

# Tecnotree

Empowering Digitally  
Connected Communities

## Half-Year Report H1 2024

1<sup>st</sup> Jan – 30<sup>th</sup> Jun 2024



## Tecnotree Corporation Half-Year Report 1st Jan – 30th Jun 2024 (unaudited)

### Tecnotree achieves positive free cash flow for the quarter, sustaining revenue growth.

#### First half (January-June 2024)

- Net sales of EUR 34.9 (34.8) million.
- Net sales in constant currency of EUR 40.8 (38.8) million
- Adjusted operating result of EUR 10.9 (9.8) million.
- Adjusted operating result margin of 31.1% (28.1%).
- Operating result of EUR 8.0 (9.8) million.
- Foreign exchange losses of EUR 2.5 (1.9) million
- Adjusted result for the period EUR 6.6 (5.5) million.
- Result for the period EUR 3.7 (5.5) million.
- Gross cash inflow from operating activities EUR 7.3 (6.4) million.
- Earnings per share were EUR 0.22 (0.02\*)

#### Second quarter (April-June 2024)

- Positive free cash flow of EUR 0.8 (-0.8) million.
- Net sales of EUR 18.7 (19.3) million.
- Net sales in constant currency of EUR 20.2 (20.8) million
- Adjusted operating result of EUR 6.4 (6.2) million.
- Adjusted operating result margin of 34.4% (32.1%).
- Foreign exchange losses of EUR 0.8 (0.9) million.
- Adjusted result for the period EUR 5.0 (6.2) million.
- Result for the period of EUR 2.1 (3.7) million.
- Gross cash inflow from operating activities EUR 6.3 (1.6) million.
- Earnings per share EUR 0.12 (0.01\*).
- Order book at the end of the period EUR 72.6 (68.4) million.

\* On 19 April 2024, Tecnotree executed a reverse split, i.e. the reduction of the number of shares where every 20 old shares in the company corresponds to one new share.

Key figures, MEUR	4-6/2024	4-6/2023	1-6/2024	1-6/2023	1-12/2023
Net sales	18.7	19.3	34.9	34.8	78.4
Adjusted operating result <sup>1</sup>	6.4	6.2	10.9	9.8	23.8
One-time Items	-2.9	0.0	-2.9	0.0	0.0
Operating result	3.5	6.2	8.0	9.8	23.8
Result before taxes	2.9	4.2	4.9	6.9	13.9
Adjusted result for the period <sup>2</sup>	5.0	3.7	6.6	5.5	13.9
Result for the period	2.1	3.7	3.7	5.5	11.2

Earnings per share, basic, EUR	<b>0.12</b>	0.01	<b>0.22</b>	0.02	0.04
Order book	<b>72.6</b>	68.4	<b>72.6</b>	68.4	80.2
Gross cash flow from operating activities	<b>6.3</b>	1.6	<b>7.3</b>	6.4	17.4
Change in cash and cash equivalents	<b>0.4</b>	-0.2	<b>-4.0</b>	-1.6	8.6
Cash and cash equivalents	<b>16.8</b>	10.7	<b>16.8</b>	10.7	20.8
Equity ratio % (Equity/Total Liabilities) #			<b>65.6</b>	77.4	67.5
Debt Equity ratio % (Debt/Equity) #			<b>6.3</b>	8.6	6.6
Personnel at end of period			<b>852</b>	895	883

1 Adjusted operating result = operating result before one-time items.

2 Adjusted result for the period = result before one-time items.

# Equity Ratio – (Equity/ Total Assets) | Debt Equity Ratio – (Debt/ Equity)

One-time expenses included provision of EUR 2.2 million on sale of business assets, EUR 0.7m of an additional impairment of product development assets.

Unless otherwise stated, all figures presented below are for the financial period 1-6/2024 and the figures for comparison are for the corresponding period in 1-6/2023.

## Prospects 2024

Tecnotree expects in 2024:

- Free Cash Flow of EUR 2-5 million in H2 2024 (Free Cash Flow = Operating Cash Flow – Capital expenditures)
- Revenue to be higher by 2%-7% compared to 2023
- Operating profit (EBIT) to be higher by 7%-15% compared to 2023

The company will continue its focus on increasing license sales, while evolving its delivery model to an Annual Recurring Revenue model. This will ensure that the company will have more predictable and stable quarter on quarter revenue. However, revenue will be impacted in the shorter term. The telecom industry growth is poised at 2.1% annually from 2022-2027 and Tecnotree has been growing above the market. Further, given the uncertain global economic scenario, the company expects 2%-7% growth in revenue compared to 2023.

In 2024, the company is expecting higher cost optimisation which will result in higher operating profit of 7%-15% compared to 2023.

The outlook is based on the constant currency terms.

## From the CEO's desk

### **Sustained Quarterly Growth in Revenue with A Positive Turn on FCF and Improved Collections Amidst Turbulent Market Conditions.**

In the second quarter, Tecnotree achieved a 15% growth in revenue compared to previous quarter and it was EUR 18.7 (16.3) million. In constant currency terms, Tecnotree achieved a 5% growth in revenue in the first half and it was EUR 40.8 (38.8) million. While in real currency terms, we have maintained stable revenue of EUR 34.9 (34.8) million, despite slowing market growth in Telecom sector. This validates that Tecnotree's investments in our product stack continues to garner strong demand. The company added 6 new customers in growth markets, including MTN South Africa, Global HITSS Solutions Mexico, MiFibra Peru, Movttel Participacoes Brazil, Absa Bank Uganda, and Safaricom Kenya. Furthermore, Tecnotree announced strategic partnerships with Bytedance, HCLTech, and Emirates Integrated Telecommunications Company (procurement arm for Etisalat, Du and Virgin Mobile) to deliver AIML-powered BSS solutions for global telecom companies. Additionally, Tecnotree has growing recognition by industry analysts and forums such as Gartner, TM Forum and Precision Reports that strengthens our position in North America and Europe.

