

Tecnotree

Empowering Digitally Connected Communities

FINANCIAL REPORT Q4 2019 AND FULL YEAR 2019



TECNOTREE CORPORATION FINANCIAL REPORT 1 JAN – 31 DEC 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.

TURNAROUND CONTINUES - ROBUST Q4 RESULTS IN TERMS OF BOTH REVENUE AND PROFITABILITY

Fourth quarter 2019

- Fourth quarter net sales were EUR 14.1 (12.1) million.
- The adjusted operating result for the quarter was EUR 4.1 (4.5) million and the operating result 4.1 (4.0) million.
- The adjusted result for the quarter was EUR 2.8 (1.7) million and the result EUR 2.8 (1.1) million
- The order book at the end of the period stood at EUR 25.5 (21.1) million.
- Fourth quarter cash flow after investments was EUR -1.3 (0.9) million.
- Earnings per share were EUR 0.01 (0.01).

Jan-Dec 2019

- Net sales for the financial period were EUR 47.0 (41.9) million.
- The adjusted operating result was EUR 13.0 (5.9) and the operating result 14.5 (5.3) million.
- The adjusted result for the period was EUR 6.3 (0.1) million and the result EUR 7.7 (-0.5) million.
- Cash flow after investments for the financial period was EUR 0.1 million (1.3) and the company's cash and cash equivalents were EUR 3.4 (4.2) million.
- Earnings per share were EUR 0.03 (0.00).

KEY FIGURES	10-12/ 2019	10-12/ 2018	1-12/ 2019	1-12/ 2018
Net sales. MEUR	14.1	12.1	47.0	41.9
Adjusted operating result. MEUR ¹	4.1	4.5	13.0	5.9
Operating result. MEUR	4.1	4.0	14.4	5.3
Result before taxes. MEUR	3.4	3.3	11.8	4.4
Adjusted result for the period. MEUR ²	2.8	1.7	6.3	0.1
Result for the period. MEUR	2.8	1.1	7.7	-0.5
Earnings per share. basic. EUR	0.01	0.01	0.03	0.00
Order book. MEUR			25.5	21.1
Cash flow after investments. MEUR	-1.3	0.9	0.1	1.3
Change in cash and cash equivalents. MEUR	-1.9	1.0	-0.8	1.9
Cash and cash equivalents. MEUR			3.4	4.2
Equity ratio %			9.9	-22.8
Net gearing %			292.2	-
Personnel at end of period			600	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 re-measurement 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 footnote to the above table, and in the table "Income statement, Key figures" under the section "Result analysis".

Unless otherwise stated, all figures presented below are for the review period 1-12/2019 and the figures for comparison are for the corresponding period 1-12/2018.

CEO Padma Ravichander: 2019 a historical year for Tecnotree

In 2019, we witnessed a true turnaround story. The improvement in profitability was unprecedented in recent history of the company and the 2019 performance outweighed 2018 on all key performance indicators. During the year, we also reinforced our product roadmap vision with a strong response from customers and fortified our values among employees across different geographies, making the Company stronger and better aligned to achieve targets set for 2020.

Revenue

The revenue in the fourth quarter was EUR 14.1 million (16% higher than the same quarter last year). The growth was especially strong in the Middle East and Africa (MEA) region being 34%. The full year revenue was EUR 47.0 million (12% higher compared to last year). The growth in revenue took place in all four subsequent quarters in 2019 compared to same quarters last year showcasing renewed customer confidence in the company and its offerings.

Profitability

The operating profit and net profit improved in all four quarters in 2019 compared to same quarters last year. The full year improvement in operating profit was EUR 9.1 million and in net profit EUR 8.3 million. The fourth quarter net profit was EUR 2.8 million being 155% better than the same quarter last year. Earnings per share (EPS) was 0.01 euros in the fourth quarter and 0.03 euros in the full year 2019. Strong net profit supported by capital investments done the company beginning of the year lifted Tecnotree's shareholders equity back to positive and equity per share at the end of the period was 0.015 euros compared to -0.037 euros end of last year.

