communicated earlier or during 2024. And we do see improvement, you could say, as Jørn also said, in relation to the pipeline and improvements in the pipeline, etcetera, but we still believe that we need to invest even more there. So depending on how fast that kicks in, you can say that the impact from those investments potentially, you could say – you could then say whether it's cautious or if it's optimistic or conservative. Then you'd say that's the reality we're looking into. So we believe it's a solid guidance for what we can achieve in 2025.

**Yiwei Zhou**

*Analyst, Skandinaviska Enskilda Banken AB*

Q

Okay. Is it possible for you to elaborate a bit more on the amount of the special items of severance payments here in 2024 and also your expectation for the special items here in 2025? I know you have not sort of separated as one line, but if you can help me understand.

**Kristian Wulf-Andersen**

*Chief Financial Officer, Trifork Group AG*

A

I think you could say if we do too much in that -- I mean, we rather would like to see this as an ongoing part of the business because we also see that moving on, that we, from time to time, will have to adjust the organization, you

could say. And as Jørn talked into, then we see there is a change in the market to how we can sell and how we should sell. So meaning that the competencies or and the services that we provide to our customers in the past might not be the same as in the future. So we have been transforming in 2024. But if that is, you could say, a one-off and special item, that way we believe it's better to keep it as part of the business and then included in the guidance.

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**Yiwei Zhou***Analyst, Skandinaviska Enskilda Banken AB***Q**

Okay. Okay. Thanks. And then the next question is on the Danish private segments. You had a double-digit growth here in Q4. Could you elaborate a bit on which business lines or customer vertical have driven the growth here? And also, on the public segments here in Denmark, as I recall, that you had some nice contract wins, framework wins here in the summertime. But in Q4, performance of yours was somewhat muted. Is there any sort of change here in the market dynamics or the cost of activities here?

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**Jørn Larsen***Chief Executive Officer, Trifork Group AG***A**

Maybe I can start answering, Kristian, so you can chip in. But you started talking about the private sector. And what I see clearly is a shift from manufacturing into other kind of businesses, such as trading companies, financial banks, etcetera. And not surprisingly, because, as you know, the banks has benefited from the rising interest rates. And so we were, you can say, negative impacted when the interest rate were low. But we are, on the other hand, positively impacted now that they are higher, okay? But also trading, so trading of various things, energy trading. You know in the past years in the world, there has been a lot of changes in energy prices. And when there are big changes in that, there will be companies that specialize in optimizing their business or benefiting – profiting from that. And some of these companies have been very successful and now need more structured systems that might also be regulated. So they are preparing for those situations. We are helping them with that. And these energy trading companies are also heavy on data because it's a lot of trades, a lot of exchanges they trade on. They use a lot of different banks. And all that we can help with, you can say, getting lower risk and better dashboarding, better monitoring of that kind of business.

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**Yiwei Zhou***Analyst, Skandinaviska Enskilda Banken AB***Q**

Okay. Thank you. And to my last question. I'll jump back to queue and give opportunity to others. And you also mentioned here you're seeing the opportunities here in the cyber protection business. And as I recall that you also are underway to divest this business. Don't you see that the change of the ownership or external investors were as of impact here to capitalize this opportunity?

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**Jørn Larsen***Chief Executive Officer, Trifork Group AG***A**

Yeah. I think that if I have to mention just one, you can say downside of being a listed company where you might – where we feel the pressure from types -some guys like you and investors to do strong performance from quarter to quarter. I think that this type of business that we foresaw like five, seven years ago would be trending up. And then a year ago, we saw that the market was lagging behind our expectation. And then you were like, well, that's not good driver. Why did you do that? And then we said, okay, we have to do something about that. We might have to divest this business. And now, as the world has been moving into being much more in need for cyber protection and also bringing things to Europe. And so, now, we saw at the end of the year that that security for us and security operation center was in higher need finally because we were betting on the right trend, but our timing was not right. So, of course, we constantly need to readjust what we want to do and balance the quarter-to-

quarter numbers by the long trend potential. So that's what I can say about that now. So in just 12 months, that change is quite radically from our side, what we saw in the...

**Kristian Wulf-Andersen**

*Chief Financial Officer, Trifork Group AG*

A

Yeah. And what we can say is that we had a good trend in the last part of the year. So that part of the business actually then became breakeven where we -- in last year saw more investments in that area. So that's a positive trend, you could say. And of course, as Jørn was saying, then we want to do what makes sense to our investors in the end and how we create the highest, you could say, profit in the end, whether it's Danish divesting or it's keeping or whatever. This is an ongoing process. So in the guidance we have for 2025, we have not included any divestments or any new potential acquisitions. So that's how you should look at that into the guidance.

**Yiwei Zhou**

*Analyst, Skandinaviska Enskilda Banken AB*

Q

Okay. Just want to clarify. We cannot rule out that you...

**Frederik Svanholm**

*Group Investment Director, Trifork Group AG*

A

Sorry, Wei -- Wei, sorry, but it's difficult to counter, too, I'm sure. But we have a long list of other people in the line. So if I can ask you to step back in the queue, and then we will take question from the other people.

