



HALF YEAR REPORT

H1 2019

Tecnotree

Empowering Digitally Connected Communities

9th August 2019

TECNOTREE CORPORATION HALF YEAR REPORT

1 JAN – 30 JUNE 2019 (UNAUDITED)

Tecnotree is the only full stack digital business management solution provider for digital service providers, with over 40 years of deep domain knowledge, proven delivery and transformation capability across the globe. Our open source technology based agile products and solutions comprise the full range (order-to-cash) of business process and subscription management for telecom and other digital service providers.

STRONG HALF YEAR RESULT – PROFITABLE GROWTH CONTINUES

Second quarter

- Second quarter net sales were EUR 11.0 (9.8) million.
- The adjusted operating result for the quarter was EUR 3.6 (1.0) million and operating result EUR 3.6 (1.0) million.
- The adjusted result for the quarter was EUR 1.4 (0.0) million and result EUR 1.4 (0.0) million.
- The order book at the end of the period stood at EUR 33.2 (31 December 2018: 21.1) million.
- Second quarter cash flow after investments was negative EUR 0.8 (-2.2) million.
- Earnings per share were EUR 0.01 (0.0).

January-June 2019

- Net sales for the review period were EUR 20.5 (17.4) million.
- The adjusted operating result was EUR 4.6 (-1.4) and the operating result EUR 6.0 (-1.4) million.
- The adjusted result for the period was EUR 1.3 (-2.8) million and the result EUR 2.8 (-2.8) million.
- Cash flow after investments for the review period was negative EUR 0.7 (2.2) million and the company's cash and cash equivalents were EUR 3.3 (31 December 2018: 4.2) million.
- Earnings per share were EUR 0.01 (-0.02).

KEY FIGURES	4-6/ 2019	4-6/ 2018	1-6/ 2019	1-6/ 2018	1-12/ 2018
Net sales, MEUR	11.0	9.8	20.5	17.4	41.9
Adjusted operating result, MEUR ¹	3.6	1.0	4.6	-1.4	5.9
Operating result, MEUR	3.6	1.0	6.0	-1.4	5.3
Result before taxes, MEUR	2.4	0.7	4.8	-1.1	4.4
Adjusted result for the period, MEUR ²	1.4	0.0	1.3	-2.8	0.1
Result for the period, MEUR	1.4	0.0	2.8	-2.8	-0.5
Earnings per share, basic, EUR	0.01	0.00	0.01	-0.02	0.00

Order book, MEUR			33.2	25.6	21.1
Cash flow after investments, MEUR	-0.8	-2.2	-0.7	2.2	1.3
Change in cash and cash equivalents, MEUR	-0.6	-3.7	-0.8	0.6	1.9
Cash and cash equivalents, MEUR			3.3	2.8	4.2
Equity ratio %			-3.0	-43.1	-22.8
Net gearing %			-	-	-
Personnel at end of period			515	616	543

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

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

Significant transactions that are not part of the normal course of business, infrequently occurring events or valuation items that do not affect cash flow are treated as adjustment items affecting comparability between reporting periods. According to Tecnotree's definition, such items include, for example, impairment of assets and the remeasurement to fair value, sale of assets, costs of closing down offices, restructuring measure and personnel related redundancy costs.

With reference to the new guidelines on alternative performance measures issued by the European Securities and Markets Authority (ESMA), Tecnotree uses the alternative performance measures "adjusted operating result" and "adjusted result for the period". These measures are defined in the above paragraph.

Unless otherwise stated, all figures presented below are for the financial period 1-6/2019 and the figures for comparison are for the corresponding period in 1-6/2018.

CEO Padma Ravichander:

From the CEO's Desk - "On Track Performance Quarter on Quarter"

I am happy to report that the Company continued its on-track performance this quarter. The last few quarter results have shown that the Company has focused on the right priorities and has demonstrated growth in profits, while increasing the topline.

Steadily improving the revenue growth has been our priority, however, we are equally focused on delivering the highest quality of service to our clients, optimizing our costs globally and thereby ensuring profitable growth.



Revenue

This quarter continued the trend of revenue growth. The revenue of EUR 11.0 million is 15% higher than the previous quarter of EUR 9.5 million and 12% higher than that of the same quarter in the last year, adequately demonstrating the growth trajectory in the revenue.