Order intake

New orders recorded during the year amounted to EUR 51.4 million, providing a strong EUR 25.5 million order back to start year 2020 with. Tecnotree had big wins during 2019 and the good momentum has continued in the beginning of 2020. The increase in order intake in 2019 was EUR 14.7 million and 40% compared to previous year. It is a clear indication of regained customer confidence in the Company after a more challenging period during the past years.

Financial situation

Tecnotree's financial situation stabilized more during the year through capital investment of EUR 2.9 million done to the company and sales proceeding of EUR 2.4 million from sale of its premises in Espoo. The amount of debt repayments in 2019 was EUR 3.6 million. Improved cash situation allowed Tecnotree to increase its investments to product development in a cautious but steady manner.

Other Business Updates

Tecnotree continues 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 Tecnotree Digital BSS Suite 5 products and our high quality digital Deployment, Operational and Managed Services capabilities.

The Company also made substantial investment in 2019 in augmenting the sales & marketing and product development and delivery teams by increasing the manpower by almost 10%. We have already started seeing these investments translate into new orders and thereby revenue boost. We will also focus on receivable and cash management in 2020.

NET SALES

Tecnotree's net sales for the financial period were EUR 47.0 (41.9) million, 12.2 % higher than a year ago. Revenue from goods and services increased by EUR 5.2 million and revenue from maintenance and support decreased EUR 0.1 million. The net sales was impacted by EUR -0.2 (-0.1) exchange rate differences, mainly due to the fluctuations of the US dollar against the euro.

Order book in end of the financial period stood at EUR 25.5 (21.1) million

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

SPECIFICATION OF NET SALES. MEUR	10-12/ 2019	10-12/ 2018	1-12/ 2019	1-12/ 2018
Revenue from maintenance and support (IFRS 15)	7.4	7.7	29.2	29.3
Revenue from goods and services (IFRS 15)	7.1	4.8	17.9	12.7
Currency exchange gains and losses	-0.4	-0.4	-0.2	-0.1
TOTAL	14.1	12.1	47.0	41.9

NET SALES BY MARKET AREA. MEUR	10-12/ 2019	10-12/ 2018	1-12/ 2019	1-12/ 2018
Europe & Americas	3.9	4.5	14.9	16.3
MEA & APAC	10.2	7.6	32.1	25.6
TOTAL	14.1	12.1	47.0	41.9

CONSOLIDATED ORDER BOOK. MEUR	31.12. 2019	31.12. 2018
Europe & Americas	5.6	4.8
MEA & APAC	19.9	16.3
TOTAL	25.5	21.1

RESULT ANALYSIS

Tecnotree's net sales for the financial period were EUR 47.0 (41.9). The adjusted operating result was 13.0 (5.9) million and the operating result EUR 14.4 (5.3) million. The adjusted result for the period was EUR 6.3 million (0.1) and the result for the financial period was EUR 7.7 million (-0.5)

Tecnotree's fourth quarter net sales were EUR 14.1 (12.1) million. The adjusted operating result was 4.1 (4.5) million and the operating result EUR 4.1 (4.0) million. The adjusted result was EUR 2.8 (1.7) and the result for the fourth quarter was EUR 2.8 million (1.1).

Financial items without currency differences and other one-time costs in financial items for the financial period were EUR -0.3 (-1.1) million and in the fourth quarter EUR 0.1 (-0.3) million. Exchange rate differences for the financial period were EUR -2.3 (0.3) million and in the fourth quarter EUR -0.8 (-0.3) million in the financial items. It is important to examine Tecnotree's result without the impact of exchange rates, which is why this is shown separately in the table above.

