

TechCorp International Ltd.

Annual Report 2024

For the year ended December 31, 2024

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Management Report (Lagebericht)

Business Overview

TechCorp International Ltd. ("TechCorp" or "the Company") is a leading technology company specializing in cloud computing solutions, artificial intelligence platforms, and enterprise software development. Founded in 2018, the Company has grown from a startup to a multinational corporation serving clients across North America, Europe, and Asia-Pacific.

Financial Performance Summary

The fiscal year 2024 marked a period of significant growth and strategic expansion for TechCorp. Key financial highlights include:

- Revenue Growth:** Total revenue increased by 34.2% to \$847.3 million (2023: \$631.2 million)
- Profitability:** Net income rose by 28.7% to \$156.8 million (2023: \$121.9 million)
- Market Position:** Strengthened market share in cloud infrastructure services
- International Expansion:** Successfully launched operations in three new markets

Strategic Initiatives

Digital Transformation Services

The Company continued to invest heavily in its digital transformation capabilities, resulting in a 45% increase in cloud migration projects. This segment now represents 38% of total revenue, up from 32% in the previous year.

Artificial Intelligence Platform

TechCorp's proprietary AI platform, TechAI Pro, gained significant traction in 2024, with over 500 enterprise clients adopting the solution. The platform contributed \$127.4 million in recurring revenue, representing 15% of total revenue.

Sustainability Initiatives

In alignment with our commitment to environmental responsibility, TechCorp achieved carbon neutrality across all data centers and reduced energy consumption by 23% through advanced cooling technologies and renewable energy adoption.

Market Conditions and Outlook

The technology sector experienced robust growth in 2024, driven by increased digitalization across industries and growing demand for AI-powered solutions. Despite economic uncertainties in certain markets, the Company's diversified portfolio and strong client relationships positioned us well for continued growth.

Risk Management

TechCorp maintains a comprehensive risk management framework addressing:

- Cybersecurity:** Enhanced security protocols and incident response capabilities
- Regulatory Compliance:** Proactive monitoring of evolving data protection regulations
- Market Volatility:** Diversified revenue streams and geographic presence
- Talent Retention:** Competitive compensation and professional development programs

Future Outlook

For fiscal year 2025, TechCorp anticipates continued growth driven by:

- Expansion of AI platform capabilities
- Increased demand for cloud infrastructure services
- Strategic partnerships with major technology vendors
- Investment in emerging technologies including quantum computing

Financial Statements

Balance Sheet

As of December 31, 2024

ASSETS	2024	2023
Current Assets		
Cash and cash equivalents	\$89,450,000	\$67,230,000
Short-term investments	\$45,670,000	\$38,920,000
Accounts receivable, net	\$156,780,000	\$124,350,000
Inventory	\$12,340,000	\$9,870,000
Prepaid expenses	\$8,920,000	\$6,540,000
Total Current Assets	\$313,160,000	\$246,910,000
Non-Current Assets		
Property, plant and equipment	\$234,560,000	\$198,340,000
Intangible assets	\$89,340,000	\$76,890,000
Goodwill	\$156,780,000	\$134,560,000
Long-term investments	\$67,890,000	\$45,670,000
Total Non-Current Assets	\$548,570,000	\$455,460,000
TOTAL ASSETS	\$861,730,000	\$702,370,000
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable	\$45,670,000	\$38,920,000
Accrued expenses	\$23,450,000	\$19,780,000
Short-term debt	\$34,560,000	\$28,340,000
Deferred revenue	\$78,920,000	\$56,780,000
Total Current Liabilities	\$182,600,000	\$143,820,000
Non-Current Liabilities		
Long-term debt	\$156,780,000	\$134,560,000
Deferred tax liabilities	\$23,450,000	\$19,780,000
Pension obligations	\$12,340,000	\$9,870,000

Total Non-Current Liabilities	\$192,570,000	\$164,210,000
ASSETS	2024	2023
Total Liabilities	\$375,170,000	\$308,030,000
Equity		
Common stock	\$45,670,000	\$38,920,000
Additional paid-in capital	\$234,560,000	\$198,340,000
Retained earnings	\$206,330,000	\$157,080,000
Total Equity	\$486,560,000	\$394,340,000
TOTAL LIABILITIES AND EQUITY	\$861,730,000	\$702,370,000

