

# Tecnotree

Empowering Digitally  
Connected Communities

## Financial Report

Full Year 2024



## Tecnotree Corporation Full Year Results to 31st Dec 2024 (unaudited)

**Delivering consistent revenue, margin expansion and three consecutive quarters of positive free cashflow**

### Full year Results

- Net sales of EUR 71.6 million (78.4) –8.6% Year on Year, in constant currency +4.0% Year on Year, in line with guidance.
- Operating profit EUR 23.8 million (23.8) flat Year on Year, however operating profit margin expanded to 33.2% (30.4%). Operating profit in constant currency EUR 26.0 million, +9.0 % Year on Year in line with guidance.
- Foreign exchange losses reduced to EUR 2.5 million (9.7).
- Net Income for the period EUR 8.3 million (11.2) -25.8% Year on Year due to one-time items pertaining to EUR 7.3 million.
- Adjusted net income was EUR 15.6 million (11.2) +39.3% Year on Year.
- Gross cash inflow from operating activities EUR 21.3 million (17.4).
- Free cash flow stands at EUR -1.8 million (-9.7).
- Free cash flow for H2 stands at EUR 2.2 million (-3.9) in line with guidance.
- Earnings per share were EUR 0.5 (0.04\*).

### Q4 Results

- Net sales of EUR 17.6 million (22.2) -20.7% Year on Year, In constant currency, -16.5% Year on Year.
- Operating profit of EUR 10.9 million (7.9) +38.1% Year on Year.
- Operating margin of 61.7% (35.4%).
- Foreign exchange losses reduced EUR 0.3 million (6.0).
- Net income for the quarter was EUR 0.5 million (2.4) -79% Year on Year.
- Adjusted net income for quarter EUR 4.9 million (2.4) +104% Year on Year.
- Gross cash inflow from operating activities EUR 8.4 million (9.9).
- Positive free cash flow of EUR 0.4 million (-0.6), the third quarter in a row.
- Earnings per share EUR 0.03 (0.01\*).
- Order book at the end of the period EUR 79.6 million (80.2).

\* 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	10-12/2024	10-12/2023	1-12/2024	1-12/2023
Net sales	17.6	22.2	71.6	78.4
Operating result	10.9	7.9	23.8	23.8
Result before taxes	3.0	2.8	12.8	13.9
Adjusted result for the period <sup>1</sup>	4.9	2.4	15.6	11.2
One-time items	-4.4	0.0	-7.3	0.0
Result for the period	0.5	2.4	8.3	11.2
Earnings per share, basic, EUR <sup>2</sup>	0.03	0.01	0.5	0.04
Order book	79.6	80.2	79.6	80.2
Gross cash flow from operating activities	8.4	9.9	21.3	17.4
Free cash flow	0.4	-0.6	-1.8	-9.7
Change in cash and cash equivalents	-0.3	4.8	-4.1	8.6
Cash and cash equivalents	16.8	20.8	16.8	20.8
Equity ratio % (Equity/Total Liabilities)			66.7	67.5
Debt Equity ratio % (Debt/Equity)			4.5	6.6
Personnel at end of period			758	883

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

2) 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.

One-time expenses included provision of EUR 7.3 million receivable from sale of business assets.

Unless otherwise stated, all figures presented below are for the financial period 1-12/2024 and the figures for comparison are for the corresponding period in 1-12/2023.

## Guidance for 2025

- Net sales are expected to grow by low to mid-single digit percentage in constant currency terms.
- Operating profit margin expected to see margin expansion of at least +200bp (2%).
- Raising free cash flow guidance to > EUR 4 million for the full year, from the previous guidance of > EUR 3 million.
- Capex as a percentage of net sales is targeted at 10–12%.
- Receivable days are expected to range between 100–140.
- Dividend pay-out policy targets 10% of free cash flow.
- Foreign exchange exposure to frontier country risk will be reduced to 10–15% within three years.

## Assumptions for 2025

- Industry analysts forecast that the long-term growth of the Business Support Systems (BSS) industry is forecasted to grow at +2.1% per annum 2022-2027. However, 2025 is forecast to be negative growth year. Despite this, Tecnotree still

sees top line growth due to anticipated significant market share gains and the current order backlog.

- The company will continue its focus on increasing license sales, while evolving its delivery model to an Annual Recurring Revenue (ARR) model and continue to increase it in 2025. This will ensure that the company will have more predictable and stable quarter on quarter net sales.
- The cost optimisation programme that commenced in 2024 will continue to provide margin benefits in 2025 and beyond.

## From CEO's Desk:

### **Tecnotree Demonstrates SISU in a Pivotal Year: Three Consecutive Quarters of Positive Free Cash Flow & Strong ARR Growth**

#### **Resilient Cost Optimisation Amidst Macro Challenges**

Tecnotree has successfully navigated foreign exchange volatility and macroeconomic headwinds, leveraging financial discipline and strategic cost optimization to drive sustainable profitability saving EUR 6.9 million against promised EUR 4.5 million previously committed. Our 2024 cost optimisation program has significantly improved operational efficiency, and its impact is evident in our results today - and will continue to strengthen our financial position in 2025. Our cost optimisation initiatives included:

- Retiring non-telecom business and net sales in the United States that was acquired from Cognitive Scale.
- Reduction of Capex spend due to technology maturity and availability of Out-of-the-Box features for our customers.
- Early adoption of AI/ML tooling to generating more productivity and reduced resource dependencies.