Tecnotree reports its result as follows:

INCOME STATEMENT. KEY FIGURES. MEUR	10-12/ 2019	10-12/ 2018	1-12/ 2019	1-12/ 2018
Net sales	14.1	12.1	47.0	41.9
Other operating income	0.2	0.0	0.2	0.1
Operating costs excluding one-time costs	-10.1	-7.6	-34.3	-36.1
Adjusted operating result	4.1	4.5	13.0	5.9
One-time costs-/income+	0.0	-0.6	1.4	-0.6
OPERATING RESULT	4.1	4.0	14.4	5.3
Financial items without currency differences and other one-time costs in financial items	0.1	-0.3	-0.3	-1.1
Exchange rate gains and losses and other one-time costs in financial items	-0.8	-0.3	-2.3	0.3
Income taxes	-0.6	-0.7	-4.0	-4.9
Adjusted result for the period	2.8	1.7	6.3	0.1
One-time costs	0.0	-0.6	1.4	-0.6
RESULT FOR THE PERIOD	2.8	1.1	7.7	-0.5

Financial income and expenses (net) during the financial period totalled a net loss of EUR 2.6 million (net loss of EUR 0.8 million). Here is a breakdown of these:

FINANCIAL INCOME AND EXPENSES. MEUR	10-12/ 2019	10-12/ 2018	1-12/ 2019	1-12/ 2018
Interest income	0.2	0.3	0.3	0.3
Exchange rate gains	0.1	-0.6	0.2	0.5
Other financial income	0.0	0.0	0.0	0.0
FINANCIAL INCOME. TOTAL	0.2	-0.3	0.5	0.8
Interest expenses	-0.0	-0.2	-0.6	-0.5
Exchange rate losses	-0.8	0.4	-2.4	-0.2
Other financial expenses	-0.1	-0.5	-0.1	-1.0
FINANCIAL EXPENSES. TOTAL	-0.9	-0.3	-3.1	-1.7
FINANCIAL ITEMS. TOTAL	-0.7	-0.6	-2.6	-0.8

Taxes for the period totalled EUR 4.0 million (4.9) including the following items:

TAXES IN INCOME STATEMENT. MEUR	10-12/ 2019	10-12/ 2018	1-12/ 2019	1-12/ 2018
Withholding taxes paid abroad	-0.5	-0.6	-2.9	-3.9
Change in withholding tax accrual	-0.1	-0.9	-0.4	0.1
Income taxes on the results of Group companies	0.1	-0.5	-0.3	-0.9
Other items	-0.0	-0.2	-0.4	-0.2
TAXES IN INCOME STATEMENT. TOTAL	-0.6	-2.2	-4.0	-4.9

Earnings per share were EUR 0.03 (-0.00) in the financial period and EUR 0.01 (0.01) in the fourth quarter. Equity per share at the end of the period was EUR 0.015 (-0.037).

FINANCING, CASH FLOW AND BALANCE SHEET

New capital investments done to the company in autumn 2018 and beginning of 2019 supported by new orders and delivery achievements have significantly improved the financial position of the company

Tecnotree's working capital increased during the period by EUR 6.4 (decreased EUR 2.0) million:

CHANGE IN WORKING CAPITAL. MEUR (increase - / decrease +)	10-12/ 2019	10-12/ 2018	1-12/ 2019	1-12/ 2018
Change in trade and other receivables	3.6	-0.9	-6.4	3.3
Change in inventories	0.1	0.2	0.1	0.3
Change in trade and other payables	-5.9	-1.4	-0.2	-1.6
CHANGE IN WORKING CAPITAL. TOTAL	-2.3	-2.1	-6.4	2.0

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 totalled EUR 3.4 (4.2) million. Cash flow after investments for the financial period ended up EUR 0.1 million positive. The change in cash and cash equivalents for the financial period was EUR 0.8 million negative.

The balance sheet total on 31 December 2019 stood at EUR 36.8 (28.6) million. Tecnotree's investments during the financial period was EUR 3.4 (0.0) million or 7.1% (0.0%) of net sales. Interest-bearing liabilities were EUR 14.0 (17.0). The equity ratio was 10.1% (-22.8%). During the period, total equity was affected by negative translation differences of EUR 0.5 million (-0.7), mainly from Indian rupees (INR).

