

Tecnotree

Q4 2024 Results Presentation

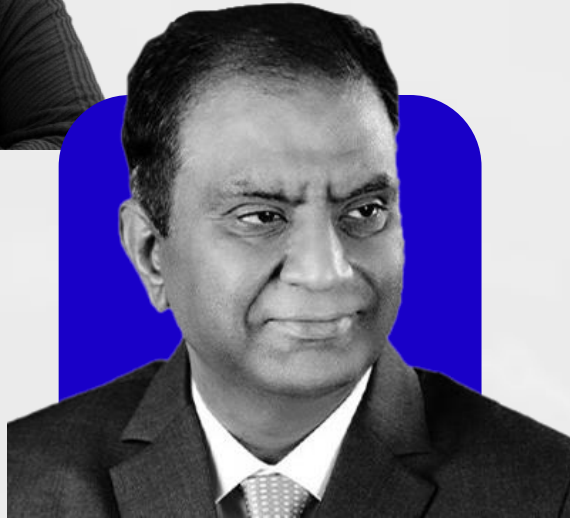
February 2025



Presenters and Agenda



Padma Ravichander
CEO



Indiresch Vivekananda
CFO

- 1 Q4 Earnings Review and Highlights
- 2 Strategy Update
- 3 Q4 Financial Review and Highlights
- 4 Q&A



Tecnotree

CEO Update

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

4200+

Product Features Delivered

40+

Product Lines/LOB Supported



Guidance and Results 2024



2024 Guidance

Revenues
Constant Currency 2024



+2-7%

Guidance achieved

+4%

EBIT
Constant Currency 2024



+7-15%

Guidance achieved

+9%

- 3 consecutive quarters of positive free cash flow
- Tier 1 telco win in the U.S.A
- 6.9 ME cost savings Vs 4.5 ME guidance

Free Cashflow / H2 2024



2-5 ME

Guidance achieved

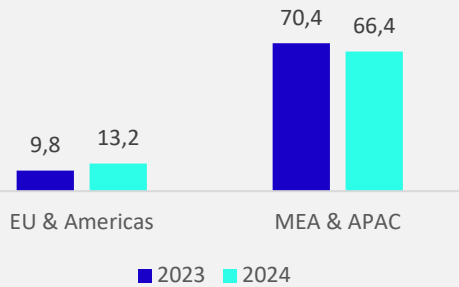
+2.2ME

Historical Revenue Performance

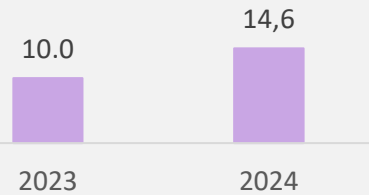


- Seasonality in quarterly revenues
- Moving to an ARR model reduces variability
- In 2023, Tecnotree won several new logos in the Middle East and booked healthy license revenues
- 2024 revenue impacted by exiting from conflict regions

