

# Tecnotree

Empowering Digitally  
Connected Communities

## Financial Report for Q4 and Full Year 2021

1.1.2021 – 31.12.2021



# Tecnotree Corporation Full Year Report 1<sup>st</sup> Jan – 31<sup>st</sup> Dec 2021 (unaudited)

Tecnotree is the only full stack digital business management solution player for digital service providers, with over 40 years of deep domain knowledge, proven delivery, and transformation capabilities across the globe. Tecnotree's open-source technology based agile products and solutions comprises of the full range (order-to-cash) of business processes and subscription management for telecom players and other digital service providers. Tecnotree's products and platforms service over 800 million subscribers worldwide. Tecnotree also provides Fintech and B2B2X multi-experience digital marketplace to its subscriber base through the Tecnotree Moments platform to empower digitally connected ecosystems.

## RECORD RESULTS AND STRONG ORDER BOOK

Fourth quarter (October – December 2021)

- Net sales were EUR 18.1 (14.2) million.
- The operating result was EUR 5.9 (4.3) million.
- The result was EUR 5.2 (4.3) million.
- The order book at the end of the period stood at EUR 53.5 (32.1) million.
- Cash flow after investments was EUR 3.8 (2.3) million.
- Earnings per share were EUR 0.02 (0.02).

Full year (January - December 2021)

- Net sales were EUR 64.2 (52.8) million.
- The adjusted operating result was EUR 23.7 (19.3) and the operating result was EUR 23.7 (18.6) million.
- The adjusted result was EUR 18.3 (14.2) million and the result was EUR 18.3 (13.6) million.
- Cash flow after investments was EUR 4.0 (7.0) million and the company's cash and cash equivalents were EUR 17.6 (8.0) million.
- Earnings per share were EUR 0.06 (0.05).

Key figures, MEUR	10-12/ 2021	10-12/ 2020	1-12/ 2021	1-12/ 2020
Net sales, MEUR	18.1	14.2	64.2	52.8
Adjusted operating result, MEUR <sup>1</sup>	5.9	4.3	23.7	19.3
Operating result, MEUR	5.9	4.3	23.7	18.6
Result before taxes, MEUR	5.9	4.2	21.4	15.9
Adjusted result for the period, MEUR <sup>2</sup>	5.2	4.3	18.3	14.2
Result for the period, MEUR	5.2	4.3	18.3	13.6
Earnings per share, basic, EUR	0.02	0.02	0.06	0.05
Order book, MEUR			53.5	32.1
Cash flow after investments, MEUR	3.8	2.3	4.0	7.0
Change in cash and cash equivalents, MEUR	3.6	1.2	9.5	4.7

Cash and cash equivalents, MEUR	17.6	8.0
Equity ratio %	85.2	39.3
Net gearing %	-26.0	27.1
Personnel at end of period	750	659

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

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

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 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 1-12/2021 and the figures for comparison are for the corresponding period in 1-12/2020.

## CEO Padma Ravichander: 2021 was a Robust, Exciting and Transformational Year for Tecnotree

2021 was a historical year for Tecnotree as it registered high growth in revenue (higher by 21.6% compared to last year) and net income (higher by 34.6% compared to last year) and strengthened its balance sheet in addition to investing across key products and offerings.

Tecnotree continued to reinforce its position as one of the leading Digital BSS service providers by increasing its order intake to EUR 85.6 million, highest in the last nine years (43.9% higher than the last year). Tecnotree has a strong competitive advantage to serve the fast-evolving global telecom industry as its 5G ready and cloud native Digital BSS solutions have been tested by multiple telecom operators for large digital transformations especially in the growth markets which is further accelerated by their 5G deployment.

Further, the fund raising through equity of ~EUR 22 million, retiring of debt and coming out of restructuring programme in 2021 built strong confidence among Tecnotree's stakeholders which led to new customer and partnership opportunities; it is expected to remain strong in 2022 as well. Tecnotree has also continued to be an attractive company for global talent and added 91 employees during 2021 despite the hiring challenges related to the pandemic.

Tecnotree will continue to have a balanced approach towards strategic growth investments as well as maintaining a strong liquidity position with focus on receivables and cash management. Also, we believe that the investments committed in 2020 and 2021 have started

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translating into winning new logos across markets which is visible in our order intake and order book growth.

