

Tecnotree

Empowering Digitally
Connected Communities

Financial Report 2023

1st Jan – 31st Dec 2023



Tecnotree Corporation Full Year Financial Report

1st Jan – 31st December 2023 (unaudited)

RECORD DEMAND FOR TECNOTREE PRODUCTS, DELIVERS REVENUE GROWTH ABOVE GLOBAL MARKET TRENDS

Fourth quarter (October – December 2023)

- Net sales increased 10.4% to EUR 22.2 (20.1) million.
- Operating result increased 29.5% to EUR 7.9 (6.1) million.
- Flat operating cost EUR 14.3 (14.0) million
- Foreign exchange losses increased 161% to EUR 6.0 (2.3) million.
- Result for the period decreased by 26.4% mainly due to higher exchange loss to EUR 2.4 (3.2) million.
- Operating Cash flow EUR 4.7 (0.6) million.
- Earnings per share EUR 0.01 (0.01).
- Order book at the end of the period increased by 16.4% to EUR 80.2 (68.9) million.

Full year (January - December 2023)

- Net sales increased 9.5% to EUR 78.4 (71.6) million.
- Operating result increased 30.2% to EUR 23.8 (18.3) million.
- Flat operating cost EUR 54.7 (53.3) million
- Foreign exchange losses increased 235% to EUR 9.7 (2.9) million.
- Result for the period is EUR 11.2 (11.6) million.
- Operating Cash flow EUR 6.2 (6.0) million.
- Earnings per share EUR 0.04 (0.04).

Key figures, MEUR	10-12/2023	10-12/2022	1-12/2023	1-12/2022
Net sales	22.2	20.1	78.4	71.6
Operating result	7.9	6.1	23.8	18.3
Result before taxes	2.8	4.7	13.9	17.2
Result for the period	2.4	3.2	11.2	11.6
Earnings per share, basic, EUR	0.01	0.01	0.04	0.04
Order book			80.2	68.9
Operating Cash flow	4.7	-0.6	6.2	6.0
Change in cash and cash equivalents	4.3	-6.3	4.8	-5.3
Cash and cash equivalents			20.8	12.3
Equity ratio % #			67.5	77.1
Debt Equity ratio % #			6.6	6.0
Personnel at end of period			883	857

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

*Unless otherwise stated, all figures presented below are for the financial period 1-12/2023 and the figures for comparison are for the corresponding period in 1-12/2022.

Prospects 2024

Tecnotree expects in 2024:

- 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 licence revenue while is moving constantly evolving from Projects delivery Licence and Delivery mode into 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. 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.

Foreign exchange rates are expected to remain at approximately current levels.

From the CEO's desk

TECNOTREE DEMONSTRATES DIGITAL LEADERSHIP WITH RECORD ORDER INTAKE, RECORD REVENUE AND HIGH PROFITABILITY WHILE RECOGNIZING THE NEED FOR ADDITIONAL FOCUS ON SALES CASH INFLOW AND EXCHANGE LOSS MITIGATION

- The company recorded the highest order intake **in its history** by 11.3% to EUR 95.4 (85.7) million. The company added 12 new logos including, 3 Tier-1 operators in Scandinavia and North America regions, enjoying an increased demand for digital cloud offerings. This resulted in the highest order backlog ever recorded for the Company at EUR 80.2 (68.9) million, a 16.4% increase from 2022. The company expanded investment in AIML competitiveness which, contributed to 15.6% of the overall order intake. The AIML revenue stood at EUR 6.2 million. This exceeded our previously estimated growth in the AIML business of EUR 5 million for 2023.
- The company recorded revenue of EUR 107.2 (72.7) million at Constant Currency (exchange rate prevailing at the end of previous year) The reported revenue increased by 9.5% to EUR 78.4 (71.5) million post currency exchange fluctuations.