### **Revenue**

In the first half, Tecnotree's revenue recorded increase to EUR 34.9 million compared to EUR 34.8 million last year. In the second quarter, the revenue was EUR 18.7 million compared to EUR 19.3 million last year. The second quarter recorded a stronger growth in revenue EUR 18.7 million compared to the first quarter EUR 16.3 million. The revenue retired included new orders from LATAM, MEA and recurring revenue from existing customers globally. The nature of the demand included enterprise BSS, OSS, Marketplace and Fintech solutions. Revenue was also strengthened by several project completions in AIML, VAS and BSS transformations in multiple Tier 1 and emerging markets such as Telenor Norway, MTN Group multiple countries, Ooredoo Group, Omantel and Zain Group. During the year 2024 Tecnotree has made significant inroads

into the Tier 1 North America and Western Europe telecom operators through strong Systems Integrator partnerships with HCL Tech and others.

## **Cost**

Tecnotree began cost optimization last year and continue to embark on a global initiative targeting significant cost optimization also in 2024. The total operating expenses excluding one-time expenses in the first half were 66% of the revenue compared 70% in 2023. During the second quarter, Tecnotree announced completion of the global business rationalisation and personnel-related restructuring, which started in the first quarter of the year. Headcount reductions continue and 5% of headcount reductions have been achieved in the second quarter. Tecnotree estimates that the saving impact of these cost efficiency actions will result in cost savings of EUR 4.5 million in the second half of 2024 and further EUR 7 million in the year 2025. Tecnotree consolidated the erstwhile real-estate and healthcare businesses in North America to focus on telecommunication IT transformations.

## **CCD**

Tecnotree has totally collected EUR 23.1 million till date. The remaining EUR 20 million CCDs will be paid for by Fitzroy on or before Q4 2025 as earlier announced.

## **Profitability**

The adjusted operating result in the first half increased by 10.7% to EUR 10.9 million compared to EUR 9.8 million last year. The adjusted operating result in the second quarter increased by 3.8% to EUR 6.4 million compared to EUR 6.2 million last year.

Tecnotree is continuously monitoring and evaluating the quality of its assets to ensure consistent and conservative assessment of its asset value. In line with this principle, Tecnotree prudently recorded one-time expenses of EUR 2.9 million related to the termination of business and impairments.

Tecnotree earns revenue in multiple global currencies and predominantly in US dollars. In the second quarter, Tecnotree managed to reduce exchange risk and the exchange losses in the quarter were EUR 0.8 million compared to EUR 0.9 million last year. Tecnotree continues to aggressively explore opportunities to minimize the negative impacts of exchange rate volatility. Stable revenue, strong focus on opex and cost

reduction initiatives have resulted in a positive impact on the operating result and have enhanced free cashflow to a positive EUR 0.8 (-0.8) million in the second quarter.

## **Collections**

The overall collections for the second quarter totalled to EUR 16.6 million compared to EUR 9.5 million in the previous quarter. In constant currency the collection would have been EUR 19.4 million. The accounts receivable balance reduced by 10.6% to EUR 32.6 million at the end of the second quarter, compared to EUR 36.5 million at the end of first quarter. Tecnotree continues to track cash collections closely resulting in substantially improved DSO days by 21.2% to 170 (216) days in the second quarter.

## **Order Book**

In the first half, Tecnotree's order book increased 6.1% compared to last year and was EUR 72.6 million. The growth came from LATAM, Middle East, Africa and APAC. The order book continues to have a strong backlog of digital transformation projects, ARR and growing demand for AIML, Fintech and Moments Marketplace and ecommerce platform.

## **Recognitions**

Tecnotree was recognized in the June 2024 Gartner® Magic Quadrant™ for AI in CSP Customer and Business Operations, highlighting its leadership and innovation in the industry. Tecnotree was also highlighted in three Gartner Hype Cycles for 2024: Enterprise Communication Services, Private Mobile Network Services, and Operations & Automation in the Communications Industry. The company received recognition for its Partner Ecosystem Management Platforms for CSPs and CSP Digital Marketplaces.

Tecnotree Moments in Q1 2024 was also selected as a finalist in the prestigious TMForum 2024 Excellence Awards in the category of network monetization, for enabling B2B2C network monetization in healthcare.

In alignment with the 'Think Cash Do Cash' initiative, earlier announced, the company focus for H2 remains on stabilizing revenue growth, optimizing the cost, increasing the collection of receivables and ensuring a consistent positive operational cashflow in 2024.

In addition, it is important to note that our cost reduction initiative has been fully supported by our board members who have agreed to a fee reduction in their remunerations for 2024.

## Financial Performance

Net sales in the first half were EUR 34.9 million (34.8) being 0.4% higher compared to last year. Net sales from sale of third-party hardware and software were EUR 1.3 (1.4) million, own licenses EUR 3.2 (7.6) million, delivery EUR 15.4 (9.2) million and maintenance and management services EUR 15.0 (16.7) million.

