

Tecnotree

Empowering Digitally
Connected Communities

Financial Report Q1 2025



Tecnotree Corporation Financial Report 1st January to 31st March 2025 (unaudited)

Stable Performance with Improved Free Cash Flow

Q1 Results

- Net sales of EUR 16.9 million (16.3) +3.7% Year on Year, in constant currency, EUR 17.1 million, +4.6% Year on Year.
- Operating result of EUR 4.5 million (4.4) +2.3% Year on Year.
- Operating margin of 26.9% (27.2%).
- Foreign exchange losses reduced to EUR 1.4 million (1.7).
- Net result EUR 1.5 million (1.6) -5.6% Year on Year.
- Gross cash flow from operations EUR 6.4 million (1.0).
- Positive free cash flow EUR 1.0 million (-4.7).
- Earnings per share EUR 0.1 (0.1).
- Order book at the end of the period EUR 70.3 million (74.8).

Key figures, MEUR	1-3/2025	1-3/2024	1-12/2024
Net sales	16.9	16.3	71.6
Operating result	4.5	4.4	23.8
Result before taxes	2.3	2.1	12.8
Adjusted result for the period ¹	1.5	1.6	15.6
One-time items	0.0	0.0	-7.3
Result for the period	1.5	1.6	8.3
Earnings per share, basic, EUR	0.1	0.1	0.5
Order book	70.3	74.8	79.6
Gross cash flow from operations	6.4	1.0	21.3
Free cash flow	1.0	-4.7	-1.8
Change in cash and cash equivalents	1.1	-4.4	-4.0
Cash and cash equivalents	18.0	16.4	16.8
Equity ratio % (Equity/Total Liabilities)	67.5	65.9	66.7
Debt Equity ratio % (Debt/Equity)	4.8	6.1	4.2
Personnel at end of period	726	892	758

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

Unless otherwise stated, all figures presented below are for the financial period 1-3/2025 and the figures for comparison are for the corresponding period in 1-3/2024.

Guidance for 2025

- Net sales are expected to grow by low to mid-single digit percentage in constant currency terms.
- Operating result margin expected to see margin expansion of at least +200bp.
- Free cash flow guidance > EUR 4 million for the full year.
- 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:

Resilient start of Q1 - 2025 with enhanced Cashflow performance

The first quarter of 2025 represents an encouraging start to the year, marked by stable financial performance and significant achievements in our strategic initiatives. I am particularly pleased to highlight our positive free cash flow generation of EUR 1.0 million, a substantial improvement from the negative EUR 4.7 million in the same period last year, demonstrating tangible progress in our cash flow optimization strategy.

Net sales increased modestly by 3.7%, underpinned by strong growth in license revenue. This strategic shift toward high-margin licensing agreements is aligned with our continued focus on predictable, stable revenue streams, primarily through our Annual Recurring Revenue (ARR) model. Our efforts in cost optimization have also supported profitability, reflecting effective execution against our margin expansion targets. We will continue our focus on cost optimization going forward. We have also reduced CapEx to Sales (product capitalization) to 14.7% from 20.8% in Q1 2024. This is facilitated by the fully invested nature of our market leading product stack.

Our order book reduced by 6.0% to EUR 70.3 million from EUR 74.8 million last year, which reflects the timing of contract deliveries in the quarter, as well as execution of our

strategy to alter our geographic mix. Geographically, we have significantly increased our order backlog in Europe & Americas to EUR 12.1 million from EUR 8.7 million compared to Q1 2024, demonstrating success in our market diversification strategy and stronger presence in mature markets, while strategically reducing our exposure to frontier markets MEA & APAC regions. As a result, the percentage of revenues booked in volatile currencies in Q1 of 2025 has dropped to 15% from 45% in Q1 of 2024. Our bid pipeline remains strong and we expect to see the order book bounce back in the near term.