- Gartner forecasted the BSS market to have 2.1% annual growth from 2022-2027 (CAGR). The high revenue growth for Tecnotree's products and services can be attributed to Tecnotree's competitive product portfolio and its ability to drive outcome based digital transformations. More than 48% of the revenue was realised as Annual Recurring Revenue (ARR). This indicates a growing demand in SaaS, Subscription based business and transactional revenue models. Tecnotree celebrated 14 go-lives globally for some of the largest operator groups across various regions, delivering large-scale Digital BSS transformation for customers through the Tecnotree Digital Suite.
- In 2023, the revenue demographics of Tecnotree strengthened and diversified with 51% of revenue coming from new customers acquired in the last 5 years.
- The full year operating cash inflow at Constant Currency was EUR 84.1 (60.1) million (exchange rate prevailing at the end of previous year). The reported operating cash inflow was EUR 62.2 (58.8) million an increase of 6% from the previous year post currency exchange fluctuations. The operating cash inflow for Q4 of 2023 was EUR 19.8 (11.2) million.
- The Company's foreign exchange losses in 2023 were EUR 9.7 (2.9) million. Majority of the currency exchange losses were due to devaluation of the Nigerian currency and the hyper-inflationary pressures in the Argentinian market. Tecnotree continues to renegotiate its contracts with these customers to mitigate exchange risks. In addition, the company is in continuous negotiations with leading global banks for currency hedges and swaps. The company continues to expand its customers into stable markets to bring financial stability and free stable cash flow.
- The Accounts Receivable at the end of 2023 stood at EUR 32.9 (37.8) million a decrease of 13% from the previous year.
- The company has collected EUR 21.1 million in the second half of the year towards Compulsorily Convertible Debentures. The company also received an additional 2 million in CCD investments post year ending in 2023.
- The company efficiently managed its operating expenses (Opex) by cost optimization. The Opex was EUR 54.7 (53.3) million. As a percentage of overall revenue, the Opex fell to 69.8% from 74.5%. The company continues to monitor Opex extremely carefully and intends to maintain the current cost level despite inflationary pressure and continues to grow revenue and profitability.

- Despite the Company recording the highest ever EBIT in 2023 of EUR 23.8 (18.3) million, it was offset due to higher exchange cost driving flat net income of EUR 11.2 (11.6) million and EUR 2.4 (3.2) million in Q4 of 2023, which resulted in a flat EPS of Euro 0.04 (0.04).
- The shareholders' equity of the Company ended at EUR 86.5 (80.1) million that was an increase of 8.1% from 2022. The translation adjustment loss accounted for 7.3 million Euros.
- In 2023, the Company invested EUR 13.8 (9.5) million in Product Engineering. More than 50% of the investments were targeted towards cloud, AIML and Ecosystem monetisation for 5G on our digital stack.

Investments & R&D (IP)

- The company continued to invest 18% (13%) of its revenue in R&D, specifically with respect to Cloud, GenAI, AIML, 5G and IoT. The Company also makes investments to ensure its platform is modular, reliable and scalable with high degrees of automation, with self-healing, auto scaling and autopiloting capabilities.
- The company was issued 30 Patents in 2023 including in AGI and Augmented Intelligence supporting emerging technologies, common frameworks, and methodologies for Gen AI, ML Ops, and Data Ops with trust and governance using Sensa Low-Code Tooling & Platform and Co-pilots embedded for FTTX and Mobile and B2B2x Marketplace B/OSS modules.

Highlights and Recognitions

- In 2023, Gartner has recognized Tecnotree in their Market Guide for Customer Experience Management and another Market Guide for Revenue Monetization and Management.
- Tecnotree has been recognized as a Finalist in the TM Forum Excellence Awards 2023 for Customer Experience for the implementation of the Tecnotree Digital Stack embedded with AIML to drive business outcomes for MTN.
- Tecnotree has been awarded the Diamond Badge for TM Forum Open API Conformance. The certification verifies the successful implementation of Open APIs with conformance to a total of 9 Real world and 59 certified Open APIs. With

this landmark achievement, Tecnotree is No. 1 on the TM Forum Open API Conformance table.

- Tecnotree is the Top Vendor for official conformance and certification for TM Forum's Business Process Framework (eTOM).
- Tecnotree has been recognized among the top 4 major vendors globally for Autonomous Ai and Autonomous Agents by Markets and Markets.
- Tecnotree Moments won an award for best Telecom Monetization Platform from the Dubai Government.

Diversity, Inclusion and Sustainability

- Tecnotree in 2023 has been honoured with two prestigious awards - 'Best Innovation in Information Technology' by CMO Asia and 'Best Workplace Diversity Award' by UBS Forums.
- Tecnotree was recognized as a top performing Mid-Cap company by the Nordic Diversity Index, reinforcing our commitment to fostering a diverse and inclusive workplace drives innovation and empowers every individual within Tecnotree.
- Tecnotree launched a carbon neutral office space and green data center facility for all its cloud hosted offerings. The data center runs 100% solar energy and air cooling systems that is able to give back power to the grid. Tecnotree plans to extend this green cloud offering on its digital stack to customers and prospects.