Operating result in the first half was EUR 8.0 million and decreased by EUR 1.8 million (18.9%) compared to EUR 9.8 million last year. Net result in the first half was EUR 3.7 million and decreased by EUR 1.8 (33.3%) million compared to EUR 5.5 million last year

Net sales in the second quarter were EUR 18.6 million (19.3) being 3.1% lower compared to last year. Net sales from sale of third-party hardware and software were EUR 1.3 (0.8) smillion, own licenses EUR 3.2 (5.4) million, delivery EUR 6.7 (4.8) million and maintenance and management services EUR 7.4 (8.2) million

Operating result in the second quarter was EUR 3.5 million and decreased by EUR 2.7 million (43.1%) compared to EUR 6.2 million last year. Net result in the second quarter was EUR 2.1 million and decreased by EUR 1.6 (44.5%) million compared to EUR 3.7 million last year

The order book at the first half stood at EUR 72.6 (68.4) million showing 6.1% growth compared to last year.

<b>Nature of goods and services offered, MEUR</b>	<b>4-6/2024</b>	4-6/2023	<b>1-6/2024</b>	1-6/2023	1-12/2023
Sale of third party hardware and software	<b>1.3</b>	0.8	<b>1.3</b>	1.4	2.8
Own licenses	<b>3.2</b>	5.4	<b>3.2</b>	7.6	17.4
Delivery	<b>6.7</b>	4.8	<b>15.4</b>	9.2	29.6
Maintenance and management services	<b>7.4</b>	8.2	<b>15.0</b>	16.7	28.6
<b>Net sales total</b>	<b>18.7</b>	19.3	<b>34.9</b>	34.8	78.4

<b>Methods used to recognise revenue, MEUR</b>	<b>4-6/2024</b>	4-6/2023	<b>1-6/2024</b>	1-6/2023	1-12/2023
Point in time:					
Third party hardware and software	<b>1.3</b>	0.8	<b>1.3</b>	1.4	2.8
Own license	<b>3.2</b>	5.4	<b>3.2</b>	7.6	17.4
Overtime:					
Delivery	<b>6.7</b>	4.8	<b>15.4</b>	9.2	29.6
Maintenance and management services	<b>7.4</b>	8.2	<b>15.0</b>	16.7	28.6
<b>Net sales total</b>	<b>18.7</b>	19.3	<b>34.9</b>	34.8	78.4

<b>Recognition of revenue by operating segment, MEUR</b>	<b>4-6/2024</b>	4-6/2023	<b>1-6/2024</b>	1-6/2023	1-12/2023
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Europe & Americas:					
Third party hardware and software	0.2	0.0	0.2	0.0	0.1
Own license	0.0	0.2	0.0	0.8	1.0
Delivery	0.8	0.8	2.9	0.9	5.3
Maintenance and management services	1.5	3.4	3.4	6.5	10.1
<b>Net sales total</b>	<b>2.5</b>	<b>4.4</b>	<b>6.4</b>	<b>8.3</b>	<b>16.5</b>
MEA & APAC:					
Third party hardware and software	1.1	0.8	1.1	1.3	2.6
Own license	3.2	5.2	3.2	6.7	16.4
Delivery	5.9	4.0	12.5	8.3	24.3
Maintenance and management services	5.9	4.8	11.7	10.2	18.5
<b>Net sales total</b>	<b>16.1</b>	<b>14.8</b>	<b>28.5</b>	<b>26.6</b>	<b>61.8</b>
<b>Order book by operating segment, MEUR</b>					
			<b>1-6/2024</b>	30.6.2023	1-12/2023
Europe & Americas			<b>9.9</b>	9.7	9.8
MEA & APAC			<b>62.7</b>	58.8	70.4
<b>Order book total</b>			<b>72.6</b>	68.4	80.2

## Result analysis

The adjusted operating result for the first half was EUR 10.9 (9.8) million and the adjusted result EUR 6.6 (5.5) million. The operating result after one-time expenses for the first half was EUR 8.0 (9.8) million and the result EUR 3.7 million (5.5). The adjusted operating result for the second quarter was EUR 6.4 (6.2) million and the adjusted result EUR 5.0 (3.7) million. The operating result after one-time expenses for the second quarter was EUR 3.5 (6.2) million and the result EUR 2.1 million (3.7).

Financial items without currency differences in financial items for the first half were EUR -0.5 (-1.0) million and EUR 0.1 (-0.9) million in the second quarter. Exchange rate differences in the financial items in the first half were EUR -2.5 (-1.9) million and EUR -0.8 (-0.9) million in the second quarter. It is important to examine Tecnotree's result without the impact of exchange rates, which is why this is shown separately in the table below.

Investments in Product Engineering and third-party software during the first half were EUR 7.4 (6.9) million and EUR 3.6 (3.4) million in the second quarter. Amortizations on total capitalized development costs during first half were EUR 3.8 (1.3) and EUR 2.3 (0.7) in the second quarter.

<b>Income statement, key figures, MEUR</b>	<b>4-6/2024</b>	4-6/2023	<b>1-6/2024</b>	<b>1-6/2023</b>	1-12/2023
Net sales	<b>18.7</b>	19.3	<b>34.9</b>	<b>34.8</b>	78.4
Other operating income	<b>0.0</b>	0.0	<b>0.0</b>	<b>0.0</b>	0.2
Operating costs	<b>-12.3</b>	-13.1	<b>-24.1</b>	<b>-25.0</b>	-54.7
<b>Adjusted operating result <sup>1</sup></b>	<b>6.4</b>	6.2	<b>10.9</b>	<b>9.8</b>	23.8
One-time items	<b>-2.9</b>	0.0	<b>-2.9</b>	<b>0.0</b>	0.0
<b>Operating result</b>	<b>3.5</b>	6.2	<b>8.0</b>	<b>9.8</b>	23.8
Financial items without currency differences	<b>0.1</b>	-1.0	<b>-0.5</b>	<b>-1.0</b>	-0.2