#### **Companies Progress to Reduce Frontier Market Exposure**

Tecnotree has taken precautionary measures to exit markets which are characterised with geo-political risks, are regions of conflict or that with high risks of sanctions. These regions were a part of the acquisition of Lifetree Convergence Pvt Ltd in 2008 and have continued to cyclically expose the company to unnecessary risk. The following actions have been taken by the management in 2024 to mitigate the same:

- Exiting subsidiaries and contracts with regards with such regions.
- In Q4, we incurred one-time provisions of EUR 4.4 million, contributing to a total of EUR 7.3 million for the year 2024, primarily due to a provision for receivables related to the sale of business assets. Excluding these one-offs, the adjusted result for the period shows continued operational strength and strategic progress.
- The company focused most growth efforts in Tier1 and Dollar denominated markets. Tecnotree's telecom net sales from the Americas grew by 46% to EUR 14.6 million (10.0)

#### **Landmark Entry into the United States of America**

- Tecnotree achieved a breakthrough Tier 1 telco deal in the United States, in collaboration with a leading Systems Integrator (SI) as previously announced. This validates:
- Our early investment in TM Forum standards, securing long-term credibility in global telecom markets.
- The strategic acquisition of 137 AI/ML patents from Cognitive Scale in 2022, solidifying our position in AI-driven telecom transformation.
- Our ability to secure recurring revenue streams in Dollar denominated enterprise markets, ensuring sustainable growth for the future.

## Positive Free Cash Flow & Strengthened Financial Position

For three consecutive quarters, Tecnotree has delivered positive free cash flow, a key indicator of our improving financial health. We are now confident in our ability to raise our 2025 full-year free cash flow guidance to over EUR 4 million. We are actively monitoring this KPI and will provide more clarity as the year progresses.

## ARR Growth & AI-Driven Operational Scale

- Revenue predictability has been significantly enhanced with our transition to an ARR-driven model.
- ARR increased by 8% Year on Year, fuelled by AI-powered automation and enhanced customer renewals. Our ARR customer base expanded from just 2 legacy accounts in 2023 to over 10 recurring customers, spanning the Middle East, Nordics, and high-growth markets.
- Increased productivity from AI/ML has enabled us to consistently execute 5-7 digital transformations per quarter, reinforcing our ability to scale revenue with efficiency.

## Industry Leadership & Market Recognition

Our continued investment in Emerging Technology such as AI, automation, and cloud-native platforms has led to industry-wide recognition:

- 2024 Gartner® Magic Quadrant for AI in CSPs – A first-time recognition for our AI-driven telco transformations.
- Among the Top 2 Global Telecom Revenue Management Providers (Precision Reports, for the 2nd consecutive year.
- Featured in 4 Gartner® HypeCycles & 2 Gartner® Market Guides for CSP digital marketplaces, revenue management, and Customer Management solutions.
- Named one of the fastest-growing BSS providers by Omdia in 2024, highlighting our momentum against legacy competitors.

## Nordic Leadership in ESG & Business Performance

In 2024, as a Nordic technology company, we were recognized as a top-performing company in the Nordic Business Diversity Index (Mid-Cap Segment), reinforcing our

commitment to building inclusive, digitally connected communities while delivering strong financial outcomes.

## The Path Forward: Predictable, Scalable, and Profitable Growth

While the global telecom landscape remains dynamic, Tecnotree's SISU-driven execution, AI-powered transformation, and disciplined financial management have positioned us for a stronger, more resilient future. Our recurring revenue model, continued Tier 1 expansion, and AI-led automation will drive long-term profitability, ensuring predictable and scalable growth for our investors and stakeholders.

I would like to thank the Tecnotree Core Management and employees and our loyal customers who helped us navigate through a difficult year and building the foundation for a resilient year in 2025.

## 2024 Summary

### Q1 - On-track revenue growth, improved profitability while facing currency exchange fluctuations

- **Negative free cash flow due to challenging market conditions.**  
*Free cash flow was impacted by delayed payments from key customers in Africa and the Middle East, contributing to liquidity constraints.*
- **Currency depreciations impacted net sales and profitability.**  
*Net sales increased by 4.7% to EUR 16.3 million (15.5). The depreciation of the Nigerian Naira reduced the value of local currency revenues when converted to Euros.*
- **Similar spending to previous year**  
*Operating expenses EUR 11.8 million (11.9)*
- **Slow Order Intake.**  
*New orders totalled EUR 10.0 million, showing a decline compared to the previous quarter's EUR 30.1 million*

### Q2 - Tecnotree achieves positive free cash flow for the quarter, sustaining revenue growth

- **Signs of free cash flow stabilisation.**  
*Free cash flow improved to positive EUR 0.8 million (-0.8), reflecting better working capital management.*
- **Currency fluctuations persisted, impacting financials.**  
*The continued devaluation of currencies led to a 3% decline in net sales when reported in Euros.*
- **Strategic cost-cutting measures implemented.**  
*Announced completion of the global business rationalisation and personnel-*

related restructuring. Headcount reductions continue and 5% of headcount reductions have been achieved in the second quarter.