Financial Performance -

- ❑ **Cash Flow:** The cash inflow for Q4 of 2023 was EUR 19.8 (11.2) million for the same period last year. The full year cash inflow is EUR 62.2 (58.8) million. The company has collected EUR 21.1 million in the second half of the year towards Compulsorily Convertible Debentures. The cash balance at the year-end was EUR 20.8 (12.3 at the end of 2022) million.
- ❑ **Order Book:** Tecnotree's Order Book continues to grow at a record high EUR 80.2 (68.9) million fueled by Tecnotree's growth strategy of further penetrating into Europe & APAC and winning several new customer logos. The orders grew for the existing digital BSS platform which helps CSPs to transform their businesses and

enable faster-time-to-market for 5G monetization. The order intake also included license for Moments, VAS and Sensa Ai Products.

- **Accounts Receivables:** The Accounts Receivables (Net) are reduced by 13.0% to EUR 32.9 (37.8) million

Accounts receivable aging, MEUR	31st Dec 2023	31st Dec 2022
not due	10.6	11.8
0-90 days	7.1	8.9
90-270 days	6.4	7.3
270-365 days	4.1	4.6
>1 year	4.7	5.2
Total	32.9	37.8

DSO Days by Region.

Region	FY 2023	FY 2022
Africa	104	106
Middle East & APAC	352	450
Latin America	81	102

- **Revenue:** Tecnotree continued to demonstrate strong growth in revenue in Q4 with increase of 10.4% to EUR 22.2 (20.1) million. Net sales from sale of third-party hardware and software were EUR 0.5 (0.6) million, own licenses EUR 4.7 (7.9) million, delivery EUR 12.8 (6.2) million and maintenance and management services EUR 4.3 (5.4) million. The full year revenue growth increased by 9.5% to 78.4 (71.6) million. Net sales from sale of third-party hardware and software were EUR 2.8 (4.7) million, own licenses EUR 17.4 (18.8) million, delivery EUR 29.6 (22.9) million and maintenance and management services EUR 28.6 (25.2) million. The Middle east, APAC and Africa markets contributed 79% of the revenue for Tecnotree.

Nature of goods and services offered, MEUR	10-12/2023	10-12/2022	1-12/2023	1-12/2022
Sale of third party hardware and software	0.5	0.6	2.8	4.7
Own licenses	4.7	7.9	17.4	18.8
Delivery	12.8	6.2	29.6	22.9
Maintenance and management services	4.3	5.4	28.6	25.2
Net sales total	22.2	20.1	78.4	71.6

Methods used to recognise revenue, MEUR	10-12/2023	10-12/2022	1-12/2023	1-12/2022
Point in time:				
Third party hardware and software	0.5	0.6	2.8	4.7
Own license	4.7	7.9	17.4	18.8
Overtime:				
Delivery	12.8	6.2	29.6	22.9
Maintenance and management services	4.3	5.4	28.6	25.2
Net sales total	22.2	20.1	78.4	71.6

Recognition of revenue by operating segment, MEUR	10-12/2023	10-12/2022	1-12/2023	1-12/2022
Europe & Americas:				
Third party hardware and software	0.0	0.1	0.1	1.0
Own license	0.0	0.6	1.0	0.9
Delivery	3.3	2.6	5.3	4.2
Maintenance and management services	1.3	0.4	10.1	6.6
Net sales total	4.7	3.8	16.5	12.7
MEA & APAC:				
Third party hardware and software	0.5	0.5	2.6	3.7
Own license	4.7	7.3	16.4	17.9
Delivery	9.4	3.6	24.3	18.7
Maintenance and management services	3.0	5.0	18.5	18.6
Net sales total	17.5	16.3	61.8	58.9

Order book by operating segment, MEUR	1-12/2023	1-12/2022
Europe & Americas	9.8	8.3
MEA & APAC	70.4	60.6
Order book total	80.2	68.9

- **Profitability:** The company had an increased operating result of 29.5% in Q4 to EUR 7.9 (6.1) million. The full year operating result increased by 30.2% to EUR 23.8 (18.3) million. While the revenue in Q4 grew by 10.4% over previous year, the Opex was flat EUR 14.3 (14.0) million. The full year opex was also flat at EUR 54.7 (53.3) million. The management of opex has been a key focus by implementing greater levels of productization and automation. Net income was EUR 11.2 (11.6) million for the full year and EUR 2.4 (3.2) million in Q4.. Earnings per share for the review period were EUR 0.04 (0.04).