Exchange rate gains and losses in financial items	-0.8	-0.9	-2.5	-1.9	-9.7
Income taxes	-0.8	-0.5	-1.2	-1.4	-2.8
Adjusted result for the period	5.0	3.7	6.6	5.5	-12.7
<b>Result for the period</b>	<b>2.1</b>	<b>3.7</b>	<b>3.7</b>	<b>5.5</b>	<b>11.2</b>

Financial income and expenses for the first half totalled a net loss of EUR 3.0 million (net loss of EUR 2.9 million), including following items:

<b>Financial income and expenses, MEUR</b>	<b>4-6/2024</b>	4-6/2023	<b>1-6/2024</b>	<b>1-6/2023</b>	1-12/2023
Interest income	0.0	0.1	0.2	0.3	0.5
Exchange rate gains	-0.4	1.7	2.3	4.6	5.6
Other financial income	0.0	-0.0	0.1	-0.0	-0.0
<b>Financial income, total</b>	<b>-0.3</b>	1.8	<b>2.5</b>	<b>4.9</b>	6.1
Interest expenses	-0.2	-0.1	-0.3	-0.3	-0.6
Exchange rate losses	-0.4	-2.6	-4.8	-6.5	-15.3
Other financial expenses	0.2	-1.0	-0.4	-1.0	-0.0
<b>Financial expenses, total</b>	<b>-0.3</b>	-3.7	<b>-5.6</b>	<b>-7.8</b>	-16.0
<b>Financial items, total</b>	<b>-0.7</b>	-1.9	<b>-3.0</b>	<b>-2.9</b>	-9.9

Taxes for the first half totalled to EUR 1.2 (1.4) million and EUR 0.8 (0.5) million in the second quarter, including following items:

<b>Taxes in income statement, MEUR</b>	<b>4-6/2024</b>	4-6/2023	<b>1-6/2024</b>	1-6/2023	1-12/2023
Withholding taxes paid abroad	-0.7	-0.8	-1.0	-1.6	-2.9
Change in withholding tax accrual	0.0	0.9	0.0	0.9	0.9
Income taxes on the results of Group companies	0.4	-0.6	0.3	-0.7	-0.6
Other items	-0.4	0.1	-0.5	0.0	-0.1
<b>Taxes in income statement, total</b>	<b>-0.8</b>	-0.5	<b>-1.2</b>	-1.4	-2.8

## Financing, cash flow and balance sheet

During the first half working capital increased by EUR 5.0 (Increased 3.8) million and EUR 0.1 (increased 4.4) million in the second quarter.

<b>Change in working capital, MEUR</b> (increase-/decrease +)	<b>4-6/2024</b>	4-6/2023	<b>1-6/2024</b>	1-6/2023	1-12/2023
Current receivables, increase (-) /decrease (+)	-4.3	-0.9	-13.6	-1.2	-5.5
Inventories, increase (-) /decrease (+)	0.0	0.0	0.0	0.0	0.0
Current liabilities, increase (+) /decrease (-)	4.1	-3.5	8.6	-2.6	-3.6
<b>Change in working capital, total</b>	<b>-0.1</b>	-4.4	<b>-5.0</b>	-3.8	-9.2

Project revenue is recognized in other receivables. When the agreement allows the customer to be invoiced, the receivables are regrouped in trade receivables.

# Tecnotree

At the end of June 2024, Tecnotree's cash and cash equivalents totalled to EUR 16.8 (10.7) million. Interest-bearing liabilities were EUR 4.7 (7.0) million.

During the first half, total equity was affected by translation differences of negative EUR 3.4 (negative 4.7) million.

## **Business description**

Tecnotree is a 5G-ready digital Business Support System (BSS) player with AI/ML capabilities and multi-cloud extensibility. It has over 40 years of deep domain expertise and it is amongst the first few companies to attain Platinum Badge in the world for Open API standards by TM Forum. Its agile and open-source Digital BSS Stack comprises of the full range (order-to-cash) of business processes and subscription management for telecommunication players and other digital services providers, creating opportunities beyond connectivity. Tecnotree also provides a Fintech solution and a B2B2X multi-experience digital marketplace to its subscriber base through the Tecnotree Moments platform to empower digitally connected communities across gaming, health, education, OTT and other vertical ecosystems.

In 2024 and beyond, Tecnotree will continue to offer its digital products and services to expand its reach to help telecom operators globally in their digital transformation journeys. Tecnotree will focus on expanding its footprint within the current geographies and customers and it will also explore new markets in Europe, Oceanic and Asia Pacific and adjacent vertical market opportunities.

With Tecnotree Moments continues to forge new partnerships with digital service providers, eco-system players and internet of things (IOT) providers, with new partnerships to be announced in H1 to introduce new revenue models and API frameworks to take advantage of the 5G roll-outs world-wide and forge new frontiers to empower digitally connected communities in the sectors of Education, Health, E-commerce, Gaming, Sports and Entertainment.

Tecnotree plans to achieve this with its cloud enabled micro-services based interoperable products and digital platforms that will help its customers to create a "Digital Marketplace and Digital Communities" for their traditional offerings, and an additional ecosystem of partner products and services that fosters true business value and improved revenue models for stakeholders.

Tecnotree's cutting-edge products enable communication service providers to expand their footprint and transform their business into that of a digital service provider, thus helping expand and increase their value to their subscriber base.