DSO days have significantly reduced to 155 days from the comparative quarter Q1 2024 of 216 days. This is one of the key contributors of a positive free cash flow for the quarter. By improved collections, we have been able to reduce trade receivables by EUR 7.4 million compared to Q1 2024.

Our brand equity continues to grow, with TMForum and Gartner recognitions for innovation in the areas of AI, 5G network monetisation, cloud services. Tecnotree is among the few ODA (Open Digital Architecture) Hero's as we have been agile in adopting frameworks for enterprises and consumers. With a confident outlook for 2025, including targeted margin expansion and growth in recurring revenues, Tecnotree is well-positioned for sustainable long-term value creation.

We remain confident in our guidance for the full year 2025, particularly encouraged by our early success in achieving positive cash flow.

Thank you to our dedicated employees, customers, and investors for your continued trust and support as we strengthen Tecnotree's foundation for sustainable growth and shareholder value.

Financial Performance

Tecnotree has successfully transitioned toward generating positive free cash flow, driven by disciplined cost management and improvements in receivables collections. License revenue notably increased due to strategic deals. The decline in the order book was due to a deliberate reduction in frontier markets, while Europe & Americas segment saw strong order intake growth, indicating successful geographic diversification.

Net sales

Net sales in the first quarter were EUR 16.9 million (16.3) being 3.7% higher compared to last year. Net sales from sale of licenses were EUR 4.2 million (0.0), delivery EUR 5.1 million (8.7) and maintenance and management services EUR 7.6 million (7.6). The order book stood at EUR 70.3 million (74.8) showing 6.0% decrease compared to last year.

Nature of goods and services offered, MEUR	1-3/2025	1-3/2024	1-12/2024
Licenses*	4.2	0.0	15.2
Delivery	5.1	8.7	25.3
Maintenance and management services	7.6	7.6	31.1
Net sales total	16.9	16.3	71.6

Methods used to recognise revenue, MEUR	1-3/2025	1-3/2024	1-12/2024
Point in time:			
Licenses*	4.2	0.0	15.2
Overtime:			
Delivery	5.1	8.7	25.3
Maintenance and management services	7.6	7.6	31.1
Net sales total	16.9	16.3	71.6

Recognition of revenue by operating segment, MEUR	1-3/2025	1-3/2024	1-12/2024
Europe & Americas:			
Licenses*	0.1	0.0	2.8
Delivery	0.7	2.1	6.6
Maintenance and management services	1.9	1.8	7.3
Net sales total	2.7	3.9	16.7
MEA & APAC:			
Licenses*	4.1	0.0	12.4
Delivery	4.3	6.6	18.7
Maintenance and management services	5.7	5.8	23.8
Net sales total	14.2	12.4	54.8

Order book by operating segment, MEUR	31.3.2025	31.3.2024	1-12/2024
Europe & Americas	12.1	8.7	13.2
MEA & APAC	58.2	66.1	66.4
Order book total	70.3	74.8	79.6

* Own licenses is now Licenses, which include previous 'Sale of third party hardware and software'

Result analysis

The operating result for the first quarter was EUR 4.5 million (4.4) and the result EUR 1.5 million (1.6). Exchange rate differences in the financial items were EUR -1.4 million (-1.7). 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 quarter were EUR 2.5 million (3.4). Amortizations on capitalized development costs were EUR 1.1 million (1.3).

Income statement, key figures, MEUR	1-3/2025	1-3/2024	1-12/2024
Net sales	16.9	16.3	71.6
Other operating income	0.0	0.0	0.1
Operating costs	-12.3	-11.9	-47.8
Operating result	4.5	4.4	23.8
Financial items without currency differences	-0.9	-0.6	-1.2
Exchange rate gains and losses in financial items	-1.4	-1.7	-2.5
Income taxes	-0.8	-0.4	-4.5
Adjusted result for the period	1.5	1.6	15.6
One-time items	0.0	0.0	-7.3
Result for the period	1.5	1.6	8.3