All the regions, except APAC, witnessed growth in revenue. The growth in the MEA region, which constitutes largest share of revenue, witnessed a very strong growth of 37% over the previous quarter. The other aspect of the revenue growth is the growth in the product revenue. The non-maintenance revenue, which was 20% of the total revenue in the same quarter last year, increased to 35% in this quarter, which further demonstrates that the company's transformation into becoming a truly digital product company is gaining good momentum.

One of the priorities of the company is to ensure organic, structured and steady growth. Ability to get new orders play a significant role in achieving this. During this quarter, the order intake reached EUR 21 million, which is nearly double of the previous quarter. This was also facilitated by an agreement Tecnotree signed with one of the largest telecom operators of the Middle East Region to accelerate the Digital Transformation of their Business Support Systems using our Tecnotree Digital BSS 5 Suite of products. The agreement is valued at USD 15.8 million over a 2 years period. Under this agreement, Tecnotree will deploy its entire Digital BSS Suite 5 products to help accelerate the operator's business growth and new digital services to the market, It will also help increase agility & operational efficiency of their IT systems.

Winning new logos is one of our top priorities at Tecnotree for 2019 and in this half year, I am proud to announce a Tier 1 operator, Telefonica, Peru chose Tecnotree's digital accelerator platform (DAP) and service delivery platform (SDP) to replace their existing middleware (responsible for service orchestration) in order to rapidly accelerate their digital transformation and virtualization journey. Based on a simplified and reliable architecture, Tecnotree's solution will provide a new OTT offer enabler for digital services serving fixed and mobile subscribers.

Costs

We continue our focus on cost optimization, which we believe is an ongoing exercise and needs close attention and continuous realignment. The operating expenses were down by 16% compared to the same quarter last year and were down by 14% compared to the previous quarter. We will continue to monitor the costs closely and ensure optimal utilization of our resources. We are also cognizant of the fact that while the cost controls are important, such measures should not impede Tecnotree's growth and R&D trajectory.

Profit

As a result of sustained growth and tight management of costs, the company was able to achieve an EBIT of 3.6 M Euros, which is 33% of the Revenue. This is significantly higher by 171% of EBIT reported last quarter and 260% of the EBIT of the same quarter last year. The Taxes and Exchange losses continue to have a significant impact on our overall profitability. This is mainly due to the geographies we work in and the local legislations and regulations with regards to WithHolding Taxes (WHTs). We are continuously exploring the possibility of minimizing these expenses as we move forward.



Other Business Updates

Tecnotree continues its strong position to grow its business across global markets, by increasing the presence of our brand and taking advantage of the onset of 5G implementations and the digital transformation requirements of our customers. We hope to synergize new partnerships with other internet of things (IOT) providers, to increase our competitive edge, our reach to new markets and to strengthen our customer base globally, so that our customers may benefit from the full range of the state-of-the-art, Tecnotree Digital BSS Suite 5 products and our high quality digital Deployment, Operational and Managed Services capabilities.

SALES AND NET SALES

Tecnotree's net sales for the review period were EUR 20.5 (17.4) million, 18.1 % higher than a year ago. Revenue from goods and services were EUR 6.8 (2.8) million and revenue from maintenance and support were EUR 13.8 (14.4) million. The net sales was impacted by EUR 0.1 million of negative exchange rate differences (EUR 0.2 million positive).

Order book at the end of the financial period stood at EUR 33.2 (31.12.2018: 21.1) million

Further information about sales and net sales is given below in the section "Geographical areas".

SPECIFICATION OF NET SALES. MEUR	4-6/ 2019	4-6/ 2018	1-6/ 2019	1-6/ 2018	1-12/ 2018
Revenue from maintenance and support	7.1	7.9	13.8	14.4	29.3
Revenue from goods and services	4.0	1.7	6.8	2.8	12.7
Currency exchange gains and losses	-0.1	0.2	-0.1	0.2	-0.1
TOTAL	11.0	9.8	20.5	17.4	41.9

NET SALES BY MARKET AREA. MEUR	4-6/ 2019	4-6/ 2018	1-6/ 2019	1-6/ 2018	1-12/ 2018
Europe & Americas	3.3	3.2	6.6	6.2	16.3
MEA & APAC	7.6	6.6	13.9	11.2	25.6
TOTAL	11.0	9.8	20.5	17.4	41.9