- **Expanded partnerships and secured new contracts.**  
*Partnered with leading global SI and hyperscalers as previously announced to enhance product offerings, market reach and demonstrating SI-ready status.*
- **Order intake less than previous year.**  
*EUR 13.4 million (20.1) in new orders, helping to maintain a backlog of EUR 72.6 million.*

### Q3 - The Tecnotree strategy has delivered free cash flow for a second consecutive quarter

- **Net sales Impacted by Currency Fluctuations**  
*Net sales decreased by 11.2% to EUR 19.0 million due to adverse currency movements.*
- **Strong Order Intake & Growing Backlog:**  
*Secured EUR 23.8 million in new orders, with the order backlog increasing to EUR 75.1 million.*
- **Cost Optimization Efforts in Progress:**  
*Operational expenses reduced by 10% to EUR 14.0 million as part of ongoing cost-saving initiatives.*
- **Positive Cash Flow Achievement:**  
*Positive free cash flow of EUR 1.7 million, driven by improved working capital management.*
- **First Dividend Issued**  
*For the first time since May 2009, Tecnotree was able to pay a dividend EUR 0.01 and plans to continue dividend payments in the future, as given in the new dividend policy guidance of 10% of free cash flow.*

### Q4 - Delivering consistent revenue, margin expansion and three consecutive quarters of positive free cashflow

- **Positive cash flow achieved through disciplined cost control.**  
*Focused cost management is evident from reduced employee benefit expenses of EUR 5.4 million (7.3).*
- **Currency impact moderated but remained a challenge.**  
*Stabilization of the Ghanaian Cedi and Nigerian Naira helped offset currency losses, but risks persisted.*
- **Strengthened financial position heading into 2025.**  
*Operating profit increased to EUR 10.9 million (7.9), reflecting improved cost efficiency.*
- **Continued focus on strategic investments and innovation.**  
*Invested in AI-driven solutions, enhancing product differentiation and competitive advantage. Greater shift towards the ARR model and expansion into developed markets from frontier markets.*

## Financial Performance

### Net sales

Net sales for the full year were EUR 71.6 million (78.4) being 8.7% lower compared to last year. Net sales from sale of third-party hardware and software were EUR 2.2 million (2.8), own licenses EUR 13.0 million (17.4), delivery EUR 25.3 million (29.6) and maintenance and management services EUR 31.1 million (28.6).

Net sales in the fourth quarter were EUR 17.6 million (22.2) being 20.7% lower compared to last year. Net sales from sale of third-party hardware and software were EUR 0.6 million (0.5), own licenses EUR 4.3 million (4.7), delivery EUR 4.8 million (12.8) and maintenance and management services EUR 7.9 million (4.3). The order book at the year stood at EUR 79.6 million (80.2) showing 0.7% decrease compared to last year.

Nature of goods and services offered, MEUR	10-12/2024	7-9/2023	1-12/2024	1-12/2023
Sale of third party hardware and software	0.6	0.5	2.2	2.8
Own licenses	4.3	4.7	13.0	17.4
Delivery	4.8	12.8	25.3	29.6
Maintenance and management services	7.9	4.3	31.1	28.6
<b>Net sales total</b>	<b>17.6</b>	<b>22.2</b>	<b>71.6</b>	<b>78.4</b>

Methods used to recognise revenue, MEUR	10-12/2024	7-9/2023	1-12/2024	1-12/2023
Point in time:				
Third party hardware and software	0.6	0.5	2.2	2.8
Own license	4.3	4.7	13.0	17.4
Overtime:				
Delivery	4.8	12.8	25.3	29.6
Maintenance and management services	7.9	4.3	31.1	28.6
<b>Net sales total</b>	<b>17.6</b>	<b>22.2</b>	<b>71.6</b>	<b>78.4</b>

Recognition of revenue by operating segment, MEUR	10-12/2024	7-9/2023	1-12/2024	1-12/2023
Europe & Americas:				
Third party hardware and software	0.1	0.0	0.3	0.1
Own license	2.5	0.0	2.5	1.0
Delivery	2.5	3.3	6.6	5.3
Maintenance and management services	1.0	1.3	7.3	10.1
<b>Net sales total</b>	<b>6.1</b>	<b>4.7</b>	<b>16.7</b>	<b>16.5</b>
MEA & APAC:				
Third party hardware and software	0.4	0.5	1.9	2.6
Own license	1.8	4.7	10.5	16.4
Delivery	3.4	9.4	18.7	24.3
Maintenance and management services	5.8	3.0	23.8	18.5
<b>Net sales total</b>	<b>11.5</b>	<b>17.5</b>	<b>54.8</b>	<b>61.8</b>

Order book by operating segment, MEUR	1-12/2024	1-12/2023
Europe & Americas	13.2	9.8
MEA & APAC	66.4	70.4
<b>Order book total</b>	<b>79.6</b>	<b>80.2</b>



## Result analysis

The operating result for the full year was EUR 23.8 million (23.8) and the adjusted result EUR 15.6 million(11.2). The result after one-time expenses for the full year was EUR 8.3 million (11.2). The operating result for the fourth quarter was EUR 10.9 million(7.9) and the adjusted result EUR 4.9 million (2.4). The result after one-time expenses for the fourth quarter was EUR 0.5 million (2.4).

Exchange rate differences in the financial items for the full year were EUR -2.5 million (-9.7) and EUR -0.3 million (-6.0) in the fourth 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 for the full year were EUR 13.0 million (13.8) and EUR 2.6 million (3.3) in the fourth quarter. Amortizations on total capitalized development costs for the full year were EUR 5.2 million (2.0) and EUR 0.6 million(0.5) in the fourth quarter. In Q4, we incurred one-time provisions of EUR 4.4 million, contributing to a total of EUR 7.3 million for the year 2024, primarily due to a provision for receivables related to the sale of business assets. These costs are linked to our strategic exit from high-risk markets, reflecting our commitment to enhancing financial stability and focus on developed markets. While this impacted short-term profitability, it supports our long-term growth strategy. Excluding these one-offs, the adjusted result for the period shows continued operational strength and strategic progress.

