

Tecnotree

Q3

Financial Result

**1st Jan – 30th
Sep 2025**

**Empowering Digitally
Connected Communities**



Tecnotree Corporation Financial Report

1st Jan – 30th Sep 2025 (unaudited)

Sixth consecutive quarter delivering steady profitability and positive free cash flow.

January – September Results

- Net sales of EUR 52.8 million (54.0) -2.1% Year on Year; in constant currency, EUR 56.6 million, +4.8% Year on Year.
- Operating result of EUR 13.2 million (13.0) +2.1% Year on Year; in constant currency, EUR 14.9 million (13.0), +15.0% Year on Year.
- Operating margin of 25.0% (24.1%); in constant currency 26.4% (24.1%), +2.3% Year on Year.
- Foreign exchange losses EUR 3.9 million (2.2).
- Net Result EUR 6.0 million (7.8) -23.0% Year on Year.
- Gross cash flow from operations EUR 14.8 million (12.8).
- Positive free cash flow EUR 3.2 million (-2.2).
- Earnings per share EUR 0.4 (0.5).
- Order book at the end of the period EUR 105.5 million (75.1).

Q3 Results

- Net sales of EUR 18.6 million (19.0) -2.1% Year on Year; in constant currency, EUR 20.7 million, +5.4% Year on Year.
- Operating result of EUR 3.6 million (5.0) -27.4% Year on Year; in constant currency, EUR 4.3 million (5.0), -13.3 % Year on Year.
- Operating margin of 19.5% (26.3%); in constant currency, 21.0% (26.3%), -5.4% Year on Year.
- Foreign exchange gain EUR 0.3 million (0.2).
- Net Result EUR 3.4 million (4.1) -16.8% Year on Year.
- Gross cash flow from operations EUR 4.2 million (5.5).
- Positive free cash flow EUR 1.2 million (1.7).
- Earnings per share EUR 0.2 (0.2).

Key figures, MEUR	7-9/2025	7-9/2024	1-9/2025	1-9/2024	1-12/2024
Net sales	18.6	19.0	52.8	54.0	71.6
Operating result (EBIT)	3.6	5.0	13.2	13.0	23.8
Result before taxes	4.0	4.9	8.4	9.8	12.8
Result for the period	3.4	4.1	6.0	7.8	8.3
Earnings per share, basic, EUR	0.20	0.24	0.35	0.46	0.50
Order book	105.5	75.1	105.5	75.1	79.6
Gross cash flow from operating activities	4.2	5.5	14.8	12.8	21.3

Free cash flow	1.2	1.7	3.2	-2.2	-1.8
Change in cash and cash equivalents	1.6	0.2	3.9	-3.8	-4.1
Cash and cash equivalents	20.7	17.0	20.7	17.0	16.8
Equity ratio % (Equity/Total Liabilities)			68.8	65.8	66.7
Debt Equity ratio % (Debt/Equity)			6.4	4.5	4.2
Personnel at end of period			695	810	758

Unless otherwise stated, all figures presented below are for the financial period 1-9/2025 and the figures for comparison are for the corresponding period in 1-9/2024.

Guidance for 2025

- Net sales are expected to grow by low to high-single digit percentage in constant currency terms.
- Operating result margin expected to see margin expansion of at least +200bp
- Free cash flow guidance > EUR 4 million for the full year.
- Capex as a percentage of net sales is targeted at 10–12%.
- Receivable days are expected to range between 100–140.
- Dividend pay-out policy targets 10% of free cash flow.
- Foreign exchange exposure to frontier country risk will be reduced to 10–15% within three years.

Assumptions for 2025

- Industry analysts reported that the long-term growth of the Business Support Systems (BSS) industry is forecasted to grow at +2.2% per annum 2024-2029, in constant currency. However, 2025 is forecast to be negative growth year for the industry. Despite this, the company expects positive top line growth due to anticipated significant market share gains and the current order backlog.
- The company will continue its focus on increasing license sales, while evolving its delivery model to an Annual Recurring Revenue (ARR) model and continue to increase the same in 2025. This will ensure that the company will have more predictable and stable quarter on quarter net sales.
- The cost optimisation programme that commenced in 2024 will continue to provide margin benefits in 2025 and beyond.