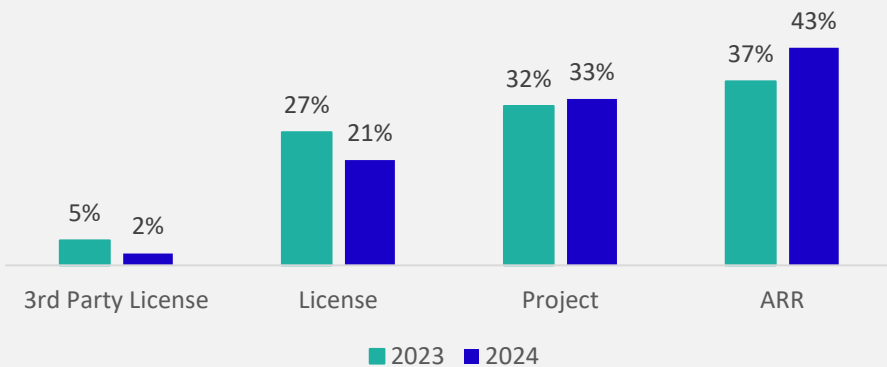
Order Backlog growth by region



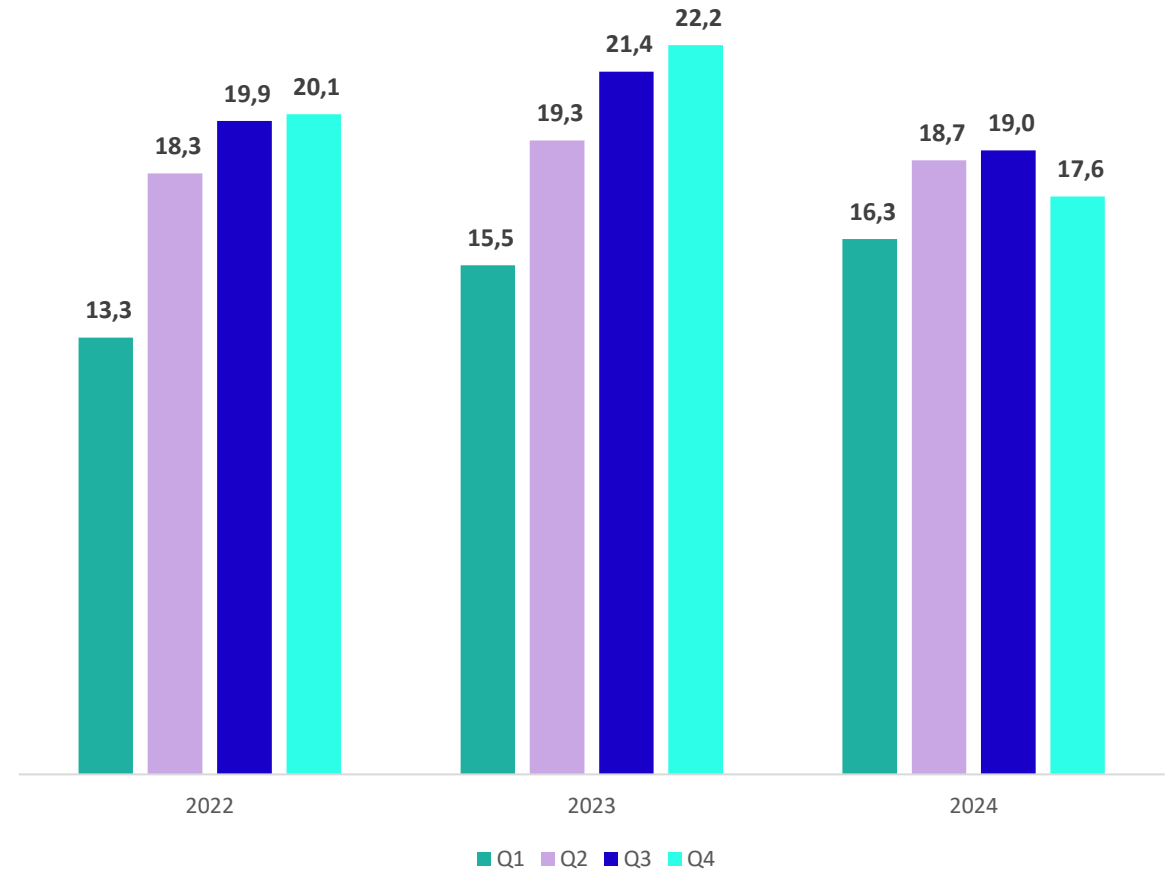
Telecom revenues from Americas



Revenue Split by Type as a % of Revenue 2023 vs 2024



Revenue by Quarter

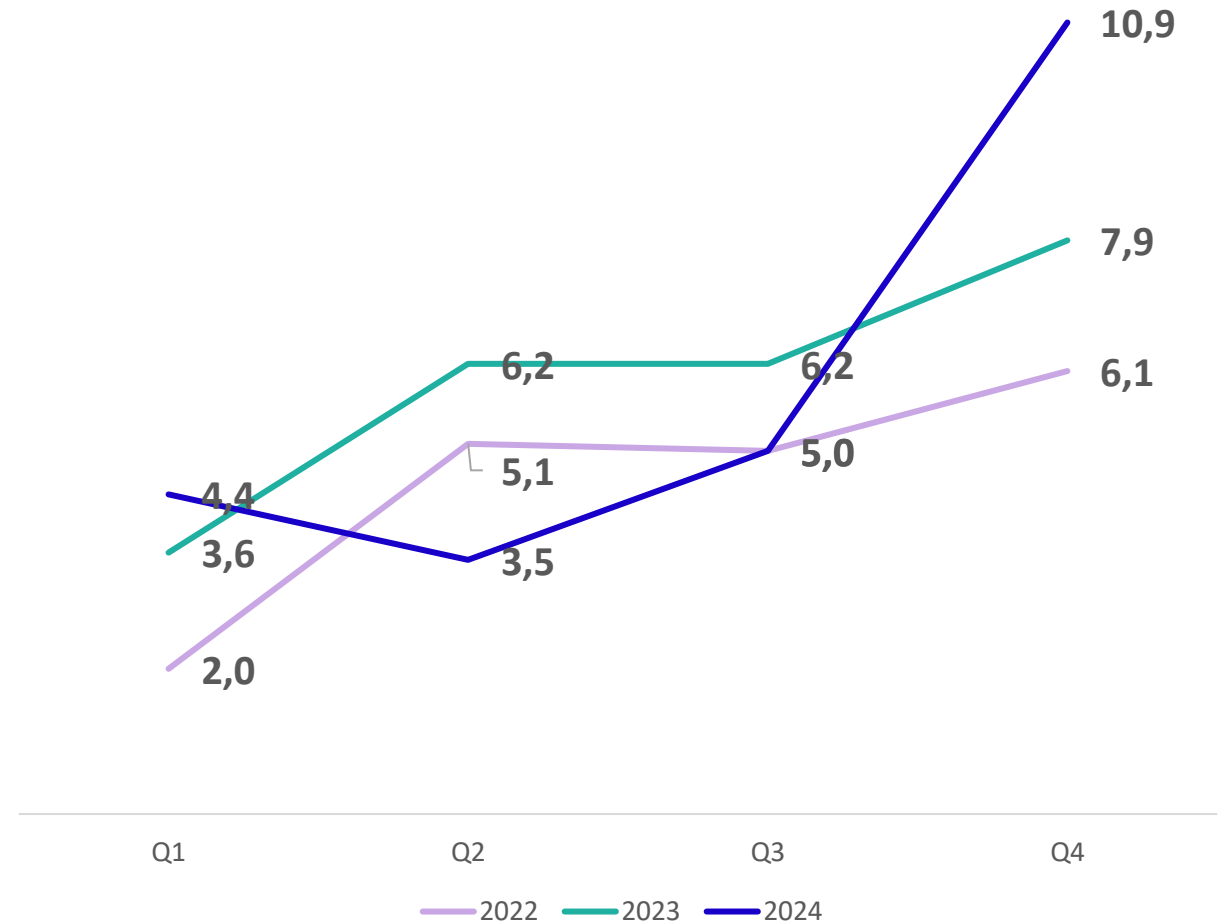


2024 Quarterly EBIT Performance



- Strong cost control mechanisms implemented from Q2 2024 resulting in strong recovery of EBIT despite lower revenues in H2 2024 v 2023
- Cost reductions were possible due to early investments in stack standardization and productization

