INTERIM REPORT FOR TRAINERS' HOUSE GROUP 1 JANUARY – 31 MARCH 2016

Trainers' House posted an excellent result for the first quarter of 2016.

January – March 2016 in brief (the figures refer to the company's continuing operations)

- Net sales amounted to EUR 2.2 million (EUR 1.8 million), which is 24.0% higher in comparison with the corresponding period in the previous year.
- Operating profit (EBIT) before non-recurring items was EUR 0.6 million (EUR 0.1 million), or 26.4% of net sales (3.7%).
- Operating profit was EUR 0.6 million, or 26.4% of net sales (EUR -0.2 million, -10.7%).
- Cash flow from operating activities was EUR 0.4 million (EUR -0.0 million).
- Earnings per share were EUR 0.00 (EUR -0.00).

Key figures at the end of the first quarter of 2016

- Liquid assets totalled EUR 1.8 million (EUR 1.6 million).
- Interest-bearing liabilities amounted to EUR 1.4 million (EUR 7.1 million), and interest-bearing net debt totalled EUR -0.3 million (EUR 5.5 million).
- Net gearing was -5.1% (296.8%).
- The equity ratio was 60.0% (14,9%).

OUTLOOK FOR 2016

The company anticipates that the economic climate will remain difficult in 2016. Due to the nature of the business, the company's order book only stretches a few months forward. For these reasons, the outlook for the future contains a high degree of uncertainty.

In the remainder of the year, the company will invest in enabling stronger growth, which will lead to higher costs. For this reason, the company expects profitability for the remainder of the year to weaken in comparison with the first quarter. A large amount of the costs will be incurred during the second quarter. The company expects operating profitability for the whole of 2016 to remain the same or improve slightly on 2015.

REPORT OF ARTO HEIMONEN, CEO

The results were pleasing.

In 2015, Trainers' House turned its business around. Our positive growth became stronger in the first quarter of 2016.

The company's operating result before non-recurring items improved by EUR 0.5 million in the review period in comparison with the corresponding period in the previous year. Sales of customer projects also clearly surpassed sales figures in the first quarter of 2015. The Group's cash balance also became stronger.

The Group had more liquid assets than interest-bearing liabilities at the end of the review period. The equity ratio increased to 60%. Overall, the execution of the corporate restructuring programme continued in good collaboration with stakeholders.

The operating profit of EUR 0.6 million for the first quarter was exceptionally high. Net sales were strengthened considerably by successful sales in the last quarter of 2015. Additionally, the earlier dissolution of provisions for expenses had the effect of improving operating profitability in Q1/2016 by EUR 0.2 million.

The remainder of the year may be challenging due to international uncertainty, weak growth prospects for the Finnish economy, the cautious approach of customer companies towards investments and the project-based and seasonal nature of the company's business. Additionally, the company is investing in tools for realising change. The company is also opening a new marketing services unit in Oulu and continuing to recruit new personnel. In the short term, the aforementioned factors will have a significantly negative overall effect on the company's profitability.

The key reasons for the turnaround in the business are proven customer results, reduced costs thanks to the solution implemented in 2015 in relation to the company's office premises, improvements in the company's reputation towards the end of the year and good sales work.

In 2016, the company will continue to do determined work to fulfil the obligations of the corporate restructuring programme. The company has also shifted its focus towards growth.

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REVIEW OF OPERATIONS

The focus of the first quarter of 2016 was completing the customer projects that were sold at the end of the previous year. The personnel pulled out all the stops to ensure first-rate customer results.

During the reporting period, the company paid one of its biannual instalments to reduce its debt in accordance with the corporate restructuring programme. Despite this, the Group's cash balance became stronger.

In the first quarter, the company began a project to develop tools for realising change. During the reporting period, the company also produced content for a digital sales training programme and made preparations to launch the product during the second quarter.

FINANCIAL PERFORMANCE

Net sales for the reporting period were higher than in the previous year. Operating profit before non-recurring items and the overall result also improved in comparison with the previous year.