<b>Income statement, key figures, MEUR</b>	<b>10-12/2024</b>	10-12/2023	<b>1-12/2024</b>	1-12/2023
Net sales	<b>17.6</b>	22.2	<b>71.6</b>	78.4
Other operating income	<b>0.0</b>	0.0	<b>0.1</b>	0.2
Operating costs	<b>-6.8</b>	-14.3	<b>-47.8</b>	-54.7
<b>Operating result</b>	<b>10.9</b>	7.9	<b>23.8</b>	23.8
Financial items without currency differences	<b>-3.1</b>	0.9	<b>-1.2</b>	-0.2
Exchange rate gains and losses in financial items	<b>-0.3</b>	-6.0	<b>-2.5</b>	-9.7
Income taxes	<b>-2.5</b>	-0.4	<b>-4.5</b>	-2.8
Adjusted result for the period	<b>4.9</b>	2.4	<b>15.6</b>	11.2
One-time items	<b>-4.4</b>	0.0	<b>-7.3</b>	0.0
<b>Result for the period</b>	<b>0.5</b>	2.4	<b>8.3</b>	11.2

Financial income and expenses for the full year totalled to EUR -11.0 million (-9.9), including following items:

<b>Financial income and expenses, MEUR</b>	<b>10-12/2024</b>	10-12/2023	<b>1-12/2024</b>	1-12/2023
Interest income	<b>0.0</b>	0.1	<b>0.3</b>	0.5
Exchange rate gains	<b>0.3</b>	0.7	<b>3.8</b>	5.6
Other financial income	<b>-0.0</b>	0.0	<b>0.1</b>	-0.0
<b>Financial income, total</b>	<b>0.4</b>	0.8	<b>4.2</b>	6.1
Interest expenses	<b>-0.2</b>	-0.2	<b>-0.7</b>	-0.6
Exchange rate losses	<b>-0.7</b>	-6.7	<b>-6.4</b>	-15.3
Other financial expenses	<b>-7.4</b>	1.0	<b>-8.2</b>	-0.0
<b>Financial expenses, total</b>	<b>-8.2</b>	-5.9	<b>-15.2</b>	-16.0
<b>Financial items, total</b>	<b>-7.8</b>	-5.1	<b>-11.0</b>	-9.9

Taxes for the full year totalled to EUR 4.5 million (2.8) and EUR 2.5 million (0.4) in the fourth quarter, including following items:

<b>Taxes in income statement, MEUR</b>	<b>10-12/2024</b>	10-12/2023	<b>1-12/2024</b>	1-12/2023
Withholding taxes paid abroad	<b>-0.9</b>	-0.5	<b>-2.6</b>	-2.9
Change in withholding tax accrual	<b>-0.5</b>	0.0	<b>-0.5</b>	0.9
Income taxes on the results of Group companies	<b>-1.0</b>	0.2	<b>-0.8</b>	-0.6
Other items	<b>-0.1</b>	-0.1	<b>-0.7</b>	-0.1
<b>Taxes in income statement, total</b>	<b>-2.5</b>	-0.4	<b>-4.5</b>	-2.8

## Financing, cash flow and balance sheet

During the year 2024, working capital increased by EUR 1.6 million (9.2) and EUR 1.3 million (- 0.1) million in the fourth quarter.

<b>Change in working capital, MEUR</b> (increase-/decrease +)	<b>10-12/2024</b>	10-12/2023	<b>1-12/2024</b>	1-12/2023
Current receivables, increase (-) /decrease (+)	<b>-1.4</b>	3.4	<b>-5.5</b>	-5.5
Current liabilities, increase (+) /decrease (-)	<b>0.1</b>	-3.2	<b>3.9</b>	-3.6
<b>Change in working capital, total</b>	<b>-1.3</b>	0.1	<b>-1.6</b>	-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.

At the end of December 2024, Tecnotree's cash and cash equivalents totalled to EUR 16.8 million (20.8). Interest-bearing liabilities were EUR 3.9 million (5.7).

During the year 2024, total equity was affected by translation differences of EUR - 2.5 million (-7.3).

## Business description

### TECNOTREE: AI-FIRST, FULL-STACK BSS POWERING DIGITALLY CONNECTED COMMUNITIES

Tecnotree is transforming the future of telecom monetization with an AI-native, full-stack Digital Business Support System designed to empower digitally connected communities. As a TM Forum Diamond Badge holder, Tecnotree delivers a modular, SI-ready, and cloud-native platform that enables Tier 1 operators, MVNOs, and frontier markets to scale beyond connectivity and unlock new revenue streams through AI-driven automation, real-time intelligence, and digital experience monetization.

At the heart of this transformation is Convergent Revenue Management (CRM) and 5G Billing & Charging, allowing operators to monetize services in real-time with dynamic pricing, policy control, and flexible business models that support subscription, transactional, and usage-based offerings. Alongside this, the Commerce (COM) and

Service Orchestration (SOM) layers power automated service activation, provisioning, and digital commerce, ensuring operators can seamlessly deliver personalized, AI-driven experiences.