EBIT by Quarter



2024 Free Cash Flow Performance by Quarter

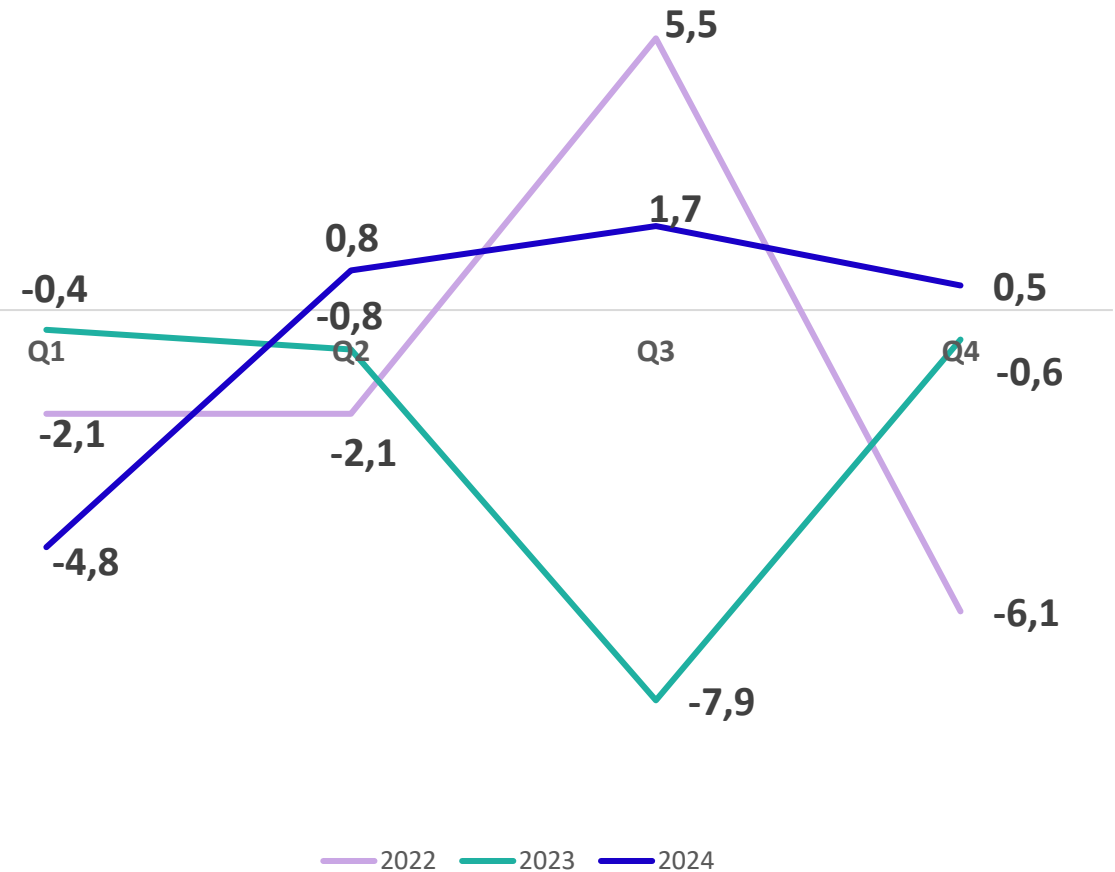


- Tecnotree faced 6 consecutive quarters of negative free cash flow due to FX losses and inflationary pressures in various geographies upto Q1 2024
- Strong measures enforced in Q2 2024 including
 - Cost reductions
 - Think Cash Do Cash
 - No Payment No Service Policy
 - ARR models

From Q2 2024 we delivered positive free cash flow for 3 consecutive quarters in 2024

- Cash collection remains seasonal, inhibiting predictability of free cash flow Q-o-Q
- Lowering exposure to volatile currency risk will reduce FX losses going forward

FCF by Quarter



2024 Capex to Sales

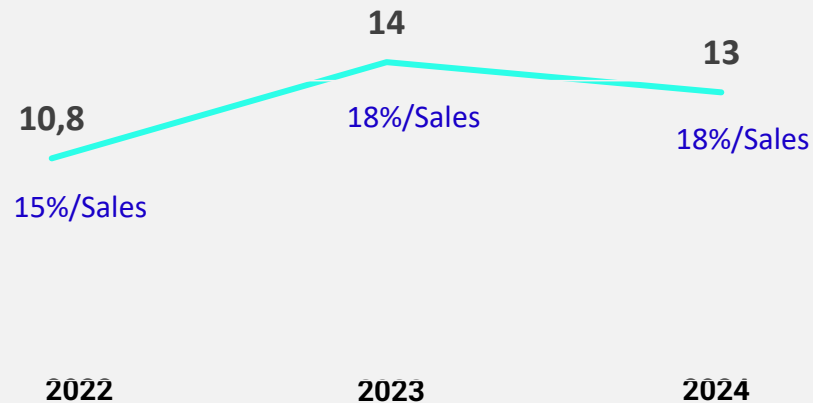
Guidance: Capex to Sales is 10-12% by 2025



2024 Trends in Capex

- Product stack maturity with 400 Out-Of-The-Box journeys
- Retiring non-telecom business and revenue that was acquired from Cognitive Scale in the United States.
- Use of AI/ML to improve R&D productivity and operational resilience
- Impairment of 6.1 ME (3.3 ME in 2023)

Capex to Sales



2025 Strategy to reduce capex to sales further

- Increase in the use of AI to boost engineering delivery capability
- Full-year impact on Capex cuts in 2024 to be realised in 2025
- Aggressive impairment provisions

