

Tecnotree

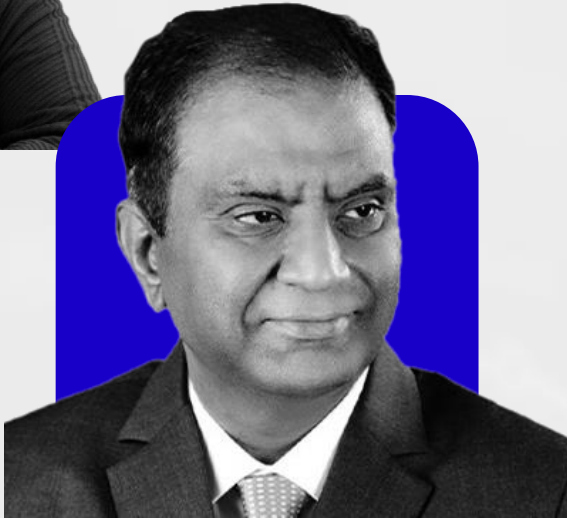
Q3 Results Review and Investor Connect

30th October 2024

Presenters and Agenda



Padma Ravichander
CEO



Indiresht Vivekananda
CFO

- 1 Q3 2024 Business Review and Highlights
- 2 Q3 2024 Execution of Financial Guidance KPIs
- 3 Q3 2024 Financial Review and Highlights
- 4 Q&A

Tecnotree

CEO Updates

Padma Ravichander

Tecnotree's Expanding Global Footprint

Follow-the-sun delivery approach with 24x7 Delivery & Customer support Team spread in **32 Locations** worldwide

1.2 Bn+

Subscribers

90+

Service Providers

70+

Countries with Product Deployments

80+%

Employees TM Forum Certified

4000+

Product Features Delivered

40+

Product Lines/LOB Supported



Top Line Metrics – Results and Analysis Q3 2024



		Q3 YOY%		9M YOY%
Revenue in Constant Currency	Q3 23 – 21.4 ME Q3 24 – 20.2 ME	-6%	YTD 23 – 56.2 ME YTD 24 – 63.2 ME	+12%
Revenue	Q3 23 – 21.4 ME Q3 24 – 19 ME	-11%	YTD 23 – 56.2 ME YTD 24 – 54 ME	-4%
EBIT in Constant Currency	Q3 23 – 6.2 ME Q3 24 – 8.4 ME	+35%	YTD 23 – 16 ME YTD 24 – 20.6 ME	+29%
EBIT	Q3 23 – 6.2 ME Q3 24 – 5 ME	-19%	YTD 23 – 16 ME YTD 24 – 13 ME	-19%
Free Cash Flow	Q3 23 – -7.9 ME Q3 24 – 1.7 ME	+9.6 ME	YTD 23 – - 8.8 ME YTD 24 – -2.2 ME	+6.6 ME

YTD values include 9 months data from 2024 and 2023

Free Cash Flow– Results and Analysis Q3 2024



Q3 YoY%

9M YoY%

Free Cash Flow

Q3 23 – -7.9 ME
Q3 24 – 1.7 ME

+9.6 ME

YTD 23 – - 8.8 ME
YTD 24 – -2.2 ME

+6.6 ME

ARR

Q3 23 - 7.6 ME
Q3 24 – 8.1 ME

+6%

Capex/Sales

Q3 23 – 17%
Q3 24 – 11%

-6%

DSO Days

Q3 23 - 151
Q3 24 - 153

+1%

Order Backlog

Q3 23 – 78 ME
Q3 24 – 75.1 ME

-4%

YTD values include 9 months data from 2024 and 2023

Q3 Key Highlights

New Customer
In the MEA region

8 Key Go-Lives in Q3 2024



~306 new product features delivered at a lower R&D cost in Q3'24

Key areas:

Multi-tenancy | AIML | Cloud Nativity
Campaign as a Service | Marketplace for
API and IOT Monetization

Recognitions and Events

IDC Catalog and CPQ

CONECTA LATAM
CARIBBEAN & CENTRAL AMERICA

Tecnotree
moments

Best 5G Innovation
Provider of the Year

Gartner

Hype Cycle for Customer
Experience and Monetization in
the Communications Industry

tmforum
INNOVATE 24
AMERICAS

NETWORK
X
Paris

MWC
GSMA
Las Vegas

GITEX
GLOBAL

INDIA
MOBILE
CONGRESS

Key Customers contributing to ARR

MTN

عمانتل
Omantel

TELE2

MTL

telecom
mauritius

elisa

claro

ooredoo

zain

DNA

Telefónica



Financial Guidance 2024 and 2025



New Financial Guidance, announced at Investor Connect September 6, 2024, including free cash flow projections and dividend payout policy