CONSOLIDATED ORDER BOOK. MEUR	30.6. 2019	30.6. 2018	31.12. 2018
Europe & Americas	8.7	6.9	4.8
MEA & APAC	24.5	18.7	16.3
TOTAL	33.2	25.6	21.1

RESULT ANALYSIS

Tecnotree reports its result as follows:

INCOME STATEMENT, KEY FIGURES, MEUR	4-6/ 2019	4-6/ 2018	1-6/ 2019	1-6/ 2018	1-12/ 2018
Net sales	11.0	9.8	20.5	17.4	41.9
Other operating income	0.1	0.0	0.2	0.0	0.1
Operating costs excluding one-time costs	-7.4	-8.8	-17.5	-18.8	-36.1
Adjusted operating result	3.6	1.0	4.6	-1.4	5.9
One-time cost(-)/income(+)	0.0	0.0	1.4	0.0	-0.6
OPERATING RESULT	3.6	1.0	6.0	-1.4	5.3
Financial items without currency differences	-0.2	-0.1	-0.3	-0.2	-1.1
Exchange rate gains and losses in financial items	-1.1	-0.2	-1.0	0.5	0.3
Income taxes	-0.9	-0.7	-2.0	-1.7	-4.9
Adjusted result for the period	1.4	0.0	1.3	-2.8	0.1
One-time costs	0.0	0.0	1.4	0.0	-0.6
RESULT FOR THE PERIOD	1.4	0.0	2.8	-2.8	-0.6

The operating result was EUR 6.0 (-1.4) million and the result EUR 2.8 (-2.8) million.

Financial income and expenses during the review period totalled a net loss of EUR 1.3 million (net profit of EUR 0.3 million), including following items:

FINANCIAL INCOME AND EXPENSES, MEUR	4-6/ 2019	4-6/ 2018	1-6/ 2019	1-6/ 2018	1-12/ 2018
Interest income	0.0	0.1	0.1	0.1	0.3
Exchange rate gains	-0.2	-0.2	0.0	0.8	0.5
Other financial income	0.0	-0.0	0.0	-0.0	0.0
FINANCIAL INCOME, TOTAL	-0.2	-0.1	0.1	0.9	0.8
Interest expenses	-0.3	-0.2	-0.4	-0.3	-0.5
Exchange rate losses	-0.9	-0.0	-1.0	-0.3	-0.2
Other financial expenses	0.0	-0.0	0.0	-0.0	-1.0
FINANCIAL EXPENSES, TOTAL	-1.1	-0.2	-1.4	-0.6	-1.7
FINANCIAL ITEMS, TOTAL	-1.3	-0.3	-1.3	0.3	-0.8

Financial income and expenses included EUR 1.0 million currency exchange losses (gain EUR 0.5 million).

Exchange rates also have a direct impact on shareholders' equity in terms of translation differences arising from foreign companies, which totalled negative EUR 0.1 (-2.1) million in the review period.

Taxes for the period totalled EUR 1.9 (1.7) million, including the following items:

TAXES IN INCOME STATEMENT, MEUR	4-6/ 2019	4-6/ 2018	1-6/ 2019	1-6/ 2018	1-12/ 2018
Withholding taxes paid abroad	-0.6	-1.0	-1.5	-2.5	-3.9
Change in withholding tax accrual	-0.2	0.3	-0.2	1.0	0.1
Income taxes on the results of Group companies	-0.1	0.0	-0.3	-0.2	-0.9
Other items	0.0	0.0	-0.0	0.0	-0.2
TAXES IN INCOME STATEMENT, TOTAL	-0.9	-0.7	-1.9	-1.7	-4.9

Earnings per share were EUR 0.01 (-0.02). Equity per share at the end of the period was EUR -0.00 (31 December 2018: EUR -0.04).

FINANCING, CASH FLOW AND BALANCE SHEET

Tecnotree's working capital increase during the review period by EUR 3.2 (decreased 4.2) million:

CHANGE IN WORKING CAPITAL, MEUR (increase - / decrease +)	4-6/ 2019	4-6/ 2018	1-6/ 2019	1-6/ 2018	1-12/ 2018
Current receivables, increase (-) /decrease (+)	-2.8	-4.2	-7.3	5.6	3.3
Inventories, increase (-) /decrease (+)	-0.1	-0.1	0.1	-0.2	0.3
Current liabilities, increase (+) /decrease (-)	1.3	-0.8	4.0	-1.2	-1.6
CHANGE IN WORKING CAPITAL, TOTAL	-1.5	-5.1	-3.2	4.2	2.0

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

Tecnotree's cash and cash equivalents totalled EUR 3.3 (31 December 2018: 4.2) million. Cash flow after investments for the review period was EUR 0.7 million negative (2.2 million positive).