Financial income and expenses for the first quarter totalled to EUR -2.2 million (-2.4), including following items:

Financial income and expenses, MEUR	1-3/2025	1-3/2024	1-12/2024
Interest income	0.0	0.1	0.3
Exchange rate gains	0.0	2.7	3.8
Other financial income	-0.0	0.0	0.1
Financial income, total	0.0	2.9	4.2
Interest expenses	-0.5	-0.2	-0.7
Exchange rate losses	-1.4	-4.4	-6.4
Other financial expenses	-0.4	-0.6	-8.2
Financial expenses, total	-2.3	-5.2	-15.2
Financial items, total	-2.2	-2.4	-11.0

Taxes for the first quarter were EUR -0.8 million (-0.4) including following items:

Taxes in income statement, MEUR	1-3/2025	1-3/2024	1-12/2024
Withholding taxes paid abroad	-0.5	-0.3	-2.6
Change in withholding tax accrual	0.0	0.0	-0.5
Income taxes on the results of Group companies	-0.2	-0.1	-0.8
Other items	-0.0	-0.1	-0.7
Taxes in income statement, total	-0.8	-0.4	-4.5

Business description

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.

Personnel

At the end of the first quarter Tecnotree employed 726 (892) persons, of whom 22 (39) worked in Finland and 704 (853) globally.

Personnel	31.3.2025	31.3.2024	31.12.2024
Personnel, at end of period	726	892	758
Finland	22	39	22
India	637	741	660
United Arab Emirates	32	28	33
Other countries	35	84	43
Personnel, average	745	892	842
Personnel expenses (MEUR)	-5.1	-4.6	-19.7

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

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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.

Consolidated income statement, MEUR	1-3/2025	1-3/2024	1-12/2024
Net sales	16.9	16.3	71.6
Other operating income	0.0	0.0	0.1
Materials and services	-0.7	-0.8	-2.5
Employee benefit expenses	-5.1	-4.6	-19.7
Depreciation, amortisation and impairment charges	-1.5	-1.6	-6.9
Other operating expenses	-5.0	-4.9	-18.6
Operating result	4.5	4.4	23.8
Financial income	0.0	2.9	4.2
Financial expenses	-2.3	-5.2	-15.2
Result before taxes	2.3	2.1	12.8
Income taxes	-0.8	-0.4	-4.5
Result for the period	1.5	1.6	8.3
Allocated to:			
Equity holders of parent company	1.5	1.6	8.3
Non-controlling interest	-0.0	-0.0	-0.0
EPS calculated on the profit attributable to equity holders of parent company:			
Earnings per share, basic, EUR	0.09	0.10	0.50
Earnings per share, diluted, EUR	0.06	0.08	0.38

Consolidated balance sheet, MEUR	31.3.2025	31.3.2024	31.12.2024
Intangible assets	43.9	35.7	43.1
Tangible assets	0.1	0.4	0.1
Deferred tax assets	0.0	0.5	0.0
Other non-current trade and other receivables	2.2	1.9	2.2
Current assets			
Trade receivables	29.1	36.5	34.5
Other receivables	45.1	38.6	42.0
Cash and cash equivalents	18.0	16.4	16.8
Assets total	138.3	130.0	138.9
Shareholders' equity	93.3	85.6	92.6
Compulsory convertible debentures	23.1	23.1	23.1
Non-current liabilities			
Non-current interest-bearing liabilities	0.0	0.0	0.0

Other non-current liabilities	4.2	4.0	4.2
Current liabilities			
Current interest-bearing liabilities	4.4	5.2	3.9
Trade payables and other liabilities	13.2	12.1	15.1
Equity and liabilities total	138.3	130.0	138.9

