



Tamturbo Plc
Financial Statement
1.1.2022-31.12.2022

Tamturbo

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TAMTURBO PLC FINANCIAL STATEMENT 1.1. – 31.12.2022

THE FIGURES IN THE FINANCIAL STATEMENT ARE UNAUDITED.

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/

ROBUST GROWTH TRAJECTORY TOWARDS GOALS

Year 2022 shortly:

- Net sales increased by 110% to 5,1 million euros (comparison period FY 2021 net sales was 2,4 million euros)
- The company received new orders for 5,7 million euros and the order backlog at the end of the year was 4,6 million euros, which is 1,0 million euros more than at the end of the comparison period.
- EBITDA was -3,9 million euros (-4.3)
- The net result was -5,0 million euros (-5,0)

July-December 2022 shortly:

- Net sales increased by 88% to 2.8 million euros (comparison period July-December 2021 turnover was 1,9 million euros)
- The company received new orders in July-December for 4.6 million euros and the order backlog at the end of the year was 4,6 million euros.
- EBITDA was -1,9 million euros (-2,0)
- The net result was -2,3 million euros (-2,2)

CEO Igor Nagaev comments on year 2022:

"In 2022, we delivered strong revenue growth compared to 2021, consistent with our long-term objectives and the current phase of our robust growth trajectory.

The industrial sector is experiencing an unprecedented transformation towards more sustainable operations. Increasingly, customers are recognizing Tamturbo's compressors as an efficient and dependable method to simultaneously reduce both CO2 emissions and total cost of ownership. Our compressors are 100% oil-free, more energy-efficient than conventional technology, and nearly maintenance-free, providing significant environmental and cost benefits for our customers. Moreover, our compressors are the best in the market for completely oil-free air, contributing to additional advantages for the environment, costs, and occupational safety.



As energy prices continue to rise and concerns over climate change grow, Tamturbo's solutions offer a significant competitive advantage over traditional industrial compressor technologies. Our innovative energy recovery systems continue to strengthen our competitive position and the demand for our solutions.

Tamturbo's strong growth is driven by the establishment of new large multinational customer relationships, as well as organic growth within these customers. During 2022, we commenced collaboration with and secured initial orders from two new global customers - one in the tire industry and the other in the chemical industry. Additionally, many of our existing customers placed follow-up orders, which is a testament to their satisfaction with our products and services.

During the review period, we invested heavily in enhancing the margins of our products, and the sales margin demonstrated positive development in comparison to the prior period, even though general cost increases adversely affected our margins. We are committed to improving profitability and reducing product costs by leveraging our volume advantages, expediting numerous product cost reduction initiatives, and carefully controlling operational costs and customer prices."

Key figures

	H2/2022	H2/2021	2022	2021
Net sales, thousand euros	2 791	1 481	5 103	2 420
Change in net sales %	88 %	60 %	111 %	12%
EBITDA, thousand euros	-1 906	-2 002	-3 917	-4 302
EBIT, thousand euros	-2 141	-2 239	-4 385	-4 762
Net profit, thousand euros	-2 323	-2 241	-5 015	-5 004
Cash flow operations, thousand euros	-2 072	-2 020	-4 872	-4 861
Equity ratio	49%	42 %	49 %	42%
Order backlog, thousand euros	4 604	3 622	4 604	3 622
Order intake, thousand euros	4 221	4 018	5 743	5 800
Net Gearing %	-36 %	-82%	-36 %	-82%
Earnings per share, euro	-0,18	-0,17	-0,34	-0,47

Sales

Tamturbo's net sales in 2022 was 5.1 million euros and increased by 111% from the net sales in 2021 (2.4). The net sales for the second half of 2022 was 2.8 million euros and increased by 88% from the net sales for the second half of 2021 (1.5). The strong growth in net sales was due to the successful progress of the company's go-to-market strategy.