- ❑ **Investment in Product Engineering:** Investment in Product Engineering during the review period was EUR 13.8 (9.5) million and EUR 3.3 (4.8) million in the fourth quarter. Amortizations on total capitalized development costs during the review period were EUR 2.0 (1.1) million and EUR 0.5 (0.5) million in the fourth quarter.
- ❑ **Financial Items & Taxes:** Financial items without exchange rate differences in financial items for the review period were EUR -0.2 (1.8) million and EUR 0.9 (0.9) million in the fourth quarter. Exchange rate differences in the financial items in the review period were EUR -9.7 (-2.9) million and EUR -6.0 (-2.3) million 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.

Income statement, key figures, MEUR	10-12/2023	10-12/2022	1-12/2023	1-12/2022
Net sales	22.2	20.1	78.4	71.6
Other operating income	0.0	0.0	0.2	0.1
Operating costs	-14.3	-14.0	-54.7	-53.3
Operating result	7.9	6.1	23.8	18.3
Financial items without currency differences	0.9	0.9	-0.2	1.8
Exchange rate gains and losses in financial items	-6.0	-2.3	-9.7	-2.9
Income taxes	-0.4	-1.5	-2.8	-5.7
Result for the period	2.4	3.2	11.2	11.6

Financial income and expenses for the review period totalled a net loss of EUR 9.9 million (net loss of EUR 1.1 million), including following items:

Financial income and expenses, MEUR	10-12/2023	10-12/2022	1-12/2023	1-12/2022
Interest income	0.1	0.3	0.5	1.3
Exchange rate gains	0.7	-0.4	5.6	1.8
Other financial income	0.0	-0.0	-0.0	-0.0
Financial income, total	0.8	-0.1	6.1	3.1
Interest expenses	-0.2	-0.1	-0.6	-0.1
Exchange rate losses	-6.7	-1.9	-15.3	-4.7
Other financial expenses	1.0	0.7	-0.0	0.6
Financial expenses, total	-5.9	-1.3	-16.0	-4.2
Financial items, total	-5.1	-1.4	-9.9	-1.1

Taxes for the review period totalled EUR 2.8 (5.7) million, including following items:

Taxes in income statement, MEUR	10-12/2023	10-12/2022	1-12/2023	1-12/2022
Withholding taxes paid abroad	-0.5	-0.5	-2.9	-3.4

Change in withholding tax accrual	0.0	-0.3	0.9	-0.4
Income taxes on the results of Group companies	0.2	-0.4	-0.6	-1.3
Other items	-0.1	-0.2	-0.1	-0.6
Taxes in income statement, total	-0.4	-1.5	-2.8	-5.7

FINANCING, CASH FLOW AND BALANCE SHEET

Tecnotree's working capital increased during the review period by EUR 9.2 (Increased 10.3) million

Change in working capital, MEUR (increase-/decrease +)	10-12/2023	10-12/2022	1-12/2023	1-12/2022
Current receivables, increase (-) /decrease (+)	3.4	-7.2	-5.5	-11.8
Current liabilities, increase (+) /decrease (-)	-3.2	2.6	-3.6	1.5
Change in working capital, total	0.1	-4.6	-9.2	-10.3

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 2023, Tecnotree's cash and cash equivalents totalled to EUR 20.8 (12.3) million. During the second half of the year Tecnotree raised EUR 21.1 million through CCD out of which EUR 9.0 million was used for R&D.

Interest-bearing liabilities were EUR 5.7 (4.8) million.

During the review period, total equity was affected by translation differences of negative EUR 7.3 (negative 1.9) 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. It's 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 platform has shown significant license growth for Tecnotree in 2023. Further, 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 800 million subscribers worldwide and supporting more than 65 operators/CSPs worldwide.

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

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 review period increased by 30.4% from previous year being EUR 16.5 (12.7) million.

Order book at the end of the review period increased by 18.8% from previous year and stood at EUR 9.8 (8.3) million.

Middle-East and Africa & Asia Pacific

The net sales for the review period increased by 5.0% from previous year being EUR 61.8 (58.9) million.

The order book at the end of the review period increased by 16.1% from previous year and stood at EUR 70.4 (60.6) million.