Consolidated condensed cash flow statement, MEUR

	1-3/2025	1-3/2024	1-12/2024
Cash flow from operating activities			
Result for the period	1.5	1.6	8.3
Adjustments of the result	4.5	4.2	14.6
Changes in working capital	0.4	-4.9	-1.6
Gross cash flow from operations	6.4	1.0	21.3
Financial income and expenses	-2.2	-1.5	-6.1
Income taxes paid	-0.8	-0.4	-4.0
Net cash flow from operating activities	3.5	-0.9	11.2
Cash flow from investing activities			
Utilized from CCD	1.1	3.8	13.0
Investment on tangible and intangible assets	-2.5	-3.4	-11.0
Investments on third party software	0.0	-0.5	-2.0
Net cash flow from investing activities	-1.4	0.0	0.0
Cash flow from financing activities			
Compulsory convertible debentures (CCD)	0.0	2.0	2.0
CCDs Utilized for Investment activity	-1.1	-3.8	-13.0
Repayments of borrowings	-1.0	-0.5	-1.8
Payment of dividends	0.0	0.0	0.0
New loans	1.6	0.0	0.0
Net cash flow from financing activities	-0.4	-2.3	-12.9
Translation Difference	-0.5	-1.2	-2.3
Increase (+) and decrease (-) in cash and cash equivalents	1.1	-4.4	-4.0
Cash and cash equivalents at beg. of period	16.8	20.8	20.8
Cash and cash equivalents at end of period	18.0	16.4	16.8

Key figures

Consolidated key financial figures

	1-3/2025	1-12/2024
Return on investment, %	12.9	14.6
Return on equity, %	6.6	9.3
Equity ratio, %	67.5	66.7
Debt/Equity ratio, %	4.8	4.2
Investments, MEUR	2.5	16.3
% of net sales	14.7	22.8
Order book, MEUR	70.3	79.6
Personnel, at end of period	726	758

Consolidated key figure per share

1-3/2025 **1-12/2024**

Earnings per share, basic, EUR	0.09	0.50
Earnings per share, diluted, EUR	0.06	0.38
Equity per share, EUR	5.47	5.43
Number of shares at end of period, x 1,000	17 053	17 053
Number of shares on average, x 1,000	17 053	16 531
Share price, EUR		
Average	3.49	3.01
Lowest	2.50	0.27
Highest	4.63	7.95
Share price at end of period, EUR	3.31	2.61
Market capitalisation of issued stock at end of period, MEUR	56.5	44.5
Share turnover, million shares	1.2	5.0
Share turnover, % of total	7.2	29.3
Share turnover, MEUR	4.3	20.9
Price/earnings ratio (P/E)	6.8	5.2

Quarterly key figures (MEUR)

Q1/25 **Q4/24** **Q3/24** **Q2/24** **Q1/24** **Q4/23** **Q3/23** **Q2/23** **Q1/23**

Net sales	16.9	17.6	19.0	18.7	16.3	22.2	21.4	19.3	15.5
Net sales, change %	-12.4	-8.7	-1.3	20.2	4.7	10.4	10.9	24.0	17.0
Operating result	4.5	10.9	5.0	3.5	4.4	7.9	6.2	6.2	3.6
% of net sales	26.9	61.7	26.3	18.8	27.2	35.4	28.9	32.1	23.3
Adjusted result for the period, MEUR ¹	1.5	4.9	4.1	5.0	1.6	2.4	3.2	3.7	1.8
Result for the period	1.5	0.5	4.1	2.1	1.6	2.4	3.2	3.7	1.8
Personnel at end of period	726	758	810	852	892	883	836	895	884
Earnings per share, EUR	0.09	0.03	0.24	0.12	0.10	0.15	0.20	0.23	0.11
Equity per share, EUR	5.47	5.43	5.25	5.13	5.37	5.43	5.40	5.12	5.06
Net interest-bearing liabilities	-13.5	-12.9	-13.0	-12.2	-11.2	-15.2	-9.6	-3.6	-6.5
Order book	70.3	79.6	75.1	72.6	74.8	80.2	78.0	68.4	67.8

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

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