The balance sheet total on 30 June 2019 stood at EUR 33.4 (31 December 2018: 28.6) million. Tecnotree's capital expenditure during the review period was EUR 0.0 (0.0). Interest-bearing liabilities were EUR 14.3 (31 December 2018: 17.0) million. During the review period, total equity was affected by translation differences of negative EUR 0.1 (-2.1) million, mainly from Indian rupees (INR).

BUSINESS DESCRIPTION

Tecnotree has established itself as a global supplier of telecom IT software products and solutions, for charging, billing, customer care, messaging and content management services. The company's product portfolio comprises virtually the full range (order-to-cash) of business management solutions for telecom operators, with standard solutions for fixed networks, mobile services and broadband and for managing subscriptions, services and cash flows for prepaid and post-paid customers.

Going forward in 2019 and beyond, we continue our transformation to a product company, with deep telecom experience, engaged in creating a continuous customer experience with signature Finnish design and quality excellence. We are also working towards entering new sectors like banking, utilities etc. to diversify our product offerings beyond telecom.

Our cloud-enabled micro-services based interoperable products help our customers to create a "digital marketplace" of their offerings, and an ecosystem of partner products and services that fosters true business value for subscribers.

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 large customer base.

Tecnotree's business is based on our product licenses, professional services for customization of our products, and maintenance and support services on our products to a global customer base. Tecnotree has an especially strong footprint in developing markets such as the Americas, Africa and the Middle East, serving more than 700 million subscribers worldwide and supporting more than 65 operators/CSPs worldwide.

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

The net sales for the review period increased by 6.4 percent from the previous year being EUR 6.6 (6.2) million.

The order book at the end of the review period increased by 27.1 percent from the previous year and stood at EUR 8.7 (6.9) million.

MEA & APAC

The net sales for the review period increased by 24.5 percent from the previous year being EUR 13.9 (11.0) million.

Business with current customers remained strong and focused. The region increased its revenue with current customers while winning a large new order for its new Digital BSS 5.0 complete stack with a large tier- 1 Middle Eastern Operator. The efforts were directed towards opening new accounts in new geographies in the region. The result of such efforts is expected to be achieved in the subsequent quarters.

The order book at the end of the review period increased by 30.7 percent from the previous year and stood at EUR 24.5 (18.7) million.

PERSONNEL

At the end of June 2019, Tecnotree employed 515 (31 December 2018: 543) persons, of whom 38 (31 December 2018: 56) worked in Finland and 477 (31 December 2018: 487) globally. The company employed on average 525 (641) people during the review period. Personnel by country were as follows:

PERSONNEL	1-6/2019	1-6/2018	1-12/2018
Personnel, at end of period	515	616	543
Finland	38	65	56
Brazil	10	9	10
Argentina	42	41	43
India	331	404	347
United Arab Emirates	15	18	14
Other countries	79	79	73
Personnel, average	525	641	604
Personnel expenses (MEUR)	-8,5	-10,0	-18,9

SHARE AND PRICE ANALYSIS

At the end of the period, the shareholders' equity of Tecnotree Group stood at negative EUR 1.0 (31 December 2018: -6.5) million and the share capital was EUR 1.3 million (31 December 2018: 1.3). The total number of shares was 247,628,428. The company did not hold any own shares. Equity per share was negative EUR 0.00 (31 December 2018: EUR -0.04).

A total of 2,474,118 Tecnotree shares (EUR 313,851) were traded on the Helsinki Exchanges during the period 1 January – 30 June 2019, representing 1.0 percent of the total number of shares.

The highest share price quoted in the period was EUR 0.082 and the lowest EUR 0.047. The average quoted price was EUR 0.066 and the closing price on 30 June 2019 was EUR 0.067. The market capitalisation of the share stock at the end of the period was EUR 16.6 million.

ANNUAL GENERAL MEETING

The Annual General Meeting of Tecnotree Corporation, held on 15 May 2019, unanimously confirmed the financial statements and the consolidated financial statements for the financial year 2018 and unanimously discharged the Board of Directors and the CEO from liability for the year 2018. The Annual General Meeting resolved in accordance with the proposal of the Board of Directors that no dividend is paid for the financial year 2018, and that the parent company's losses for the financial year, EUR 6,839,442.02, be recorded in the retained earnings.