The new orders received during 2022 totaled 5.7 million euros. The total value of the company's order backlog at the end of the year was 4.6 million euros, which is an increase of 1.0 million euros from the end of the comparison period. New orders in the second half of the year were 4.2 million euros.

Operating result and profitability

The Group's EBITDA for 2022 improved from the previous year and was -3.9 million euros (-4.3). Profitability improved thanks to the increase in sales volumes and our own planned development and cost-saving measures. The group's operating profit for the review period improved from the previous year and was -4.4 million euros (-4.8). Adjusted for items affecting comparability, the net profit for the review period was -3.8 million euros (-4.2). The items affecting comparability were the arrangement costs related to the financing round in 2021 (194 thousand euros) and the costs related to the organization of the financing round and preparations for the listing in H1 2022 (570 thousand euros). EBITDA for the second half of the year improved from the previous

year and was -1.9 million euros (-2.0). Operating profit in the second half of the year was -2.1 million euros (-2.2).

Cash flow and financing

The cash flow from operations in 2022 was -4.9 million euros (-4.9) and the cash flow from financing was 5.7 million euros (4.9). Cash flow from operations in the second half of the year was -2.1 million euros (-2.0).

In the spring of 2022, the company organized a share issue with Springvest, of which the company received a total of 5.6 million euros additional funding. During the first half of the year, the company also received an additional investment of 220 thousand euros from the subscribers of the 2019 convertible bond, because most of the subscribers of the bond subscribed to the shares according to the related options before the start of the share issue organized by Springvest. The maturity date of the convertible bond issued in 2019 was also again extended by half a year, the original maturity date was November 13, 2022.

Short-term loans were repaid in the amount of 219 thousand euros (109). The company's interest-bearing net liabilities were 4.9 million euros (4.2) 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 -36% (-82%). At the end of the review period, the company had cash assets of 2.1 million euros (1.3).

Product development and investments

Product development expenses in 2022 totaled 990 thousand euros, which is an increase of 20% from 2021 (824). A total of 330 thousand euros (158) of the year's product development expenses were capitalized in the balance sheet, and the total amount of capitalized product development expenses was 4.9 million euros (5.0) at the end of 2022. Development expenses for the second half of the year were 522 thousand euros (416). In the second half of the year 261 thousand euros (71) were capitalized in the balance sheet

In 2022, there were fixed asset investments of 26 thousand euros (47 thousand euros).

Personnel

At the end of 2022, Tamturbo employed a total of 35 people (35), of which 2 were part-time (4). Of the personnel, 33 (34) worked in Finland and 2 in the United States (1). Personnel costs for 2022 totaled EUR 2.9 million (2.9).

Implementation of the strategy

Tamturbo's strong growth is fueled by the opening of new large multinational key customers and organic growth within these customers. Our global customers typically have tens or even hundreds of factories around the world and each factory have several compressors, so the business potential of even one customer is significant. Tamturbo's current customers already have more than 1,000 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 2022, we started cooperation and received the first orders from two new global customers. One of these works in the tire industry and the other in the chemical industry.

In addition to the huge business potential, 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 key 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-minded partner who knows and understands the customer's needs and environment. During the review period, interest in Tamturbo's solutions grew especially in the Middle East, which is now one of the new key markets in addition to Europe and America.

Responsibility

Tamturbo was founded in Tampere in 2010 to develop new, more energy efficient, and environmentally friendly industrial compressor technology. Environmental sustainability is the purpose of the company's existence, and responsibility is the cornerstone of all our own operations and products. The reduction of our customers' carbon dioxide and other environmental emissions by reducing energy, oil and material consumption, is the goal of all our activities.

During the second half of the year, Tamturbo launched a collaboration and project with an experienced ESG specialist company. The goal of the project is to start outlining the company's responsibility program by finding out both the CO2 emissions 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 handprint). In addition, the goal was to find out the company's compliance with EU taxonomy legislation.