Net sales from continuing operations during the reporting period came to EUR 2.2 million (EUR 1.8 million). Operating profit (EBIT) from continuing operations before non-recurring items was EUR 0.6 million, or 26.4% of net sales (EUR 0.1 million, or 3.7 %). Operating profit from continuing operations was EUR 0.5 million or 20.6% of net sales (EUR -0.3 million, -14.1%).

Result

The comparative figures used for reporting on operating profit include the reported operating profit as well as operating profit before non-recurring items (EBIT). According to the company's management, these figures provide a more accurate view of the company's productivity.

The following table itemises the Group's key figures (in thousands of euros unless otherwise noted):

	1-3/2016	1-3/2015
Net sales	2,250	1,814
Expenses:		
Personnel-related expenses	-1,217	-1,004
Other expenses	-437	-707
EBITDA	595	104
Depreciation of non-current assets	-2	-37
Operating profit before non-recurring items	593	67
Non-recurring items *)		-261
EBIT	593	-194
% of net sales	26.4	-10.7
Financial income and expenses	-8	-61
Profit/loss before tax	585	-256
Tax **)	-121	1
Profit/loss for the period	464	-255
% of net sales	20.6	-14.1

*) Non-recurring items in 2015 include expenses related to the codetermination negotiation and the corporate restructuring programme.

**) The tax included in the income statement is deferred. Taxes recognised in the income statement have no effect on cash flow. On 31 March 2016, the company's balance sheet included deferred tax assets from losses carried forward in the amount of EUR 0.3 million. The deferred tax assets will expire between 2019 and 2024.

The following table itemises the distribution of net sales from continuing operations and shows the quarterly profit/loss from the beginning of 2015 (in thousands of euros):

	Q115	Q215	Q315	Q415	Q116
Net sales	1814	1792	1289	2002	2250
Operating profit before non-recurring items	67	-64	6	332	593

Operating profit	-194	-1782	6	332	593

LONG-TERM OBJECTIVES

The company’s long-term objective is profitable growth.

FINANCING, INVESTMENTS AND SOLVENCY

On 2 September 2015, Espoo District Court approved the restructuring programme filed by Trainers’ House Plc. The payment programme will last approximately four years, ending in 2019. As a consequence of the corporate restructuring programme, the Group's external debt decreased from approximately EUR 9.1 million to approximately EUR 2.5 million.

Secured debt

When Trainers’ House Oy and Satama Interactive Plc merged, a loan agreement was made with a value of EUR 40 million. The loan capital outstanding at the end of the 2014 financial period – EUR 1.7 million – is entirely restructured debt. The company will repay its remaining debt in full in accordance with the approved payment programme. Payments will be made twice per year. At the end of the period, EUR 1.3 million of loan capital remained outstanding.

Lowest priority debt

The company has a subordinated loan worth EUR 0.1 million. The interest rate of the subordinated loan is 3.0% until 31 December 2016. The interest is capitalised at the end of each year. From 1 January 2017, a cash interest payment of 5.0% will be made subject to the availability of distributable assets. The capital loan will mature on 31 December 2018.

Cash flow and financing

Cash flow from operating activities before financial items totalled EUR 0.4 million (EUR -0.0 million), and after financial items EUR 0.4 million (EUR -0.0 million).

Cash flow from investments in the period under review totalled EUR -0.0 million (EUR 0.0 million). Cash flow from financing came to EUR -0.2 million (EUR -0.0 million).

Total cash flow amounted to EUR 0.2 million (EUR -0.0 million).

On 31 March 2016, the Group’s liquid assets totalled EUR 1.8 million (EUR 1.6 million). The equity ratio was 60.0% (14.9%). Net gearing was -5.1% (296.8%). At the end of the period under review, the company had EUR 1.4 million of interest-bearing debt (EUR 7.1 million).

Financial risks

The fulfilment of the company’s obligations under its financing agreements requires profitability in the company's business operations and the ability to make timely payments in accordance with the corporate restructuring programme.

Interest rate risk is managed by covering some of the risk with hedging agreements. A bad-debt provision, which is booked on the basis of ageing and case-specific risk analyses, covers risks to accounts receivable.

Liquidity remains the key focus of financial risk management.