New Financial Guidance



Q3 Revenue and EBIT

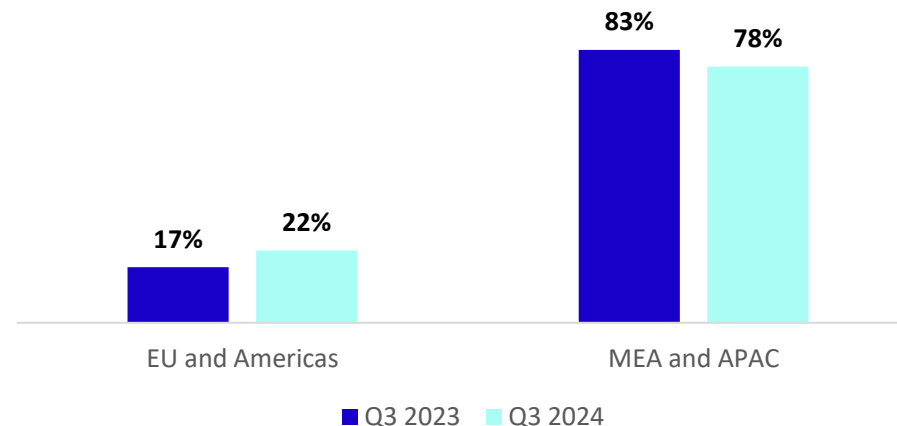
2-7% revenue growth and 7-15% EBIT growth in constant constant currency in 2024

Q3 Actions Progress

- 19 ME Revenue in Q3 2024
- 5% increase in share of revenue from Q3 2023 to Q3 2024 from mature markets
- 12% increase in revenue in constant currency in 9-month YTD 2024 compared to YTD 2023
- On target to deliver EBIT performance due to strict cost control measures
- ARR contracts stabilize revenue; 58% of Order Backlog is ARR



Q3 2024 vs Q3 2023 Revenue Split by Region



YTD 2024 Order Backlog ARR Split



Q3 CapEx to Sales

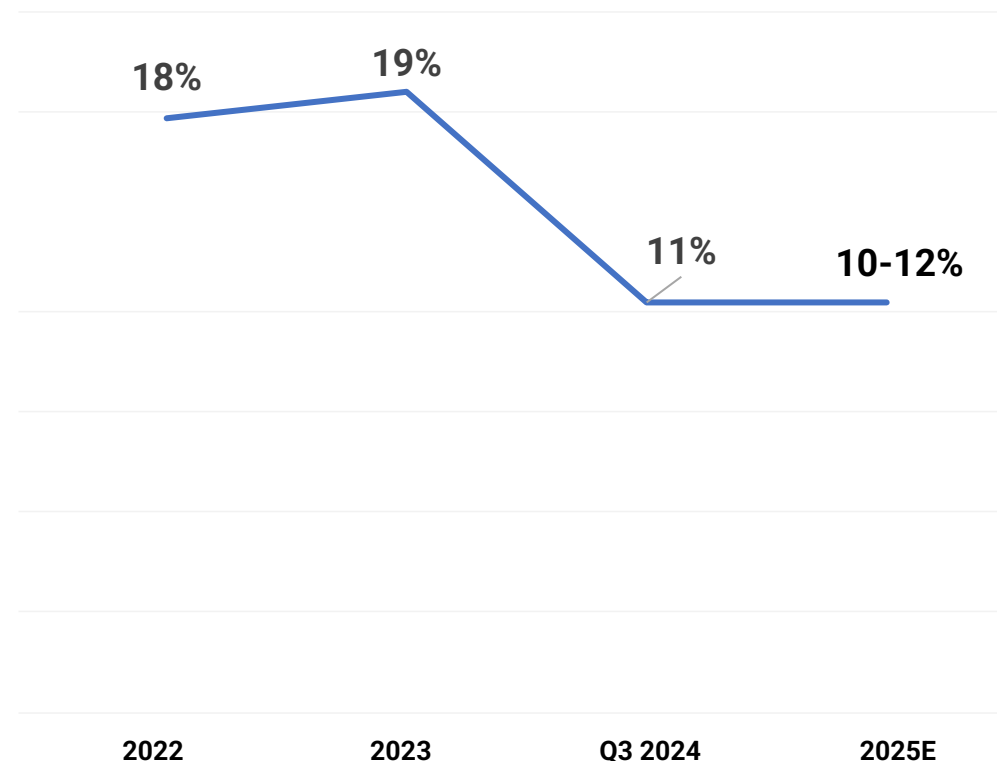


CapEx to Sales trending at 11% in Q3 2024
Guidance for CapEx to Sales 2025 is 10-12% by 2025