Beyond traditional connectivity, Tecnotree is enabling AI-powered Value-Added Services (VAS) that modernize voice, messaging, and customer engagement. Its advanced CPaaS capabilities drive Rich Communication Services (RCS), A2P messaging, and omnichannel digital experiences, helping operators enhance customer interactions while increasing service monetization. With Sense and Profile-of-One AI agents, Tecnotree enables real-time personalization, predictive engagement, and churn prevention, ensuring telecom providers maximize subscriber lifetime value.

Digital experience monetization is now central to telecom strategy, and Tecnotree Moments, our B2B2X marketplace monetization platform, is designed to empower telecom operators to become experience enablers across diverse digital ecosystems. Through AI-driven Customer Value Management (CVM) and Experience Management, Moments facilitates hyper-personalization, intelligent offer automation, and digital marketplace integration, allowing operators to serve not just consumers but also businesses, enterprises, and content creators. Complementing this, CertifAI, Tecnotree's AI governance framework, ensures trust, transparency, and compliance in AI-driven decision-making, reinforcing responsible AI adoption and strengthening consumer trust in digital services.

Tecnotree is more than a BSS provider—it is a strategic enabler of digitally connected communities, helping telecom operators transform into next-generation digital service providers. Recognized by Gartner and TM Forum as a leader in AI-driven CSP transformation, Tecnotree is accelerating predictable, scalable, and sustainable growth for 90+ operators and over 1 billion subscribers worldwide. With an SI-ready architecture, Tecnotree enables seamless expansion across Tier 1 telcos, digital-first economies, and high-growth frontier markets, ensuring telecom operators can power the digital experiences of tomorrow, drive financial inclusion, and create lasting value for investors, businesses, and consumers alike.

## 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 full year increased by 1.0% from previous year being EUR 16.7 million (16.5). Order book at the end of December 2024 increased by 34.2% from previous year and stood at EUR 13.2 million (9.8).

## Middle-East and Africa & Asia Pacific

The net sales for the full year decreased by 11.3% from previous year being EUR 54.8 million (61.8). The order book at the end of December 2024 decreased by 2.7% from previous year and stood at EUR 66.4 million(70.4).

## Personnel

At the end of the December 2024, Tecnotree employed 758 (883) persons, of whom 22 (40) worked in Finland and 736 (843) globally. Personnel by country were as follows:

<b>Personnel</b>	<b>31.12.2024</b>	<b>31.12.2023</b>
Personnel, at end of period	<b>758</b>	883
Finland	<b>22</b>	40
India	<b>660</b>	734
United Arab Emirates	<b>33</b>	25
Other countries	<b>43</b>	84
Personnel, average	<b>842</b>	869
Personnel expenses (MEUR)	<b>-19.7</b>	-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 December 2024, the shareholders' equity of Tecnotree Group stood at EUR 92.6 million (86.5) and the share capital was EUR 1.3 million (1.3). The total number of shares was 17,053,250 and the company held 1,092,467 own shares. Equity per share was EUR 5.43 (0.27).

A total of 38,585,636 Tecnotree shares (EUR 24,359,598) were traded on the Helsinki Exchanges during the period 1 January – 31 December 2024, representing 226.3% 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 3.01 and the closing price on 31 December 2024 was EUR 2.61.

The market capitalization of the share stock at the end of the period was EUR 60.5 million.

## Current authorizations

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

- **The Annual General Meeting held on 15 April 2024 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.

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 short-term uncertainty factors

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

## **Risks and uncertainty factors relating to business operations**

Tecnotree focuses on R&D led, product-based solutions for Communication and Digital Service Providers in emerging markets. This involves risks, such as the time to develop new products, the timely market introduction of products, the competitive situations as well as the company's ability to respond to customer and market demand. The company has also noted the impact of inflation on its cost and is taking appropriate measures to mitigate the same.

### **Dependence on key customers**

Tecnotree's two largest customers accounted for 47% of net sales in 2024 (49%). The relationship between the company and its major customers is one of interdependence, which offers business opportunities but also poses risks. However, these relationships have been existing for over 20 years.

### **Carrying out customer projects, profitability, forecasting**

Certain commitments are associated with the project delivery and maintenance agreements made by the company, and unforeseen costs may arise in the future from these agreements. The company aims to limit these commitments with limitation of liability clauses in customer contracts. In addition, the company has a current global liability insurance to cover any liabilities that may materialize in connection with customer projects in accordance with the insurance agreement.

Carrying out projects involves risks. They are contained for example in projects that require new product development, where creating new product features may prove more difficult than anticipated. Another problem with project sales arises from variations in net sales and profit during the different quarters of the year. Forecasting these variations is often difficult.

### **Risks relating to international operations, receivables and developing markets**

Project deliveries result in large accounts receivable. Most of Tecnotree's net sales come from developing countries and some of these contain political and economic challenges. There is the risk of a considerable delay in the payment of invoices in these countries and that Tecnotree will have to record credit losses. Regulation by the authorities of foreign payment transactions and international sanctions hamper operations in certain countries. Various regulations can change frequently and may be ambiguous. In many countries it is common practice to delay payment of invoices. For these reasons forecasting customer payments is often challenging and delays occur.

## **Quantitative and Qualitative Disclosures About Market Risk**

### **Foreign Currency Risk**

Our operations span across regions where Euro is not readily available or where local currencies experience significant volatility or inflation. Given the nature of our international presence, we have adopted a conservative approach to manage our foreign currency exposure. A significant portion of our net sales is denominated in U.S. dollars, and the exchange rate fluctuations of the Indian Rupee have a notable impact on our net result due to the substantial costs associated with our large workforce in India and other expenses denominated in rupees.

