



Tamturbo Plc
Half-yearly report
January-June 2024

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Tamturbo

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TAMTURBO OYJ HALF-YEARLY REPORT 1.1. – 30.6.2024 (UNAUDITED)

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

This half-yearly report is available in the company's website Reports and presentations section: <https://investors.tamturbo.com/en/tamturbo-as-an-investment/reports-and-presentations/>

LONG-TERM GROWTH PATH STRENGTHENING

January-June 2024 shortly:

- Net sales increased by 14% to 3.1 million euros (comparison period January-June 2023 turnover was 2.7 million euros)
- The company received new orders for 2.9 million euros. Order intake decreased by 42% compared to the corresponding period of the previous year.
- Order backlog at the end of June was 5.4 million euros, which 2 million less than at the end of the comparison period.
- EBITDA was -3.5 million euros (-2.6)
- The net result was -3.9 million euros (-3.0)

CEO Igor Nagaev :

"In the first half of this year, Tamturbo's turnover has maintained its growth trend, which is in line with our goals and our company's strong growth phase.

Although there was no growth in the order intake in the first half of the year compared to the corresponding time of the previous year, there has been a significant increase in new customer projects in sales pipeline compared to the previous year.



Because of this, we believe that the lower than targeted order intake is a temporary situation and is mostly due to the periodical timing of our customers' projects. We believe that the order intake will return to the growth path and thus the long-term strong growth will continue. Tamturbo's current customers already have more than 1,500 factories worldwide, where thousands of compressors are installed. A significant >60% of our new orders come from our existing customers who have re-selected our equipment, and the remaining 40% from new customers. This is an indication of our customers' high satisfaction with the reliability and performance of our products and solutions and provides a significant basis for our global growth.

After the end of the reporting period, we received great news again when one of the world's largest and best-known consumer goods Fortune Global 500 company announced that they had decided to completely switch to Tamturbo's solutions for their compressed air needs. The path of long-term growth is thus constantly strengthened when the total number of production facilities of our existing customer base will soon be measured in several thousand.

In the reporting period, we continued our investments in improving product margins, as a result of which we have succeeded in improving the unit profitability of our products from a year ago. We are also confident that we will continue to improve profitability by reducing product costs through volume advantages and cost optimization, making manufacturing and customer project processes more efficient, while maintaining strict control of operating costs and customer pricing."

Key figures

	1-6/2024 (*)	1-6/2023 (*)	1-12/2023
Net sales, thousand euros	3 106	2 726	8 184
Change in net sales %	14 %	18 %	60 %
EBITDA, thousand euros	-3 467	-2 550	-4 810
EBIT, thousand euros	-3 718	-2 790	-5 318
Net profit, thousand euros	-3 888	-2 971	-5 645
Cash flow operations, thousand euros	-3 191	-2 938	-5 679
Equity ratio	37 %	44 %	40 %
Order backlog, thousand euros	5 243	7 382	4 604
Order intake, thousand euros	2 886	4 979	5 743
Net Gearing %	-51 %	-15 %	-33 %
Earnings per share, euro	-0,18	-0,18	-0,34

(* unaudited)

Sales

Tamturbo's net sales for the first half of the year was 3.1 million euros and increased by 14% from the turnover for the first half of 2023 (2.7). The increase in turnover was due to the successful progress of the company's go-to-market strategy.

The new orders received during the first half of the year totaled EUR 2.9 million. Order intake decreased by 42% compared to the corresponding period of the previous year. The company's total value of the order backlog at the end of June was 5.4 million euros, which is a decrease of 2.0 million euros from the end of the comparison period. 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 second half of the current year and the year 2025.

Operating result and profitability

The group's EBITDA for the review period weakened from the previous year and was EUR -3.5 million (-2.6). Profitability was weakened by 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 -3.7 million euros (-2.8). An item affecting comparability in 2023 were the arrangement costs related to the subscription rights round (49 thousand euros).

In the reporting period, we continued our investments in improving product margins, as a result of which we have succeeded in improving the unit profitability of our products

from a year ago. Our target is to continue to improve profitability by reducing product costs through volume advantages and cost optimization, making manufacturing and customer project processes more efficient, while maintaining strict control of operating costs and customer pricing.

Cash flow and financing

The cash flow from the operations for the first half of the year was EUR -3.2 million (-2.9) and the financing cash flow was EUR 2.8 million (3.2).

From May 9 to May 31, 2024, the company organized a subscription rights offering, in which the company collected a total of more than 2,8 million euros in gross assets from the company's owners and investors. 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.

Short-term loans were repaid by 0 euros (60 thousand). The company's interest-bearing liabilities were EUR 2.9 million (3.1) at the end of the first half of the year. At the end of the half year, the company's liquid assets were lower than the interest-bearing loans, and the net gearing ratio was -51% (-15%). At the end of the review period, the company had cash assets of 1.0 million euros (2.3).