The first phase of the project was completed in early 2023. 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 first phase 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 2022, Tamturbo reorganized its management team to meet the needs of the company's strong international growth phase. At the end of 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

In the spring of 2022, the company organized a share issue with Springvest, of which the company received a total of 5.6 million euros in additional financing. A total of 1,862,400 new shares were subscribed in the offering at a price of EUR 3.00. In connection with the offering, Springvest also subscribed the 206,926 options it received from organizing the offering for the same number of shares.

During the first half of the year, the company also received an additional investment of 220 thousand euros from the subscribers of the 2019 convertible bond, because most of the subscribers of the bond subscribed to the shares according to the related options before the start of the share issue organized by Springvest. Option loan share subscriptions were made for a total of 107,715 shares, and in the same connection, a free share issue was arranged for Sulzer AG, in which they received 71,810 shares to keep their ownership at the level prior to the share subscriptions of the option bond.

The number of shares in the company at the end of the review period was 12,979,910 shares and the shareholders totaled 1,291. The total number of options at the same time is 1,033,836, the options entitle to the same number of shares when exercised. Of the options, 556,805 are held by the company's current and former management and employees, 385,973 by Sulzer AG and 91,058 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 10th February 2022 and an Annual General Meeting on 25th April 2022 in Tampere. The minutes of both meetings 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.

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.

The other risks of the company and its business are described in more detail in the Investment Memorandum of the spring 2022 financing round carried out in cooperation with Springvest, which can be found on Springvest's website www.springvest.fi.

Business Outlook

We expect the positive development of the business to continue also during 2023. However, we also expect that the high volatility of the market will continue, especially due to the ongoing war in Eastern Europe, 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

Tamturbo's business has continued its strong growth during 2023.

In January, the company received an order for 7 units of TT325 compressors from the Benelux region, which until then was the largest order in the company's history in terms of the number of compressors.

The company received a significant order in April 2023, when a large global high-tech company ordered several TT325 compressors along with air system equipment.

In April, Tamturbo also received its first order from one of the world's leading industrial technology company with dozens of factories worldwide.

Furthermore, Tamturbo received a follow-up order worth about 0.5 million euros from a large dairy industry customer in the EMEA region.

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

Tamturbo organized an extraordinary general meeting on April 28, 2023, the minutes of the meeting can be found on the company's website www.tamturbo.com.

ACCOUNTING PRINCIPLES

This unaudited financial statement for the period 1.1.-31.12.2022 has been prepared according to Finnish Accounting Standards (FAS).

Consolidated Income Statement

	1.7.-31.12.2022	1.7.-31.12.2021	1.1.-31.12.2022	1.1.-31.12.2021
NET SALES	2 790 507,83	1 480 830,08	5 102 739,03	2 420 412,87
Change in the inventory of finished goods and work in progress	-373 874,56	32 171,88	-478 921,15	64 364,61
Manufacturing for own use	303 054,32	71 239,62	397 457,38	158 074,48
Other operating income	1 889,40	0,00	1 969,40	52 423,00
Materials and services				
Raw materials and consumables				
Purchases during the financial year	-1 998 351,98	-1 180 614,56	-3 790 240,21	-2 456 443,06
Change in inventories	100 429,47	-171 176,47	181 127,18	194 060,87
External services	-41 700,79	-23 374,75	-157 986,89	-87 291,61
	<u>-1 939 623,30</u>	<u>-1 375 165,78</u>	<u>-3 767 099,92</u>	<u>-2 349 673,80</u>
Personnel expenses				
Wages and salaries	-1 305 362,76	3 940 472,56	-2 496 816,93	-2 532 091,18
Pension expenses	-178 320,75	-151 069,34	-342 210,61	-337 409,20
Other personnel expenses	-50 219,46	-32 915,56	-92 967,68	-85 504,98
	<u>-1 533 902,97</u>	<u>3 756 487,66</u>	<u>-2 931 995,22</u>	<u>-2 955 005,36</u>
Depreciation and amortization				
Depreciation according to plan	-235 202,44	-236 431,58	-468 277,86	-464 888,03
	<u>-235 202,44</u>	<u>-236 431,58</u>	<u>-468 277,86</u>	<u>-464 888,03</u>
Other operating expenses	-1 154 288,03	-903 530,17	-2 240 653,55	-1 692 331,42
OPERATING LOSS	-2 141 439,75	-2 238 580,65	-4 384 781,89	-4 766 623,65
Financial income and expenses				
Other interest and financial income				
From others	78 865,01	48 186,83	210 038,08	76 863,22
Interest and other financial expenses				
To others	-260 092,70	-50 443,12	-840 602,47	-313 808,87
	<u>-181 227,69</u>	<u>-2 256,29</u>	<u>-630 564,39</u>	<u>-236 945,65</u>
LOSS BEFORE APPROPRIATIONS AND TAXES	-2 322 667,44	-2 240 836,94	-5 015 346,28	-5 003 569,30
LOSS FOR THE FINANCIAL YEAR	-2 322 667,44	-2 240 836,94	-5 015 346,28	-5 003 569,30