Tecnotree continues to monitor the Covid-19 pandemic situation and takes necessary actions and mitigation steps to reduce any impact it may cause.

## Revenue

Revenue in the fourth quarter was EUR 18.1 million and EUR 64.2 million for the full year showing 27.2% and 21.6% growth compared to last year respectively. The full year revenue was highest in the last six years and the strongest growth came from MEA & APAC region demonstrating 23.6% growth compared to last year.

## Profitability

Tecnotree's operating result in the fourth quarter was EUR 5.9 million compared to EUR 4.3 million last year witnessing EUR 1.6 million or 37.0% growth. Full year operating result was EUR 23.7 million compared to EUR 18.6 million last year and was equal to 36.9% of revenue, the record operating result and operating result margin.

Net result for the full year was EUR 18.3 million compared to EUR 13.6 million and was equal to 28.50% of revenue, a record net result and net result margin. The earning per share (EPS) was 0.06 euros compared to 0.05 euros last year.

## Order intake

New orders recorded for the full year totalled to EUR 85.6 million showing 43.9% increase compared to last year and being the highest in the last nine years. Year-end order book was EUR 53.5 million being 66.5% higher compared to EUR 32.1 million last year. During the year, Tecnotree enhanced its customer portfolio by adding large telecom operators such as Zain Group and Ooredoo Group for the digital transformations of their operating companies.

Tecnotree has also signed a first of its kind, subscription based recurring revenue agreement with MTN Nigeria, one of the largest telecom operators in Africa, for a B2B2X ecosystem play on Tecnotree Moments platform with pre-integrated partner offerings in esports, gaming, sports, media entertainment, education and healthcare. Tecnotree has also signed an exclusive technology partnership agreement with Dubai Sports Council, the official sports governance body of Government of Dubai, under the Digital Dubai initiative to provide Tecnotree Moments platform which will streamline event ticketing, e-sports tournament leagues, high-quality OTT video streaming of live games with AR & VR capabilities, coaching, training and gym subscriptions with the aim of socialising Sports, Health and Wellness in Dubai.

## Financial situation

In 2021, Tecnotree purchased its outstanding debt under the debt restructuring programme and the company became debt free. At the year end, Tecnotree had a strong liquidity cash reserve and no interest bearing liabilities. Cash and cash equivalents at the end of year were EUR 17.6 million compared to EUR 8.0 million last year.

## Other business updates

Tecnotree continues to be on the accelerated growth trajectory in its business across global markets by increasing the presence of its brand and taking advantage of the onset of digital transformation requirements of communication and digital service providers. We strongly believe that the readiness of our digital stack brings a unique opportunity to increase the operational efficiency and optimize cost of our customers especially those in markets suffering inflationary pressure.

With Tecnotree Moments platform and its Fintech offerings, we hope to synergize new partnerships with communication and digital service providers, eco-system players and internet of things (IOT) providers, 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.

## Net sales

Tecnotree's net sales for the review period were EUR 64.2 (52.8) million, 21.6 % higher compared to last year. Revenue from goods and services were EUR 39.5 (28.2) million and revenue from maintenance and support were EUR 23.7 (24.7) million. The net sales were impacted by EUR 1.0 million positive exchange rate differences (EUR 0.2 million negative). The order book at the end of the financial period stood at EUR 53.5 million

<b>Specification of net sales, MEUR</b>	<b>10-12/ 2021</b>	10-12/ 2020	<b>1-12/ 2021</b>	1-12/ 2020
Revenue from maintenance and support	<b>5.6</b>	5.4	<b>23.7</b>	24.7
Revenue from goods and services	<b>11.8</b>	8.6	<b>39.5</b>	28.2
Currency exchange gains and losses	<b>0.7</b>	0.2	<b>1.0</b>	-0.2
<b>Total</b>	<b>18.1</b>	14.2	<b>64.2</b>	52.8

<b>Net sales by market area, MEUR</b>	<b>10-12/ 2021</b>	10-12/ 2020	<b>1-12/ 2021</b>	1-12/ 2020
Europe & Americas	<b>3.4</b>	3.4	<b>12.5</b>	11.0
MEA & APAC	<b>14.7</b>	10.8	<b>51.7</b>	41.8
<b>Total</b>	<b>18.1</b>	14.2	<b>64.2</b>	52.8