Tecnotree's business is based on its product licenses, professional services for customization of its products, and maintenance and support services on its products to a global customer base and is planning on capturing subscription and transaction-based business through its B2B2X offerings. Tecnotree has an especially strong footprint in developing markets such as Latin America, Africa and the Middle East, serving more than 1 billion subscribers worldwide and supporting more than 90 operators/CSPs worldwide.

Tecnotree operates globally and has development and operational support centres in LATAM, Europe, Middle East, Africa, USA and Asia.

## Segment information

The operating segments under IFRS 8 reported by Tecnotree are the geographical areas, which are Europe & Americas (Europe and North, Central and South America) and MEA & APAC (the Middle East and Africa, Asia Pacific). This is because their results are monitored separately in the company's internal financial reporting.

Tecnotree's chief operating decision maker, as referred to in IFRS 8, is the Group's management board.

Net sales and the result for the operating segments are presented based on the location of customers. The result for the operating segments includes the costs that can be allocated to the segments, being costs of sales and marketing, customer service and delivery functions as well as product development. Costs for product management and administration, depreciations, taxes and financial items are not allocated to the segments

## Geographical areas

Tecnotree Group operates in the following geographical areas: Europe & Americas (Europe and North, Central and South America) and MEA & APAC (the Middle East and Africa, Asia Pacific).

## Europe & Americas

Net sales for the first half decreased by 25.7% from previous year being EUR 6.2 (8.3) million. Order book at the end of the review period increased by 2.9% from previous year and stood at EUR 9.9 (9.7) million.

## Middle-East and Africa & Asia Pacific

The net sales for the first half increased by 8.2% from previous year being EUR 28.8 (26.6) million. The order book at the end of the review period increased by 6.7% from previous year and stood at EUR 62.7 (58.8) million.

## Personnel

At the end of the June 2024, Tecnotree employed 885 (895) persons, of whom 37 (39) worked in Finland and 848 (856) globally. Personnel by country were as follows:

<b>Personnel</b>	<b>30.6.2024</b>	<b>30.6.2023</b>	<b>31.12.2023</b>
Personnel, at end of period	<b>852</b>	895	883
Finland	<b>37</b>	39	40
Brazil	<b>5</b>	6	6
India	<b>743</b>	668	734
United Arab Emirates	<b>34</b>	21	25
Other countries	<b>33</b>	161	78
Personnel, average	<b>885</b>	886.	869
Personnel expenses (MEUR)	<b>-9.3</b>	-10.3	-24.2

## Share and price analysis

On 19 April 2024, Tecnotree Corporation executed a reverse share split and thereto related directed share issue without consideration, redemption of shares and cancellation of shares. After these measures, the new number of shares in the Company was 15 953 250. The number of shares before the reverse split was 318,956,206.

At the end of June 2024, the shareholders' equity of Tecnotree Group stood at EUR 87.6 (31 December 2023: 86.5) million and the share capital was EUR 1.3 million (31 December 2023: 1.3). The total number of shares was 17,053,250 and the company held 1,100,227 own shares. Equity per share was EUR 5.13 (31 December 2023: EUR 0.27).

A total of 36,130,605 Tecnotree shares (EUR 15,637,816) were traded on the Helsinki Exchanges during the period 1 January – 30 June 2024, representing 211.9% of the total number of shares.

The highest share price quoted in the period was EUR 7.95 and the lowest EUR 0.27. The average quoted price was EUR 2.26 and the closing price on 30 June 2024 was EUR 5.16.

The market capitalisation of the share stock at the end of the period was EUR 88.0 million.

## Current authorizations

At the end of the June 2024, the Board of Directors had one valid mandate.

- **The Annual General Meeting held on 15 April 2014 authorized the Board of Directors to decide on the issuance of shares and other special rights entitling to shares**

The Board of Directors is authorized to decide to issue in total a maximum of 2,500,000 shares through issuance of shares or special rights entitling to shares under Chapter 10, Section 1 of the Finnish Limited Liability Companies Act either against payment or for free in one or more transactions during the effective period of the authorization. The Board of Directors may issue either new shares or treasury shares held by the company.

Shares and special rights entitling to shares may be issued in proportion to their current shareholdings in the company or in deviation of the shareholders' pre-emption right (directed share issue). The Board of Directors may also decide on a free share issue to the company itself. The authorization may be used to finance or carry out acquisitions or other arrangements, strengthen or develop the company's capital structure, diversify the shareholder base, for the purpose of the company's equity-based incentive plans or payment of Board fees or for other purposes decided by the Board of Directors. The Board of Directors will decide on all terms and conditions of the issuance of shares and special rights entitling to shares under Chapter 10, Section 1 of the Finnish Limited Liability Companies Act.

# Tecnotree

The authorization is valid for a period of five (5) years from the date of the Annual General Meeting.

The Board of Directors has exercised this authorization on 12 June 2024 as follows:

- Tecnotree's Board of Directors resolved to issue, without consideration 700,000 Tecnotree shares to Tecnotree to be later used to fulfil the company's obligations under the LTI Plan 4.
- Tecnotree's Board of Directors has resolved to issue, without consideration 400,000 Tecnotree shares to Tecnotree to be later used to fulfil the company's obligations for the settlement of Additional RSUs.

## **Risks and uncertainty factors**

The risks and uncertainty factors for Tecnotree are explained in the 2023 Board of Directors' Report and in the notes to the Financial Statements.

Tecnotree's risks and uncertainties in the near future relate to development of net sales, projects, delivery timelines, trade receivables and changes in foreign exchange rates.

## **Events after end of the period**

No material changes regarding the company's business or financial position have materialized after the end of the review period.