Personnel

At the end of the year 2023, Tecnotree employed 883 (857) persons, of whom 40 (43) worked in Finland and 843 (814) globally. The company employed on average 869 (794) people during the review period. Personnel by country were as follows:

Personnel	12/31/2023	12/31/2022
Personnel, at end of period	883	857
Finland	40	43
Brazil	6	6
Argentina	39	37
India	734	638
United Arab Emirates	25	21
Other countries	39	112
Personnel, average	869	794
Personnel expenses (MEUR)	-24.2	-23.7

Share and price analysis.

At the end of the review period, the shareholders' equity of Tecnotree Group stood at EUR 86.5 (80.1) million and the share capital was EUR 1.3 million (1.3). The total number of shares was 318,956,206 and the company held 2,134,904 own shares. Equity per share was EUR 0.27 (0.25).

A total of 94,612,826 Tecnotree shares (EUR 191,609,929) were traded on the Helsinki Exchanges during the period 1 January – 31 December 2023, representing 29.7% of the total number of shares.

The highest share price quoted in the review period was EUR 0.51 and the lowest EUR 0.27. The average quoted price was EUR 0.42 and the closing price on 31 December

2023 was EUR 0.34. The market capitalisation of the share stock at the end of the review period was EUR 108.4 million.

Current authorizations

At the end of the review period, the Board of Directors had two valid mandates.

The Annual General Meeting held on 15 May 2019 authorized as follows:

- 1) Authorization replacing the authorization granted by the Extraordinary General Meeting of Shareholders on 14 September 2017:

The Board of Directors to decide to issue and/or convey a maximum of 900.000.000 new shares and/or the company's own shares either against payment or for free in one or several transactions. The authorization is valid for a period of five years from the date of the Annual General Meeting. This authorization will revoke the authorization granted by the Extraordinary General Meeting on 14 September 2017.

The Board of Directors has not exercised this authorization during the financial period.

- 2) General authorization:

The Board of Directors to decide to issue and/or convey a maximum of 100.000.000 new shares and/or the company's own shares either against payment or for free in one or several transactions. The authorization is valid for a period of five years from the date of the Annual General Meeting. This authorization revokes the authorization granted by the Annual General Meeting of Shareholders on 30 May 2018.

The Board of Directors has exercised this authorization on 31 October 2019 as follows:

- Tecnotree's Board of Directors resolved to issue without consideration 14.500.000 Tecnotree shares to Tecnotree to be later used to fulfil the company's obligations under the LTI Plan.
- The Board of Directors of Tecnotree Corporation resolved to carry out a directed share issue of 12.500.000 shares to the company's CEO.

The Board of Directors has exercised this authorization on 26 February 2021 as follows:

- Tecnotree's Board of Directors resolved to issue, without consideration, 8.000.000 Tecnotree shares to Tecnotree to be later used to fulfil the company's obligations under the LTI-2 Plan.

The Board of Directors has exercised this authorization on 11 August 2021 as follows:

- Tecnotree's Board of Directors resolved to issue without consideration 5,750,000 Tecnotree shares to Tecnotree to be used as a part of the implementation of the company's incentive programs.

The Board of Directors has not exercised this authorization during the financial period.

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 49% of net sales in 2023 (75%). 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 31st December 2023, we had EUR 5.7 (4.8) million 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

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.

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.

Board of Directors' proposal concerning the result

At the end of financial year 2023, the distributable equity of the Group's parent company is 41,943,244.43 euros. The Board of Directors proposes to the Annual General Meeting to be held on March 25, 2024, that no dividend will be paid for the financial year 2023, and the parent company's loss for the period, 6,529,392 euros, will be transferred in retained earnings in the shareholders' equity.