Q3 Actions Progress

- 4000+ features that are TMForum compliant, ready for deployment
- Integrating AI/ML into the digital stack for productivity gains, both internal and external
- Opex cuts of 4.5ME in 2024 and 7ME in 2025 on target
- Product rationalization and EOL plans on target

Capex to Revenue



Q3 Receivable Days

DSO days at 153 in Q3 2024

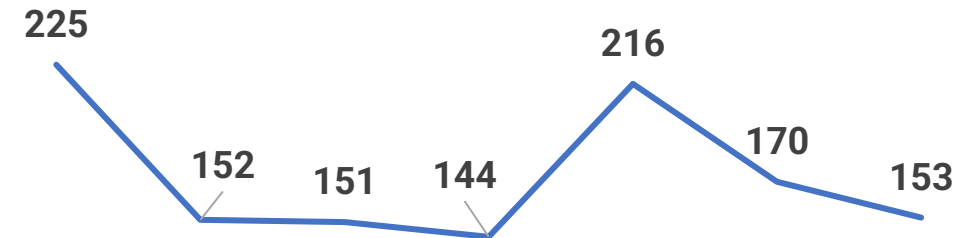
Guidance for DSO days 100-140 in 2025

Q3 Actions Progress

- DSO days reduced from 170 in Q2 2024 to 153 in Q3 2024
- DSO days continue to have seasonality
- Tightening credit limits to improve collections
- "No Payments, No Service" policy for customers with tendencies to delay payments



DSO Days



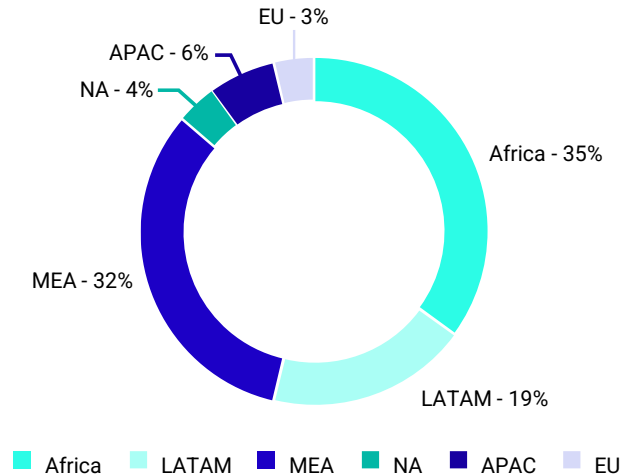
Q1 2023 Q2 2023 Q3 2023 Q4 2023 Q1 2024 Q2 2024 Q3 2024