Tecnotree Corporation  
Board of Directors

## **Further information**

Padma Ravichander, CEO, tel +97 156 414 1420  
Indiresh Vivekananda, CFO, tel +97 156 410 8357  
[www.tecnotree.com](http://www.tecnotree.com)

## Table section (unaudited)

The financial figures in the income statement, balance sheet and key indicators are presented in million euros. The figures shown here have been calculated using exact values.

<b>Consolidated income statement, MEUR</b>	<b>4-6/2024</b>	<b>4-6/2023</b>	<b>1-6/2024</b>	<b>1-6/2023</b>	<b>1-12/2023</b>
Net sales	18.7	19.3	34.9	34.8	78.4
Other operating income	0.0	0.0	0.0	0.0	0.2
Materials and services	-0.3	-1.7	-1.1	-2.3	-4.7
Employee benefit expenses	-4.7	-4.9	-9.3	-10.3	-24.2
Depreciation, amortisation and impairment charges	-2.3	-0.7	-3.8	-1.3	-3.9
Other operating expenses	-7.9	-5.7	-12.9	-11.1	-21.9
<b>Operating result</b>	<b>3.5</b>	<b>6.2</b>	<b>8.0</b>	<b>9.8</b>	<b>23.8</b>
Financial income	-0.3	1.8	2.5	4.9	6.1
Financial expenses	-0.3	-3.7	-5.6	-7.8	-16.0
<b>Result before taxes</b>	<b>2.9</b>	<b>4.2</b>	<b>4.9</b>	<b>6.9</b>	<b>13.9</b>
Income taxes	-0.8	-0.5	-1.2	-1.4	-2.8
<b>Result for the period</b>	<b>2.1</b>	<b>3.7</b>	<b>3.7</b>	<b>5.5</b>	<b>11.2</b>
Allocated to:					
Equity holders of parent company	3.7	3.7	3.7	5.5	11.2
Non-controlling interest	-0.0	-0.0	-0.0	-0.0	-0.0
EPS calculated on the profit attributable to equity holders of parent company:					
Earnings per share, basic, EUR	0.12	0.01	0.22	0.02	0.04
Earnings per share, diluted, EUR	0.12	0.01	0.22	0.02	0.04
<b>Consolidated statement of comprehensive income, MEUR</b>					
	<b>4-6/2024</b>	<b>4-6/2023</b>	<b>1-6/2024</b>	<b>1-6/2023</b>	<b>1-12/2023</b>
<b>Result for the period</b>	<b>2.1</b>	<b>3.7</b>	<b>3.7</b>	<b>5.5</b>	<b>11.6</b>
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss:					
Remeasurement items on net defined benefit liability	0.0	0.0	0.1	0.0	-0.0
Revaluation	-0.0		0.1	0.1	0.1
Items that may be reclassified subsequently to profit or loss:					
Translation differences from foreign operations	-0.7	-4.9	-4.6	-6.3	-3.0
Taxes on translation differences	0.2	1.2	1.1	1.6	1.0
Other comprehensive income, net of tax	-0.5	-3.6	-3.2	-4.6	-2.0
<b>Total comprehensive income for the period</b>	<b>1.6</b>	<b>0.1</b>	<b>0.5</b>	<b>0.9</b>	<b>9.6</b>
Allocated to:					
Equity holders of parent company	0.1	0.1	0.5	0.9	9.6
Non-controlling interest	-0.0	-0.0	0.0	-0.0	-0.0

<b>Consolidated balance sheet, MEUR</b>	<b>30.6.2024</b>	<b>30.6.2023</b>	<b>31.12.2023</b>
<b>Non-current assets</b>			
Intangible assets - own development	30.5	23.2	27.2
Intangible assets - external	9.6	5.7	6.3
Tangible assets	0.3	0.2	0.4
Deferred tax assets	0.4	0.6	0.5
Other non-current trade and other receivables	2.2	2.1	1.9
<b>Current assets</b>			
Trade receivables	32.6	29.9	32.9
Other receivables	41.0	33.1	38.2
Cash and cash equivalents	16.8	10.7	20.8
<b>Assets total</b>	<b>133.5</b>	<b>105.4</b>	<b>128.2</b>
<b>Shareholders' equity</b>			
	87.6	81.6	86.5
<b>Compulsory convertible debentures</b>			
	23.1	0.0	21.1
<b>Non-current liabilities</b>			
Non-current interest-bearing liabilities	0.0	1.2	0.0
Other non-current liabilities	4.1	3.6	3.7
<b>Current liabilities</b>			
Current interest-bearing liabilities	4.7	5.8	5.7
Trade payables and other liabilities	14.1	13.2	11.3
<b>Equity and liabilities total</b>	<b>133.5</b>	<b>105.4</b>	<b>128.2</b>