<b>Consolidated order book, MEUR</b>	<b>31.12. 2021</b>	31.12. 2020
Europe & Americas	<b>5.1</b>	4.0
MEA & APAC	<b>48.4</b>	28.1
<b>Total</b>	<b>53.5</b>	32.1

## Result analysis

Tecnotree's net sales for the financial period were EUR 64.2 (52.8). The adjusted operating result was 23.7 (19.3) million and the operating result was EUR 23.7 (18.6) million. The adjusted result for the period was EUR 18.3 million (14.2) and the result for the financial period was EUR 18.3 million (13.6)

Tecnotree's fourth quarter net sales were EUR 18.1 (14.2) million. The operating result for the fourth quarter was EUR 5.9 (4.3) million and the result was EUR 5.2 million (4.3).

Capitalization of product development expenses during the review period were EUR 5.3 (3.4) million and EUR 1.6 (0.7) million in the fourth quarter. Amortizations on total capitalized development costs during the period were EUR 1.3 (0.9) million and EUR 0.5 (0.3) million in the fourth quarter.

Financial items without exchange rate differences in financial items for the financial period were EUR 0.2 (-0.2) million and EUR 0.1 (0.1) million in the fourth quarter. Exchange rate differences for the financial period were EUR -2.5 (-2.5) million and EUR -0.2 (-0.3) 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.

<b>Income statement, key figures, MEUR</b>	<b>10-12/ 2021</b>	10-12/ 2020	<b>1-12/ 2021</b>	1-12/ 2020
Net sales	<b>18.1</b>	14.2	<b>64.2</b>	52.8
Other operating income	<b>0.1</b>	0.9	<b>0.1</b>	0.9
Operating costs excluding one-time costs	<b>-12.1</b>	-9.9	<b>-40.6</b>	-34.5
<b>Adjusted operating result</b>	<b>5.9</b>	4.3	<b>23.7</b>	19.3
One-time costs-/income+	<b>0.0</b>	0.0	<b>0.0</b>	-0.7
<b>Operating result</b>	<b>5.9</b>	4.3	<b>23.7</b>	18.6
Financial items without currency differences and other one-time costs in financial items	<b>0.1</b>	0.1	<b>0.2</b>	-0.2
Exchange rate gains and losses and other one-time costs in financial items	<b>-0.2</b>	-0.3	<b>-2.5</b>	-2.5
Income taxes	<b>-0.7</b>	-0.7	<b>-3.1</b>	-2.3
<b>Adjusted result for the period</b>	<b>5.2</b>	4.3	<b>18.3</b>	14.2
One-time costs	<b>0.0</b>	0.0	<b>0.0</b>	-0.7
<b>Result for the period</b>	<b>5.2</b>	4.3	<b>18.3</b>	13.6

Financial income and expenses during the review period totalled a net loss of EUR 2.3 (net loss of EUR 2.7) million, including following items:

<b>Financial income and expenses, MEUR</b>	<b>10-12/ 2021</b>	10-12/ 2020	<b>1-12/ 2021</b>	1-12/ 2020
Interest income	<b>0.1</b>	0.2	<b>0.4</b>	0.4
Exchange rate gains	<b>0.1</b>	0.8	<b>0.3</b>	3.2
Other financial income	<b>0.0</b>	0.0	<b>0.0</b>	0.0
<b>Financial income, total</b>	<b>0.2</b>	1.0	<b>0.7</b>	3.6
Interest expenses	<b>-0.0</b>	-0.1	<b>-0.2</b>	-0.5
Exchange rate losses	<b>-0.2</b>	-1.1	<b>-2.7</b>	-5.7
Other financial expenses	<b>0.0</b>	-0.0	<b>-0.0</b>	-0.1
<b>Financial expenses, total</b>	<b>-0.2</b>	-1.2	<b>-3.0</b>	-6.3
<b>Financial items, total</b>	<b>-0.1</b>	-0.2	<b>-2.3</b>	-2.7

Taxes for the period totalled EUR 3.1 (2.3) million, including following items:

<b>Taxes in income statement, MEUR</b>	<b>10-12/ 2021</b>	10-12/ 2020	<b>1-12/ 2021</b>	1-12/ 2020
Withholding taxes paid abroad	<b>-0.5</b>	-0.4	<b>-2.0</b>	-2.2
Change in withholding tax accrual	<b>0.1</b>	0.5	<b>0.1</b>	0.6
Income taxes on the results of Group companies	<b>-0.1</b>	0.1	<b>-0.8</b>	-0.3
Other items	<b>-0.2</b>	-0.1	<b>-0.4</b>	-0.4
<b>Taxes in income statement, total</b>	<b>-0.7</b>	0.1	<b>-3.1</b>	-2.3

Earnings per share in the reporting period were EUR 0.06 (0.05) and equity per share at the end of the period was EUR 0.21 (0.07).

