

Tecnotree

Empowering Digitally
Connected Communities

Short Report Q3 2021

1.1.2021 – 30.9.2021



Tecnotree Corporation Short Report 1st Jan - 30th Sep 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.

ROBUST REVENUE AND ORDER BOOK GROWTH CONTINUES

Third quarter (July – September 2021)

- Net sales were EUR 18.2 (14.7) million.
- The adjusted operating result was EUR 7.1 (6.9) million and the operating result was EUR 7.1 (6.9) million.
- The adjusted result was EUR 5.4 (4.4) million and the result was EUR 5.4 (4.4) million.
- The order book at the end of the period stood at EUR 58.6 (31 December 2020: 32.1) million.
- Cash flow after investments was EUR -3.3 (1.2) million.
- Earnings per share were EUR 0.02 (0.02).

January - September 2021

- Net sales were EUR 46.1 (38.6) million.
- The adjusted operating result was EUR 17.7 (15.0) million and the operating result was EUR 17.7 (14.3) million.
- The adjusted result was EUR 13.1 (9.9) million and the result was EUR 13.1 (9.3) million.
- Cash flow after investments was EUR 0.2 (4.7) million and the company's cash and cash equivalents were EUR 13.9 (31 December 2020: 8.0) million.
- Earnings per share were EUR 0.05 (0.03).

Key figures, MEUR	7-9/ 2021	7-9/ 2020	1-9/ 2021	1-9/ 2020	1-12/ 2020
Net sales	18.2	14.7	46.1	38.6	52.8
Adjusted operating result ¹	7.1	6.9	17.7	15.0	19.3
Operating result	7.1	6.9	17.7	14.3	18.6

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

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

Result before taxes	6.4	5.4	15.5	11.7	15.9
Adjusted result for the period ²	5.4	4.4	13.1	9.9	14.2
Result for the period	5.4	4.4	13.1	9.3	13.6
Earnings per share, basic, EUR	0.02	0.02	0.05	0.03	0.05
Order book			58.6	26.7	32.1
Cash flow after investments	-3.3	1.2	0.2	4.7	7.0
Change in cash and cash equivalents	3.3	1.1	5.9	3.5	4.7
Cash and cash equivalents			13.9	6.8	8.0
Equity ratio %			83.1	33.6	39.3
Net gearing %			-22.6	43.5	27.1
Personnel at end of period			715	653	659

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 1-9/2021 and the figures for comparison are for the corresponding period in 1-9/2020.

CEO Padma Ravichander: Impressive Revenue and Order Book Growth Continues

Tecnotree delivered strong revenue growth and robust margins again in the third quarter. The revenue recorded is the highest in the last five years and order book is highest in the last nine years. Tecnotree continued to witness high acceptance for its Digital BSS Suite, especially in the Middle East and Africa (MEA) region. With each win and delivery, we continue to prove our product and scalable delivery capabilities including 5G, cloud native and remote deployment abilities. We expect the digital transformation to continue at a fast pace in the telecom industry thereby resulting in more global opportunities for Tecnotree. Additionally, Tecnotree has also made exciting advances in the B2B2C venture via its Tecnotree Moments platform.

In the third quarter, Tecnotree further enhanced its balance sheet position by raising ~EUR 22 million through directed share issue. We also retired the outstanding debt to become debt-

free and came out of restructuring program which will help us in enhancing our customer portfolio and partnerships.

Tecnotree continues to monitor the Covid-19 pandemic situation and take necessary actions and mitigation steps to reduce any impact it may cause. We also continue to provide all possible assistance including vaccination drives to all our employees globally, to combat the pandemic. We also continue to expand our talent acquisition program globally to ensure we have the human resource redundancy globally to deliver in these times.

Revenue

Revenue in the third quarter was EUR 18.2 million and EUR 46.1 million during the first nine months of the year, witnessing 24.7% and 19.5% growth respectively compared to last year. MEA region recorded strong growth constituting 85.2% or EUR 15.5 million to the total third quarter revenue. Out of other regions, LATAM region demonstrated strong recovery by recording 46.1% growth in the third quarter revenue compared to last year.

Profitability

Operating result in the first nine months was EUR 17.7 million compared to EUR 14.3 million last year, witnessing EUR 3.5 million or 24.2% growth compared to last year. Net result for the first nine months was EUR 13.1 million being EUR 3.9 million or 41.6% higher compared to last year. Earnings per share (EPS) was 0.05 euros compared to 0.03 euros last year.