Large Tier 1 telcos dictate longer payment cycles with high negotiating powers

Q3 Currency Risk

Reduce exposure to frontier country FX risk to 10-15% in 3 years by 2027

2024 Revenue Share by Region

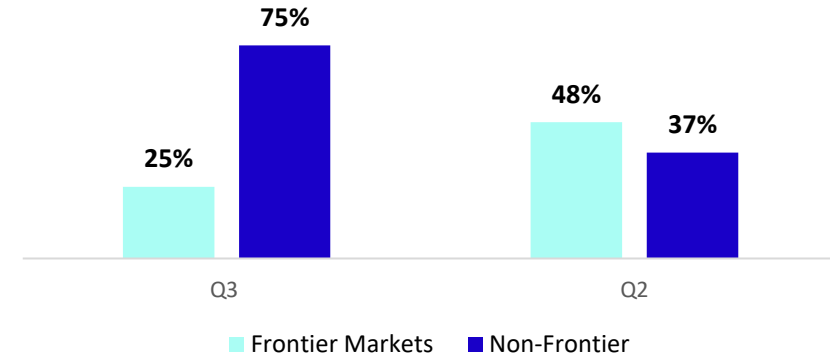


Q3 Actions Progress

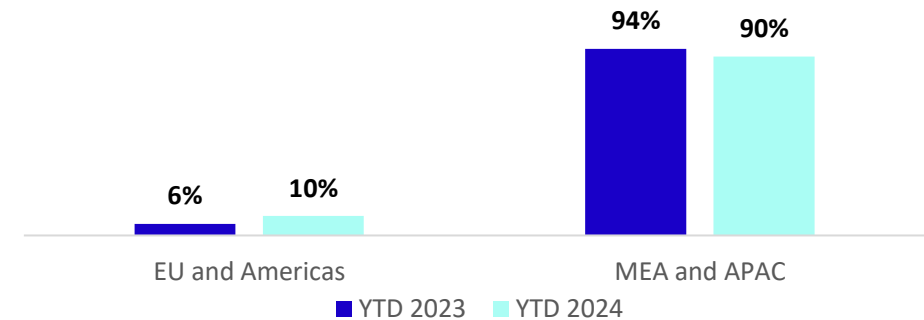
- All LATAM revenue now booked in USD
- Frontier market currency risk exposure as of Q3 2024 at 25-30%
- Seeking growth in mature markets of NA, ME, EU & APAC to reduce exposure to 10-15% in 3 years

Frontier Markets - Till 2023: LATAM and Africa; 2024 and beyond: Africa

Q3 vs Q2 2024 Revenue Share split by Frontier and Non-Frontier Markets



YTD 2024 vs YTD 2023 OBL Split by Region



Q3 Free Cash Flow

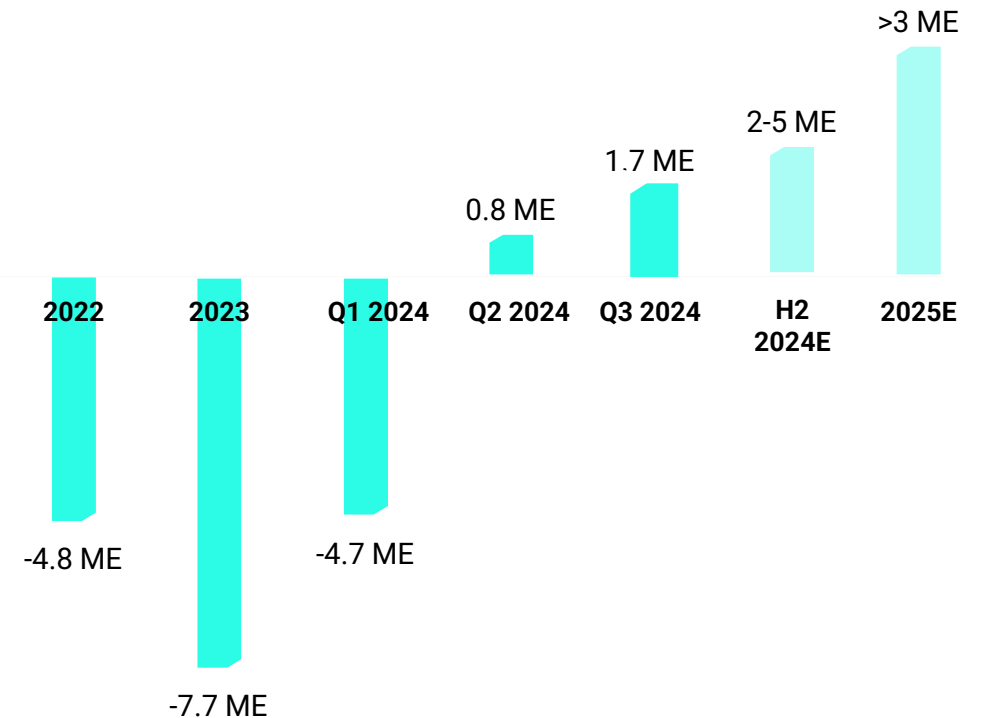


Target of 2-5 ME in H2 2024 and >3 ME in 2025

Q3 Actions Progress

- Free Cash Flow of 1.7 ME in Q3'2024
- ARR models with quarterly pre-payments
- Opex cuts of 4.5ME in 2024 is on target
- Lowering exposure to frontier FX risk
- Cash collection remains seasonal, inhibiting predictability of free cash flow Q-o-Q

FCF Trend



In Summary – we are poised to deliver on guidance for 2024



While revenue and order intake remain challenging, growth in revenue Q-o-Q and strong order intake signal recovery – We aim to meet market guidance in constant currency terms