From CEO's Desk: On track with guidance; focus on order book conversion

Tecnotree third quarter of 2025 focused on profitable order book execution with year-to-date operating result up by 15% year on year, in constant currency. We continue to maintain cash positive operations for the sixth consecutive quarter, with EUR 3.2 million free cash flow year-to-date.

The profitability in Q3 2025 was slightly below Q3 2024. This was on account of strengthening our presence in more developed markets including Europe and the Americas, where ongoing digital transformation projects entered implementation and

delivery phases, post deployment of the core stack in H1 2025. These programs also require us to incur mobilization costs towards hiring of local, high-skill talent to accelerate delivery. The revenue mix this quarter is more towards services compared to licenses. These projects will lay the foundation for future recurring revenues.

The operating result for Q3 2025 is further impacted due to taking adequate provisions for long outstanding receivables. In addition, we have also accrued 3rd party costs related to delivery of some of the large deals. These measures are towards our commitment to cash discipline and prudent risk management.

Q3 2025: Continued Analyst Confidence and Upgraded Position in AI Magic Quadrant

Tecnotree's AI-native digital platforms continue to gain strong global traction. System Integrator partnerships in Europe and the Americas are extending our reach beyond traditional BSS, helping Tier-1 operators modernize and monetize networks faster.

During the third quarter, Gartner upgraded Tecnotree's position in its Magic Quadrant for AI in CSP Customer and Business Operations 2025 from Niche Player to Visionary, recognizing our growing execution capability and innovation embedded in our digital stack of products. IDC named Tecnotree a Major Player for Worldwide Customer Experience Platforms for Telecommunications 2025.

These recognitions reinforce Tecnotree's steady progress—combining innovation, disciplined delivery, and long-term value creation for our customers across cloud, AIML and MVNX capabilities.

We also continued to make progress on operational efficiency, reducing total personnel cost year on year in line with our 2025 cost optimization program, while maintaining delivery capacity and product quality with localized high skill resources. Capex was 11.9% of sales year to date, within the 10–12% guidance. We are also on track with our guidance on DSO days, currently at 154 days, down from 175 from H1 2025.

Our focus for the coming quarters is clear:

- Backlog conversion and cash generation, ensuring each delivery milestone translates into measurable financial performance.
- Execution excellence, particularly in our large transformation programs across Europe, Americas, and Africa.

Management reiterates its full-year 2025 guidance for:

- Net sales growth in constant currency of low-to-high single digit.
- Operating result margin expansion of at least +200bps.
- Free cash flow > EUR 4 million for the full year.

I want to thank our employees, customers, and shareholders for their trust and continued support as we execute the next phase of Tecnotree's strategy.

Financial Performance

Tecnotree has successfully transitioned toward generating positive free cash flow, driven by disciplined cost management.

Net sales

Net sales for Q3 were EUR 18.6 million (19.0), a decrease of 2.1% year on year. In constant currency, net sales increased +5.4%.

For the review period, net sales totalled EUR 52.8 million (54.0), representing a 2.1% decline in reported terms, but +4.8% growth in constant currency.

Revenue mix for the review period:

- Licenses: EUR 10.4 million (10.4)
- Delivery: EUR 17.4 million (20.4)
- Maintenance and management services: EUR 25.1 million (23.2)

The shift in composition reflects Tecnotree's increasing recurring revenue (ARR) base through managed services and renewals.

Nature of goods and services offered, MEUR	7-9/2025	7-9/2024	1-9/2025	1-9/2024	1-12/2024
Own licenses	0.1	5.8	10.4	10.4	15.2
Delivery	7.6	5.1	17.4	20.4	25.3
Maintenance and management services	10.9	8.1	25.1	23.2	31.1
Net sales total	18.6	19.0	52.8	54.0	71.6

Methods used to recognise revenue, MEUR	7-9/2025	7-9/2024	1-9/2025	1-9/2024	1-12/2024
Point in time:					
Own license	0.1	5.8	10.4	10.4	15.2
Overtime:					
Delivery	7.6	5.1	17.4	20.4	25.3
Maintenance and management services	10.9	8.1	25.1	23.2	31.1
Net sales total	18.6	19.0	52.8	54.0	71.6