To mitigate the risk associated with currency fluctuations, we have implemented a comprehensive foreign exchange risk management policy. This policy involves:

1. Regular Assessment: Conducting frequent evaluations of our currency exposure in each operating country, focusing on both transactional and translational risks.
2. Diversification of Currency Holdings: Maintaining a diversified portfolio of currency holdings to spread the risk associated with any single currency.
3. Dynamic Adjustments: Adjusting our hedging strategies in real-time based on changes in currency volatility and market forecasts.
4. Liquidity Management: Ensuring sufficient liquidity in various currencies to meet operational needs without relying heavily on local currency markets.

Further we will be actively pursuing entering into foreign exchange contracts to hedge a larger portion of our exposure in non- Euro currencies. This includes forward contracts, options, and swaps in currencies of countries where we have significant operations and where the currency is prone to volatility or inflation.

Intra-group receivables and liabilities can result in exchange rate differences in the consolidated income statement, as our Group companies usually have different functional currencies.

### **Interest Rate Risk**

Our exposure to interest rate risk primarily arises from our cash reserves and borrowings. We invest our short-term interest-bearing investments in highly liquid and low-risk instruments, with a focus on diversification to mitigate the impact of interest rate fluctuations.

As of 31<sup>st</sup> December 2024, we had 3.9 million (5.7) interest-bearing liabilities. Our borrowing strategy is designed to be flexible, allowing us to respond quickly to changes in interest rates and economic conditions in the countries where we operate. Our borrowings are in multiple currencies, including INR and USD, and any exchange rate fluctuations will affect us.

### **Taxation**

Operating in developing markets often involves problems relating to taxation. Local tax legislation can change rapidly and may be subject to conflicting interpretations. It is possible for the tax authorities in different countries to demand taxation of the same revenue. Withholding taxes are often imposed on sales of systems and services and obtaining credit for this in the country receiving the revenue is not a clear case. In Finland

Tecnotree has a large amount of tax-deductible costs from previous fiscal periods, which can be capitalized in taxation.

As a rule, Tecnotree applies the cost-plus method in its transfer pricing. This clarifies the taxable result recorded in different countries.

## Sustainability Report

The Sustainability Report for 2024 will be included in the upcoming annual report for 2024, which will be published during Week 11, 2025.

## Webcast for investors and media

Tecnotree webcast of results is **Friday, 28 February 2025 at 10.00 a.m. EET** (Helsinki).

Shareholders and potential investors are invited to pre-register a zoom account and join the online presentation via this link: <https://us06web.zoom.us/j/83055809435>

The event will be recorded, and the presentation materials will be made available on the company's website [investors.tecnotree.com](http://investors.tecnotree.com).

## Annual General Meeting

Tecnotree's Annual General Meeting 2025 is planned to be held on Monday, 7 April 2025. The plan is to offer a Hybrid meeting in Helsinki, Finland, similar to last year.

## Financial Information for 2025

As announced in stock release December 13, 2024. During the financial year 2025, Tecnotree's financial reports will be published for the periods January 1–March 31, January 1–June 30, and January 1–September 30. The Business Review for January–March will be published on April 29, the Half-Year Financial Report for January–June on August 5, and the Business Review for January–September on October 28.

This Year-End Report for the financial year 2024 (unaudited) is published on February 26, 2025. The webcast dates will be announced no later than 2 weeks before publishing.

## 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>10-12/2024</b>	10-12/2023	<b>1-12/2024</b>	1-12/2023
Net sales	<b>17.6</b>	22.2	<b>71.6</b>	78.4
Other operating income	<b>0.0</b>	0.0	<b>0.1</b>	0.2
Materials and services	<b>1.3</b>	-0.8	<b>-2.5</b>	-4.7
Employee benefit expenses	<b>-5.4</b>	-7.3	<b>-19.7</b>	-24.2
Depreciation, amortisation and impairment charges	<b>-1.0</b>	-1.3	<b>-6.9</b>	-3.9
Other operating expenses	<b>-1.7</b>	-4.9	<b>-18.6</b>	-21.9
<b>Operating Profit</b>	<b>10.9</b>	7.9	<b>23.8</b>	23.8
Financial income	<b>0.4</b>	0.8	<b>4.2</b>	6.1
Financial expenses	<b>-8.2</b>	-5.9	<b>-15.2</b>	-16.0
<b>Profit Before Tax</b>	<b>3.0</b>	2.8	<b>12.8</b>	13.9
Income taxes	<b>-2.5</b>	-0.4	<b>-4.5</b>	-2.8
<b>Net Income or Profit After Tax</b>	<b>0.5</b>	2.4	<b>8.3</b>	11.2
Allocated to:				
Equity holders of parent company	<b>3.7</b>	2.4	<b>8.3</b>	11.2
Non-controlling interest	<b>-0.0</b>	-0.0	<b>-0.0</b>	-0.0
EPS calculated on the profit attributable to equity holders of parent company:				
Earnings per share, basic, EUR	<b>0.03</b>	0.01	<b>0.5</b>	0.04
Earnings per share, diluted, EUR	<b>0.02</b>	0.01	<b>0.19</b>	0.04

<b>Consolidated statement of comprehensive income, MEUR</b>	<b>10-12/2024</b>	10-12/2023	<b>1-12/2024</b>	1-12/2023
---	-------------------	------------	------------------	-----------