## Financing, cash flow and balance sheet

Tecnotree's working capital increased during the review period by EUR 15.9 (increased 8.1) million and decreased by EUR 1.9 (increased 1.5) million in the fourth quarter.

<b>Change in working capital, MEUR (increase - / decrease +)</b>	<b>10-12/ 2021</b>	10-12/ 2020	<b>1-12/ 2021</b>	1-12/ 2020
Change in trade and other receivables	<b>-0.6</b>	1.3	<b>-14.5</b>	-8.6
Change in inventories	<b>-0.0</b>	-0.0	<b>0.0</b>	0.0
Change in trade and other payables	<b>2.5</b>	-2.8	<b>-1.4</b>	0.5
<b>Change in working capital, total</b>	<b>1.9</b>	-1.5	<b>-15.9</b>	-8.1

Project revenue is recognized 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 in the end of the review period totalled to EUR 17.6 (8.0) million. Cash flow after investments for the review period was EUR 4.0 (7.0) million.

The balance sheet total at the end of the review period stood at EUR 79.4 (50.6) million. Interest-bearing liabilities were EUR 0.0 (13.4) million. Tecnotree's investments during the review period were EUR 5.9 (3.6) or 9.2% (6.9%) of net sales and the total equity was affected by translation differences of EUR 0.7 (0.5) million.

## Risks and short-term uncertainty factors

Tecnotree's risks and uncertainties in the near future relate to the continuing effects of the COVID -19 pandemic, 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 largest customers are much bigger businesses than the company itself and the two largest customers accounted for 68% of net sales in 2021 (76%). The relationship between the company and its major customers is one of interdependence, which offers business opportunities but also poses risks. This reduction has been a part of the company's risk reduction strategy.

## **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.

## **Exchange rate risks**

Changes in exchange rates create risks especially in sales activities, but also in other income statement and balance sheet items and in cash flow. A significant part of the company's net sales is in US dollars. The exchange rate fluctuations of Indian Rupees also have a significant impact on the Group's net result because of the costs for the large number of employees in India and other costs denominated in rupees. Intra-group receivables and liabilities result exchange rate differences in the consolidated income statement, since the Group companies usually have different functional currencies.

## **Financing and liquidity risks**

The overall financial position of the company is strong. The company is debt free and have healthy cash reserve.

## **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



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for the tax authorities in different countries to demand taxation of the same revenue. Withholding taxes are often imposed on sales of systems and services and obtaining credit for this in the country receiving the revenue is not a clear case. In Finland Tecnotree has a large amount of tax-deductible costs from previous fiscal periods, which can be capitalized in taxation.

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

## Business description

Tecnotree is the only full stack digital business management solution player for digital service providers, with over 40 years of deep domain knowledge, proven delivery, and transformation capabilities across the globe. Tecnotree's open-source technology-based agile products and solutions comprise of the full range (order-to-cash) of business processes and subscription management services for telecom players and other digital service providers. Tecnotree's products and platforms service over 800 million subscribers worldwide. Tecnotree also provides Fintech and B2B2X multi-experience digital marketplace to its subscriber base through the Tecnotree Moments platform to empower digitally connected communities & ecosystems.

In 2022 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 and its Fintech offerings, Tecnotree continues to hope to synergize new partnerships with digital service providers, eco-system players and internet of things (IOT) providers, 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

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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 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 13.9% from previous year being EUR 12.5 (11.0) million.

The order book at the end of the review period increased by 28.0% from previous year and stood at EUR 5.1 (4.0) million.

### Middle East and Africa & Asia Pacific

The net sales for the review period increased by 23.6% from previous year being EUR 51.7 (41.8) million.

The order book at the end of the review period increased by 72.0% from previous year and stood at EUR 48.4 (28.1) million.

