



**Tamturbo Plc
Financial Statement
1.1.2023–31.12.2023**

Tamturbo

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TAMTURBO PLC FINANCIAL STATEMENT 1.1. – 31.12.2023

THE FIGURES IN THE FINANCIAL STATEMENT ARE AUDITED.

Figures in parentheses refer to the corresponding period of the previous year, unless otherwise stated.

This financial statement report is available in the company's website News section on address www.tamturbo.com/news/

STRONG AND PROFITABLE GROWTH PATH CONTINUES

Year 2023 shortly:

- Net sales increased by 60% to 8,2 million euros (comparison period FY 2022 net sales was 5.1 million euros)
- The company received new orders for 8.4 million euros and the order backlog at the end of the year was 5.8 million euros, which is 1.2 million euros more than at the end of the comparison period.
- EBITDA was -4.8 million euros (-3,9)
- The net result was -5.6 million euros (-5,0)

July-December 2023 shortly:

- Net sales increased by 96% to 5.4 million euros (comparison period July-December 2022 turnover was 2.8 million euros)
- The company received new orders in July-December for 3.5 million euros and the order backlog at the end of the year was 5.8 million euros.
- EBITDA was -2.6 million euros (-1.9)
- The net result was -2.7 million euros (-2.3)

CEO Igor Nagaev comments on year 2023:

"I am delighted to report another year of substantial growth and achievement for Tamturbo. In 2023, we delivered strong growth in both revenue, 60 % growth, and order intake, 47 % growth, compared to 2022, consistent with our long-term objectives and the current phase of our high growth trajectory.

These achievements are a testament to the increasing recognition of Tamturbo's compressors as an efficient and dependable method to simultaneously reduce both the total cost of ownership and CO2 emissions. Our compressors are 100% oil-free, more energy-efficient than conventional technology, and nearly maintenance-free, bringing significant environmental and cost benefits for our customers.



Our existing customer base is constantly growing, and comprises currently more than 1,500 factories worldwide, which remains a solid foundation for our global expansion and consistent growth. More than 60% of our orders are from existing customers, and 40% from new customers, which underscores the satisfaction and trust our clients have in the reliability and performance of our products. During the year, we initiated collaboration and secured inaugural orders from three new global customers. Two of these operate within the technology sector, while the third one is a global food industry giant.

Our principal markets in the United States and Europe are essential to our success, and we remain committed to strengthening our presence in these regions. Simultaneously, we are accelerating our efforts to penetrate markets in the Middle East and South America, driven by our global customers' presence in these areas.

Tamturbo's revenue and gross margins are growing at a significantly higher rate than fixed costs, which is clear evidence of the scalability and profitability of our business model. In pursuit of continuing this profitable growth trajectory, we have invested in enhancing gross margins throughout the year. Our focus remains on reducing product costs through volume advantages and cost optimization, optimizing manufacturing and customer project processes, and maintaining rigorous control over operational expenses and customer pricing.

To balance growth, customer service, and margin improvement, we furthermore focus on enhancing our sales and customer support setup."

Key figures

	H2/2023	H2/2022	2023	2022
Net sales, thousand euros	5 458	2 791	8 148	5 103
Change in net sales %	96 %	88 %	60 %	111 %
EBITDA, thousand euros	-2 260	-1 906	-4 810	-3 917
EBIT, thousand euros	-2 528	-2 141	-5 318	-4 385
Net profit, thousand euros	-2 674	-2 323	-5 645	-5 015
Cash flow operations, thousand euros	-2 695	-2 072	-5 679	-4 872
Equity ratio	40%	49%	40 %	49 %
Order backlog, thousand euros	5 838	4 604	5 838	4 604
Order intake, thousand euros	3 466	4 221	8 445	5 743
Net Gearing %	-33 %	-26 %	-33 %	-26 %
Earnings per share, euro	-0,16	-0,18	-0,31	-0,34

Sales

Tamturbo's net sales in 2023 was 8.2 million euros and increased by 60% from the net sales in 2022 (5.1). The net sales for the second half of 2023 was 5.5 million euros and increased by 96% from the net sales for the second half of 2022 (2.8). The strong growth in net sales was due to the successful progress of the company's go-to-market strategy and the completion of several larger projects during the second half of 2023.