Recognition of revenue by operating segment, MEUR	7-9/2025	7-9/2024	1-9/2025	1-9/2024	1-12/2024
Europe & Americas:					
Own license	0.0	0.0	5.7	0.2	2.8
Delivery	0.5	1.2	1.9	4.1	6.6
Maintenance and management services	4.0	3.0	5.9	6.3	7.3
Net sales total	4.5	4.2	13.4	10.6	16.7
MEA & APAC:					
Own license	0.1	5.8	4.7	10.1	12.4
Delivery	7.1	3.9	15.5	16.4	18.7
Maintenance and management services	6.9	5.2	19.2	16.8	23.8
Net sales total	14.1	14.9	39.4	43.4	54.8

Order book by operating segment, MEUR	30.9.2025	30.9.2024	31.12.2024
Europe & Americas	20.2	7.4	13.2
MEA & APAC	85.3	67.7	66.4
Order book total	105.5	75.1	79.6

Net sales by Geography

Regional net sales distribution for review period:

- Europe & Americas: EUR 13.4 million (10.6).
- MEA & APAC: EUR 39.4 million (43.4).

Quarterly net sales performance showed Europe & Americas contributing EUR 4.5 million (4.2) and MEA & APAC EUR 14.1 million (14.9).

For the review period the order book remained strong at EUR 105.5 million (75.1), comprising EUR 20.2 million from Europe & Americas and EUR 85.3 million from MEA & APAC.

Result analysis

For the review period, operating result (EBIT) totalled EUR 13.2 million (13.0), maintaining a margin of 25% (24%).

The operating result (EBIT) for Q3 was EUR 3.6 million (5.0), with an operating margin of 19.5% (26.3%).

Result for the review period EUR 6.0 million (7.8), with EPS of EUR 0.35 (0.46). For Q3 the result was EUR 3.4 million (4.1), corresponding to EPS of EUR 0.20 (0.24).

Income statement, key figures, MEUR	7-9/2025	7-9/2024	1-9/2025	1-9/2024	1-12/2024
Net sales	18.6	19.0	52.8	54.0	71.6
Other operating income	-0.0	-0.0	0.0	0.0	0.1
Operating costs	-15.0	-14.0	-39.6	-38.1	-47.8
Operating result	3.6	5.0	13.2	13.0	23.8
Financial items (Net – other than exchange difference)	0.3	-0.4	-0.9	-1.0	-1.2
Exchange rate gains and losses in financial items	0.2	0.3	-3.9	-2.2	-2.5
Income taxes	-0.6	-0.8	-2.4	-2.0	-4.5
Result for the period	3.4	4.1	6.0	7.8	8.3

For the review period, total financial items amounted to EUR -4.8 million (-3.2) and EUR 0.4 million (-0.1) in Q3.

Financial income and expenses, MEUR	7-9/2025	7-9/2024	1-9/2025	1-9/2024	1-12/2024
Interest income	0.0	0.1	0.1	0.3	0.3
Exchange rate gains	1.3	1.2	3.2	3.5	3.8
Other financial income	-0.0	0.0	-0.0	0.1	0.1
Financial income, total	1.3	1.3	3.3	3.9	4.2
Interest expenses	0.1	-0.2	-0.6	-0.5	-0.7
Exchange rate losses	-1.1	-0.9	-7.0	-5.7	-6.4
Other financial expenses	0.1	-0.4	-0.5	-0.8	-8.2
Financial expenses, total	-0.9	-1.5	-8.1	-7.0	-15.2
Financial items, total	0.4	-0.1	-4.8	-3.2	-11.0

Cumulative taxes for the review period stood at EUR -2.4 million (-2.0) and EUR -0.6 million (-0.8) in Q3.

Taxes in income statement, MEUR	7-9/2025	7-9/2024	1-9/2025	1-9/2024	1-12/2024
Withholding taxes paid abroad	-0.4	-0.7	-1.6	-1.7	-2.6
Change in withholding tax accrual	0.0	0.0	0.0	0.0	-0.5
Income taxes on the results of Group companies	-0.2	-0.0	-0.7	0.3	-0.8
Other items	-0.0	-0.1	-0.1	-0.6	-0.7
Taxes in income statement, total	-0.6	-0.8	-2.4	-2.0	-4.5

Personnel

At the end of the September, Tecnotree employed 695 (810) persons. Personnel costs in the review period include employment termination expenses. Personnel expenses for the review period totaled EUR -14.1 million (-14.4).