## Personnel

At the end of the review period, Tecnotree employed 750 (659) persons, of whom 42 (40) worked in Finland and 708 (619) globally. The company employed on average 703 (637) people during the review period. Personnel by country were as follows:

<b>Personnel</b>	<b>1-12/2021</b>	<b>1-12/2020</b>
Personnel, at end of period	<b>750</b>	659
Finland	<b>42</b>	40
Brazil	<b>8</b>	8
Argentina	<b>36</b>	41
India	<b>541</b>	464
United Arab Emirates	<b>20</b>	15
Other countries	<b>103</b>	91
Personnel, average	<b>703</b>	637
Personnel expenses (MEUR)	<b>-22.1</b>	-18.2

Tecnotree continued to make substantial investments in personnel by increasing its own employees by 13.8% in 2021.

## Share and price analysis

At the end of the period, the shareholders' equity of Tecnotree Group stood at EUR 67.7 (19.9) million and the share capital was EUR 1.3 million (1.3). The total number of shares was 318,956,206. The company hold 16,192,334 own shares. Equity per share was EUR 0.21 (0.07).

A total of 293,519,557 Tecnotree shares (EUR 312,256,083) were traded on the Helsinki Exchanges during the period 1 January – 31 December 2021, representing 92.03% of the total number of shares.

The highest share price quoted in the period was EUR 1.71 and the lowest EUR 0.51. The average quoted price was EUR 1.02 and the closing price on 31 December 2021 was EUR 1.47. The market capitalisation of the share stock at the end of the period was EUR 469.5 million.

## Current authorizations

The Board of Directors has 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.

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## 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 30 July 2021 as follows:

- The Board of Directors resolved to propose to the Extraordinary General Meeting to carry out a directed share issue of 30.577.778 new shares to support the debt repayment capability and strengthen the working capital of the Company. The Extraordinary General Meeting resolved on 30 July 2021 in accordance with the proposal of the Board of Directors to authorize the Board of Directors to decide on a directed share issue.

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.

## Restructuring proceeding

The restructuring program of Tecnotree Corporation ended with the supervisor providing his final account of the restructuring program to the creditors on 30 September 2021.

## Events after end of the period

28-01-2022 Tecnotree announced on change in the company's holding of treasury shares

## Prospects 2022

Tecnotree continues to witness strong interest in its digital products and zero-touch deployment and DevOps services in the markets we serve. However, the beginning of 2022, Tecnotree did witness a resurgence of the COVID 19 variants in different parts of its operations and has been monitoring the cases carefully among its employee population and so far, it has not adversely affected any of its operations. Tecnotree is sensitive to the risks that the pandemic continues to potentially cause to its customers' operations and to the well-being of its employees and therefore would refrain from giving any guidance.

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Board of Directors

### **Further information**

Padma Ravichander, CEO, tel +97 156 414 1420

Priyesh Ranjan, CFO, tel +971 50 955 1188

[www.tecnotree.com](http://www.tecnotree.com)