Board of Directors

The Annual General Meeting unanimously confirmed that the Board of Directors will consist of five (5) members. Jyoti Desai, Neil Macleod, Conrad Neil Phoenix and Priyesh Ranjan were re-elected as Board members and Kaj Hagros elected as a new Board member. The Board members were elected for a period of office expiring at the end of the first Annual General Meeting following the election

The Annual General Meeting unanimously resolved that the annual fee to the chairman of the Board of Directors will be EUR 50,000, the annual fee of the vice-chairman of the Board will be EUR 30,000 and the annual fee of the members of the Board of Directors will be EUR 23,000. In addition, it was decided that compensation of EUR 800 for the chairman and EUR 500 for a member of the Board of Directors be paid for attendance at Board and possible Committee meetings.

In the organizing meeting of the Board of Directors following the Annual General Meeting, Neil Macleod was elected as Chairman and Jyoti Desai as Vice Chairman of the Board of Directors. The Board resolved to establish an Audit Committee, a Remuneration Committee and a Nomination Committee. Priyesh Ranjan (chairman), Jyoti Desai and Neil Macleod were elected members of the Audit Committee. Kaj Hagros (chairman), Jyoti Desai and Neil Macleod were elected members of the Remuneration Committee. Neil Macleod (chairman), Conrad Neil Phoenix and Priyesh Ranjan were elected members of the Nomination Committee.



The Board of Directors has assessed the independence of the Board members in compliance with the recommendations of the Finnish Corporate Governance Code. Based on the assessment, three Board members, namely Jyoti Desai, Kaj Hagros and Priyesh Ranjan, are independent of the company and its major shareholders.

(For changes in the board after the reporting period of the report (Jan – Jun 2019), please refer to the section in the report – “Events after the end of the period”).

Auditors

Tietotili Audit Oy, Authorised Public Accountants, were unanimously elected as the company's auditor until the end of the following Annual General Meeting. The principal auditor appointed by them is Mr. Urpo Salo, Authorized Public Accountant. The auditor's fees are paid according to reasonable invoice.

Current authorizations

a. Authorization replacing the authorization granted by the Extraordinary General Meeting of Shareholders on 14 September 2017:

The Annual General Meeting resolved in accordance with the proposal of the Board of Directors that the Board of Directors be authorized 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.

b. General authorization:

The Annual General Meeting resolved in accordance with the proposal of the Board of Directors to authorize 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.



RISKS AND UNCERTAINTY FACTORS

The risks and uncertainty factors for Tecnotree are explained in the 2018 Board of Directors' Report and in the notes to the Financial Statements.

RISKS AND UNCERTAINTIES IN THE NEAR FUTURE

Tecnotree's risks and uncertainties in the near future relate to financial risk, availability of funding and sufficiency, projects, to their timing to collect trade receivables and to changes in foreign exchange rates. Having sufficient cash funds and the development of net sales are the most significant risks.

Risks related to having sufficient cash funds and financing have reduced after Fitzroy Investments Ltd and Luminos Sun completed their investments as per the subscription-based agreement signed by them with Tecnotree in September 2018. The total subscription price received by the company during the review period was EUR 2.91 million.

At the end of June 2019, the Group's shareholders' equity stood at EUR 1.0 million negative.

EVENTS AFTER THE END OF THE PERIOD

On 1.7.2019, Tecnotree announced the appointment of Priyesh Ranjan as Chief Financial Officer of Tecnotree and his resignation from the Board of Directors of Tecnotree.

PROSPECTS IN 2019

The company strengthened and stabilized its operations in 2018, and in 2019 the company continues with the efforts to improve its net sales while focusing on profitable growth.