Personnel	30.9.2025	30.9.2024	31.12.2024
Personnel, at end of period	695	810	758
Finland	22	23	22
India	605	705	660
United Arab Emirates	29	35	33
Other countries	39	47	43
Personnel, average	713	864	842
Personnel expenses (MEUR)	-14.1	-14.4	-19.7

Webcast for investors and media

Tecnotree webcast of results is on 30 October 2025 at 10.00 a.m. EET (Helsinki). Shareholders, investors, and other interested parties are invited to pre-register a zoom account and join the online presentation via this link: <https://zoom.us/j/93654921990>. The event will be recorded, and the presentation materials will be made available on the company's website <https://investors.tecnotree.com>.

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Board of Directors

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Table section (unaudited)

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

Consolidated income statement, MEUR	7-9/2025	7-9/2024	1-9/2025	1-9/2024	1-12/2024
Net sales	18.6	19.0	52.8	54.0	71.6
Other operating income	-0.0	-0.0	0.0	0.0	0.1
Materials and services	-1.3	-2.7	-2.8	-3.8	-2.5
Employee benefit expenses	-3.9	-5.1	-14.1	-14.4	-19.7
Depreciation, amortisation and impairment charges	-1.5	-2.1	-4.5	-5.9	-6.9
Other operating expenses including provisions	-8.4	-4.1	-18.3	-17.0	-18.6
Operating result	3.6	5.0	13.2	13.0	23.8
Financial income	1.3	1.3	3.3	3.9	4.2
Financial expenses	-0.9	-1.5	-8.1	-7.0	-15.2
Result before taxes	4.0	4.9	8.4	9.8	12.8
Income taxes	-0.6	-0.8	-2.4	-2.0	-4.5
Result for the period	3.4	4.1	6.0	7.8	8.3
Allocated to:					
Equity holders of parent company	3.7	3.7	6.0	7.8	8.3
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	0.20	0.24	0.35	0.46	0.50

Consolidated balance sheet, MEUR	30.9.2025	30.9.2024	31.12.2024
Non-current assets			
Intangible assets	44.9	41.2	43.1
Tangible assets	0.1	0.0	0.1
Deferred tax assets	0.0	0.3	0.0
Other non-current trade and other receivables	1.8	2.1	2.2
Current assets			
Trade receivables	30.2	30.7	34.5
Other receivables	42.3	44.6	42.0
Cash and cash equivalents	20.7	17.0	16.8
Assets total	140.0	136.0	138.9
Shareholders' equity	96.3	89.5	92.6
Compulsory convertible debentures	23.1	23.1	23.1
Non-current liabilities			
Non-current interest-bearing liabilities	0.0	0.0	0.0
Other non-current liabilities	4.2	3.9	4.2
Current liabilities			
Current interest-bearing liabilities	6.2	4.0	3.9
Trade payables and other liabilities	10.3	15.4	15.1
Equity and liabilities total	140.0	136.0	138.9

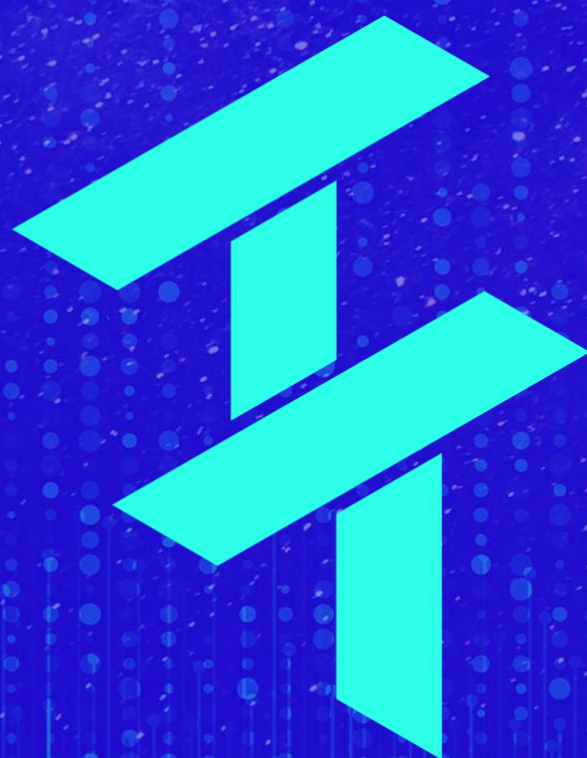
Consolidated condensed cash flow statement, MEUR