Order intake

During the third quarter, Tecnotree recorded multiple new wins including new logos. The total order intake during the first nine months was EUR 72.6 million being 82.3% higher compared to same period last year. Order book in the end of the third quarter was EUR 58.6 million.

Financial situation

In the third quarter, Tecnotree purchased all its outstanding debt held by Viking Acquisitions Corp. under the debt restructuring programme. This officially ended the restructuring program and the company became debt free, and its net gearing turned to negative demonstrating a very strong financial situation. In addition, cash proceeding received through directed share issues in the third quarter further strengthened the company's liquidity as well as brought in new possibilities for strategic growth investments. Cash and cash equivalents at the end of the third quarter were EUR 13.9 million compared to EUR 6.8 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.

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.

Sales and net sales

Tecnotree's net sales for the review period were EUR 46.1 (38.6) million, 19.5% higher compared to last year. Revenue from goods and services were EUR 27.7 (19.6) million and revenue from maintenance and support were EUR 18.1 (19.4) million. The net sales were impacted by EUR 0.4 million positive exchange rate differences (EUR 0.4 million negative).

Order book at the end of the financial period stood at EUR 58.6 million

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

Specification of net sales, MEUR	7-9/ 2021	7-9/ 2020	1-9/ 2021	1-9/ 2020	1-12/ 2020
Revenue from maintenance and support	6.5	5.7	18.1	19.4	24.7
Revenue from goods and services	11.7	9.2	27.7	19.6	28.2
Currency exchange gains and losses	0.1	-0.3	0.4	-0.4	-0.2
Total	18.2	14.7	46.1	38.6	52.8

Net sales by market area, MEUR	7-9/ 2021	7-9/ 2020	1-9/ 2021	1-9/ 2020	1-12/ 2020
Europe & Americas	2.5	1.7	9.1	7.6	11.0
MEA & APAC	15.7	12.9	37.0	31.0	41.8
Total	18.2	14.7	46.1	38.6	52.8

Consolidated order book, MEUR	30.9. 2021	30.9. 2020	31.12. 2020
Europe & Americas	4.8	5.0	4.0
MEA & APAC	53.8	21.7	28.1
Total	58.6	26.7	32.1

Result analysis

Tecnotree's net sales for the financial period were EUR 46.1 (38.6). The adjusted operating result was 17.7 (15.0) million and the operating result EUR 17.7 (14.3) million. The adjusted result for the period was EUR 13.1 million (9.9) and the result for the financial period was EUR 13.1 million (9.3)

Tecnotree's third quarter net sales were EUR 18.2 (14.7) million. The adjusted operating result was 7.1 (6.9) million and the operating result EUR 7.1 (6.9) million. The adjusted result was EUR 5.4 (4.4) and the result was EUR 5.4 million (4.4).

Capitalization of product development expenses during the period was EUR 3.7 (2.7) million and EUR 1.4 (0.8) million in the third quarter. Amortizations on total capitalized development costs during the period were EUR 0.8 (0.8) million and EUR 0.3 (0.3) million in the third quarter.

Financial items without currency differences in financial items for the financial period were EUR 0.1 (-0.3) million and for the third quarter EUR 0.1 (-0.1) million. Exchange rate differences for the financial period in the financial items were EUR -2.3 (-2.3) million and for the third quarter EUR -0.7 (-1.4) million. 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	7-9/ 2021	7-9/ 2020	1-9/ 2021	1-9/ 2020	1-12/ 2020
Net sales	18.2	14.7	46.1	38.6	52.8
Other operating income	0.0	0.4	0.1	0.9	0.9
Operating costs excluding one-time costs	-11.2	-8.2	-28.5	-24.6	-34.5
Adjusted operating result	7.1	6.9	17.7	15.0	19.3
One-time cost	0.0	0.0	0.0	-0.7	-0.7
Operating result	7.1	6.9	17.7	14.3	18.6
Financial items without currency differences	0.1	-0.1	0.1	-0.3	-0.2
Exchange rate gains and losses in financial items	-0.7	-1.4	-2.3	-2.3	-2.5
Income taxes	-1.1	-0.9	-2.4	-2.5	-2.3
Adjusted result for the period	5.4	4.4	13.1	9.9	14.2
One-time costs	0.0	0.0	0.0	-0.7	-0.7
Result for the period	5.4	4.4	13.1	9.3	13.6