Product development and investments

Product development expenses during the first half of the year totaled 692 thousand euros, which is an increase of 9% from the first half of 2023 (637). A total of EUR 55 thousand (64) was capitalized in the balance sheet of the half-year's product development costs, and the total amount of capitalized product development costs was EUR 4.4 million (4.8) at the end of the half-year.

In the first half of the year, capitalizations for fixed assets and other long-term expenses were 165 thousand euros (64 thousand euros in the comparison period).

Personnel

At the end of June 2024, Tamturbo employed a total of 51 people (46), of which 0 (1) was part-time. Of the personnel, 47 (44) worked in Finland and 4 in the United States (2). Personnel expenses for the first half of the year totaled EUR 2.3 million (1.7).

Implementation of the strategy

The industrial world is undergoing an unprecedented change towards more environmentally sustainable operations. More and more customers see Tamturbo's compressors as an efficient and reliable way to simultaneously reduce both CO₂ emissions and Total Cost of Ownership. The compressors designed by Tamturbo are 100% oil-free, more energy efficient than traditional technology, and almost completely maintenance-free, which enables significant environmental and cost savings for our customers. Our compressors are the best source in the markets for completely oil-free air – there is not a single drop of oil in the compressed air, nor in the entire compressor structure, which brings additional benefits to the environment, costs, and occupational safety.

At the same time, rising energy prices and growing concern about climate change significantly increase the superiority of Tamturbo's solutions compared to traditional industrial compressor technologies. Our innovative energy recovery systems continue to increase our competitive advantage and the demand for our solutions.

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.

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.

Executive team

Tamturbo's management team had one change, Timo Pulkki is no longer member of the management team. At the end of the review period, the management team of

Tamturbo Oyj consisted of the following persons: Igor Nagaev, CEO; Tommi Holopainen, CFO; Brecht Vanlee, Business Director; Hannu Heinonen, VP Americas; Heli Malinen, Marketing Director; Antti Kaura, Director Operations.

Shares and shareholders

The company organized a rights issue between 9.5.-31.5.2024 and Tamturbo's board of directors accepted the subscriptions in it's meeting on 5.6.

722 shareholders participated in the rights issue with their subscription rights, and 354 shareholders without subscription rights.

In total, 2 822 986 shares were subscribed at a price of 1 EUR/share, i.e. the company received new capital of 2,8 million euros.

The number of shares in the company at the end of the review period was 21,800,857 shares and the shareholders totaled 1,498. The total number of options at the same time is 265,225, the options entitle to the same number of shares when exercised. Of the options, 64,165 are held by the company's current and former management and employees, 69,667 by Sulzer AG and 131,393 by Springvest's agents. The use of Sulzer AG's options is conditional on share subscriptions based on other option programs.

The company organized an Annual General Meeting on 12th March 2024 in Tampere. The minutes of meeting can be found on the company's website www.tamturbo.com.

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. Due to the ongoing war in Eastern Europe and financial market instability, there has also been increased uncertainty in each country, which may affect our ability to deliver.

A significant part of the company's turnover comes from the sale of investment-type equipment, whose delivery duration is typically 6-21 months. There may be delays to project schedules that can significantly affect the company's committed working capital and thus the cash situation.

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 currently is 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.

A beneficial owner of the company's significant shareholder Sulzer AG is a person on the US sanctions list. As a result, the Company cannot be listed. According to the feedback received from various financing parties, the Company is an interesting

financing target as soon as the owner in question has left the Company's shareholder list.

Tamturbo will possibly need more external funding to implement its strategy and grow its business, and it is not certain that it will receive funding on favorable terms or at all.

The other risks of the company and its business are described in more detail in the prospectus related to the rights issue carried out in spring 2024, which can be found on Tamturbo's website www.tamturbo.com.

ACCOUNTING PRINCIPLES

This unaudited half-yearly report for the period 1.1.-30.6.2024 has been prepared according to Finnish Accounting Standards (FAS).