2024 Currency Risk

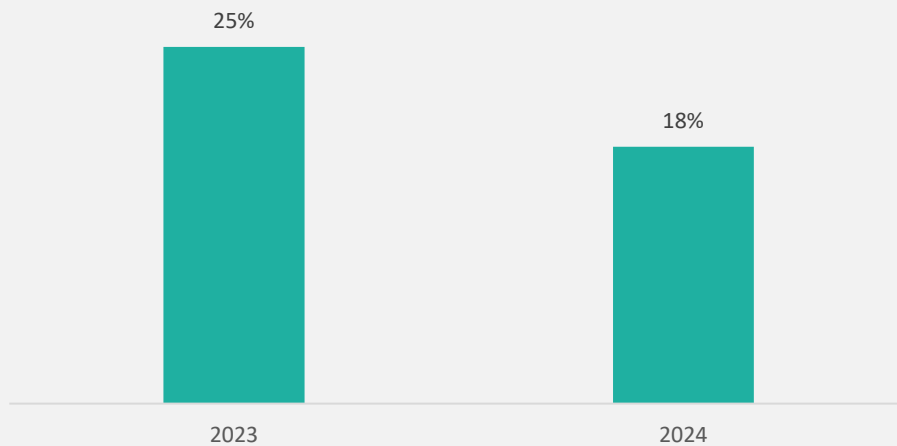
Guidance: Reduce exposure to frontier country FX risk to 10-15% in 3 years by 2027



2024 Update

- Revenue hit in 2024 due to extreme FX devaluation of Nigerian Naira and Argentinian Peso
- Some mitigation given Rest of Latam, EU and Middle East revenues booked in USD or EUR

% of Revenue booked in frontier currency

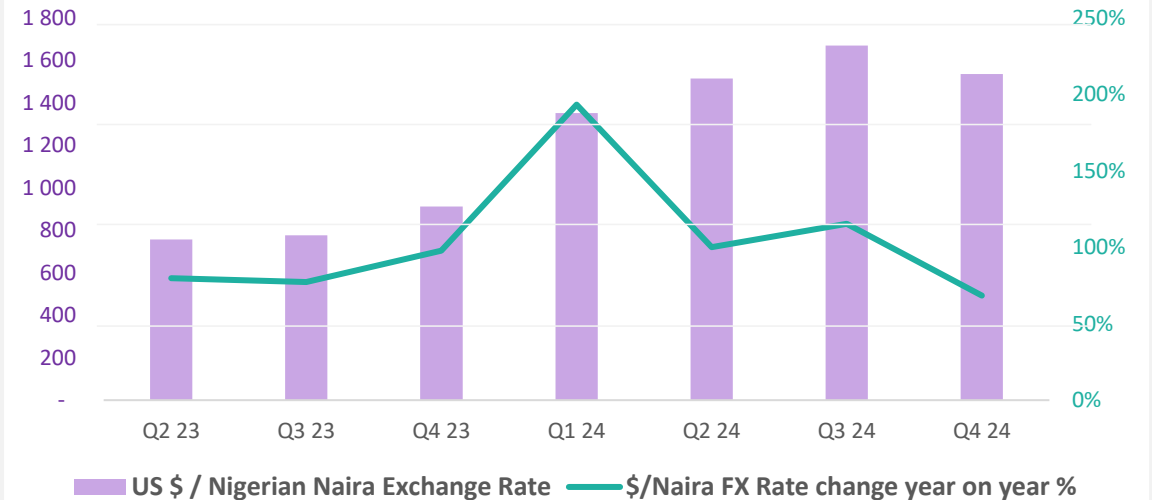


*Source: Bloomberg, Central Bank of Nigeria

2025 Strategy

- Stronger signs of Naira stability due to improved economy and growth in fuel production
- Growth in mature markets will improve mix naturally away from frontier markets

US\$/Naira Exchange Rate and % change YoY



The Power Of Partnerships



Why Partnerships?

- Partnerships allow Tecnotree to gain scale in new markets – for implementation and going to market
- Supports growth in Cloud Enabled delivery (Microsoft Azure, AWS, GCP, Green cloud)
- Partnering with IT services companies increases attraction to tier one telecoms

Why Now?

- Fully Invested Product Stack
- TM forum certified APIs provide standardization for integration – making the stack SI

Partners Till Date

 **accenture**

 Microsoft

Cognizant

HCLTech

 **READINESS^{IT}**

indra

Deloitte.