## Table section (unaudited)

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

<b>Consolidated income statement, MEUR</b>	<b>10-12/ 2021</b>	10-12/ 2020	<b>1-12/ 2021</b>	1-12/ 2020
Net sales	<b>18,1</b>	14,2	<b>64,2</b>	52,8
Other operating income	<b>0,0</b>	0,0	<b>0,1</b>	0,9
Materials and services	<b>-1,0</b>	-0,8	<b>-2,3</b>	-2,7
Employee benefit expenses	<b>-5,6</b>	-5,1	<b>-22,1</b>	-18,2
Depreciation, amortisation, and impairment charges	<b>-0,5</b>	-0,3	<b>-1,6</b>	-1,7
Other operating expenses	<b>-5,0</b>	-3,7	<b>-14,6</b>	-12,4
<b>Operating result</b>	<b>5,9</b>	4,3	<b>23,7</b>	18,6
Financial income	<b>0,2</b>	1,0	<b>0,7</b>	3,6
Financial expenses	<b>-0,2</b>	-1,2	<b>-3,0</b>	-6,3
<b>Result before taxes</b>	<b>5,9</b>	4,2	<b>21,4</b>	15,9
Income taxes	<b>-0,7</b>	0,1	<b>-3,1</b>	-2,3
<b>Result for the period</b>	<b>5,2</b>	4,3	<b>18,3</b>	13,6
Allocated to:				
Equity holders of parent company	<b>5,2</b>	4,3	<b>18,3</b>	13,6
Non-controlling interest	<b>-0,0</b>	0,0	<b>0,0</b>	0,0
EPS calculated on the profit attributable to equity holders of parent company:				
Earnings per share, basic, EUR	<b>0,02</b>	0,02	<b>0,06</b>	0,05
Earnings per share, diluted, EUR	<b>0,02</b>	0,02	<b>0,06</b>	0,05
<b>Consolidated statement of comprehensive income, MEUR</b>	<b>10-12/ 2021</b>	10-12/ 2020	<b>1-12/ 2021</b>	1-12/ 2020
<b>Result for the period</b>	<b>5,2</b>	4,3	<b>18,3</b>	13,6
Other comprehensive income:				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement items on net defined benefit liability	<b>-0,0</b>	-0,0	<b>-0,0</b>	-0,0
Tax on items that will not be reclassified subsequently to profit or loss	<b>0,0</b>	0,0	<b>0,0</b>	0,0
Items that may be reclassified subsequently to profit or loss:				
Translation differences from foreign oper.	<b>0,4</b>	-0,7	<b>1,1</b>	-0,7
Tax relating to translation differences	<b>-0,1</b>	0,2	<b>-0,4</b>	0,2
Other comprehensive income, net of tax	<b>0,3</b>	-0,5	<b>0,7</b>	-0,5
<b>Total comprehensive income for the period</b>	<b>5,4</b>	3,8	<b>19,0</b>	13,1
Allocated to:				
Equity holders of parent company	<b>5,4</b>	3,8	<b>19,0</b>	13,1
Non-controlling interest	<b>0,0</b>	-0,0	<b>-0,0</b>	-0,0

**Consolidated balance sheet, MEUR**

31.12.2021 31.12.2020

<b>Assets</b>		
Other intangible assets	9.9	5.3
Tangible assets	0.3	0.3
Deferred tax assets	0.6	0.5
Other non-current trade and other receivables	2.2	1.0
Right-of-use assets	0.1	0.2
<b>Current assets</b>		
Trade receivables	27.8	13.5
Other receivables	20.8	21.8
Cash and cash equivalents	17.6	8.0
<b>Total assets</b>	<b>79.4</b>	<b>50.6</b>
<b>Shareholders' equity</b>	<b>67.7</b>	<b>19.9</b>
<b>Non-current liabilities</b>		
Non-current interest-bearing liabilities	0.0	12.4
Other non-current liabilities	2.6	6.1
Lease liability (non-current)	0.1	0.2
<b>Current liabilities</b>		
Current interest-bearing liabilities	0.0	1.0
Lease liability (current)	0.1	0.1
Trade payables and other liabilities	8.9	10.9
<b>Equity and liabilities, total</b>	<b>79.4</b>	<b>50.6</b>

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

	A	B	C	D	E	F	G	H	I
<b>Shareholders' equity 1 Jan 2021</b>	<b>1.3</b>	<b>0.8</b>	<b>11.4</b>	<b>5.1</b>	<b>2.1</b>	<b>21.7</b>	<b>19.7</b>	<b>0.2</b>	<b>19.9</b>
Result for the period						18.3	18.3	0.0	18.3
Other comprehensive income, net of tax:									
Remeasurement items						-0.0	-0.0		-0.0
Translation differences			0.7				0.7		0.7
Total comprehensive income for the period			0.7			18.3	19.0	0.0	19.0
Share issue				22.0			22.0		22.0
Stock options exercised				0.3			0.3		0.3
Share based payments						5.7	5.7	0.0	5.7
Revaluation reserve					0.0		0.0		0.0
Argentina Hyperinflation					0.0	0.2	0.2		0.2
Transfers between items						0.3	0.3		0.3
Other changes					0.0	0.1	0.1	0.0	0.1
<b>Shareholders' equity 31 Dec 2021</b>	<b>1.3</b>	<b>0.8</b>	<b>10.7</b>	<b>27.5</b>	<b>2.1</b>	<b>46.3</b>	<b>67.5</b>	<b>0.2</b>	<b>67.7</b>

