

Tecnotree

Investor Connect

6th September 2024





IR Connect Agenda

1 Path to Recovery 2018-2022

2 2023 FX Tsunami

3 2024 Actions Taken

4 New Financial Guidance

5 Q&A



Neil Macleod

Chairman of the Board



Padma Ravichander

CEO



Indiresch Vivekananda

CFO



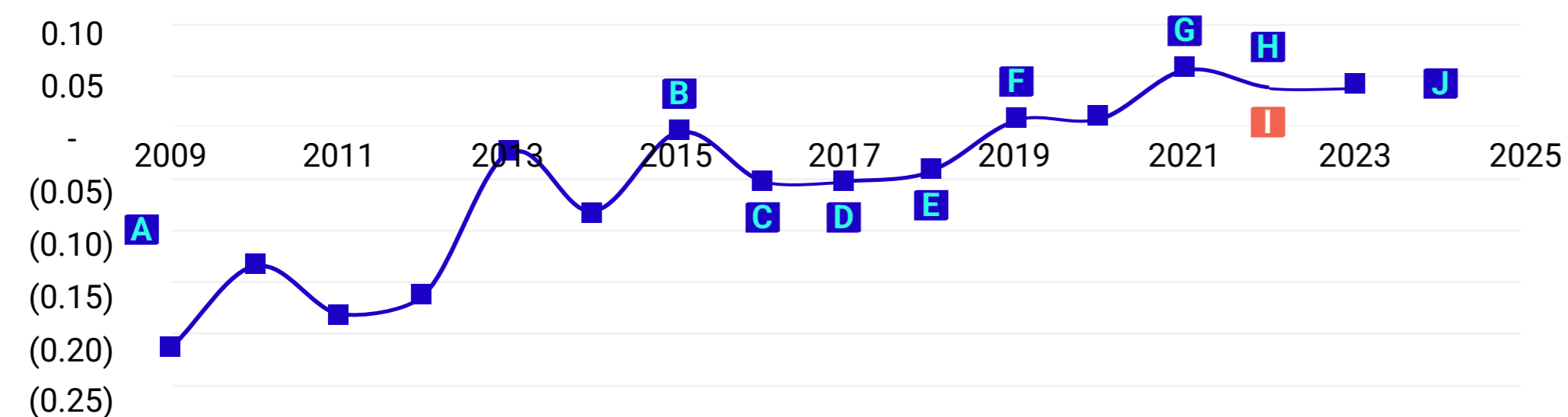
Harri Koponen

Moderator (Minority Shareholder)