SHAREHOLDERS' EQUITY OF PARENT COMPANY

After the interim financial statements of Tecnotree Group for the first half of 2015 were completed, it was noticed that the shareholders' equity of the Group's parent company Tecnotree Corporation was negative. The company's Board of Directors has recognised the loss of shareholders' equity and submitted a statement on this matter to the Trade Register. The parent company's shareholders' equity was EUR 1.2 million on 31 December 2019 (31 December 2018: EUR 7.7 million negative).

RISKS AND SHORT-TERM UNCERTAINTY FACTORS

Tecnotree's risks and uncertainties in the near future relate to development of net sales, projects, to their timing, to trade receivables and to changes in foreign exchange rates.

Risks and uncertainty factors relating to business operations

As part of its strategic change and the streamlining of its business, Tecnotree is in the process of shifting the focus of its operations from services to product-based solutions. This change may involve risks, such as the time to develop new products, the timely market introduction of products, the competitive situation as well as the company's ability to respond to customer and market demand.

Dependence on key customers

Tecnotree's largest customers are much bigger businesses than the company itself and the two largest customers accounted for 80% of net sales in 2019 (84%). The relationship between the company and its major customers is one of interdependence, which offers business opportunities but also poses risks.

Carrying out customer projects, profitability, forecasting

Certain commitments are associated with the project 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 materialise 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 unreliable 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 has improved through capital investments in end of year 2018 and beginning of 2019. The company reduced its debt under debt restructuring payment programme by EUR 3.6 million during the period. The aforementioned risks continue to put pressure on cash management.

	Balance sheet value	Cash flow	Overdue	0 - 3 months	3-12 months	1-3 years	Over 3 years
LIQUIDITY RISK 2019. Me							
Guaranteed restructuring debts from financial institutions. interest-bearing	13.7	13.7		0.0	0.5	6.4	6.9
Interest payments on the loans	0.0	1.1		0.0	0.3	0.5	0.4
Trade payables	2.8	2.8	1.4	0.2	1.1	0.0	0.0
Non-interest bearing liabilities	3.7	3.7		0.0	0.3	1.3	2.1
Total	20.2	21.3	1.4	0.2	2.1	8.2	9.4

Taxation

Operating in developing markets often involves problems relating to taxation. Local tax legislation can change rapidly and may be subject to conflicting interpretations. It is possible for the tax authorities in different countries to demand taxation of the same revenue. Withholding taxes are often imposed on sales of systems and services, and obtaining credit for this in the country receiving the revenue is not a clear case. In

Finland Tecnotree 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. When the Group makes a loss, however, the consequence is that it has to pay tax in countries where it has subsidiaries. In many cases, withholding taxes have to be paid for dividends, too.

BUSINESS DESCRIPTION

Tecnotree is 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 broad band and for managing subscriptions, services and cash flows for prepaid and post-paid customers.

Going forward in 2020 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.

Our cloud enabled micro-services based interoperable products helps 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 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 (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 (Middle East and Africa, Asia Pacific).

Europe & Americas

The net sales in the market area declined from last year and was 14.9 million (16.3)

The year-end order book in the area stood at EUR 5.6 million (4.8).

MEA & APAC

The net sales in the market area increased from last year and was 32.1 million (25.6)

The year-end order book in the area grew from last year and stood at EUR 19.9 million (16.3).

PERSONNEL

At the end of December 2019 Tecnotree employed 600 (543) persons, of whom 40 (56) worked in Finland and 560 (487) elsewhere. The company employed on average 554 (604) people during the financial period. Personnel by country were as follows:

PERSONNEL	1-12/2019	1-12/2018
Personnel, at end of period	600	543
Finland	40	56
Brazil	9	10
Argentina	41	43
India	412	347
United Arab Emirates	13	14
Other countries	85	73
Personnel, average	554	604
Personnel expenses (MEUR)	-16.0	-18.9

The Company also made substantial investment in 2019 in augmenting the sales & marketing and product development and delivery teams by increasing the manpower by almost 10%. We have already started seeing these investments translate into new orders and thereby revenue boost.