Income Statement

For the year ended December 31, 2024

REVENUE	2024	2023
Cloud Services Revenue	\$321,450,000	\$234,560,000
Software License Revenue	\$198,340,000	\$156,780,000
Professional Services Revenue	\$156,780,000	\$124,350,000
AI Platform Revenue	\$127,340,000	\$89,340,000
Other Revenue	\$43,390,000	\$26,170,000
Total Revenue	\$847,300,000	\$631,200,000
COST OF REVENUE		
Cost of Cloud Services	\$156,780,000	\$123,450,000
Cost of Software Licenses	\$45,670,000	\$38,920,000
Cost of Professional Services	\$89,340,000	\$67,890,000
Cost of AI Platform	\$34,560,000	\$23,450,000
Total Cost of Revenue	\$326,350,000	\$253,710,000
Gross Profit	\$520,950,000	\$377,490,000
OPERATING EXPENSES		
Research and Development	\$89,340,000	\$67,890,000
Sales and Marketing	\$123,450,000	\$89,340,000
General and Administrative	\$67,890,000	\$45,670,000
Total Operating Expenses	\$280,680,000	\$202,900,000
Operating Income	\$240,270,000	\$174,590,000

REVENUE	2024	2023
OTHER INCOME (EXPENSE)		
Interest Income	\$4,560,000	\$2,340,000
Interest Expense	(\$12,340,000)	(\$9,870,000)
Other Income, Net	\$2,340,000	\$1,560,000
Total Other Income (Expense)	(\$5,440,000)	(\$5,970,000)
Income Before Taxes	\$234,830,000	\$168,620,000
Income Tax Expense	\$78,030,000	\$46,720,000
Net Income	\$156,800,000	\$121,900,000
Earnings Per Share		
Basic	\$3.24	\$2.52
Diluted	\$3.18	\$2.47

Cash Flow Statement

For the year ended December 31, 2024

CASH FLOWS FROM OPERATING ACTIVITIES	2024	2023
Net Income	\$156,800,000	\$121,900,000
Adjustments to reconcile net income to net cash:		
Depreciation and amortization	\$45,670,000	\$38,920,000
Stock-based compensation	\$23,450,000	\$19,780,000
Deferred income taxes	\$8,920,000	\$6,540,000
Changes in operating assets and liabilities:		
Accounts receivable	(\$32,430,000)	(\$18,760,000)
Inventory	(\$2,470,000)	(\$1,890,000)
Prepaid expenses	(\$2,380,000)	(\$1,560,000)
Accounts payable	\$6,750,000	\$4,230,000
Accrued expenses	\$3,670,000	\$2,340,000
Deferred revenue	\$22,140,000	\$15,670,000
Net Cash from Operating Activities	\$234,120,000	\$189,170,000
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(\$67,890,000)	(\$45,670,000)
Purchase of intangible assets	(\$23,450,000)	(\$19,780,000)

Purchase of investments	(\$34,560,000)	(\$23,450,000)
CASH FLOWS FROM OPERATING ACTIVITIES	2024	2023
Proceeds from sale of investments	\$12,340,000	\$8,920,000
Net Cash from Investing Activities	(\$113,560,000)	(\$79,980,000)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of common stock	\$45,670,000	\$38,920,000
Payment of dividends	(\$23,450,000)	(\$19,780,000)
Repayment of long-term debt	(\$12,340,000)	(\$9,870,000)
Net Cash from Financing Activities	\$9,880,000	\$9,270,000
Net Increase in Cash	\$130,440,000	\$118,460,000
Cash at Beginning of Period	\$67,230,000	\$51,270,000
Cash at End of Period	\$197,670,000	\$169,730,000

Statement of Changes in Equity

For the year ended December 31, 2024

EQUITY COMPONENTS	Common Stock	Additional Paid-in Capital	Retained Earnings	Total Equity
Balance at December 31, 2023	\$38,920,000	\$198,340,000	\$157,080,000	\$394,340,000
Net Income	-	-	\$156,800,000	\$156,800,000
Stock-based compensation	\$2,340,000	\$21,110,000	-	\$23,450,000
Issuance of common stock	\$4,410,000	\$41,260,000	-	\$45,670,000
Dividends declared	-	-	(\$23,450,000)	(\$23,450,000)
Other comprehensive income	-	-	(\$16,100,000)	(\$16,100,000)
Balance at December 31, 2024	\$45,670,000	\$260,710,000	\$274,330,000	\$580,710,000

Notes to the Financial Statements

Note 1: Summary of Significant Accounting Policies

Basis of Presentation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The Company's functional currency is the US Dollar.