Tecnotree Corporation
Board of Directors

Further information

Padma Ravichander, CEO, tel +97 156 414 1420
Indiresh Vivekananda, CFO, tel +97 156 410 8357
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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	10-12/2023	10-12/2022	1-12/2023	1-12/ 2022
Net sales	22.2	20.1	78.4	71.6
Other operating income	0.0	0.0	0.2	0.1
Materials and services	-0.8	-1.7	-4.7	-7.1
Employee benefit expenses	-7.3	-5.5	-24.2	-23.7
Depreciation, amortisation and impairment charges	-1.3	-0.6	-3.9	-1.5
Other operating expenses	-4.9	-6.2	-21.9	-21.0
Operating result	7.9	6.1	23.8	18.3
Financial income	0.8	-0.1	6.1	3.1
Financial expenses	-5.9	-1.3	-16.0	-4.2
Result before taxes	2.8	4.7	13.9	17.2
Income taxes	-0.4	-1.5	-2.8	-5.7
Result for the period	2.4	3.2	11.2	11.6
Allocated to:				
Equity holders of parent company	2.4	3.2	11.2	11.6
Non-controlling interest	-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	0.01	0.01	0.04	0.04
Earnings per share, diluted, EUR	0.01	0.01	0.04	0.04
Consolidated statement of comprehensive income, MEUR				
	10-12/2023	10-12/2022	1-12/2023	1-12/ 2022
Result for the period	2.4	3.2	11.2	11.6
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
Revaluation	-0.0		0.1	0.1
Tax on items that will not be reclassified subsequently to profit or loss				
Items that may be reclassified subsequently to profit or loss:				
Translation differences from foreign operations	-3.6	-3.1	-11.1	-3.0
Tax on Translation differences			3.7	1.0
Other comprehensive income, net of tax	-3.6	-3.1	-7.4	-2.0
Total comprehensive income for the period	-1.2	0.1	3.7	9.6
Allocated to:				
Equity holders of parent company	-1.2	0.1	3.7	9.6
Non-controlling interest	-0.0	-0.0	-0.0	-0.0

Consolidated balance sheet, MEUR	31.12.2023	31.12.2022
Non-current assets		
Intangible assets	33.5	23.6
Tangible assets	0.4	0.4
Deferred tax assets	0.5	0.6
Other non-current trade and other receivables	1.9	1.8
Current assets		
Trade receivables	32.9	37.8
Other receivables	38.2	27.3
Cash and cash equivalents	20.8	12.3
Assets total	128.2	103.8
Shareholders' equity		
	86.5	80.1
Compulsory convertible debentures	21.1	0.0
Non-current liabilities		
Non-current interest-bearing liabilities	0.0	2.4
Other non-current liabilities	3.7	3.1
Current liabilities		
Current interest-bearing liabilities	5.7	2.5
Trade payables and other liabilities	11.3	15.8
Equity and liabilities total	128.2	103.8

Consolidated condensed cash flow statement, MEUR	10-12/2023	10-12/2022	1-12/2023	1-12/2022
Cash flow from operating activities				
Result for the period	2.4	3.2	11.2	11.6
Adjustments of the result	7.4	4.9	15.5	12.2
Changes in working capital	0.1	-4.6	-9.2	-10.3
Financial income and expenses	-5.1	-2.9	-7.7	-2.3
Income taxes paid	-0.1	-1.2	-3.5	-5.1
Net cash flow from operating activities	4.7	-0.6	6.2	6.0
Cash flow from investing activities				
Utilized from CCD	5.3		9.0	
Investment on tangible and intangible assets	-2.8	-5.4	-11.9	-10.8
Investments on third party software	-0.5		-2.0	
Advance for Acquisition	-2.0		-2.0	
Net cash flow from investing activities	0.0	-5.4	-6.9	-10.8
Cash flow from financing activities				
Compulsory convertible debentures	7.0		21.1	
Utilized for Investment activity	-5.3		-9.0	
Sub Total	1.7		12.1	
Repayments of borrowings	-0.1	-0.2	-4.6	-0.2
New loans	0.0	0.0	5.5	0.1

Other financial costs	0.0	-0.0	0.0	0.0
Net cash flow from financing activities	1.6	-0.3	12.9	-0.1
Translation Difference	-1.0	-1.4	-3.7	-0.4
Increase (+) and decrease (-) in cash and cash equivalents	5.3	-7.6	8.6	-5.3
Cash and cash equivalents at beg. of period	15.5	19.9	12.3	17.6
Cash and cash equivalents at end of period	20.8	12.3	20.8	12.3

Calculation of changes in shareholders' equity, MEUR

	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
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	B	C	D	E	F	G	H	I
Shareholders' equity 1 Jan 2022	1.3	0.8	-10.7	27.5	2.1	46.3	67.5	0.2	67.7
Result for the period						11.6	11.6	-0.0	11.6
Other comprehensive income, net of tax:			-1.9			-0.0	-2.0		-0.0
Remeasurement items									
Translation differences									
Total comprehensive income for the period			-1.9			11.6	9.6	-0.0	9.6
Share issue							0.0		0.0
Stock options exercised				0.1			0.1		0.1
Share based payments						1.9	1.9		1.9
Revaluation reserve					-0.0		-0.0		-0.0
Argentina Hyperinflation						0.8	0.8		0.8
Transfers between items									
Other changes					0.0	0.1	0.0	-0.0	0.0
Shareholders' equity 31 Dec 2022	1.3	0.8	-12.6	27.6	2.2	60.6	79.9	0.2	80.1

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 full year report

This 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 report are the same as the principles published in the 2022 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.