The new orders received during 2023 totaled 8.4 million euros. The total value of the company's order backlog at the end of the year was 5.8 million euros, which is an increase of 1.2 million euros from the end of the comparison period. New orders in the second half of the year were 3.5 million euros. The time from order to delivery and turnover is 6-21 months, depending on the customer and the content of the order. The order backlog at the moment is reflected in the turnover during the first half of the year 2024.

Operating result and profitability

Gross margin has improved compared to comparison period. The group's EBITDA for the review period, however, weakened from the previous year and was -4.8 million euros (-3.9). Profitability was weakened by increased costs, the development of manufacturing, sales and support organization, and the resources used for project

activities. The group's operating result for the period under review weakened accordingly from the previous year and was -5.3 million euros (-4.4). Items affecting comparability in 2023 were the arrangement costs related to the subscription rights rounds (89 thousand euros).

Tamturbo's revenue and gross margins are growing at a significantly higher rate than fixed costs, which is clear evidence of the scalability and profitability of our business model.

Cash flow and financing

The cash flow from operations in 2023 was -5.7 million euros (-4.9) and the cash flow from financing was 5.2 million euros (5.7). Cash flow from operations in the second half of the year was -2.7 million euros (-2.0).

The company organized two subscription rights offerings, 10.5.-7.6.2023 and 16.11.-7.12.2023, in which the company collected a total of more 5,45 million euros in gross assets. The funds received from the share issue will primarily be used to implement the company's strategy aimed at international growth and to increase the working capital required by growth. The option loan of 232 thousand euros issued in 2019 was paid back in full to the lenders.

Short-term loans were repaid in the amount of 99 thousand euros (219). The company's interest-bearing net liabilities were 3,1 million euros (3,4) at the end of the year. At the end of the year, the company's liquid assets were lower than the interest-bearing loans, and the net gearing ratio was -33% (-26%). At the end of the review period, the company had cash assets of 1.5 million euros (2.1).

Product development and investments

Product development expenses in 2023 totaled 1,1 million euros, which is an increase of 12% from 2022 (990 thousand euros). A total of 132 thousand euros (330) of the year's product development expenses were capitalized in the balance sheet, and the total amount of capitalized product development expenses was 4.6 million euros (4,9) at the end of 2023.

In 2023, there were fixed asset investments of 215 thousand euros (26 thousand euros).

Personnel

At the end of 2023, Tamturbo employed a total of 47 people (35), of which 4 were part-time (2). Of the personnel, 44 (34) worked in Finland and 3 in the United States (1). Personnel costs for 2023 totaled 3,6 million euros (2.9).

Implementation of the strategy

Tamturbo's strong growth is driven by the opening of new large multinational key customer relationships and growing organically within these customers. Our global customers typically have dozens or even hundreds of factories around the world. Each factory has several compressors in its installed base, so the business potential of even one customer is significant. Tamturbo's current customers already have more than 1,500 factories worldwide, where thousands of compressors are installed. Tamturbo's goal is to replace as many of these as possible with our completely oil-free compressors that save costs and the environment.

During the year 2023, we have initiated collaborations and secured inaugural orders from three new global customers. Two of these operate within the technology sector, while the third one is firmly established in the food industry. Both of the new technology sector customers ordered repeat orders during the year, immediately after the first deliveries had been made.

In addition to the huge business potential, global customers are also the best and most demanding customer references, which lowers the threshold for other new customers to invest in Tamturbo's solutions.

Sales to different factories of the global customers are carried out through Tamturbo's own sales organization or a local sales partner, and each customer is supported by an active and service-oriented partner who knows and understands the customer's needs and operating environment.