<b>Result for the period</b>	<b>0.5</b>	2.4	<b>8.3</b>	11.6
Other comprehensive income				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement items on net defined benefit liability	<b>0.0</b>	0.0	<b>0.1</b>	-0.0
Revaluation	<b>-0.0</b>	-0.0	<b>-0.0</b>	0.1
Items that may be reclassified subsequently to profit or loss:				
Translation differences from foreign operations	<b>3.4</b>	-3.6	<b>-3.4</b>	-3.0
Taxes on translation differences	-0.8		0.8	1.0
Other comprehensive income, net of tax	<b>2.6</b>	-3.6	-2.5	-2.0
<b>Total comprehensive income for the period</b>	<b>3.1</b>	-1.2	<b>5.8</b>	9.6
Allocated to:				
Equity holders of parent company	<b>3.1</b>	-1.2	<b>5.8</b>	9.6
Non-controlling interest	<b>0.0</b>	-0.0	<b>0.0</b>	-0.0

**Consolidated balance sheet, MEUR**

31.12.2024 31.12.2023

Non-current assets		
Intangible assets - own development	<b>34.1</b>	27.2
Intangible assets - external	<b>9.0</b>	6.3
Tangible assets	<b>0.1</b>	0.4
Deferred tax assets	<b>0.0</b>	0.5
Other non-current trade and other receivables	<b>2.2</b>	1.9
Current assets		
Trade receivables	<b>34.5</b>	32.9
Other receivables	<b>42.0</b>	38.2
Cash and cash equivalents	<b>16.8</b>	20.8
<b>Assets total</b>	<b>138.9</b>	128.2
<b>Shareholders' equity</b>	<b>92.6</b>	86.5
Compulsory convertible debentures	<b>23.1</b>	21.1
Non-current liabilities		
Non-current interest-bearing liabilities	<b>0.0</b>	0.0
Other non-current liabilities	<b>4.2</b>	3.7
Current liabilities		
Current interest-bearing liabilities	<b>3.9</b>	5.7
Trade payables and other liabilities	<b>15.1</b>	11.3
<b>Equity and liabilities total</b>	<b>138.9</b>	128.2

**Consolidated condensed cash flow statement, MEUR**

10-12/2024 10-12/2023 1-12/2024 1-12/2023

Cash flow from operating activities				
Result for the period	0.5	2.4	8.3	11.2
Adjustments of the result	7.2	7.4	14.6	15.5
Changes in working capital	0.7	0.1	-1.6	-9.2
<b>Gross cash flow from operations</b>	<b>8.4</b>	<b>9.9</b>	<b>21.3</b>	<b>17.4</b>
Financial income and expenses	-3.0	-5.1	-6.1	-7.7
Income taxes paid	-2.2	-0.1	-4.0	-3.5
<b>Net cash flow from operating activities</b>	<b>3.3</b>	<b>4.7</b>	<b>11.2</b>	<b>6.2</b>
Cash flow from investing activities				
Utilized from CCD	2.9	5.3	13.0	9.0
Investment on tangible and intangible assets	-2.5	-2.8	-11.0	-11.9
Investments on third party software	-0.3	-0.5	-2.0	-2.0
Advance for Acquisition	-0.0	-2.0	0.0	-2.0
<b>Net cash flow from investing activities</b>	<b>-0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>-6.9</b>
Cash flow from financing activities				
Compulsory convertible debentures (CCD)	0.0	7.0	2.0	21.1
CCDs Utilised for Investment activity	-2.9	-5.3	-13.0	-9.0
Repayments of borrowings	-0.1	-0.1	-1.8	-4.6
Payment of dividends	0.0	0.0	-0.2	0.0
New loans	0.0	0.0	0.0	5.5
<b>Net cash flow from financing activities</b>	<b>-2.9</b>	<b>1.6</b>	<b>-12.9</b>	<b>12.9</b>
Translation Difference	-0.6	-1.0	-2.3	-3.7
<b>Increase (+) and decrease (-) in cash and cash equivalents</b>	<b>-0.3</b>	<b>5.3</b>	<b>-4.1</b>	<b>8.6</b>
Cash and cash equivalents at beg. of period	17.0	15.5	20.8	12.3
<b>Cash and cash equivalents at end of period</b>	<b>16.8</b>	<b>20.8</b>	<b>16.8</b>	<b>20.8</b>

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

	A	B	C	D	E	F	G	H	I
Shareholders' equity 1st Jan 2024	1.3	0.8	-19.9	27.6	2.1	74.4	86.3	0.2	86.5

Result for the period						8.3	8.3	-0.0	8.3
Other comprehensive income, net of tax			-2.5			0.1	-2.5		-2.5
Total comprehensive income for the period			-2.5			8.4	5.9	-0.0	5.9
Dividend payout						-0.2	-0.2		-0.2
Share based payments						0.7	0.7	0.0	0.7
Other changes						-0.2	-0.1	-0.3	0.0
<b>Shareholders' equity 31st Dec 2024</b>	<b>1.3</b>	<b>0.8</b>	<b>-22.5</b>	<b>27.6</b>	<b>1.8</b>	<b>83.2</b>	<b>92.4</b>	<b>0.2</b>	<b>92.6</b>
	A	B	C	D	E	F	G	H	I
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						11.2	11.2	-0.0	11.2
Other comprehensive income, net of tax			-7.3				-7.3		-7.3
Total comprehensive income for the period			-7.3			11.2	3.9	-0.0	3.9
Share issue							0.0		0.0
Stock options exercised				0.0			0.0		0.0
Share based payments						2.3	2.3		2.3
Revaluation reserve					-0.1		-0.1		-0.1
Argentina hyperinflation						0.5	0.5		0.5
Other changes					-0.0	-0.2	-0.2	-0.0	-0.2
Shareholders' equity 31st Dec 2023	1.3	0.8	-19.9	27.6	2.1	74.4	86.3	0.2	86.5