2018-2022 Road to Recovery, Before 2023 FX Tsunami Hit



Earnings Per Share

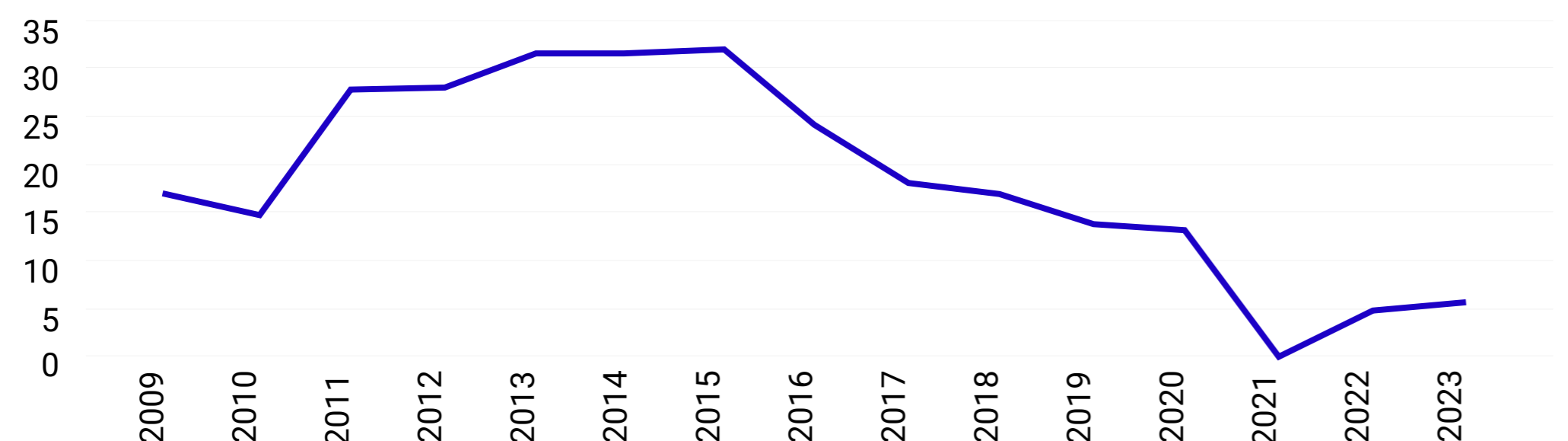


26% CAGR since 2018

- A** 2008 Acquisition of Lifetree
- B** 2015 Financial Restructuring
- C** 2016 Padma Ravichander becomes CEO
- D** 2017-18 Public cash tender offer revoked by Viking Corp
- E** 2018 Influx of funds through a Directed Share Issue through Fitzroy and Luminos
- F** 2019-22 BSS 5.0 Version Released
- G** 2021 Tecnotree turns debt-free after 5 years
- H** 2022 Acquisition of AIML capabilities (Cognitive Scale)
- I** 2022-23 Devaluation of the Nigerian Naira and Argentinian Peso
- J** 2024 Strong recovery strategy and push for growth

Net Debt ME

Almost debt-free for past 3 years



Tsunami in 2023 – Currency Exchange Losses, Hyperinflation and Delayed Payments



Compared to 2022

Revenue



+10%

Revenue at Constant Currency



+47%

Operating Profits



+30%

Results Before Tax



-19%

Headwinds of 2023

- Devaluation of the Naira by 123% resulting in a loss of EUR 6.6 ME in 2023
- Hyper-inflationary pressures in the Argentinian market by 200%+ impacting revenue and cost negatively
- Repatriation of receivables from Tecnotree Convergence (Middle East) FZ-LLC resulting in a loss of EUR 3 ME
- Issuance of CCDs for 43.1 ME and collected 21.1 ME in 2023

Immediate Management Actions

- Renegotiated its contracts with certain customers to mitigate exchange risks
- Continuous negotiations with leading global banks for currency hedges and swaps.
- Expand its customers into MEA, NA and EU markets
- Move to ARR model
- Change in short and long-term strategy

Q2 2024 in Focus



- 0.8 ME positive Free Cash Flow generated in Q2 (-4.7 ME in Q1) due to aggressive cash collection
- 15% Growth Q-on-Q in revenue
- Increase in cash collected by 7.1 ME
- Adjusted EBIT increase of 2 ME result of strict Opex control
- Increase in Net Income by 0.5 ME
- EBIT reduced due to provisions taken (2.9 ME)

ME	Q2/24	Q1/24
Net Sales	18.7	16.3
Net Sales at Constant Currency	20.1	20.5
Adjusted EBIT	6.4	4.4
EBIT	3.5	4.4
Financial Items	-0.7	-2.4
Taxes	-0.8	-0.4
Net Income	2.1	1.6
SCIF	16.6	9.5
Orders Received	13.4	10.0
Order Backlog	72.6	74.8
EPS	0.12*	0.01