Our main markets in the US and Europe remain central to our growth, and we continue to strengthen our presence in these regions. We are also strengthening our efforts to penetrate more widely into the Middle East and South American markets, the main driver of which is the presence of our global customers in these regions.

Responsibility

The first phase of the project, whose goal was to start drafting the company's responsibility program by finding out both the CO₂ emission effects of the company's own operations (carbon footprint) and the climate benefits of Tamturbo's products and services, i.e. the emission reduction potential for our customers (carbon footprint), was completed in early 2023. In addition, the goal was to find out the company's compliance with EU taxonomy legislation.

In the first phase, a life cycle assessment (LCA analysis) was performed for Tamturbo's largest and best-selling product, the TT325. As part of the LCA analysis, the company's carbon footprint was defined, and a carbon handprint analysis validated by a third party was performed. In addition, a third-party validated analysis of compliance with EU taxonomy legislation was carried out.

The goal of the project was to demonstrate the significant carbon handprint generated by Tamturbo, and to demonstrate that Tamturbo meets the requirements set by investors for their green investment targets for sustainable development of the environment. The goals of the first phase of the project were achieved.

Company received on 27.4.2023 ISO 14001:2015 Environmental Management System -certificate.

Executive Team

During 2023, there were no changes in the composition of the management team. During the review period, the management team of Tamturbo Plc. consisted of the following persons: Igor Nagaev, CEO; Tommi Holopainen, CFO; Brecht Vanlee, CCO; Timo Pulkki, CGO; Hannu Heinonen, VP Americas; Heli Malinen, marketing director; Antti Kaura, operational director.

Shares and shareholders

During 2023, the company organized two subscription rights issues. In the first rights issue, which was organized in May-June, 3.353.393 new shares were subscribed at a price of 1 EUR/share, i.e. the company received 3.35 million euros in new capital. In the second rights issue organized in November-December, a total of 2.109.860 new shares were subscribed at a price of 1 EUR/share, i.e. the company received 2.1 million euros

in new capital. During the year, the number of shares of the company increased by 5.463.253 shares due to these two subscription rights issues.

The number of shares in the company at the end of the review period was 18.443.163 shares and the shareholders totaled 1,414. The total number of options at the same time is 799.933, the options entitle to the same number of shares when exercised. Of the options, 384.990 are held by the company's current and former management and employees, 283.550 by Sulzer AG and 131.393 by Springvest's tied agents. The use of Sulzer AG's options is conditional on share subscriptions based on other option programs.

The company organized an Extraordinary General Meeting on 28th April 2023 and an Annual General Meeting on 30th June 2023 in Tampere, and an Extraordinary General Meeting on 9th November 2023 in Helsinki.

Short-term risks and uncertainties

Tamturbo's management constantly maps the risks related to the group's global business and uses various internal and external tools and routines to manage and reduce risks. The ability to identify, analyze and manage risks is crucial for effective business management.

The general economic development can affect the company's operating environment negatively.

Due to the nature of the business, Tamturbo may be subject to compensation claims, of which the final solution cannot be predicted. However, based on current information, there are no claims that are expected to have a material impact on the Group's financial position.

The delivery times for the components the company needs are sometimes long, and there may be difficulties in obtaining certain components from time to time, which can affect the business.

A significant part of the company's turnover comes from the sale of investment-type equipment, whose delivery time is typically 6-18 months. Long-term supplies may increase the need for working capital. Negative changes, such as a general weakening of the financial market, can weaken the company's ability to obtain additional financing and lead to stricter financing conditions. There is also no guarantee that Tamturbo will

be able to obtain sufficient additional financing in a timely manner, and on favorable terms, to maintain its liquidity at a sufficient level, and to finance business expenses and investments.

The company is exposed to exchange rate risks because the company currently has no arrangements in place to protect itself from exchange rate fluctuations. Tamturbo's main business and cash flow reporting currency is the euro, but Tamturbo also conducts business in other currencies. The most significant foreign currency that Tamturbo is currently exposed to is the US dollar.