Operating segments, MEUR	1-12/2023	1-12/2022
Net sales		
Europe & Americas	16.5	12.7
MEA & APAC	61.8	58.9
Total	78.4	71.6
Result		
Europe & Americas	3.7	6.1
MEA & APAC	31.8	23.1
Total	35.5	29.2
Non-allocated items	-11.6	-10.9
Operating result	23.8	18.3

3. Interest-bearing liabilities

At the end of the review period, interest-bearing liabilities totalled to EUR 5.7 (4.8) million.

Interest-bearing liabilities, MEUR	31.12.2023	31.12.2022
Loans, 1 Jan	4.8	0.0
New loans	5.5	5.1
Repayments of loans	-4.6	-0.2

Loans, end of period	5.7	4.8
Non-current interest-bearing liabilities	0.0	2.4
Current interest-bearing liabilities	5.7	2.5
Interest-bearing liabilities total	5.7	4.8

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

Consolidated contingent liabilities, MEUR	31.12.2023	31.12.2022
On own behalf		
Pledged deposits	1.6	1.1
Other contingent liabilities		
Litigation	1.8	2.1
Operating leases, MEUR	31.12.2023	31.12.2022
Minimum rents payable based on other leases that cannot be cancelled:		
Other operating leases		
Less than one year	0.8	0.3
Between one and five years	0.7	0.2

Contingent liability on litigation is related to an employee redundancy in Argentina.

6. Key figures

Consolidated key financial figures	1-12/2023	1-12/2022
Return on investment, %	16.9	23.1
Return on equity, %	13.4	15.7
Equity ratio, %	67.5	77.1
Debt equity ratio, %	6.6	6.0
Investments, MEUR	15.9	10.8
% of net sales	20.3	15.1
Order book, MEUR	80.2	68.9

Personnel, average	869	794
Personnel, at end of period	883	857

Consolidated key figure per share

	1-12/2023	1-12/2022
Earnings per share, basic, EUR	0.04	0.04
Earnings per share, diluted, EUR	0.04	0.04
Equity per share, EUR	0.27	0.25
Number of shares at end of period, x 1,000	318,956	318,956
Number of shares on average, x 1,000	318,956	318,956
Share price, EUR		
Average	0.42	0.84
Lowest	0.27	0.41
Highest	0.51	1.52
Share price at end of period, EUR	0.34	0.62
Market capitalisation of issued stock at end of period, MEUR	108.4	199.0
Share turnover, million shares	94.6	191.6
Share turnover, % of total	29.7	60.10
Share turnover, MEUR	42.5	175.9
Price/earnings ratio (P/E)	9.7	17.1

Quarterly key figures

	Q4/23	Q3/22	Q2/22	Q1/22	Q4/22	Q3/22	Q2/22	Q1/22
Net sales, MEUR	22.2	19.9	18.3	13.3	20.1	19.9	18.3	13.3
Net sales, change %	10.4	19.1	9.5	18.7	11.2	9.1	9.5	18.7
Operating result, MEUR	7.9	5.0	5.1	2.0	6.1	5.0	5.1	2.0
% of net sales	35.4	25.2	28.1	15.1	30.6	25.2	28.1	15.1
Result for the period, MEUR	2.4	3.4	4.0	1.0	3.2	3.4	4.0	1.0
Personnel at end of period	883	836	895	884	857	798	778	756
Earnings per share, basic, EUR	0.01	0.01	0.01	0.00	0.01	0.01	0.01	0.00
Earnings per share, diluted, EUR	0.01	0.01	0.01	0.00	0.01	0.01	0.01	0.00
Equity per share, EUR	0.27	0.25	0.23	0.21	0.25	0.25	0.23	0.21
Net interest-bearing liabilities, MEUR	-15.2	-19.9	-13.9	-15.6	-7.5	-19.9	-13.9	-15.6
Order book, MEUR	80.2	76.1	72.8	64.0	68.9	76.1	72.8	64.0