SHARE AND PRICE ANALYSIS

At the end of December 2019 the shareholders' equity of Tecnotree Group stood at EUR 3.6 million (-6.5) and the share capital was EUR 1.3 (1.3) million. The total number of shares was 247.628.428 (175.183.468). At the end of the period, the company did not hold any own shares. Equity per share was EUR 0.015 (EUR -0.037).

A total of 18.270.834 Tecnotree shares (EUR 2.093.701) were traded on the Helsinki Exchanges during the period 1 January – 31 December 2019, representing 7.3 % of the total number of shares.

The highest share price quoted in the period was EUR 0.24 and the lowest EUR 0.05. The average quoted price was EUR 0.09 and the closing price on 31 December 2019 was EUR 0.17. The market capitalisation of the share stock at the end of the period was EUR 42.1 million.

CURRENT AUTHORISATIONS

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.

- 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 has resolved to issue, without consideration, [14.5] million Tecnotree shares to Tecnotree to be later used to fulfil the company's obligations under the LTI Plan.

In recognition of the good work done over the last few years without an increment or a bonus-payout and with an intention to align the interest of the CEO to the long-term financial interest of the Company, the Board of Directors of Tecnotree Corporation has resolved to carry out a directed share issue of 12.500.000 shares to the company's CEO.

RESTRUCTURING PROCEEDINGS

The District Court of Espoo has confirmed by a decision on 15 November 2016 the amended restructuring programme drafted by the administrator Jari Salminen as the payment program of the company.

The Company has followed the provisions of the payment programme and has paid the payments to the creditors as stated in the payment programme.

The total amount of the restructuring debts taken into account in the payment programme was approximately 73.9 million euros. The amount of intragroup restructuring debts that was fully cut was approximately 36.7 million euros. The amount of normal unsecured restructuring debts was approximately 13.2 million euros that was cut off by 50 percent. The amount of the secured restructuring debts was approximately 23.8 million euros out of which approximately 7.9 million euros was secured by business mortgage.

On December 31, 2019, balance of the secured restructuring debts was 13.7 million euros and normal unsecured restructuring debts was 4.8 million euros. Payments under the payment program will end on 30 June 2025.

The restructuring programme includes a provision regarding a duty to make supplementary payments on the unsecured restructuring debts if the actual cash flow of Tecnotree Oyj exceeds the projected cash flow during the payment program. No supplementary payments have fallen due.

As per the restructuring programme, Tecnotree Oyj has sold its real estate used as its office premises. The sale price was paid to the collateral holder Viking Acquisition Corp. The District Court has appointed Attorney-at-Law Jari Salminen to supervise the implementation of the restructuring programme. The supervisor monitors the progress of the payment programme and gives reports to the creditors.

EVENTS AFTER THE END OF THE PERIOD

No significant events after the period

OUTLOOK FOR 2020

The company further strengthened and stabilized its operations and restarted capital deployment to fuel growth in 2019. In 2020 the company will continue to focus on market expansion and profitable growth.

PROPOSAL CONCERNING THE RESULT

Despite the parent company's accumulated profits of EUR 6.017.010.08 in retained earnings, the Board of Directors, owing to the restructuring programme, proposes to the Annual General Meeting that no dividends will be paid for the financial period ended 31 December 2019.