Tamturbo's organization is relatively small, so the importance of an individual employee to the Company's operations is relatively large. The company's future development essentially depends on the professionalism, experience and commitment of the management and other key personnel. Such persons leaving the company may have a short-term negative effect on the company. Although the company has a good reputation as an innovative technology company, and has succeeded in recruiting qualified employees in the past, there is no guarantee about the company's future capabilities to recruit new skilled employees to the desired extent. Failure to recruit and engage key personnel may have a material adverse effect on the company's business, business results, financial position, future prospects and/or the value of securities.

In order to implement its strategy and grow its business, Tamturbo will probably need 5-10 million euros in additional external funding, and it is not certain that it will receive funding on favorable terms or at all.

Business Outlook

We expect the positive development of the business to continue also during 2024.

However, we also expect that the high volatility of the market will continue, especially due to the ongoing wars in Eastern Europe and Middle-East, high inflation, and financial market instability. When realized, these can affect the delivery and project schedules of customer projects and thereby cause changes in the order intake, deliveries, and revenue recognition.

Significant events after the end of the review period

The board at its meeting on 26.1. decided to convene the annual general meeting on March 12, 2024 in Tampere.

ACCOUNTING PRINCIPLES

This audited financial statement for the period 1.1.-31.12.2023 has been prepared according to Finnish Accounting Standards (FAS).

Consolidated Income Statement

	1.7.-31.12.2023	1.7.-31.12.2022	1.1.-31.12.2023	1.1.-31.12.2022
NET SALES	5 457 808,96	2 790 507,83	8 183 890,12	5 102 739,03
Change in the inventory of finished goods and work in progress	-437 192,10	-373 874,56	-494 360,73	-478 921,15
Manufacturing for own use	104 657,67	303 054,32	168 385,67	397 457,38
Other operating income	38 894,84	1 889,40	38 894,84	1 969,40
Materials and services				
Raw materials and consumables				
Purchases during the financial year	-3 708 545,24	-1 998 351,98	-6 849 165,48	-3 790 240,21
Change in inventories	-289 470,71	100 429,47	741 519,85	181 127,18
External services	-11 671,99	-41 700,79	-59 787,68	-157 986,89
	<u>-4 009 687,94</u>	<u>-1 939 623,30</u>	<u>-6 167 433,31</u>	<u>-3 767 099,92</u>
Personnel expenses				
Wages and salaries	-1 549 643,99	-1 305 362,76	-3 076 299,31	-2 496 816,93
Pension expenses	-220 376,88	-178 320,75	-462 179,99	-342 210,61
Other personnel expenses	-38 950,68	-50 219,46	-100 715,98	-92 967,68
	<u>-1 808 971,55</u>	<u>-1 533 902,97</u>	<u>-3 639 195,28</u>	<u>-2 931 995,22</u>
Depreciation and amortization				
Depreciation according to plan	-267 400,07	-235 202,44	-507 702,33	-468 277,86
	<u>-267 400,07</u>	<u>-235 202,44</u>	<u>-507 702,33</u>	<u>-468 277,86</u>
Other operating expenses	-1 605 672,33	-1 154 288,03	-2 900 032,67	-2 240 653,55
OPERATING LOSS	-2 527 562,52	-2 141 439,75	-5 317 553,69	-4 384 781,89
Financial income and expenses				
Other interest and financial income				
From others	70 128,89	78 865,01	232 791,27	210 038,08
Interest and other financial expenses				
To others	-216 998,30	-260 092,70	-560 377,89	-840 602,47
	<u>-146 869,41</u>	<u>-181 227,69</u>	<u>-327 586,62</u>	<u>-630 564,39</u>
LOSS BEFORE APPROPRIATIONS AND TAXES	-2 674 431,93	-2 322 667,44	-5 645 140,31	-5 015 346,28
LOSS FOR THE FINANCIAL YEAR	-2 674 431,93	-2 322 667,44	-5 645 140,31	-5 015 346,28