Consolidated Income Statement	1.1.-30.6.2024	1.1.-30.6.2023	1.1.-31.12.2023
NET SALES	3 105 587,15	2 726 081,16	8 183 890,12
Change in the inventory of finished goods and work in progress	703 674,00	-57 168,63	-494 360,73
Manufacturing for own use	54 551,90	63 728,00	168 385,67
Other operating income	2 184,08	0,00	38 894,84
Materials and services			
Raw materials and consumables			
Purchases during the financial year	-2 884 479,16	-3 140 620,24	-6 849 165,48
Change in inventories	-274 042,92	1 030 990,56	741 519,85
External services	-18 953,59	-48 115,69	-59 787,68
	<u>-3 177 475,67</u>	<u>-2 157 745,37</u>	<u>-6 167 433,31</u>
Personnel expenses			
Wages and salaries	-1 960 818,01	-1 526 655,32	-3 076 299,31
Pension expenses	-277 342,81	-241 803,11	-462 179,99
Other personnel expenses	-62 233,35	-61 765,30	-100 715,98
	<u>-2 300 394,17</u>	<u>-1 830 223,73</u>	<u>-3 639 195,28</u>
Depreciation and amortization			
Depreciation according to plan	-251 083,86	-240 302,26	-507 702,33
	<u>-251 083,86</u>	<u>-240 302,26</u>	<u>-507 702,33</u>
Other operating expenses	-1 855 014,17	-1 294 360,34	-2 900 032,67
OPERATING LOSS	-3 717 970,74	-2 789 991,17	-5 317 553,69
Financial income and expenses			
Other interest and financial income			
From others	142 699,27	162 662,38	232 791,27
Interest and other financial expenses			
To others	-312 616,77	-343 379,59	-560 377,89
	<u>-169 917,50</u>	<u>-180 717,21</u>	<u>-327 586,62</u>
LOSS BEFORE APPROPRIATIONS AND TAXES	-3 887 888,24	-2 970 708,38	-5 645 140,31
LOSS FOR THE FINANCIAL YEAR	<u>-3 887 888,24</u>	<u>-2 970 708,38</u>	<u>-5 645 140,31</u>

Consolidated Balance Sheet

ASSETS	30/06/2024	30/06/2023	31/12/2023
NON-CURRENT ASSETS			
Intangible assets			
Development costs	4 418 260,34	4 757 451,21	4 594 745,16
Other intangible assets	54 414,62	47 812,53	60 623,96
Intangible assets total	4 472 674,96	4 805 263,74	4 655 369,12
Tangible assets			
Machinery and equipment	346 391,09	161 955,56	293 950,97
Machinery and equipment	346 391,09	161 955,56	293 950,97
NON-CURRENT ASSETS TOTAL	4 819 066,05	4 967 219,30	4 949 320,09
CURRENT ASSETS			
Raw materials and consumables	1 310 740,72	1 874 254,35	1 584 783,64
Work in progress	334 628,23	674 207,84	237 015,74
Finished products	606 061,51	0,00	0,00
Inventories total	2 251 430,46	2 548 462,19	1 821 799,38
Long-term receivables			
Prepayments and accrued income	0,00	46 274,94	46 274,94
Short-term receivables			
Trade receivables	1 133 683,41	1 406 804,96	3 140 047,86
Other receivables	760 122,56	718 047,01	600 946,78
Prepayments and accrued income	119 528,05	98 789,32	78 352,56
Short-term receivables total	2 013 334,02	2 223 641,29	3 819 347,20
Cash in hand and at banks	1 029 370,90	2 302 913,17	1 474 587,38
CURRENT ASSETS TOTAL	5 294 135,38	7 121 291,58	7 162 008,90
TOTAL ASSETS	10 113 201,43	12 088 510,88	12 111 328,99

Consolidated Balance Sheet

EQUITY AND LIABILITIES	30/06/2024	30/06/2023	31/12/2023
EQUITY			
Share capital	81 000,00	81 000,00	81 000,00
Invested unrestricted equity fund	38 193 054,11	33 256 785,97	35 367 929,27
Retained earnings (loss)	-30 613 233,80	-25 013 480,67	-25 013 480,67
Translation differences	-48 668,65	20310,05	45387,18
Loss for the financial year	-3 887 888,24	-2 970 708,38	-5 645 140,31
TOTAL EQUITY	3 724 263,42	5 373 906,97	4 835 695,47
PROVISIONS			
Other provisions	106 335,00	68 494,00	106 335,00
Total provisions	106 335,00	68 494,00	106 335,00
LIABILITIES			
Long-term liabilities			
Loans from credit institutions	2 588 511,00	2 411 105,50	2 415 086,00
Total long-term liabilities	2 588 511,00	2 411 105,50	2 415 086,00
Short-term liabilities			
Loans from credit institutions	234 589,00	571 172,90	467 847,00
Advances received	379 967,53	1 382 231,59	864 984,59
Accounts payable	1 665 768,85	1 120 028,58	2 082 516,03
Other liabilities	98 671,95	126 763,07	167 295,30
Accrued liabilities	1 315 094,67	1 034 808,27	1 171 569,61
Total short-term liabilities	3 694 092,01	4 235 004,41	4 754 212,52
TOTAL LIABILITIES	6 282 603,01	6 646 109,91	7 169 298,52
TOTAL EQUITY AND LIABILITIES	10 113 201,43	12 088 510,88	12 111 328,99

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:

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