TECNOTREE CORPORATION

Board of Directors

FURTHER INFORMATION

Padma Ravichander, CEO, tel. +971 56 414 1420

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TABLE SECTION (UNAUDITED)

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

CONSOLIDATED INCOME STATEMENT. MEUR	10-12/ 2019	10-12/ 2018	1-12/ 2019	1-12/ 2018
NET SALES	14.1	12.1	47.0	41.9
Other operating income	0.0	0.0	1.6	0.1
Materials and services	-0.6	-0.8	-2.0	-2.3
Employee benefit expenses	-4.6	-4.2	-16.0	-18.9
Depreciation, amortisation and impairment charges	-0.2	-0.1	-1.0	-0.6
Other operating expenses	-4.6	-3.1	-15.2	-14.9
OPERATING RESULT	4.1	4.0	14.4	5.3
Financial income	0.2	-0.3	0.5	0.8
Financial expenses	-0.9	-0.3	-3.1	-1.7
RESULT BEFORE TAXES	3.4	3.3	11.8	4.4
Income taxes	-0.6	-2.2	-4.0	-4.9
RESULT FOR THE PERIOD	2.8	1.1	7.7	-0.5
Allocated to:				
Equity holders of parent company	2.8	1.1	7.7	-0.5
Non-controlling interest	-0.0	0.0	-0.0	0.0
EPS calculated on the profit attributable to equity holders of parent company:				
Earnings per share, basic, EUR	0.01	0.01	0.03	0.00
Earnings per share, diluted, EUR	0.01	0.01	0.03	0.00
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME, MEUR	10-12/ 2019	10-12/ 2018	1-12/ 2019	1-12/ 2018
RESULT FOR THE PERIOD	2.8	1.1	7.7	-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	0.1	-0.0	-0.0
Tax on items that will not be reclassified subsequently to profit or loss	0.0	0.0	0.0	0.0
Items that may be reclassified subsequently to profit or loss:				
Translation differences from foreign oper.	-0.8	-0.5	-0.8	-1.1
Tax relating to translation differences	0.2	0.3	0.3	0.4
Other comprehensive income, net of tax	-0.5	-0.2	-0.5	-0.8

TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	2.3	0.9	7.2	-1.3
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Allocated to:

Equity holders of parent company	2.3	0.8	7.2	-1.3
Non-controlling interest	-0.0	0.0	-0.0	0.0

CONSOLIDATED BALANCE SHEET

	31.12.2019	31.12.2018
Assets		
Other intangible assets	3.0	0.2
Tangible assets	0.2	1.5
Deferred tax assets	0.6	0.6
Other non-current trade and other receivables	0.8	0.7
Right-of-use assets	2.2	
Current assets		
Inventories	0.0	0.1
Trade receivables	15.2	11.6
Other receivables	11.5	9.7
Cash and cash equivalents	3.4	4.2
TOTAL ASSETS	36.8	28.6
Shareholders' equity	3.6	-6.5
Non-current liabilities		
Non-current interest-bearing liabilities	13.5	12.5
Other non-current liabilities	6.8	7.7
Lease liability (non-current)	1.5	
Current liabilities		
Current interest-bearing liabilities	0.5	4.5
Lease liability (current)	0.7	
Trade payables and other liabilities	10.2	10.3
EQUITY AND LIABILITIES. TOTAL	36.8	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						7.6	7.6	-0.0	7.6
Other comprehensive income. net of tax:									
Remeasurement items						-0.1	-0.1		-0.1
Translation differences			-0.5				-0.5		-0.5
Total compr. income for the period			-0.5			7.5	7.0	-0.0	7.0