	A	B	C	D	E	F	G	H	I
Shareholders' equity 1 Jan 2020	1.3	0.8	11.0	5.0	2.0	5.2	3.4	0.2	3.6
Result for the period						13.6	13.6	0.0	13.6
Other comprehensive income, net of tax:									
Remeasurement items						-0.2	-0.2		-0.2
Translation differences			-0.5				-0.5		-0.5
Total comprehensive income for the period			-0.5			13.4	12.9	0.0	12.9
Share issue				0.1		1.1	1.3		1.3
Share based payments						2.1	2.1	0.0	2.1
Revaluation reserve					0.1		0.1		
Argentina Hyperinflation						0.1	0.1		0.1
Other changes					0.0	-0.2	-0.2	0.0	-0.2
Shareholders' equity 31 Dec 2020	1.3	0.8	11.4	5.1	2.1	21.7	19.7	0.2	19.9

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

<b>Consolidated condensed cash flow statement, MEUR</b>	<b>10-12/ 2021</b>	10-12/ 2020	<b>1-12/ 2021</b>	1-12/ 2020
Cash flow from operating activities				
Result for the period	<b>5.2</b>	4.3	<b>18.3</b>	13.6
Adjustments of the result	<b>-1.2</b>	1.2	<b>12.6</b>	11.6
Changes in working capital	<b>1.9</b>	-1.5	<b>-15.9</b>	-8.1
Financial income and expenses	<b>0.4</b>	-0.2	<b>-1.4</b>	-3.2
Income taxes paid	<b>-0.8</b>	-0.6	<b>-3.7</b>	-3.2
<b>Net cash flow from operating activities</b>	<b>5.4</b>	3.2	<b>9.9</b>	10.6
Cash flow from investing activities				
Capital expenditure on non-current tangible and intangible assets	<b>-1.7</b>	-0.9	<b>-5.9</b>	-3.6
<b>Net cash flow from investing activities</b>	<b>-1.7</b>	-0.9	<b>-5.9</b>	-3.6
Cash flow from financing activities				
Repayments of loans	<b>0.0</b>	-0.9	<b>-16.7</b>	-1.8
Proceeds from share issue	<b>0.0</b>	0.0	<b>22.3</b>	0.1
Other financial costs	<b>-0.2</b>	0.0	<b>-0.2</b>	0.0
<b>Net cash flow from financing activities</b>	<b>-0.1</b>	-0.9	<b>5.5</b>	-1.7



Increase (+) and decrease (-) in cash and cash equivalents	<b>3.6</b>	1.4	<b>9.5</b>	5.3
Cash and cash equivalents at beg. of period	<b>13.9</b>	6.8	<b>8.0</b>	3.4
Impact of changes in exchange rates	<b>0.0</b>	-0.2	<b>0.1</b>	-0.6
<b>Cash and cash equivalents at end of period</b>	<b>17.6</b>	8.0	<b>17.6</b>	8.0

## 1. Accounting principles for the 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 2020 Annual Report.

## 2. Segment information

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

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

<b>Operating segments, MEUR</b>	<b>1-12/2021</b>	<b>1-12/2020</b>
<b>Net sales</b>		
Europe & Americas	<b>12,5</b>	11,0
MEA & APAC	<b>51,7</b>	41,8
<b>Total</b>	<b>64,2</b>	52,8
<b>Operating result</b>		
Europe & Americas	<b>5,6</b>	3,9
MEA & APAC	<b>25,7</b>	27,0
<b>Total</b>	<b>31,3</b>	30,9
Non-allocated items	<b>-7,6</b>	-11,6
<b>Operating result before one-time items</b>	<b>23,7</b>	19,3
One-time costs	<b>0,0</b>	-0,7
<b>Operating result</b>	<b>23,7</b>	18,6

## 3. Interest-bearing liabilities

At the end of the review period, the company had interest-bearing liabilities of EUR 0.0 (13.4) million.