Consolidated Balance Sheet

ASSETS	31.12.2022	31.12.2021
NON-CURRENT ASSETS		
Intangible assets		
Development costs	4 924 759,93	5 062 483,23
Other intangible assets	42 231,23	207,68
Intangible assets total	<u>4 966 991,16</u>	<u>5 062 690,91</u>
Tangible assets		
Machinery and equipment	112 476,07	102 596,80
Machinery and equipment	<u>112 476,07</u>	<u>102 596,80</u>
NON-CURRENT ASSETS TOTAL	5 079 467,23	5 165 287,71
CURRENT ASSETS		
Raw materials and consumables	839 339,78	658 212,60
Work in progress	493 762,67	636 390,92
Finished products	241 537,81	577 830,71
Inventories total	<u>1 574 640,26</u>	<u>1 872 434,23</u>
Short-term receivables		
Trade receivables	1 217 304,73	1 583 834,77
Other receivables	125 750,09	8 481,11
Prepayments and accrued income	105 181,16	76 998,65
Short-term receivables total	<u>1 448 235,98</u>	<u>1 669 314,53</u>
Cash in hand and at banks	2 116 117,40	1 313 597,92
CURRENT ASSETS TOTAL	5 138 993,64	4 855 346,69
TOTAL ASSETS	<u>10 218 460,87</u>	<u>10 020 634,40</u>

Consolidated Balance Sheet

EQUITY AND LIABILITIES	31.12.2022	31.12.2021
EQUITY		
Share capital	81 000,00	81 000,00
Invested unrestricted equity fund	29 903 392,97	24 095 924,28
Retained earnings (loss)	-19 971 097,56	-14 949 608,77
Translation differences	-27 036,82	-17916,08
Loss for the financial year	-5 015 346,28	-5 003 569,30
TOTAL EQUITY	4 970 912,30	4 205 830,13
PROVISIONS		
Other provisions	68 494,00	32 958,00
Total provisions	68 494,00	32 958,00
LIABILITIES		
Long-term liabilities		
Loans from credit institutions	2 470 938,50	2 559 626,86
Other long-term loans	0,00	0,00
Total long-term liabilities	2 470 938,50	2 559 626,86
Short-term liabilities		
Loans from credit institutions	629 682,36	688 831,92
Advances received	473 951,15	885 737,73
Accounts payable	369 494,39	341 452,88
Other liabilities	329 458,16	608 040,93
Accrued liabilities	905 530,01	698 155,95
Total short-term liabilities	2 708 116,07	3 222 219,41
TOTAL LIABILITIES	5 179 054,57	5 781 846,27
TOTAL EQUITY AND LIABILITIES	10 218 460,87	10 020 634,40

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



Tamturbo