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 financial report

This full 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 financial 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>1-12/2024</b>	<b>1-12/2023</b>
Net sales		
Europe & Americas	<b>15.9</b>	16.5
MEA & APAC	<b>55.6</b>	61.8
<b>Total</b>	<b>71.6</b>	78.4
Result		
Europe & Americas	<b>8.0</b>	3.7
MEA & APAC	<b>18.7</b>	31.8
<b>Total</b>	<b>26.7</b>	35.5
Non-allocated items	<b>-2.9</b>	-11.6
<b>Operating result</b>	<b>23.8</b>	23.8

## 3. Interest-bearing liabilities

Interest-bearing liabilities at the end of the review period were EUR 3.9 million (5.7)

<b>Interest-bearing liabilities, MEUR</b>	<b>31.12.2024</b>	<b>31.12.2023</b>
Loans, 1 Jan	<b>5.7</b>	4.8
New loans	<b>0.0</b>	5.5
Repayments of loans	<b>-1.8</b>	-4.6
<b>Loans, end of period</b>	<b>3.9</b>	5.7
Non-current interest-bearing liabilities	<b>0.0</b>	0.0
Current interest-bearing liabilities	<b>3.9</b>	5.7
<b>Finance lease liabilities, end of period</b>	<b>3.9</b>	5.7

## 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>31.12.2024</b>	<b>31.12.2023</b>
On own behalf		
Pledged deposits	<b>2.1</b>	1.6
Other contingent liabilities		
Litigation	<b>0.0</b>	1.8
India income tax liability	<b>3.9</b>	0.0
<b>Operating leases, MEUR</b>	<b>31.12.2024</b>	<b>31.12.2023</b>
Minimum rents payable based on other leases that cannot be cancelled:		
Other operating leases		
Less than one year	<b>0.4</b>	0.8
Between one and five years	<b>0.9</b>	0.7

## 6. Key figures

<b>Consolidated key financial figures</b>	<b>1-12/2024</b>	<b>1-12/2023</b>
Return on investment, %	<b>14.6</b>	16.9
Return on equity, %	<b>9.3</b>	13.4
Equity ratio, %	<b>66.7</b>	67.5
Debt/Equity ratio, %	<b>4.5</b>	6.6
Investments, MEUR	<b>16.3</b>	15.9
% of net sales	<b>22.8</b>	20.3
Order book, MEUR	<b>79.6</b>	80.2
Personnel, at end of period	<b>758</b>	883

<b>Consolidated key figure per share</b>	<b>1-12/2024</b>	<b>1-12/2023</b>
--	------------------	------------------

Earnings per share, basic, EUR	<b>0.5</b>	0.04
Earnings per share, diluted, EUR	<b>0.05</b>	0.03
Equity per share, EUR	<b>5.43</b>	0.27
Number of shares at end of period, x 1,000	<b>17 053</b>	318 956
Number of shares on average, x 1,000	<b>177 951</b>	318 956
Share price, EUR		
Average	<b>2.98</b>	0.42
Lowest	<b>0.27</b>	0.27
Highest	<b>7.95</b>	0.51
Share price at end of period, EUR	<b>3.55</b>	0.34
Market capitalisation of issued stock at end of period, MEUR	<b>60.5</b>	108.4
Share turnover, million shares	<b>37.4</b>	94.6
Share turnover, % of total	<b>11.7</b>	29.66
Share turnover, MEUR	<b>20.9</b>	42.5
Price/earnings ratio (P/E)	<b>46.2</b>	9.7

Quarterly key figures	Q4/24	Q3/24	Q2/24	Q1/24	Q4/23	Q3/23	Q2/23	Q1/23
Net sales, MEUR	<b>17.6</b>	19.0	18.7	16.3	22.2	21.4	19.3	15.5
Net sales, change %	<b>-8.7</b>	-1.3	20.2	4.7	10.4	10.9	24.0	17.0
Operating result, MEUR	<b>10.9</b>	5.0	3.5	4.4	7.9	6.2	6.2	3.6
% of net sales	<b>61.7</b>	26.3	18.8	27.2	35.4	28.9	32.1	23.3
Adjusted result for the period, MEUR <sup>1</sup>	<b>4.9</b>	4.1	5.0	1.6	2.4	3.2	3.7	1.8
Result for the period, MEUR	<b>0.5</b>	4.1	2.1	1.6	2.4	3.2	3.7	1.8
Personnel at end of period	<b>758</b>	810	852	892	883	836	895	884
Earnings per share, basic, EUR	<b>0.03</b>	0.24	0.12	0.01	0.01	0.01	0.01	0.01
Earnings per share, diluted, EUR	<b>0.03</b>	0.24	0.12	0.01	0.01	0.01	0.01	0.01
Equity per share, EUR	<b>5.43</b>	5.25	5.13	0.27	0.27	0.27	0.26	0.25
Net interest-bearing liabilities, MEUR	<b>-12.9</b>	-13.0	-12.2	-11.2	-15.2	-9.6	-3.6	-6.5
Order book, MEUR	<b>79.6</b>	75.1	72.6	74.8	80.2	78.0	68.4	67.8

<sup>1</sup> Adjusted result for the period = result for the period before one-time items.