	7-9/2025	7-9/2024	1-9/2025	1-9/2024	1-12/2024
Cash flow from operating activities					
Result for the period	3.4	4.1	6.0	7.8	8.3
Adjustments of the result	-0.1	-1.3	9.8	7.3	14.6
Changes in working capital	0.9	2.7	-1.0	-2.3	-1.6
Gross cash flow from operations	4.2	5.5	14.8	12.8	21.3
Financial income and expenses	-0.3	-0.4	-2.3	-3.1	-6.1
Income taxes paid	-0.6	-0.8	-2.4	-1.8	-4.0
Net cash flow from operating activities	3.3	4.4	10.0	7.9	11.2
Cash flow from investing activities					
Utilized from CCD	0.0	2.6	1.1	10.1	13.0
Investment on tangible and intangible assets	-2.1	-2.1	-6.8	-8.4	-11.0
Investments on third party software	0.0	-0.5	0.0	-1.7	-2.0
Net cash flow from investing activities	-2.1	0.0	-5.7	0.0	0.0
Cash flow from financing activities					
Compulsory convertible debentures (CCD)	0.0	0.0	0.0	2.0	2.0
CCDs Utilized for Investment activity	0.0	-2.6	-1.1	-10.1	-13.0
Repayments of borrowings	0.0	-0.7	-1.0	-1.7	-1.8
Payment of dividends	0.0	-0.2	-0.1	-0.2	-0.2
New loans	0.6	0.0	3.5	0.0	0.0
Net cash flow from financing activities	0.6	-3.5	1.3	-10.0	-12.9
Translation Difference	-0.1	-0.6	-1.7	-1.7	-2.3
Increase (+) and decrease (-) in cash and cash equivalents	1.6	0.2	3.9	-3.8	-4.1
Cash and cash equivalents at beg. of period	19.1	16.8	16.8	20.8	20.8
Cash and cash equivalents at end of period	20.7	17.0	20.7	17.0	16.8

Consolidated key financial figures	1-9/2025	1-9/2024	1-12/2024
Return on investment, %	12.8	15.2	14.6
Return on equity, %	8.5	11.8	9.3
Equity ratio, %	68.8	65.8	66.7
Debt/Equity ratio, %	6.4	4.5	4.2
Investments, MEUR	6.8	10.1	16.3
% of net sales	12.9	18.7	22.8
Order book, MEUR	105.5	75.1	79.6
Personnel, at end of period	695	810	758

Consolidated key figure per share	1-9/2025	1-9/2024	1-12/2024
Earnings per share, basic, EUR	0.35	0.46	0.50
Equity per share, EUR	5.64	5.25	5.43
Number of shares at end of period, x 1,000	17 053	17 053	17 053
Number of shares on average, x 1,000	17 053	16 367	16 531
Share price, EUR			
Average	3.92	2.98	3.01
Lowest	2.50	0.27	2.32
Highest	5.30	7.95	7.95
Share price at end of period, EUR	4.56	3.55	2.61
Market capitalisation of issued stock at end of period, MEUR	77.8	60.5	44.5
Share turnover, million shares	3.4	37.4	37.4
Share turnover, % of total	20.0	11.7	11.7
Share turnover, MEUR	13.3	20.9	20.9
Price/earnings ratio (P/E)	13.0	7.8	5.2

Quarterly key figures	Q3/25	Q2/25	Q1/25	Q4/24	Q3/24	Q2/24	Q1/24
Net sales, MEUR	18.6	17.3	16.9	17.6	19.0	18.7	16.3
Net sales, change %	-3.3	2.7	-12.4	-8.7	-1.3	20.2	4.7
Operating result, MEUR	3.6	5.1	4.5	10.9	5.0	3.5	4.4
% of net sales	19.5	29.2	26.9	61.7	26.3	18.8	27.2
Result for the period, MEUR	3.4	1.0	1.5	0.5	4.1	2.1	1.6
Personnel at end of period	695	691	726	758	810	852	892
Earnings per share, basic, EUR	0.20	0.06	0.09	0.03	0.24	0.12	0.10
Equity per share, EUR	5.64	5.46	5.47	5.43	5.25	5.13	0.27
Net interest-bearing liabilities, MEUR	-14.6	-13.8	-13.5	-12.9	-13.0	-12.2	-11.2
Order book, MEUR	105.5	105.7	70.3	79.6	75.1	72.6	74.8



**Empowering Digitally
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