Share issue				2.9			2.9		2.9
Share issue expenses						-0.1	-0.1		-0.1
Argentina Hyperinflation						0.2	0.2		0.2
Other changes				0.0	0.2	0.2	-0.0		0.2
SHAREHOLDERS' EQUITY 31 DEC 2019	1.3	0.8	11.0	5.0	2.0	5.2	3.4	0.2	3.6
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						-0.5	-0.5	0.0	-0.5
Other comprehensive income. net of tax:									
Remeasurement items							0.0		0.0
Translation differences			-0.7				-0.7		-0.7
Total compr. income for the period			-0.7			-0.5	-1.3	0.0	-1.3
Sharebased payments				2.1			2.1		2.1
Transactions with shareholders. total				2.1			2.1		2.1
IFRS 15 adjustment 1.1.						-1.1	-1.1		-1.1
Share issue expenses						-0.1	-0.1		-0.1
Other transfer between items					-0.0	-0.0	-0.0		-0.0
Other changes						-0.0	-0.0	-0.0	-0.0
SHAREHOLDERS' EQUITY 31 DEC 2018	1.3	0.8	10.4	2.1	2.0	-2.6	-6.7	0.2	-6.5

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	10-12/ 2019	10-12/ 2018	1-12/ 2019	1-12/ 2018
Cash flow from operating activities				
Result for the period	2.8	1.1	7.7	-0.5
Adjustments of the result	-0.3	2.9	5.3	6.6
Changes in working capital	-2.3	-2.5	-6.4	2.0
Financial income and expenses	0.3	0.7	-1.6	-0.8
Income taxes paid	-0.6	-1.3	-3.8	-5.6
Net cash flow from operating activities	-0.1	1.0	1.1	1.7
Cash flow from investing activities				
Capital expenditure on non-current tangible and intangible assets	-1.2	0.1	-3.4	-0.0
Proceeds from sale of tangible and intangible non-current assets	-0.0	-0.1	2.4	0.0
Net cash flow from investing activities	-1.2	-0.0	-0.9	-0.0
Cash flow from financing activities				
Repayments of loans	-0.6	-0.4	-3.6	-1.5
Proceeds from share issue	0.0	0.0	2.9	2.1
Other financial costs	0.0	0.5	-0.0	-0.2
Net cash flow from financing activities	-0.6	0.1	-0.7	0.4
Increase (+) and decrease (-) in cash and cash equivalents	-1.9	1.0	-0.6	-0.9
Cash and cash equivalents at beg. of period	5.4	3.1	4.2	2.3
Impact of changes in exchange rates	-0.1	0.0	-0.2	-0.2
Cash and cash equivalents at end of period	3.4	4.2	3.4	4.2

1. ACCOUNTING PRINCIPLES FOR THE FINANCIAL REPORT

This financial 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 financial report are the same as the principles published in the 2018 Annual Report. The consolidated financial statements of Tecnotree Corporation in year 2019 have been prepared in accordance with the going concern principle.

New IFRS standard IFRS 16

Starting from 1.1.2019 Tecnotree has adopted new IFRS standard – IFRS 16 leases. IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. The impact of IFRS 16 to Tecnotree's opening

balance 1.1.2019 was EUR 2.3 million of which EUR 2.2 million is related to an office lease in India.

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 (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.

OPERATING SEGMENTS	1-12/2019	1-12/2018
NET SALES, MEUR		
Europe & Americas	14.9	16.3
MEA & APAC	32.1	25.6
TOTAL	47.0	41.9
RESULT, MEUR		
Europe & Americas	7.0	7.7
MEA & APAC	14.9	6.4
TOTAL	21.9	14.1
Non-allocated items	-8.9	-8.3
OPERATING RESULT BEFORE R&D CAPITALISATION & AMORTISATION AND ONE-TIME COSTS	13.0	5.9
One-time costs	1.4	-0.6
OPERATING RESULT	14.4	5.3

3. INTEREST-BEARING AND NON-INTEREST BEARING LIABILITIES

At the end of the financial period, the company had interest-bearing liabilities EUR 14.0 (17.0) million. This included 13.7 (16.6) million loan as part of debt restructuring programme and EUR 0.3 (0.4) million other short-term debt.