Financial income and expenses during the review period totalled a net loss of EUR 2.2 million (net loss of EUR 2.6 million), including following items:

Financial income and expenses, MEUR	7-9/ 2021	7-9/ 2020	1-9/ 2021	1-9/ 2020	1-12/ 2020
Interest income	0.1	0.1	0.3	0.2	0.4
Exchange rate gains	0.1	0.6	0.2	2.4	3.2
Other financial income	0.0	0.0	0.0	0.0	0.0
Financial income, total	0.2	0.7	0.5	2.6	3.6
Interest expenses	-0.0	-0.1	-0.2	-0.4	-0.5
Exchange rate losses	-0.8	-2.0	-2.5	-4.7	-5.7
Other financial expenses	0.0	-0.0	-0.0	-0.1	-0.1
Financial expenses, total	-0.8	-2.2	-2.7	-5.1	-6.3
Financial items, total	-0.7	-1.5	-2.2	-2.6	-2.7

Taxes for the period totalled EUR 2.4 (2.5) million, including following items:

Taxes in income statement, MEUR	7-9/ 2021	7-9/ 2020	1-9/ 2021	1-9/ 2020	1-12/ 2020
Withholding taxes paid abroad	-0.7	-0.8	-1.6	-1.9	-2.2
Change in withholding tax accrual	0.0	0.0	0.0	0.1	0.6
Income taxes on the results of Group companies	-0.4	-0.1	-0.8	-0.3	-0.3
Other items	0.0	-0.1	-0.1	-0.4	-0.4
Taxes in income statement, total	-1.1	-0.9	-2.4	-2.5	-2.3

Earnings per share in the reporting period were EUR 0.05 (0.03) and equity per share at the end of the period was EUR 0.19 (31 December 2020: EUR 0.07).

Personnel

At the end of September 2021, Tecnotree employed 715 (31 December 2020: 659) persons, of whom 43 (31 December 2020: 40) worked in Finland and 672 (31 December 2020: 619) globally. The company employed on average 691 (629) people during the review period. Personnel by country were as follows:

Personnel	1-9/ 2021	1-9/ 2020	1-12/ 2020
Personnel, at end of period	715	653	659
Finland	43	39	40
Brazil	8	9	8
Argentina	39	39	41
India	491	442	464
United Arab Emirates	16	16	15
Other countries	118	108	91
Personnel, average	691	629	637
Personnel expenses (MEUR)	-16.5	-13.2	-18.2

Events after end of the period

18-10-2021: Tecnotree announced that it won USD 10.6 Mn Digital Transformation Projects from One of the Largest Telecom Operator Groups in MEA region

19-10-2021: Tecnotree announced that the Government of Dubai owned Dubai Sports Council Signed an Exclusive Technology Partnership Agreement with Tecnotree

Prospects 2021

Tecnotree continues to see encouraging interest in its products and services despite the ongoing pandemic. Tecnotree is sensitive to the risks that this could potentially cause to its customers' operations and to the well-being of its employees and therefore would refrain from giving any guidance.

Tecnotree Corporation

Board of Directors

Further information

Padma Ravichander, CEO, tel +971 56 414 1420

Priyesh Ranjan, CFO, tel +971 50 955 1188

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.

Consolidated income statement, MEUR	7-9/ 2021	7-9/ 2020	1-9/ 2021	1-9/ 2020	1-12/ 2020
Net sales	18.2	14.7	46.1	38.6	52.8
Other operating income	0.0	0.4	0.1	0.9	0.9
Materials and services	-0.4	-0.9	-1.3	-1.9	-2.7
Employee benefit expenses	-6.8	-4.4	-16.5	-13.2	-18.2
Depreciation, amortisation and impairment charges	-0.4	-0.5	-1.1	-1.4	-1.7
Other operating expenses	-3.5	-2.4	-9.6	-8.7	-12.4
Operating result	7.1	6.9	17.7	14.3	18.6
Financial income	0.2	0.7	0.5	2.6	3.6
Financial expenses	-0.8	-2.2	-2.7	-5.1	-6.3
Result before taxes	6.4	5.4	15.5	11.7	15.9
Income taxes	-1.1	-0.9	-2.4	-2.5	-2.3
Result for the period	5.4	4.4	13.1	9.3	13.6
Allocated to:					
Equity holders of parent company	5.4	4.4	13.1	9.3	13.6
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	0.02	0.02	0.05	0.03	0.05
Earnings per share, diluted, EUR	0.02	0.02	0.05	0.03	0.05
Consolidate balance sheet, MEUR					
	30.9.2021	30.9.2020	31.12.2020		
Assets					
Other intangible assets	8.7	4.9	5.3		
Tangible assets	0.3	0.1	0.3		
Deferred tax assets	0.7	0.5	0.5		
Other non-current trade and other receivables	1.1	1.0	1.0		
Right-of-use assets	0.1	1.6	0.2		
Current assets					
Inventories	0.0	-0.0	0.0		
Trade receivables	34.0	11.3	13.5		
Other receivables	15.3	20.7	21.8		
Cash and cash equivalents	13.9	6.8	8.0		
Total assets	74.2	46.9	50.6		
Shareholders' equity	61.6	15.8	19.9		
Non-current liabilities					
Non-current interest-bearing liabilities	0.0	13.0	12.4		
Other non-current liabilities	2.4	6.5	6.1		
Lease liability (non-current)	0.1	0.9	0.2		