<b>Consolidated condensed cash flow statement, MEUR</b>	<b>4-6/2024</b>	<b>4-6/2023</b>	<b>1-6/2024</b>	<b>1-6/2023</b>	<b>1-12/2023</b>
<b>Cash flow from operating activities</b>					
Result for the period	2.1	3.7	3.7	5.5	11.2
Adjustments of the result	4.4	2.2	8.6	4.7	15.5
Changes in working capital	-0.1	-4.4	-5.0	-3.8	-9.2
<b>Gross cash flow from operations</b>	<b>6.3</b>	<b>1.6</b>	<b>7.3</b>	<b>6.4</b>	<b>17.4</b>
Financial income and expenses	-1.3	1.2	-2.7	0.3	-7.7
Income taxes paid	-0.6	-0.1	-1.0	-1.0	-3.5
<b>Net cash flow from operating activities</b>	<b>4.4</b>	<b>2.7</b>	<b>3.6</b>	<b>5.7</b>	<b>6.2</b>
<b>Cash flow from investing activities</b>					
Utilized from CCD	3.7	0.0	7.5	0.0	9.0
Investment on tangible and intangible assets	-2.9	-3.4	-6.3	-6.9	-11.9
Investments on third party software	-0.7	0.0	-1.1	0.0	-2.0
Advance for Acquisition	0.0	0.0	0.0	0.0	-2.0
<b>Net cash flow from investing activities</b>	<b>0.0</b>	<b>-3.4</b>	<b>0.0</b>	<b>0.0</b>	<b>-6.9</b>
<b>Cash flow from financing activities</b>					
Compulsory convertible debentures (CCD)	0.0	0.0	2.0	0.0	21.1
CCDs Utilized for Investment activity	-3.7	0.0	-7.5	0.0	-9.0
Repayments of borrowings	-0.5	-0.5	-1.0	-1.0	-4.6
New loans	0.0	3.2	0.0	3.2	5.5

<b>Net cash flow from financing activities</b>	<b>-4.2</b>	2.7	<b>-6.5</b>	2.2	12.9
Translation Difference	<b>0.1</b>	-2.1	<b>-1.1</b>	-2.6	-3.7
<b>Increase (+) and decrease (-) in cash and cash equivalents</b>	<b>0.4</b>	-0.2	<b>-4.0</b>	-1.6	8.6
Cash and cash equivalents at beg. of period	<b>16.4</b>	10.9	<b>20.8</b>	12.3	12.3
<b>Cash and cash equivalents at end of period</b>	<b>16.8</b>	10.7	<b>16.8</b>	10.7	20.8

### Calculation of changes in shareholders' equity, MEUR

	A	B	C	D	E	F	G	H	I
<b>Shareholders' equity 1st Jan 2024</b>	<b>1.3</b>	<b>0.8</b>	<b>19.9</b>	<b>27.6</b>	<b>2.1</b>	<b>74.4</b>	<b>86.3</b>	<b>0.2</b>	<b>86.5</b>
Result for the period						3.7	3.7	0.0	3.7
Other comprehensive income, net of tax			-3.4			0.2	-3.2		-3.4
Total comprehensive income for the period			-3.4			3.9	0.5	0.0	0.2
Share based payments						0.5	0.5	0.0	0.5
Revaluation reserve					0.1		0.1		0.1
Argentina hyperinflation						0.3	0.3		0.3
Other changes					0.0	-0.3	-0.3	0.0	-0.3
<b>Shareholders' equity 30th Jun 2024</b>	<b>1.3</b>	<b>0.8</b>	<b>23.3</b>	<b>27.6</b>	<b>2.2</b>	<b>78.7</b>	<b>87.4</b>	<b>0.2</b>	<b>87.6</b>
Shareholders' equity 1st Jan 2023	1.3	0.8	12.6	27.6	2.2	60.6	79.9	0.2	80.1
Result for the period						5.5	5.5	0.0	5.5
Other comprehensive income, net of tax			-4.7				-4.7		-4.7
Total comprehensive income for the period			-4.7			5.5	0.9	0.0	0.9
Share issue							0.0		0.0
Share based payments						0.4	0.4	0.0	0.4
Argentina hyperinflation						0.3	0.3		0.3
Other changes					0.0	-0.1	-0.1	0.0	-0.1
<b>Shareholders' equity 30th Jun 2023</b>	<b>1.3</b>	<b>0.8</b>	<b>17.3</b>	<b>27.6</b>	<b>2.2</b>	<b>66.7</b>	<b>81.4</b>	<b>0.2</b>	<b>81.6</b>

A = Share capital

B = Share premium fund

C = Translation differences

D = Invested non-restricted equity reserve

E = Other reserves

F = Retained earnings

G = Total equity attributable to equity holders of parent company

H = Non-controlling interest

I = Total shareholders' equity



## 1. Accounting principles for the half year report

This half-year report has been prepared in accordance with the international financial reporting standard IAS 34 Interim Financial Reporting. The formulas for calculating the key figures presented and the accounting principles for the half-year report are the same as the principles published in the 2023 Annual Report.

## 2. Segment information

The operating segments under IFRS 8 reported by Tecnotree are the geographical areas, which are Europe & Americas (Europe and North, Central and South America) and MEA & APAC (the Middle East and Africa, Asia Pacific). This is because their results are monitored separately in the company's internal financial reporting. Tecnotree's chief operating decision-maker, as referred to in IFRS 8, is the Group's management board.

Net sales and the result for the operating segments are presented based on the location of customers. The result for the operating segments includes the costs that can be allocated to the segments, being costs of sales and marketing, customer service and delivery functions, administration, product management, as well as product development. Costs for depreciation, taxes and financial items are not allocated to the segments.