TECNOTREE CORPORATION

Board of Directors

FURTHER INFORMATION

Further information, investors and media:

Padma Ravichander, CEO, tel +97 156 414 1420

Priyesh Ranjan, CFO, tel +971 50 955 1188



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	4-6/ 2019	4-6/ 2018	1-6/ 2019	1-6/ 2018	1-12/ 2018
NET SALES	11.0	9.8	20.5	17.4	41.9
Other operating income	0.1	0.0	1.6	0.0	0.1
Materials and services	-0.3	-0.3	-1.1	-0.6	-2.3
Employee benefit expenses	-4.1	-5.0	-8.5	-10.0	-18.9
Depreciation, amortization and impairment charges	-0.3	-0.2	-0.5	-0.3	-0.6
Other operating expenses	-2.7	-3.4	-6.0	-7.8	-14.9
OPERATING RESULT	3.6	1.0	6.0	-1.4	5.3
Financial income	-0.2	-0.1	0.1	0.9	0.8
Financial expenses	-1.1	0.9	-1.4	-0.6	-1.7
RESULT BEFORE TAXES	2.4	1.8	4.8	-1.1	4.4
Income taxes	-0.9	-0.7	-2.0	-1.7	-4.9
RESULT FOR THE PERIOD	1.4	1.1	2.8	-2.8	-0.5
Allocated to:					
Equity holders of parent company	1.4	0.0	2.8	-2.8	-0.5
Non-controlling interest	0.0	0.0	-0.0	0.0	0.0
EPS calculated on the profit attributable to equity holders of parent company:					
Earnings per share, basic, EUR	0.01	0.00	0.01	-0.02	0.00
Earnings per share, diluted, EUR	0.01	0.00	0.01	-0.02	0.00
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME, MEUR	4-6/ 2019	4-6/ 2018	1-6/ 2019	1-6/ 2018	1-12/ 2018
RESULT FOR THE PERIOD	1.4	1.1	2.8	-2.8	-0.5
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss:					
Remeasurement items on net defined benefit liability					-0.0
Tax on items that will not be reclassified subsequently to profit or loss					0.0
Translation differences from foreign oper.	-0.4	-2.0	-0.1	-2.0	-0.7
Other comprehensive income, net of tax	-0.4	-2.0	-0.1	-2.0	-0.8
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	1.0	-0.9	2.6	-4.8	-1.3
Allocated to:					
Equity holders of parent company	1.0	-2.0	2.7	-4.8	-1.3
Non-controlling interest	-0.0	-0.0	-0.0	-0.0	0.0

CONSOLIDATED BALANCE SHEET **30.6.2019** 30.6.2018 31.12.2018

Assets			
Other intangible assets	0.2	0.2	0.2
Tangible assets	0.3	1.8	1.5
Deferred tax assets	0.6	0.6	0.6
Other non-current trade and other receivables	0.7	0.7	0.7
Right-of-use assets	2.2	-	-
Current assets			
Inventories	0.1	0.7	0.1
Trade receivables	14.5	11.1	11.6
Other receivables	11.7	7.2	9.7
Cash and cash equivalents	3.3	2.8	4.2
TOTAL ASSETS	33.4	24.9	28.6
Shareholders' equity			
	-1.0	-10.7	-6.5
Non-current liabilities			
Non-current interest-bearing liabilities	13.8	16.7	12.5
Other non-current liabilities	7.5	6.7	7.7
Lease liability (non-current)	1.6	-	-
Current liabilities			
Current interest-bearing liabilities	0.6	0.9	4.5
Lease liability (current)	0.6	-	-
Trade payables and other liabilities	10.5	11.2	10.3
EQUITY AND LIABILITIES, TOTAL	33.4	24.9	28.6

CALCULATION OF CHANGES IN SHAREHOLDERS' EQUITY, MEUR

MEUR	A	B	C	D	E	F	G	H	I
SHAREHOLDERS' EQUITY 1 JAN 2019	1.3	0.8	-10.4	2.1	2.0	-2.6	-6.7	0.2	-6.5
Result for the period						2.8	2.8	0.0	2.8
Other comprehensive income, net of tax			-0.1				-0.1		-0.1
Total compr. income for the period			-10.6			2.6	0.2	2.8	0.0
Share issue				2.9			2.9		2.9
Other changes					-0.0	-0.0	-0.0	0.0	-0.0
SHAREHOLDERS' EQUITY 30 JUN 2019	1.3	0.8	-10.6	5.0	2.0	0.2	-1.2	0.2	-1.0
MEUR	A	B	C	D	E	F	G	H	I
SHAREHOLDERS' EQUITY 1 JAN 2018	1.3	0.8	-9.7	0.0	2.0	-0.8	-6.3	0.2	-6.1
Result for the period						-2.8	-2.8	0.0	-2.8
Other comprehensive income, net of tax:									
Remeasurement items									
Translation differences			-2.1				-2.1		-2.1
Total compr. income for the period			-2.1			-2.8	-4.8	0.0	-4.9
Other changes					-0.0	0.5	0.5	0.2	0.3
SHAREHOLDERS' EQUITY 30 JUN 2018	1.3	0.8	-11.8	0.0	2.0	-3.1	-10.7	0.0	-10.7