<b>Interest-bearing liabilities, MEUR</b>	<b>31.12.2021</b>	<b>31.12.2020</b>
Loans, 1 Jan	13.3	13.7
Raised loans	0.0	0.0
Repayments of loans	-13.3	-0.5
Loans, end of period	0.0	13.3
Finance lease liabilities, 1 Jan	0.2	0.3
Finance lease liabilities, additions	0.0	0.0
Finance lease liabilities, decreases	-0.2	-0.1
Finance lease liabilities, end of period	0.0	0.2
<b>Interest-bearing liabilities total</b>	<b>0.0</b>	<b>13.4</b>

## 4. Related party transactions

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

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

## 5. Contingent liabilities

<b>Consolidated contingent liabilities, MEUR</b>	<b>31.12.2021</b>	<b>31.12.2020</b>
On own behalf		
Corporate mortgages	45.3	45.3
Pledged deposits	1.3	1.3
Other liabilities		
Disputed income tax liabilities in India	0.0	1.6
<b>Operating leases, MEUR</b>	<b>31.12.2021</b>	<b>31.12.2020</b>
Minimum rents payable based on other leases that cannot be cancelled:		
Other operating leases		
Less than one year	0.2	1.1
Between one and five years	0.0	0.8

## 6. Key figures

<b>Consolidated key financial figures</b>	<b>1-12/2021</b>	<b>1-12/2020</b>
Return on investment, %	<b>48.3</b>	87.3
Return on equity, %	<b>31.9</b>	96.8
Equity ratio, %	<b>85.2</b>	39.3
Net gearing, %	<b>-26.0</b>	27.1
Investments, MEUR	<b>5.9</b>	3.6
% of net sales	<b>9.2</b>	6.9
Research and development, MEUR	<b>5.7</b>	3.6
% of net sales	<b>8.8</b>	6.9
Order book, MEUR	<b>53.5</b>	32.1
Personnel, average	<b>703</b>	637
Personnel, at end of period	<b>750</b>	659

<b>Consolidated key figure per share</b>	<b>1-12/2021</b>	<b>1-12/2020</b>
Earnings per share, basic, EUR	<b>0.06</b>	0.05
Earnings per share, diluted, EUR	<b>0.06</b>	0.05
Equity per share, EUR	<b>0.21</b>	0.07
Number of shares at end of period, x 1,000	<b>318.956</b>	274.628
Number of shares on average, x 1,000	<b>292.528</b>	270.293
Share price, EUR		
Average	<b>1.02</b>	0.34
Lowest	<b>0.51</b>	0.11
Highest	<b>1.71</b>	0.90
Share price at end of period, EUR	<b>1.47</b>	0.70
Market capitalisation of issued stock at end of period, MEUR	<b>469.5</b>	193.3
Share turnover, million shares	<b>293.5</b>	82.2
Share turnover, % of total	<b>92.0</b>	29.9
Share turnover, MEUR	<b>312.3</b>	35.5
Price/earnings ratio (P/E)	<b>23.5</b>	13.9

Quarterly key figures	Q4/21	Q3/21	Q2/21	Q1/21	Q4/20	Q3/20	Q2/20	Q1/20
Net sales, MEUR	<b>18.1</b>	18.2	16.7	11.2	14.2	14.7	14.1	9.8
Net sales, change %	<b>27.2</b>	24.5	18.5	13.7	0.8	18.4	28.5	3.4
Adjusted operating result <sup>1</sup>	<b>5.9</b>	7.1	7.6	3.1	4.3	6.9	5.8	2.3
% of net sales	<b>32.8</b>	39.0	45.3	27.3	30.5	46.8	41.5	23.0
Operating result, MEUR	<b>5.9</b>	7.1	7.6	3.1	4.3	6.9	6.3	1.1
% of net sales	<b>32.8</b>	39.0	45.3	27.3	30.5	46.8	44.7	11.6
Adjusted result for the period, MEUR <sup>2</sup>	<b>5.2</b>	5.4	5.3	2.4	4.3	4.4	3.8	1.7
Result for the period, MEUR	<b>5.2</b>	5.4	5.3	2.4	4.3	4.4	4.2	0.6
Personnel at end of period	<b>750</b>	715	688	679	659	653	622	616
Earnings per share, basic, EUR	<b>0.02</b>	0.02	0.02	0.01	0.02	0.02	0.02	0.00
Earnings per share, diluted, EUR	<b>0.02</b>	0.02	0.02	0.01	0.02	0.02	0.02	0.00
Equity per share, EUR	<b>0.21</b>	0.19	0.11	0.09	0.07	0.06	0.04	0.02
Net interest-bearing liabilities, MEUR	<b>-17.6</b>	-13.9	2.1	3.3	5.4	6.9	7.9	9.4
Order book, MEUR	<b>53.5</b>	58.6	55.0	47.3	32.1	26.7	39.4	35.5

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

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