 **amaris**

 **tcs**



Guidance 2025



Guidance for 2025 is a continuation of our strategy to drive higher returns and more FCF (free cashflow) for our shareholders

Revenues

Constant Currency 2025



Low to mid-single digit % growth

EBIT Margin



Margin growth by 200 basis points (2%)

Free Cashflow 2025



Greater than 4 ME

Existing Financial Guidance for 2025

Receivables Days

Target 2025+



100-140

Capex: Sales %

Target 2025+



10-12%

Dividend Payout Policy

of FCF



10%

FX

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

Tecnotree

CFO Update

Indiresh Vivekananda



Results Analysis Q4 and 2024



		Q4 YOY%		2024 YOY%
Free Cash Flow	Q4 24 : 0.4 ME Q4 23 : -0.6 ME	+1ME	2024 : -1.8 ME 2023 : - 9.7 ME	+8 ME
Revenue in Constant Currency	Q4 24 : 18.5 ME Q4 23 : 22.2 ME	-17%	2024 : 81.4 ME 2023 : 78.4 ME	+4%
Revenue	Q4 24 : 17.6 ME Q4 23 : 22.2 ME	-21%	2024 : 71.6 ME 2023 : 78.4 ME	-9%
EBIT in Constant Currency	Q4 24 : 7.4 ME Q4 23 : 7.9 ME	-7%	2024 : 26.0 ME 2023 : 23.8 ME	+9%
EBIT	Q4 24 : 10.9 ME Q4 23 : 7.9 ME	+38%	2024 : 23.8 ME 2023 : 23.8 ME	0%