**Yiwei Zhou**

*Analyst, Skandinaviska Enskilda Banken AB*

Q

Yeah, this was my last question as I said.

**Frederik Svanholm**

*Group Investment Director, Trifork Group AG*

A

Thank you so much. Welcome.

**Yiwei Zhou**

*Analyst, Skandinaviska Enskilda Banken AB*

Q

Thank you.

**Frederik Svanholm**

*Group Investment Director, Trifork Group AG*

A

Then we will take the next questions from Mikkel Rasmussen from ABG. Mikkel, please go ahead.

**Mikkel Kousgaard Rasmussen**

*Analyst, ABG Sundal Collier ASA*

Q

Yeah. Thank you Jørn and Kristian for the presentation. So just two from my side. I'll take one by one. First one goes to the license sales, which you saw being delayed from 2024 into 2025. I was just curious to see if you could actually elaborate on whether these have already been recognized so far in Q1 or is there still some uncertainty regarding these licenses?

**Kristian Wulf-Andersen**

*Chief Financial Officer, Trifork Group AG*

So, I mean, that's, of course, Q1, Q1 numbers you're talking about now. So I guess we cannot say exactly, but just say that what we communicated earlier is still valid.

A

**Mikkel Kousgaard Rasmussen**

*Analyst, ABG Sundal Collier ASA*

Sure. Second one goes to guidance for the year. I just noticed that it's still quite narrow. And looking at your guidance history, last four years only landed within the initial guidance range on the top line one time. So just curious to see or to hear what's your assumptions here? If it's sort of valid to say that the lower end of the sales guidance is more conservative and the higher end is optimistic? And also, maybe elaborate a bit on the revenue visibility backlog because you had quite short -- short duration IT contracts compared to some of your peers at least.

Q

**Kristian Wulf-Andersen**

*Chief Financial Officer, Trifork Group AG*

Yeah. I mean, since we don't disclose any backlog information, we can say, as Jørn said, that we are building up the pipeline and that we are now at a much better place than we have been ever before in relation to the pipeline. In relation to if guidance is more conservative or optimistic in the high end, I mean, that's more or less maybe answered by the answer to one of the other questions that I just -- did just before. So I think we guide here what we believe is a, you could say, conservative and trustworthy from us from our side.

A

**Mikkel Kousgaard Rasmussen**

*Analyst, ABG Sundal Collier ASA*

Okay. That's all I want to hear. Thank you so much.

Q

**Frederik Svanholm**

*Group Investment Director, Trifork Group AG*

Thank you, Mikkel. And our next questions will come from the line of Poul Jessen from Danske Bank. Poul, please go ahead.

A

**Poul Ernst Jessen**

*Analyst, Danske Bank A/S*

Yes. Thank you. Two question. One is just to be certain about the cost cutting. You are reducing the cost annualized by €10 million. How much of that did we see in Q4 already? And then secondly, the run rate is then €10 million by mid-next year or is that a total €10 million impact from, sorry, from [indiscernible] (00:51:48)?

Q

**Jørn Larsen**

*Chief Executive Officer, Trifork Group AG*

Maybe I can answer from an overview. And so...

A

**Frederik Svanholm**

*Group Investment Director, Trifork Group AG*

Poul, can you please mute yourself while Jørn is speaking? Thank you.

A

**Jørn Larsen**

*Chief Executive Officer, Trifork Group AG*

A

Okay. So thank you for the question, Poul. I'm sure Kristian will have some comment as well. But as I see it, a few of the cost savings have effect in Q4, such as my reduction in my personal pay that goes immediately and my colleagues in the leadership did the same. But a lot of the other cost savings, they actually come with an extra cost in the beginning. And also, when you want to move from a big office to a smaller office, then you actually also have double cost. And as you know, the EBITDA mechanism we have in IFRS also have a somehow a negative impact on that initially. And as Kristian already said, we will be at midyear before the office reduction cost actually kicks in. So we will have to be in Q3, Q4 before we see the full impact on the cost saving.

**Kristian Wulf-Andersen**

*Chief Financial Officer, Trifork Group AG*

A

And I can just add, maybe Jørn should be the CFO because he said more or less what I would say.

**Poul Ernst Jessen**

*Analyst, Danske Bank A/S*

Q

Okay. And that means that the total cost savings aggregated for 2025 will be less than €10 million?

**Jørn Larsen**

*Chief Executive Officer, Trifork Group AG*

A

Yes.

**Poul Ernst Jessen**

*Analyst, Danske Bank A/S*

Q

Okay. And the extra cost you talk about will be reported as ordinary and not a special item.

**Kristian Wulf-Andersen**

*Chief Financial Officer, Trifork Group AG*

A

Yes, that's right.

**Poul Ernst Jessen**

*Analyst, Danske Bank A/S*

Q

Then to the performance. Now, you once a year give the split on the customers on size. You have – the largest one is down 17%. The next nine is down 25%. Is that one or two customers driving that is equally split or – and then the growth that you then have on from customer number 21 and onwards, is that because you are signing up new clients or selling into existing smaller clients?