SHORT-TERM BUSINESS RISKS AND FACTORS OF UNCERTAINTY

Risks in the company’s operating environment have remained unchanged. On account of the project-based nature of the company’s operations, the order life cycle is short, which makes it more difficult to estimate future developments. Long-term visibility remains limited due to the general economic situation. The company's financial situation is critical and taking care of the company's liabilities under the corporate restructuring programme requires the company to improve the profitability of its business operations. The company's operations are also tied to personnel.

Short-term risks

The goodwill, other intangible assets and deferred tax assets recognised in the balance sheet were re-tested for impairment at the end of the quarter.

Trainers’ House Plc’s consolidated balance sheet now contains EUR 1.7 million of goodwill. The balance sheet value of trademarks is EUR 6.1 million. If the company’s profitability should fail to develop as predicted, or if external factors beyond the company’s control, such as interest rates, should change significantly, there is a risk that some of the Group’s goodwill and other intangible assets may have to be written down. Such a write-down would not affect the company’s cash flow.

At the end of the period under review, the consolidated balance sheet contained deferred tax assets from losses carried forward in the amount of EUR 0.3 million. The deferred tax assets will expire between 2019 and 2024.

Risks are discussed in more detail in the annual report and on the company’s website, at www.trainershouse.fi – Investors.

PERSONNEL

At the end of March 2016, the Group employed 87 (66) people.

DECISIONS REACHED AT THE ANNUAL GENERAL MEETING

The annual general meeting of Trainers’ House Plc was held in Espoo on 23 March 2016.

In accordance with the proposal of the Board of Directors, the Annual General Meeting decided that no dividend would be paid for the 2015 financial period and that the profit for the financial year as reported in the parent company’s financial statements would be recognised in profit or loss. The Annual General Meeting also decided that the premium fund would be decreased by EUR 494,539.16 to cover the company's cumulative losses and the invested non-restricted equity fund would be decreased by EUR 36,461,365.15 to simplify the structure of the parent company's balance sheet. Following these deductions, both funds have been used in full. Following all of the proposed measures, the company's retained earnings are EUR -1,512,503.58 plus the profit of EUR 604,019.85 for the 2015 financial period, making EUR -908,483.73.

The annual general meeting adopted the company’s financial statements and discharged the CEO and the members of the Board of Directors from liability for the period from 1 January to 31 December 2015.

It was confirmed that the Board of Directors shall consist of three (3) members. Aarne Aktan, Jarmo Hyökyvaara and Jari Sarasvuo were re-elected as members of the Board of Directors. In its assembly meeting held after the AGM, the Board of Directors elected Aarne Aktan as the Chairman of the Board.

The Annual General Meeting decided on a monthly emolument for each Board member of EUR 1,500 and of EUR 3,500 for the Chairman of the Board.

Ernst & Young Oy were elected as the company’s auditors. Auditor’s fees are paid on the basis of a reasonable invoice.

It was decided to authorise the Board of Directors to decide on a share issue and on the granting of special rights entitling holders to shares on one or more occasions. The number of shares to be issued on the basis of the authorisation may not exceed 13,000,000. The authorisation also includes the entitlement to decide upon a share issue to the company itself on the condition that the number of treasury shares held by the company following the issue is no more than one tenth (1/10) of all of the shares in the company. The Board of Directors decides upon the terms and conditions of share issues and on the granting of special rights entitling holders to shares as referred to in Chapter 10, Section 1 of the Limited Liability Companies Act. Share issues and the granting of other special rights entitling holders to shares as referred to in Chapter 10, Section 1 of the Limited Liability Companies Act may take place in deviation of the shareholders' pre-emptive subscription rights (a private placement). This authorisation overrides previous authorisations concerning share issues and grants of other special rights entitling holders to shares. The authorisation shall remain in force until 30 June 2019.

SHARES AND SHARE CAPITAL

The shares of Trainers’ House Plc are listed on Nasdaq Helsinki Ltd under the symbol TRH1V.

At the end of the period under review, Trainers’ House Plc had issued 106,737,062 shares and the company’s registered share capital amounted to EUR 880,743.59. The company does not possess any treasury shares. No changes took place in the number of shares or share capital during the period under review.