Free Cash Flow– Results and Analysis Q4 and 2024



Q4 YoY%

2024 YoY%

Free Cash Flow

Q4 24 : 0.4 ME
Q4 23 : -0.6 ME

+1 ME

2024 : -1.8 ME
2023 : - 9.7 ME

+8 ME

ARR

2024: 31.8 ME
2023: 28.7 ME

+10%

Capex/Sales

2024 : 13 ME
2023 : 14 ME

-7%

DSO Days

2024 : 176
2023 : 153

+15%

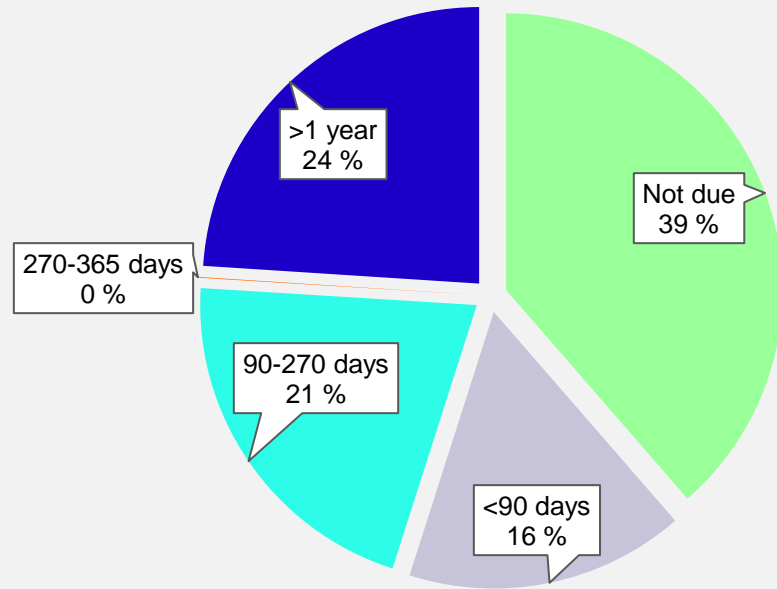
Order Backlog

2024 : 79.6 ME
2023 : 80.2 ME

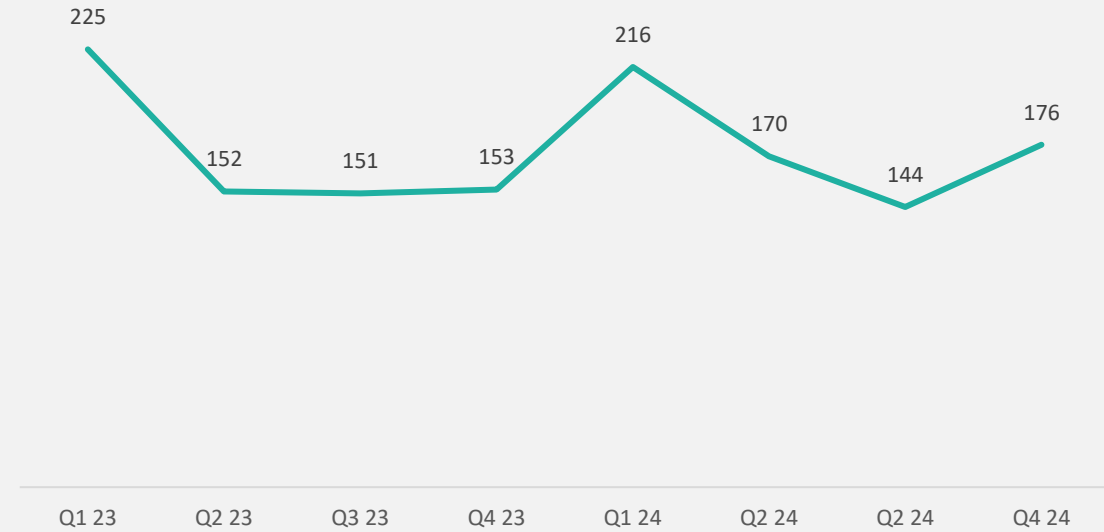
-1%

Breakdown of Receivables By Age

2024 Receivables 37.7 ME



DSO Days



2024 Financial Performance



- Improved efficiency kept EBIT flat despite the reduction in revenue.
- Net sales in Constant Currency of 81.4 ME (+4% YOY)
- April 2024, reverse split (1 for 20) , saw a reduction of the number of shares in issue
- 2024 includes one-time provision of 7.3 ME related to a provision on a legacy receivable on a business we exited as part of our strategy

ME	2024	2023	2022
Net sales	71.6	78.4	71.6
<i>Change YoY%</i>	-9%	9%	+11%
EBIT	23.8	23.8	18.3
<i>Change YoY%</i>	0%	30%	-23%
Financial items	-3.7	-9.9	-1.1
One-time item	-7.3	0.0	0.0
Taxes	-4.5	-2.8	-5.7
Net income	8.3	11.2	11.6
<i>Change YoY%</i>	-25%	-4%	-37%
SCIF	51.2	62.3	58.8
<i>Change YoY%</i>	-18%	6%	+15%
Orders received	71.2	95.6	85.7
Order backlog	79.6	80.2	68.9
EPS	0.5	0.04	0.04

*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

One-Time Item of 7.3 ME

Tecnotree acquired a Middle Eastern customer through Lifetree India (2008) and provided services until mid-2023; no further revenue recognised from this customer

Due to geopolitical risks and Tecnotree's mature market entry plans, exiting this customer was necessary

Receivables at exit (Q2 2023): 15.6 ME → Reduced to 10.6 ME by early 2024

Customer proposed settling 10.6 ME with a 3.3 ME payment

Tecnotree is negotiating for a higher recovery but has prudently provisioned 7.3 ME

Provision is disclosed separately as discontinued business, not part of operating expenses as per IFRS 5 guidance

2024 Financial Position



- Continued investment for product and portfolio enhancement
- Moderate rise in receivables
- Deferred taxes in India written off
- Interest bearing liabilities reduced by 1.8 ME

Consolidated balance sheet, ME	2024	2023
Non-current assets		
Intangible assets - own development	34.1	27.2
Intangible assets - external	9.0	6.3
Tangible assets	0.1	0.4
Deferred tax assets	0.0	0.5
Other non-current trade & other receivables	2.2	1.9
Current assets		
Trade receivables	34.5	32.9
Other receivables	42.0	38.2
Cash and cash equivalents	16.8	20.8
Assets total	138.9	128.2
Shareholders' equity	92.6	86.5
Compulsory convertible debentures	23.1	21.1
Non-current liabilities		
Non-current interest-bearing liabilities	0.0	0.0
Other non-current liabilities	4.2	3.7
Current liabilities		
Current interest-bearing liabilities	3.9	5.7
Trade payables and other liabilities	15.1	11.3
Equity and liabilities total	138.9	128.2



Q&A Session

Tecnotree

Thank You



Empowering Digitally Connected Communities to over 90+ Telecom Providers around the world, since 1978