**Jørn Larsen**

*Chief Executive Officer, Trifork Group AG*

A

I can start by saying that, Poul, we have a lot more customers now than we had a year ago. And when we start doing IP sales to a customer, it typically starts small because a lot of the licenses and the way we do business will increase by when they implement and the number of users on a platform. And the usage, it could be also volume of data and other things. So we will see a number of smaller customers in the beginning that will grow gradually over time. Back to the story I had with Energy Transfer in the US, they have onboarded half of the 9,000 or something like that, and then their cap on the first is 9,000, but then when they buy more businesses, then they onboard more seats, you can say on the system. But also, if we sell more systems to them, more IP to them, then

that will grow as well in two dimensions, you know. So it starts with a number of new customers, and then they will mechanically grow.

**Frederik Svanholm***Group Investment Director, Trifork Group AG*

A

I can maybe also just add a little bit of color to your question specifically on the top 10 and 20, Poul. And first of all, the number one customer is a Danish public customer, and it actually consists of several sort of different engagements. So we don't see that, as you know, one engagement per se. So it's hard to sort of conclude necessarily on the dynamics underlying there. And as you saw on the top 10 and 20 slides that Kristian and Jørn showed earlier. These customers as well that Jørn talked about, I mean, it's a couple of customers where we can see the revenue contribution has declined in 2024 in there. But in terms of the revenue from the remaining companies in the top 10 and 20, there's no sort of significant decline as such. This is more in line with, you can say, the revenue picture we see we see across the group.

**Poul Ernst Jessen***Analyst, Danske Bank A/S*

Q

And those reducing, is it that because that projects has come to an end or is it because they are in the cost savings mode themselves or has left...

**Frederik Svanholm***Group Investment Director, Trifork Group AG*

A

We have obviously talked a lot about that earlier in the year and both on these calls and in the report. And then in terms of, you can say, the overall engagements in the top 10 and 20, they are, you can say, that there's nothing you can infer about that. Actually, their concentration is also a result of business development across the group below the top 10 and 20, right? And there we have been quite successful landing new customers in 2024.

**Poul Ernst Jessen***Analyst, Danske Bank A/S*

Q

Okay. Thank you.

**Frederik Svanholm***Group Investment Director, Trifork Group AG*

A

Thank you, Poul. Next question comes from Mads Quistgaard from Carnegie. Mads, please go ahead.

**Mads Quistgaard***Analyst, Carnegie Investment Bank AB (Denmark)*

Q

Yeah. Thank you for taking my questions. I also have two. So, first, Jørn, you mentioned some initiatives on how to improve the performance in the public sector. Could you maybe elaborate on the initiatives you're going to launch in 2025?

**Jørn Larsen***Chief Executive Officer, Trifork Group AG*

A

Yes. I mean, back to COVID, it's not long ago and there we were flat out hiring everyone we could get a hold of. And if you remember, it was really difficult to hire, but our customers were buying because of necessity everything they could from us. And we delivered everything we could to mainly the business area of the public sector and healthcare. And so we didn't really have any energy in the organization to serve maybe the 90% other public



customers. Now, that's different. So now we have a strong appetite to grow our muscle into delivering to public. And one agenda point I have is that I think the public sector in general should reuse a lot more than they do because a lot of agencies and customers they develop their own technology on different technology stacks. And I think there is a lot for them to win by sharing technology across. So in this way, we hope to be -- to help to reduce the budget demand for the public sector, getting the same functionality.

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**Mads Quistgaard***Analyst, Carnegie Investment Bank AB (Denmark)*

Q

Very clear. Thank you. Then maybe on the US. Very strong growth in the quarter. I also note that this is impacted by acquisitions, but could you maybe just explain what is starting to work in the US or what has been the main driver in the US in the quarter at least?

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**Jørn Larsen***Chief Executive Officer, Trifork Group AG*

A

Yeah. So that is a number of product areas. So, in the US, we have reduced, you can say, catalog of service and products. So Karan and his team has selected a few, what we call, streamlines and that's major computing. It's Arkyn and it's Vision AI and it's AI. And for those we are quite successful building pipeline and also making contracts and backlog from the pipeline. So it's mainly these four or five areas that we are focusing on in the US.

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**Mads Quistgaard***Analyst, Carnegie Investment Bank AB (Denmark)*

Q

So all the leads you had in the US in the past, they're starting to convert into actual...

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**Jørn Larsen***Chief Executive Officer, Trifork Group AG*

A

Yes.

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**Mads Quistgaard***Analyst, Carnegie Investment Bank AB (Denmark)*

Q

...contracts now?

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**Jørn Larsen***Chief Executive Officer, Trifork Group AG*

A

Yes.

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**Mads Quistgaard***Analyst, Carnegie Investment Bank AB (Denmark)*

Q

Okay. Thank you.

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**Frederik Svanholm***Group Investment Director, Trifork Group AG*

A

Thanks for your question, Mads.

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**Frederik Svanholm***Group Investment Director, Trifork Group AG*

And thanks for all the questions from the analysts. And to anyone listening in, thanks for your time. We will close it here and hope to see you guys around soon. Have a nice day.

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