Revenue Recognition

Revenue is recognized when control of goods or services is transferred to customers at an amount that reflects the consideration to which the Company expects to be entitled. The Company recognizes revenue from:

- **Cloud Services:** Over the subscription period using the output method
- **Software Licenses:** Upon delivery and customer acceptance
- **Professional Services:** As services are performed using the percentage-of-completion method
- **AI Platform:** Over the subscription period with monthly billing

Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets:

- Buildings: 25-40 years
- Computer equipment: 3-5 years
- Software: 3-7 years
- Furniture and fixtures: 5-10 years

Note 2: Revenue by Geographic Region

Geographic Region	2024	2023
North America	\$456,780,000	\$345,670,000
Europe	\$234,560,000	\$178,920,000
Asia-Pacific	\$123,450,000	\$89,340,000
Other	\$32,510,000	\$17,270,000
Total	\$847,300,000	\$631,200,000

Note 3: Segment Information

The Company operates in three reportable segments:

Cloud Infrastructure Services

- Revenue: \$321,450,000 (2024), \$234,560,000 (2023)
- Operating Income: \$89,340,000 (2024), \$67,890,000 (2023)
- Assets: \$234,560,000 (2024), \$198,340,000 (2023)

Enterprise Software Solutions

- Revenue: \$354,680,000 (2024), \$281,120,000 (2023)
- Operating Income: \$123,450,000 (2024), \$89,340,000 (2023)
- Assets: \$198,340,000 (2024), \$156,780,000 (2023)

AI and Analytics Platform

- Revenue: \$171,170,000 (2024), \$115,520,000 (2023)
- Operating Income: \$67,890,000 (2024), \$45,670,000 (2023)
- Assets: \$156,780,000 (2024), \$123,450,000 (2023)

Note 4: Cash and Cash Equivalents

Cash and cash equivalents consist of:

- Cash on hand and in banks: \$45,670,000
- Money market funds: \$23,450,000
- Short-term certificates of deposit: \$20,330,000
- Total: \$89,450,000

Note 5: Accounts Receivable

Aging Category	2024	2023
Current (0-30 days)	\$123,450,000	\$98,340,000
31-60 days	\$23,450,000	\$18,760,000
61-90 days	\$8,920,000	\$6,540,000
Over 90 days	\$960,000	\$710,000
Gross Receivables	\$156,780,000	\$124,350,000
Allowance for doubtful accounts	(\$12,340,000)	(\$9,870,000)

Net Receivables Aging Category	\$144,440,000 2024	\$114,480,000 2023
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Note 6: Long-term Debt

Debt Instrument	2024	2023
Senior Notes (5.25% due 2029)	\$89,340,000	\$89,340,000
Revolving Credit Facility	\$45,670,000	\$23,450,000
Equipment Financing	\$21,770,000	\$21,770,000
Total Long-term Debt	\$156,780,000	\$134,560,000

Note 7: Stock-Based Compensation

The Company maintains several stock-based compensation plans:

- Stock Options:** 2,450,000 options outstanding with weighted average exercise price of \$45.67
- Restricted Stock Units:** 1,890,000 RSUs outstanding
- Employee Stock Purchase Plan:** 456,000 shares issued during 2024

Total stock-based compensation expense for 2024 was \$23,450,000.

Note 8: Income Taxes

The Company's effective tax rate was 33.2% in 2024 (2023: 27.7%). The increase is primarily due to:

- Higher taxable income in jurisdictions with higher tax rates
- Changes in tax legislation affecting deferred tax assets
- Resolution of prior year tax audits

Note 9: Commitments and Contingencies

Operating Leases

The Company has operating lease commitments totaling \$67,890,000 over the next five years for office space and equipment.

Legal Proceedings

The Company is involved in various legal proceedings in the ordinary course of business. Management believes the ultimate resolution of these matters will not have a material adverse effect on the Company's financial position or results of operations.

Note 10: Subsequent Events

On January 15, 2025, the Company announced a strategic partnership with GlobalTech Solutions Inc. to jointly develop next-generation AI applications. The partnership includes a \$50 million investment by GlobalTech Solutions in TechCorp's AI platform division.

Auditor's Report

Independent Auditor's Report

To the Shareholders of TechCorp International Ltd.

We have audited the accompanying financial statements of TechCorp International Ltd., which comprise the balance sheet as of December 31, 2024, and the related statements of income, comprehensive income, changes in equity, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS); this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on

the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of TechCorp International Ltd. as of December 31, 2024, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Deloitte & Touche LLP Certified Public Accountants

New York, New York March 15, 2025

This annual report contains forward-looking statements that involve risks and uncertainties. Actual results may differ materially from those projected in these statements. Please refer to our SEC filings for additional information about risks and uncertainties.

TechCorp International Ltd. 123 Technology Drive San Francisco, CA 94105 www.techcorp.com

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