

## Trifork Group reports -0.8% revenue growth in the core business, adjusts full year-outlook, and targets around EURm 10 in annual cost savings to improve margins

### CEO Jørn Larsen comments on the third quarter:

*"2024 has proven to be one of Trifork's most challenging years. The private sector business environment for many of the services we provide remained difficult and unpredictable through the third quarter, but we cannot only blame the market. Some of our units have struggled to secure new customers or new engagements with existing customers. This will be fixed, based on the ways of working of our well-performing units.*

*We underestimated the negative margin impact from persistently lower-than-expected revenue growth throughout the year. In response, we will now extend our cost savings program with the aim to reduce overall annual cost by around EURm 10. We will introduce a 10% cut in selected management remuneration led by myself and our CFO, make further rightsizing in low-performing units, and reduce other costs until we see an improved market situation. Reducing our workforce in certain units is a necessary but difficult decision that weighs heavily on me and our business unit leaders and we will work closely together to make the right decisions. We do not know when a market improvement will materialize, but with a broader customer network and pipeline than ever before, we are prepared to capitalize when it does, at which time we aim to return to double-digit growth with a double-digit EBIT margin.*

*These challenges in parts of the organization are offset by many positive developments too. Our Public sector business, accounting for 39% of revenue, is back on track with healthy growth and a robust pipeline. Our strategic focus on the U.S. market is also yielding results, with solid growth and a promising pipeline for 2025. US revenue increased by 56% in Q3 and 29% in the first nine months compared to the same periods in 2023. Additionally, our Run business is building momentum for recurring revenue growth, and our new office in Oman is off to a strong start, powered by our proprietary platforms. Finally, our most valuable companies in Trifork Labs are performing very well."*

### Third quarter 2024

- **Trifork Group**

- In Q3 2024, Trifork Group revenue amounted to EURm 47.1, a net decline of -1.8% from Q3 2023, the combined result of an inorganic growth of 4.9% and an organic decrease of 6.8%. In the quarter, Trifork had EURm 0.5 less revenue from the more volatile and non-core hardware and third-party licenses compared to Q3 2023. Adjusted for this, Group revenue growth was -0.8% in Q3 2024.
- Trifork Group adjusted EBITDA amounted to EURm 5.3, corresponding to 11.3% margin. No special items were recorded.
- Trifork Group EBIT amounted to EURm 1.1, corresponding to 2.4% EBIT margin.
- Trifork Group net income amounted to EURm 1.6.

- **Trifork Segment**

- In Q3 2024, adjusted EBITDA in the Trifork Segment amounted to EURm 5.8 (Q3 2023: EURm 7.0). The adjusted EBITDA margin was 12.3% (Q3 2023: 14.5%).
- Sub-segments
  - Inspire revenue increased by 11.6% to EURm 0.8 and realized an adjusted EBITDA of EURm -0.6 (Q3 2023: EURm -0.9).
  - Build revenue declined by -2.9% to EURm 34.5 and realized an adjusted EBITDA margin of 11.3% (Q3 2023: 18.5%).
  - Run revenue increased by 2.2% to EURm 11.7. Adjusted for volatile and non-core hardware and third-party licenses, revenue growth was 8.4%. The adjusted EBITDA margin was 33.5% (Q3 2023: 23.2%).

- **Trifork Labs**

- In Q3 2024, fair value adjustment of Trifork Labs investments was EURm 1.7. The book value of all minority investments was EURm 75.4 at the end of the quarter. EBT from Trifork Labs was EURm 2.1 in the quarter.

### **The financial outlook for 2024 is adjusted as follows:**

- Revenue is expected in the range of EURm 205-208 (previously EURm 215-220) equal to -1.4 to 0.0% growth. The revised revenue guidance is explained by lower revenue expectations in the fourth quarter, including around EURm 7 (license and hardware sales) in revenue on already agreed engagements now delayed to 2025.
- Adjusted EBITDA in Trifork Segment is expected in the range of EURm 25-27 (previously EURm 31-34). The revised guidance on adjusted EBITDA in Trifork Segment is explained by the lower revenue outlook and the additional costs of reorganizations in Q3 and Q4.
- EBIT in Trifork Group is expected in the range of EURm 8-10 (previously EURm 14-17).
- As the planned transaction in our managed security services is not yet to be closed, we have excluded any potential effect from its potential deconsolidation in the guidance. We expect a positive effect between EURm 3-5 on unadjusted EBITDA and EBIT when the process is completed.

### **Main events in the third quarter of 2024**

- **Inspire**

Q3 is seasonally a quarter with low conference activity. Hence, the conference activities in the quarter were primarily focused on preparing for GOTO Copenhagen and GOTO Chicago in October. The online GOTO universe continued to grow in with 1.9 million combined views on YouTube and Instagram in Q3, and 74.6 million views in total. At the end of the quarter, we had 1.0 million subscribers. We are continuously sharpening our planning of events and have optimized our cost structure through the year. The improved earnings momentum continued in Q3, and in the first three quarters Inspire improved EBITDA with EURm 0.8 compared to the same period last year.

- **Build**

Build revenue declined by 2.9% compared to the same quarter last year. The weakness came primarily from the private sector, which accounted for 61% of revenue. Corporates continued to take a cautious approach to IT spending in light of the global economic uncertainty, geopolitical uncertainty, and higher interest rates compared to previous years. The continued low activity from private sector customers has been particularly visible in UK, whereas our private sector engagements in the US displayed comparatively better

performance. Danish public revenue grew 15% in Q3 compared to the same quarter last year. After a soft start to the year with disruptions to existing customer engagements, our Danish Public business has gained momentum with several key wins and ramp-up of delivery on existing framework agreements won in previous quarters and years. Public wins in Q3 included The IT and Development Agency at the Danish Ministry of Taxation as well as The Danish Business Authority.

- **Run**

Revenue in Run increased by 2.2% in Q3 compared to the same quarter last year. Our Cloud Operations business has built a solid sales pipeline supported by our new Contain cloud product offering. This is driven by both public and private customers. As announced in Q2, our managed services security business is in discussion with potential strategic partners in order to accelerate growth and market share. Our Splunk services gained momentum in Q3 with key customer wins and a new product offering for SME's compliance with NIS2 cyber regulation.

- **Trifork Labs**

In Q3, Trifork Labs completed no new investments or exits. One Labs company completed an internal financing round. Activities in the quarter primarily included reviewing investment proposals from new investors in individual Labs companies. The most valuable companies in Trifork Labs are performing to a satisfactory degree. Dividends of EURm 0.2 were received in the quarter.

## **Results presentation**

Trifork will host a results presentation and Q&A session with CEO Jørn Larsen and CFO Kristian Wulf-Andersen today, 1 November 2024 at 11:00 CET in a live webcast that can be accessed via the following link, or via the investor website:

<https://trifork.zoom.us/j/96731822513?pwd=NW1HUxyhyL8sUfP7pCpymC9vOsDpNe.1>

A recording will be made available on our investor website. More information can be found at <https://investor.trifork.com/events/>.

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## **About Trifork Group**

Trifork is a pioneering global technology partner, empowering enterprise and public sector customers with innovative solutions. With 1,278 professionals across 76 business units in 15 countries, Trifork delivers expertise in inspiring, building, and running advanced software solutions across diverse sectors, including public administration, healthcare, manufacturing, logistics, energy, financial services, retail, and real estate. Trifork Labs, the Group's R&D hub, drives innovation by investing in and developing synergistic and high-potential technology companies. Trifork Group AG is a publicly listed company on Nasdaq Copenhagen. Learn more at [trifork.com](https://trifork.com).