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

CONSOLIDATED CONDENSED CASH FLOW STATEMENT, MEUR	4-6/ 2019	4-6/ 2018	1-6/ 2019	1-6/ 2018	1-12/ 2018
Cash flow from operating activities					
Result for the period	1.4	0.0	2.8	-2.8	-0.5
Adjustments of the result	2.7	1.9	2.1	2.7	6.6
Changes in working capital	-1.5	-5.1	-3.2	4.2	2.0
Financial income and expenses	-2.7	0.9	-2.8	-0.1	-0.8
Income taxes paid	-0.7	0.2	-1.9	-1.7	-5.6
Net cash flow from operating activities	-0.8	-2.2	-3.1	2.3	1.7
Cash flow from investing activities					
Investments in intangible assets	-0.0		-0.0		-0.0
Investments in tangible assets	-0.0	0.0	-0.0	0.0	0.0
Proceeds from disposal of intangible and tangible assets	-0.0	-0.0	2.4	0.0	0.0
Net cash flow from investing activities	-0.0	0.0	2.4	0.0	-0.0
Cash flow from financing activities					
Borrowings received	0.0	0.0	0.0	0.0	0.0
Repayments of borrowings	-0.6	-1.1	-3.0	-1.1	-1.5
Proceeds from share issue	0.9	0.0	2.9	0.0	2.1
Other financial costs	-0.0	-0.4	-0.0	-0.5	-0.2
Net cash flow from financing activities	0.2	-1.5	-0.1	-1.7	0.4
Increase (+) and decrease (-) in cash and cash equivalents	-0.6	-3.7	-0.8	0.6	-0.9
Cash and cash equivalents at beg. of period	3.9	6.8	4.2	2.3	2.3
Impact of changes in exchange rates	0.0	0.0	0.0	-0.1	-0.2
Cash and cash equivalents at end of period	3.3	2.8	3.3	2.8	4.2

1. ACCOUNTING PRINCIPLES FOR THE HALF YEAR REPORT

This half-year report has been prepared in accordance with the international financial reporting standard IAS 34 Interim Financial Reporting. The formulas for calculating the key figures presented and the accounting principles for the half-year report are the same as the principles published in the 2018 Annual Report. The new and revised IFRS regulations that came into force on 1 January 2019 have not had a significant impact on the accounting principles and basis for preparing the half-year report.

Starting 1.1.2019, Tecnotree has revised the way it applies exchange rate conversion from a foreign currency to euro in countries having only theoretical official central bank exchange rates quoted but not available to consumers, and where actual transactions happen at market rates. In these countries, the company started to use market rates in currency conversion instead of official central bank rates. The impact of the change in accounting principle was EUR 0.8 million reduction in operating costs during the review period.

GOING CONCERN BASIS

The uncertainty factors relating to Tecnotree's operations are explained in the 2018 financial statements and in the section "Risks and uncertainty factors" above. Tecnotree observes the going concern principle.

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 as well as product development. Costs for product management and depreciation, taxes and financial items are not allocated to the segments.

OPERATING SEGMENTS	1-6/2019	1-6/2018	1-12/2018
NET SALES, MEUR			
Europe & Americas	6.6	6.2	16.3
MEA & APAC	13.9	11.2	25.6
TOTAL	20.5	17.4	41.9
RESULT, MEUR			

Europe & Americas	6.5	2.5	7.7
MEA & APAC	2.3	5.4	6.4
TOTAL	8.7	7.9	14.1
Non-allocated items	-4.1	-9.3	-8.3
OPERATING RESULT BEFORE ONE-TIME COSTS	4.6	-1.4	5.9
One-time cost(-)/income(+)	1.4	0.0	-0.6
OPERATING RESULT	6.0	-1.4	5.3

3. INTEREST-BEARING LIABILITIES

Interest bearing liabilities

At the end of the review period, the company had interest-bearing liabilities of EUR 14.3 (17.6) million.