<b>Operating segments, MEUR</b>	<b>1-6/2024</b>	<b>1-6/2023</b>	<b>1-12/2023</b>
Net sales			
Europe & Americas	<b>6.2</b>	8.3	16.5
MEA & APAC	<b>28.8</b>	26.6	61.8
<b>Total</b>	<b>34.9</b>	34.9	78.4
Result			
Europe & Americas	<b>1.0</b>	2.3	3.7
MEA & APAC	<b>9.3</b>	10.5	31.8
<b>Total</b>	<b>10.3</b>	12.8	35.5
Non-allocated items	<b>-2.3</b>	-3.0	-11.6
<b>Operating result</b>	<b>8.0</b>	9.8	23.8

## 3. Interest-bearing liabilities

Interest-bearing liabilities at the end of the review period were EUR 4.7 (7.0) million

<b>Interest-bearing liabilities, MEUR</b>	<b>30.6.2024</b>	<b>30.6.2023</b>	<b>31.12.2023</b>
Loans, 1 Jan	<b>5.7</b>	4.8	4.8
New loans	<b>0.0</b>	3.2	5.5
Repayments of loans	<b>-1.0</b>	-1.0	-4.6
<b>Loans, end of period</b>	<b>4.7</b>	7.0	5.7
Non-current interest-bearing liabilities	<b>0.0</b>	1.2	0.0

Current interest-bearing liabilities	4.7	5.8	5.7
<b>Finance lease liabilities, end of period</b>	<b>4.7</b>	<b>7.0</b>	<b>5.7</b>

#### 4. Related party transactions

Tecnotree's related parties include the subsidiaries, the members of the Board of Directors and the Management Board, the CEO and the close family members of the preceding persons, and those entities in which these people have control.

Except for regularly paid salaries and fees as well as ordinary intra-group transactions, Tecnotree has not entered into any significant transactions with related parties during the review period.

#### 5. Contingent liabilities

<b>Consolidated contingent liabilities, MEUR</b>	<b>30.6.2024</b>	30.6.2023	31.12.2023
On own behalf			
Pledged deposits	<b>0.9</b>	1.1	1.6
Other contingent liabilities			
Litigation	<b>0.6</b>	2.0	1.8
<b>Operating leases, MEUR</b>	<b>30.6.2024</b>	30.6.2023	31.12.2022
Minimum rents payable based on other leases that cannot be cancelled:			
Other operating leases			
Less than one year	<b>0.8</b>	0.9	0.8
Between one and five years	<b>0.3</b>	1.2	0.7

#### 6. Key figures

<b>Consolidated key financial figures</b>	<b>1-6/2024</b>	1-6/2023	1-12/2023
Return on investment, %	<b>12.3</b>	17.5	16.9
Return on equity, %	<b>8.5</b>	13.7	13.4
Equity ratio, %	<b>65.6</b>	77.4	67.5
Debt/Equity ratio, %	<b>5.3</b>	8.6	6.6
Investments, MEUR	<b>7.4</b>	6.9	15.9
% of net sales	<b>21.2</b>	19.8	20.3
Order book, MEUR	<b>72.6</b>	68.4	80.2
Personnel, at end of period	<b>852</b>	895	883
<b>Consolidated key figure per share</b>	<b>1-6/2024</b>	1-6/2023	1-12/2023
Earnings per share, basic, EUR	<b>0.22</b>	0.02	0.04
Earnings per share, diluted, EUR	<b>0.22</b>	0.02	0.04

Equity per share, EUR	<b>5.13</b>	0.26	0.27
Number of shares at end of period, x 1,000	<b>17.053</b>	318.956	318.956
Number of shares on average, x 1,000	<b>187.048</b>	318.956	318.956
Share price, EUR			
Average	<b>2.26</b>	0.50	0.42
Lowest	<b>0.27</b>	0.41	0.27
Highest	<b>7.95</b>	0.63	0.51
Share price at end of period, EUR	<b>5.16</b>	0.47	0.34
Market capitalisation of issued stock at end of period, MEUR	<b>88.0</b>	148.3	108.4
Share turnover, million shares	<b>36.1</b>	55.6	94.6
Share turnover, % of total	<b>11.3</b>	17.4	29.66
Share turnover, MEUR	<b>15.6</b>	28.5	42.5
Price/earnings ratio (P/E)	<b>23.9</b>	27.2	9.7

<b>Quarterly key figures</b>	<b>Q2/24</b>	Q1/24	Q4/23	Q3/23	Q2/23	Q1/23	Q4/22
Net sales, MEUR	<b>18.7</b>	16.3	22.2	21.4	19.3	15.5	20.1
Net sales, change %	<b>20.2</b>	4.7	10.4	10.9	24.0	17.0	11.2
Adjusted operating result <sup>1</sup>	<b>6.4</b>	4.4	7.9	6.2	6.2	3.6	6.1
% of net sales	<b>34.4</b>	27.2	35.4	28.9	32.1	23.3	30.6
Operating result, MEUR	<b>3.5</b>	4.4	7.9	6.2	6.2	3.6	6.1
% of net sales	<b>18.8</b>	27.2	35.4	28.9	32.1	23.3	30.6
Adjusted result for the period, MEUR <sup>2</sup>	<b>5.0</b>	1.6	2.4	3.2	3.7	1.8	4.7
Result for the period, MEUR	<b>2.1</b>	1.6	2.4	3.2	3.7	1.8	3.2
Personnel at end of period	<b>885</b>	892	883	836	895	884	857
Earnings per share, basic, EUR	<b>0.12</b>	0.01	0.01	0.01	0.01	0.01	0.01
Earnings per share, diluted, EUR	<b>0.12</b>	0.01	0.01	0.01	0.01	0.01	0.01
Equity per share, EUR	<b>5.13</b>	0.27	0.27	0.27	0.26	0.25	0.25
Net interest-bearing liabilities, MEUR	<b>-12.2</b>	-11.2	-15.2	-9.6	-3.6	-6.5	-7.5
Order book, MEUR	<b>72.6</b>	74.8	80.2	78.0	68.4	67.8	68.9

<sup>1</sup> Adjusted operating result = operating result before one-time items.

<sup>2</sup> Adjusted result for the period = result for the period before one-time items.