Share performance and trading

During the period under review, a total of 16.2 million shares, or 15.2% of the average number of all company shares (5.0 million shares or 7.4%), were traded on the Helsinki Exchanges for a value of EUR 1.6 million (EUR 0.2 million). The period’s highest share quotation was EUR 0.14 (EUR 0.04), the lowest EUR 0.07 (EUR 0.02) and the closing price EUR 0.14 (EUR 0.04). The weighted average price was EUR 0.10 (EUR 0.04). At the closing price on 31 March 2016, the company’s market capitalisation was EUR 14.9 million (EUR 2.7 million).

PERSONNEL OPTION PROGRAMMES

Trainers’ House Plc has two option programmes for its personnel, included in the personnel’s commitment and incentive scheme.

The company’s Board of Directors decided on 5 August 2013 to adopt a new option programme under the authorisation of the Annual General Meeting on 21 March 2012. The number of option rights granted shall not exceed 7,500,000, and the option rights shall entitle their holders to subscribe for no more than 7,500,000 new shares or treasury shares in total. 2,500,000 of the converted shares will be under the warrant 2013A and the subscription period for the converted shares is from 1 January 2015 to 1 January 2018. 2,500,000 of the converted shares will be under the warrant 2013B and the subscription period for the converted shares is from 1 January 2016 to 1 January 2018. 2,500,000 of the converted shares will be under the warrant 2013C and the subscription period for the converted shares is from 1 January 2017 to 1 January 2018. The subscription price for each warrant is EUR 0.09. A total of 5.0 million options were granted to the personnel. A total cost of EUR 0.0 million has been expensed for the 2016 financial year for the options.

The company’s Board of Directors decided on 18 December 2013 to adopt a new option programme under the authorisation of the Annual General Meeting on 21 March 2012. The number of option rights granted shall not exceed 5,250,000, and the option rights shall entitle their holders to subscribe for no more than 5,250,000 new shares or treasury shares in total. The converted shares will be under the warrant 2013D. The subscription period for shares converted under the warrant is from 1 January 2018 to 31 December 2018, and the subscription price for each warrant is EUR 0.06. All of the options were granted to the personnel. A total cost of EUR 0.0 million has been expensed for the 2016 financial year for the options.

CONDENSED FINANCIAL STATEMENTS AND NOTES

This report was compiled in accordance with the IAS 34 standard. This interim report has been prepared in accordance with the IFRS standards and interpretations adopted in the EU as of 31 December 2015.

In producing this interim report, Trainers’ House has applied the same accounting principles for key figures as in its Financial Statements for 2015. The calculation of key figures is described on page 92 of the financial statements included in the annual report for 2015.

The figures given in the interim report are unaudited.

INCOME STATEMENT, IFRS (kEUR)

	Group 01/01-31/03/16	Group 01/01-31/03/15	Group 01/01-31/12/15
CONTINUING OPERATIONS			
NET SALES	2,250	1,814	6,898
Other income from operations	0	160	332

Costs:			
Materials and services	-207	-124	-546
Personnel-related expenses	-1,217	-1,206	-4,436
Depreciation	-2	-37	-69
Impairment			-1,428
Other operating expenses	-230	-802	-2,389
Operating profit/loss	593	-194	-1,638
Financial income and expenses	-8	-61	3,108
Profit/loss before tax	585	-256	1,470
Tax *)	-121	1	289
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	464	-255	1,759
Profit/loss attributable to:			
Owners of the parent company	464	-255	1,759
Total comprehensive income attributable to:			
Owners of the parent company	464	-255	1,759
Earnings per share, undiluted:			
EPS result for the period from continuing operations	0.00	-0.00	0.02
EPS attributable to equity holders of the parent company	0.00	-0.00	0.02
EPS result for the period	0.00	-0.00	0.02

Diluted earnings per share are the same as undiluted earning per share.

*) The tax included in the income statement is deferred.