INTEREST-BEARING LIABILITIES, MEUR	30.6.2019	30.6.2018	31.12.2018
Restructuring debts, 1 Jan	16.6	17.8	17.8
Repayment of restructuring debt	2.6	-2.0	-1.2
Restructuring debts, end of period	14.0	17.2	16.6
Finance lease liabilities, 1 Jan	0.4	0.4	0.4
Finance lease liabilities, additions	0.0	0.0	0.0
Finance lease liabilities, decreases	0.0	0.0	-0.0
Finance lease liabilities, end of period	0.4	0.4	0.4
Interest-bearing liabilities total	14.3	17.6	16.6

Non-interest bearing liabilities

At the end of the review period, the company had non-interest bearing restructuring debt EUR 5.2 (31.12.2018: 5.5) million.

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 any significant transactions with related parties during the review period or previous year.



5. CONTINGENT LIABILITIES

CONSOLIDATED CONTINGENT LIABILITIES, MEUR	30.6.2019	30.6.2018	31.12.2018
On own behalf			
Real estate mortgages	0.0	4.4	4.4
Corporate mortgages	45.3	45.3	45.3
Pledged deposits	0.5	0.4	0.5
Other liabilities			
Disputed income tax liabilities in India	1.8	1.8	1.8
OTHER OPERATING LEASES, MEUR	30.6.2019	30.6.2018	31.12.2018
Minimum rents payable based on other leases that cannot be cancelled:			
Other operating leases			
Less than one year	0,8	0,7	0,6
Between one and five years	0,8	0,7	0,5

6. KEY FIGURES

CONSOLIDATED KEY FINANCIAL FIGURES	1-6/2019	1-6/2018	1-12/2018
Return on investment, %	-	-	-
Return on equity, %	-	-	-
Equity ratio, %	-3.0	-43.1	-22.8
Net gearing, %	-	-	-
Investments, MEUR	0.0	0.1	0.0
% of net sales	0.1	0.4	0.0
Research and development, MEUR	1.6	3.0	5.3
% of net sales	7.6	17.3	12.5
Order book, MEUR	33.2	25.6	21.1
Personnel, average	525	641	604
Personnel, at end of period	515	616	543

CONSOLIDATED KEY FIGURES PER SHARE	1-6/2019	1-6/2018	1-12/2018
Earnings per share, basic, EUR	0,01	-0,02	0,00
Earnings per share, diluted, EUR	0,01	-0,02	0,00



Equity per share, EUR	0.00	-0.09	-0.04
Number of shares at end of period, x 1,000	247 628	122 628	175 183
Number of shares on average, x 1,000	222 560	122 628	136 559
Share price, EUR			
Average	0.07	0.08	0.07
Lowest	0.05	0.05	0.04
Highest	0.08	0.11	0.11
Share price at end of period, EUR	0.07	0.06	0.05
Market capitalisation of issued stock at end of period, MEUR	16.6	7.4	8.1
Share turnover, million shares	2.5	41.8	48.2
Share turnover, % of total	1.0	34.0	28.0
Share turnover, MEUR	0.3	2.5	4.3
Price/earnings ratio (P/E)	5.4	0.0	0.0

QUARTERLY KEY FIGURES	Q2/19	Q1/19	Q4/18	Q3/18	Q2/18	Q1/18
Net sales, MEUR	11.0	9.5	12.1	12.4	9.8	7.6
Net sales, change %	12.0	25.9	-22.2	1.6	-35.3	-37.7
Adjusted operating result ¹	3.6	1.0	4.5	2.7	1.0	-2.4
% of net sales	33.2	10.2	37.4	21.8	10.3	-31.6
Operating result, MEUR	3.6	2.4	4.0	2.7	1.0	-2.4
% of net sales	33.2	25.1	32.6	21.8	10.3	-31.6
Adjusted result for the period, MEUR ²	1.4	-0.1	1.7	1.2	0.0	-2.8
Result for the period, MEUR	1.4	1.3	1.1	1.2	0.0	-2.8
Personnel at end of period	515	529	543	571	616	641
Earnings per share, basic, EUR	0.01	0.01	0.01	0.01	0.00	-0.02
Earnings per share, diluted, EUR	0.01	0.01	0.01	0.01	0.00	-0.02
Equity per share, EUR	0.00	-0.01	-0.04	-0.06	-0.09	-0.09
Net interest-bearing liabilities, MEUR	11.0	10.7	12.9	14.4	14.8	11.2
Order book, MEUR	33.2	22.8	21.1	24.6	25.6	27.3

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

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