Current liabilities			
Current interest-bearing liabilities	0.0	0.7	1.0
Lease liability (current)	0.1	0.7	0.1
Trade payables and other liabilities	9.9	9.3	10.9
Equity and liabilities, total	74.2	46.9	50.6

Consolidated condensed cash flow statement, MEUR	7-9/2021	7-9/2020	1-9/2021	1-9/2020	1-12/2020
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Cash flow from operating activities					
Result for the period	5.4	4.4	13.1	9.3	13.6
Adjustments of the result	3.4	2.8	13.8	10.4	11.6
Changes in working capital	-8.6	-3.3	-17.8	-6.7	-8.1
Financial income and expenses	-0.7	-1.1	-1.8	-3.0	-3.2
Income taxes paid	-1.3	-0.8	-2.9	-2.6	-3.2
Net cash flow from operating activities	-1.8	2.0	4.4	7.4	10.6

Cash flow from investing activities					
Capital expenditure on non-current tangible and intangible assets	-1.5	-0.8	-4.2	-2.7	-3.6
Net cash flow from investing activities	-1.5	-0.8	-4.2	-2.7	-3.6

Cash flow from financing activities					
Repayments of borrowings	-15.9	0.0	-16.7	-0.9	-1.8
Proceeds from share issue	22.3	0.0	22.3	0.1	0.1
Other financial costs	0.0	0.0	0.0	0.0	0.0
Net cash flow from financing activities	6.4	0.0	5.6	-0.8	-1.7

Increase (+) and decrease (-) in cash and cash equivalents	3.1	1.2	5.8	3.9	5.3
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Cash and cash equivalents at beg. of period	10.7	5.8	8.0	3.4	3.4
Impact of changes in exchange rates	0.1	-0.2	0.1	-0.4	-0.6
Cash and cash equivalents at end of period	13.9	6.8	13.9	6.8	8.0

Key figures

Consolidated key financial figures	1-9/2021	1-9/2020	1-12/2020
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Return on investment, %	51.3	95.4	87.3
Return on equity, %	42.9	127.3	115.3
Equity ratio, %	83.1	33.6	39.3
Net gearing, %	-22.6	43.5	27.1
Investments, MEUR	4.2	2.7	3.6
% of net sales	9.2	7.0	6.9
Research and development, MEUR	3.9	3.0	3.6
% of net sales	8.4	7.9	6.9

Order book, MEUR	58.6	26.7	32.1
Personnel, average	691	629	637
Personnel, at end of period	715	653	659

Consolidated key figure per share	1-9/2021	1-9/2020	1-12/2020
Earnings per share, basic, EUR	0.05	0.03	0.05
Earnings per share, diluted, EUR	0.05	0.03	0.05
Equity per share, EUR	0.19	0.06	0.07
Number of shares at end of period, x 1,000	318.956	274.628	274.628
Number of shares on average, x 1,000	278.336	268.848	270.293
Share price, EUR			
Average	0.90	0.26	0.34
Lowest	0.51	0.11	0.11
Highest	1.71	0.59	0.90
Share price at end of period, EUR	1.19	0.45	0.70
Market capitalisation of issued stock at end of period, MEUR	380.8	123.0	193.3
Share turnover, million shares	220.7	48.4	82.2
Share turnover, % of total	69.2	17.6	29.9
Share turnover, MEUR	212.3	14.7	35.5
Price/earnings ratio (P/E)	0.0	0.1	13.9

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