Interest-bearing liabilities

INTEREST-BEARING LIABILITIES. MEUR	31.12.2019	31.12.2018
Loans. 1 Jan	16.6	17.8
Raised loans	0.0	0.0
Repayments of loans	-2.9	-1.2
Loans. end of period	13.7	16.6
Finance lease liabilities. 1 Jan	0.4	0.4
Finance lease liabilities. additions	0.0	0.0
Finance lease liabilities. decreases	-0.1	-0.0
Finance lease liabilities. end of period	0.3	0.4
Interest-bearing liabilities total	14.0	17.0

Non-interest bearing liabilities

At the end of the financial period, the company had non-interest bearing liabilities as part of debt restructuring programme EUR 4.8 (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.

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

5. CONTINGENT LIABILITIES

CONSOLIDATED CONTINGENT LIABILITIES. MEUR	31.12.2019	31.12.2018
On own behalf		
Real estate mortgages	0.0	4.4
Corporate mortgages	45.3	45.3
Pledged deposits	1.0	0.5
Other liabilities		
Disputed income tax liabilities in India	1.8	1.8

OTHER OPERATING LEASES. MEUR 31.12.2019 31.12.2018

Minimum rents payable based on other leases that cannot be cancelled:

Other operating leases		
Less than one year	0.6	0.6
Between one and five years	0.7	0.5

6. KEY FIGURES

CONSOLIDATED KEY FINANCIAL FIGURES 1-12/2019 1-12/2018

Return on investment. %	105.4	54.0
Return on equity. %	-	-
Equity ratio. %	9.9	-22.8
Net gearing. %	292.2	-
Investments. MEUR	3.4	0.0
% of net sales	7.1	0.0
Research and development. MEUR	3.3	5.3
% of net sales	7.0	12.5
Order book. MEUR	25.5	21.1
Personnel. average	554	604
Personnel. at end of period	600	543

CONSOLIDATED KEY FIGURES PER SHARE 1-12/2019 1-12/2018

Earnings per share. basic. EUR	0.03	0.00
Earnings per share. diluted. EUR	0.03	0.00
Equity per share. EUR	0.01	-0.04
Number of shares at end of period. x 1.000	247 628	175 183
Number of shares on average. x 1.000	235 295	136 559
Share price. EUR		
Average	0.09	0.07
Lowest	0.05	0.04
Highest	0.24	0.11
Share price at end of period. EUR	0.17	0.05
Market capitalisation of issued stock at end of period. MEUR	42.1	8.1
Share turnover. million shares	18.3	48.2
Share turnover. % of total	7.4	28.0
Share turnover. MEUR	2.1	4.3
Price/earnings ratio (P/E)	5.2	-

QUARTERLY KEY
FIGURES

	Q4/19	Q3/19	Q2/19	Q1/19	Q4/18	Q3/18	Q2/18	Q1/18
Net sales. MEUR	14.1	12.4	11.0	9.5	12.1	12.4	9.8	7.6
Net sales. change %	16.2	-0.1	12.0	25.9	-22.2	1.6	-35.3	-37.7
Adjusted operating result ¹	4.1	4.3	3.6	1.0	4.5	2.7	1.0	-2.4
% of net sales	28.7	34.6	33.2	10.2	37.4	21.8	10.3	-31.6
Operating result. MEUR	4.1	4.3	3.6	2.4	4.0	2.7	1.0	-2.4
% of net sales	28.7	34.6	33.2	25.1	32.6	21.8	10.3	-31.6
Adjusted result for the period. MEUR ²	2.8	2.1	1.4	-0.1	1.7	1.2	0.0	-2.8
Result for the period. MEUR	2.8	2.1	1.4	1.3	1.1	1.2	0.0	-2.8
Personnel at end of period	600	586	515	529	543	571	616	641
Earnings per share. basic. EUR	0.01	0.01	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	0.01	0.01	0.00	-0.02
Equity per share. EUR	0.01	0.01	0.00	-0.01	-0.04	-0.06	-0.09	-0.09
Net interest-bearing liabilities. MEUR	10.6	9.0	11.0	10.7	12.9	14.4	14.8	11.2
Order book. MEUR	25.5	26.3	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.