BALANCE SHEET IFRS (kEUR)

	Group 31/03/16	Group 31/03/15	Group 31/12/15
ASSET			
Non-current assets			
Property, plant and equipment	51	104	42
Goodwill	1,653	1,653	1,653
Other intangible assets	6,125	7,557	6,125
Other financial assets	6	4	6
Deferred tax receivables	265	383	386
Total non-current assets	8,099	9,701	8,212
Current assets			
Inventories	10	10	10

Accounts receivables and other receivables	1,218	1,165	1,464
Cash and cash equivalents	1,757	1,568	1,546
Total current assets	2,985	2,743	3,020
TOTAL ASSETS	11,084	12,445	11,232
SHAREHOLDERS' EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent company			
Share capital	881	881	881
Premium fund		216	216
Distributable non-restricted equity fund		31,872	34,970
Other equity fund		900	
Retained earnings	5,709	-32,021	-29,963
Total shareholders' equity	6,589	1,847	6,103
Long-term liabilities			
Deferred tax liabilities	1,225	1,511	1,225
Other long-term liabilities	1,116	6,050	1,364
Accounts payable and other liabilities	2,154	3,037	2,540
Total liabilities	4,495	10,597	5,129
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	11,084	12,445	11,232

CASH FLOW STATEMENT, IFRS (kEUR)

	Group 01/01-31/03/16	Group 01/01-31/03/15	Group 01/01-31/12/15
Profit/loss for the period	464	-255	1,759
Adjustments to profit/loss for the period	158	187	-1,669
Change in working capital	-177	67	30
Financial items	-23	1	-39
Cash flow from operations	422	-0	81
Investments in tangible and intangible assets	-11		-9
Proceeds from sale of tangible and intangible assets			43
Repayment of loan receivables		15	15

Cash flow from investments	-11	15	49
Withdrawal of long-term loans	23	2	88
Repayment of long-term loans	-222		-222
Repayment of finance lease liabilities		-26	-28
Cash flow from financing	-200	-24	-162
Change in cash and cash equivalents	211	-10	-32
Opening balance of cash and cash equivalents	1,546	1,578	1,578
Closing balance of cash and cash equivalents	1,757	1,568	1,546

CHANGE IN SHAREHOLDERS' EQUITY (kEUR)
Equity attributable to equity holders of the parent company

A. Share capital
B. Premium fund
C. Distributable non-restricted equity
D. Other equity fund
E. Retained earnings
F. Total

	A.	B.	C.	D.	E.	F.
Equity 01/01/2015	881	216	31,872	900	-31,780	2,088
Other comprehensive income					-255	-255
Sharebased payments					14	14
Equity 31/03/2015	881	216	31,872	900	-32,021	1,847
Equity 01/01/2016	881	216	34,970		-29,963	6,103
Other comprehensive income					464	464
Sharebased payments					23	23
Decrease of funds to cover losses		-216	-34,970		35,186	0
Equity 31/03/2016	881	0	0		5,709	6,589

RESTRUCTURING PROVISION (kEUR)	Group 01/01-31/03/16	Group 01/01-31/03/15	Group 01/01-31/12/15
Provisions 1 January	221	200	200
Provisions increased		78	175
Provisions used	-16		-154
Provisions 31 March / 31 December	205	278	221

PERSONNEL	Group 01/01-31/03/16	Group 01/01-31/03/15	Group 01/01-31/12/15
Average number of personnel	80	70	79
Personnel at the end of the period	87	66	84

COMMITMENTS AND CONTINGENT LIABILITIES (kEUR)	Group 31/03/16	Group 31/03/15	Group 31/12/15
Collaterals and contingent liabilities given for own commitments	821	7,407	866

OTHER KEY FIGURES	Group 31/03/16	Group 31/03/15	Group 31/12/15
Equity-to-assets ratio (%)	60.0	14.9	55.5
Net gearing (%)	-5.1	296.8	1.6
Shareholders’ equity/share (EUR)	0.06	0.03	0.06
Return on equity (%)	58.7	-113.1	43.0
Return on investment (%)	28.8	-40.6	19.5

Return on equity and return on investment have been calculated for the previous 12 months.

Espoo 21 April 2016

TRAINERS’ HOUSE PLC

BOARD OF DIRECTORS

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