Consolidated Balance Sheet

ASSETS	31.12.2023	31.12.2022
NON-CURRENT ASSETS		
Intangible assets		
Development costs	4 594 745,16	4 924 759,93
Other intangible assets	60 623,96	42 231,23
Intangible assets total	<u>4 655 369,12</u>	<u>4 966 991,16</u>
Tangible assets		
Machinery and equipment	293 950,97	112 476,07
Machinery and equipment	<u>293 950,97</u>	<u>112 476,07</u>
NON-CURRENT ASSETS TOTAL	4 949 320,09	5 079 467,23
CURRENT ASSETS		
Raw materials and consumables	1 584 783,64	839 339,78
Work in progress	237 015,74	493 762,67
Finished products	0,00	241 537,81
Inventories total	<u>1 821 799,38</u>	<u>1 574 640,26</u>
Long-term receivables		
Prepayments and accrued income	46 274,94	0,00
Short-term receivables		
Trade receivables	3 140 047,86	1 217 304,73
Other receivables	600 946,78	125 750,09
Prepayments and accrued income	78 352,56	105 181,16
Short-term receivables total	<u>3 819 347,20</u>	<u>1 448 235,98</u>
Cash in hand and at banks	1 474 587,38	2 116 117,40
CURRENT ASSETS TOTAL	7 162 008,90	5 138 993,64
TOTAL ASSETS	<u>12 111 328,99</u>	<u>10 218 460,87</u>

Consolidated Balance Sheet

EQUITY AND LIABILITIES	31.12.2023	31.12.2022
EQUITY		
Share capital	81 000,00	81 000,00
Invested unrestricted equity fund	35 367 929,27	29 903 392,97
Retained earnings (loss)	-25 013 480,67	-19 971 097,56
Translation differences	45 387,18	-27 036,82
Loss for the financial year	-5 645 140,31	-5 015 346,28
TOTAL EQUITY	4 835 695,47	4 970 912,30
PROVISIONS		
Other provisions	106 335,00	68 494,00
Total provisions	106 335,00	68 494,00
LIABILITIES		
Long-term liabilities		
Loans from credit institutions	2 415 086,00	2 470 938,50
Other long-term loans	0,00	0,00
Total long-term liabilities	2 415 086,00	2 470 938,50
Short-term liabilities		
Loans from credit institutions	467 847,00	629 682,36
Advances received	864 984,59	473 951,15
Accounts payable	2 082 516,03	369 494,39
Other liabilities	167 295,30	329 458,16
Accrued liabilities	1 171 569,61	905 530,01
Total short-term liabilities	4 754 212,52	2 708 116,07
TOTAL LIABILITIES	7 169 298,52	5 179 054,57
TOTAL EQUITY AND LIABILITIES	12 111 328,99	10 218 460,87

Calculation of key figures

Change in net sales, % = $(\text{Net sales} - \text{Previous financial year's net sales}) / \text{Previous financial year's net sales} \times 100$

EBITDA, EUR = Earnings before interest, taxes, depreciation and amortisation

EBIT, EUR = Earnings before interest and taxes

Net Profit, EUR = Total revenues - total expenses

Equity ratio, % = $\text{Total equity} / (\text{Total assets} - \text{Advance payments}) \times 100$

Order backlog, = Received legally binding orders from external customers not yet delivered to customer

Order intake, = Received legally binding orders from external customers during the period

Net Gearing, % = $(\text{Interest-bearing liabilities} - \text{Cash and cash equivalents}) / \text{Equity} \times 100$

Earnings per share, EUR = $\text{Profit for the reporting period} / \text{Weighted average number of shares outstanding}$

Tamturbo Plc
Board of Directors

More information:

Tamturbo Plc
CEO, Igor Nagaev, tel: +48 733 511 303
CFO, Tommi Holopainen, tel: +358 50 400 3235

Release distribution:

Tamturbo Plc shareholders
www.tamturbo.com

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