Focused on delivering OpEx and CapEx reductions to meet EBIT and FCF guidance for 2024



Monitor cash collection daily and weekly through the 'Think Cash Do Cash' initiative to improve collections



Growth in mature markets reduce currency fluctuation risks and improve FCF



Strengthen governance and transparency in communication with the appointment of a new IR officer in October 2024

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CFO Updates

Indiresh Vivekananda

Q3 2024 Financial Performance



- **Dividends Update** : On 1st October 2024, Tecnotree paid out 1 cent per share as approved by the share holders in the AGM held on April 2024.
- 2% growth in reported currency from Q2 to Q3 2024, steady pace of revenues in constant currency
- 43% growth in EBIT from Q2 to Q3 of 2024
- Order backlog of 75.1 ME remaining at a strong level
- Net sales in constant currency decreased 5% to 20.2 (21.1) ME compared to Q3 2023
- EBIT decreased 19% to 5 (6.2) ME compared to Q3 2023
- 77% growth in orders received from Q2 to Q3 of 2024

ME	Q3/24	Q2/24	Q1/24
Net Sales	19.0	18.7	16.3
Net Sales at Constant Currency	20.2	20.2	20.5
Adjusted EBIT	5.0	6.4	4.4
EBIT	5.0	3.5	4.4
Financial Items	-0.1	-0.7	-2.4
Taxes	-0.8	-0.8	-0.4
Net Income	4.1	2.1	1.6
SCIF	14.8	16.6	9.5
Orders Received	23.8	13.4	10.0
Order Backlog	75.1	72.6	74.8
EPS	0.24	0.12	0.01*

All figures in million Euros (ME)

*19 April 2024, executed a reverse split, the reduction of the number of shares where every 20 old shares in company corresponds to 1 new share

Q3 2024 Financial Performance



- Balance Sheet is strengthened by 10% increase in cash.
- 1.7 ME positive Free Cash Flow generated in Q3 2024
- 8% reduction in CapEx to Sales in Q3 2023 from Q2 2024
- Capex related to own product development in Q3'2024 was 2.1 ME compared to 3.7 ME in Q2'2024 and 3.2 ME in Q3'2023
- Reduction in DSO days to 153 in Q3 2024 from 170 in Q2 2024

Consolidated balance sheet, ME	30.9.2024	30.9.2023	31.12.2023
Non-current assets			
Intangible assets - own development	32.2	26.8	27.2
Intangible assets - external	9.0	4.6	6.3
Tangible assets	0.0	0.4	0.4
Deferred tax assets	0.3	0.9	0.5
Other non-current trade & other receivables	2.1	2.0	1.9
Current assets			
Trade receivables	30.7	33.3	32.9
Other receivables	44.6	38.0	38.2
Cash and cash equivalents	17.0	15.5	20.8
Assets total	136.0	121.6	128.2
Shareholders' equity	89.5	86.1	86.5
Compulsory convertible debentures	23.1	14.1	21.1
Non-current liabilities			
Non-current interest-bearing liabilities	0.0	1.2	0.0
Other non-current liabilities	3.9	3.7	3.7
Current liabilities			
Current interest-bearing liabilities	4.0	4.7	5.7
Trade payables and other liabilities	15.4	11.8	11.3
Equity and liabilities total	136.0	121.6	128.2

Global Cost Reduction Program on track for 2024 and Beyond

OpEx to Net Sales in YTD 2024 was 58% compared to 60% in YTD 2023

OpeEx to Net Sales YTD 2024 was 52% compared to 66% in H1 2024

5-7% of global OpEx reduction expected by 2025 through cost efficiency actions (EUR 4.5 million in 2024 and EUR 7 million in 2025)

Item	Reduction % YTD Q3'2024 vs YTD Q3'2023
Headcount	10%
Personnel cost	15%

- ❑ Processes (for increased efficiency & utilization)
 - Lean process model in engineering framework
 - Working closer to customer
 - Tools and Automation
 - Improved engineering productivity with AI tools

Q4 Cost Optimization Plans

- Reduce in Opex to ensure stable FCF
- Further focus on invoicing and cash collection

Deliver at Lower Cost -
Leveraging Global Presence





Q&A Session

Tecnotree

Thank You



Disclaimer: Please note that certain percentages and numerical figures presented in this video have been rounded up for ease of presentation. For the precise and complete financial data, kindly refer to our official Q3 2024 report. The Q3 2024 report contains the actual figures that should be considered for any detailed analysis or reference.