*On number of shares after reverse split

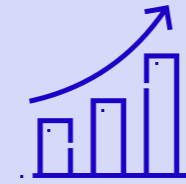
Financial Guidance



Current Financial Guidance

Revenues

Constant Currency 2024e



+2-7%

EBIT

Constant Currency 2024e



+7-15%

Free Cashflow / H2 2024



2-5 ME

New Financial Guidance

Capex: Sales %

Target 2025+



10-12%

Receivables Days

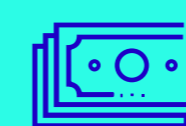
Target 2025+



100-140

Free Cashflow 2025

Annual FCF 2025e



>3 ME

Dividend Payout Policy

of FCF



10%

FX

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



Rationale for Guidance: Revenue and EBIT

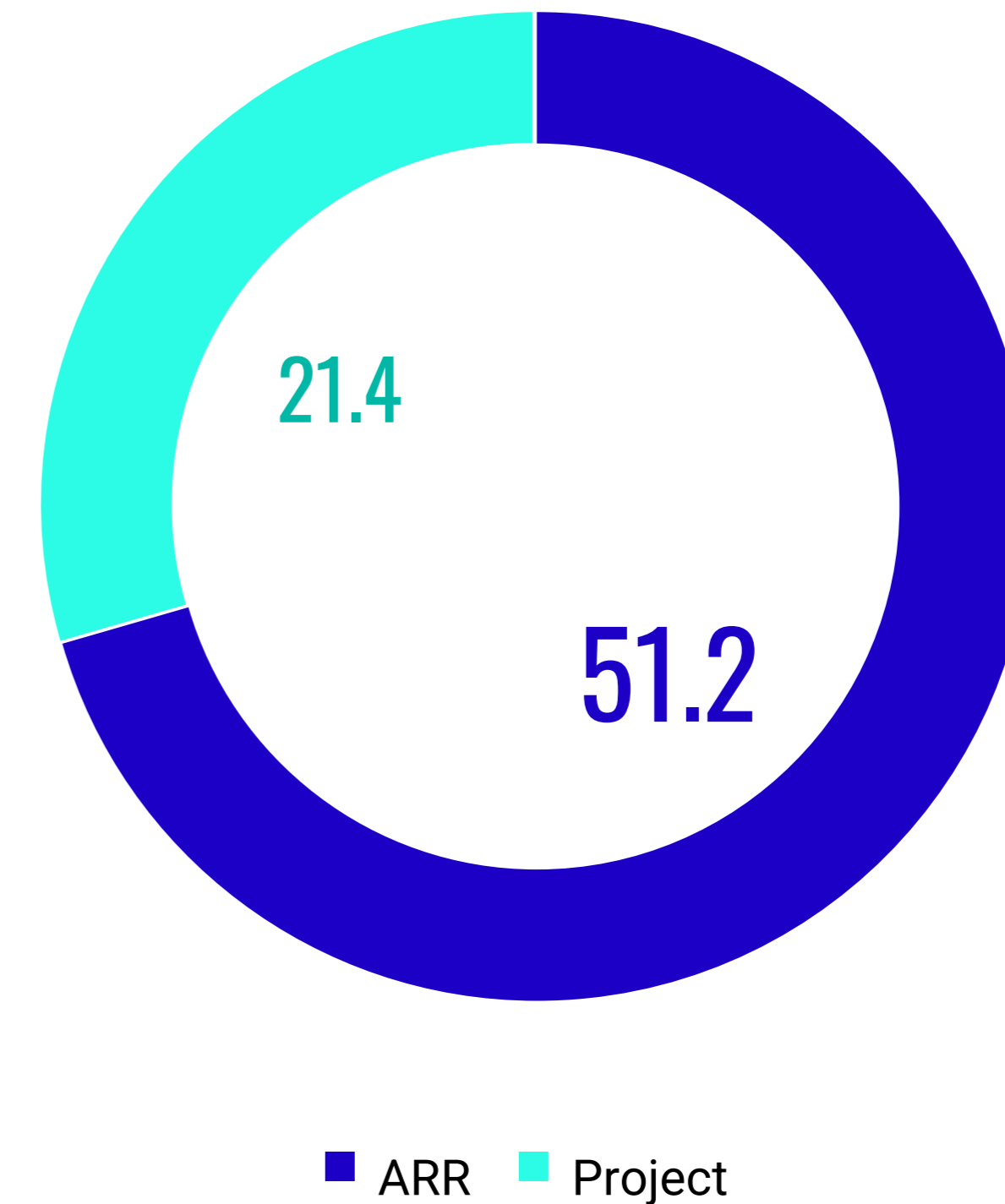
2-7% revenue growth and 7-15% EBIT growth in constant constant currency in 2024

Management Actions

- Mature stack: 3,000 TMForum-compliant features, 52 standard APIs
- Faster deployment: 12-15 months (large companies) and 6-12 months (small companies)
- ARR contracts stabilize revenue
- EU growth via Telco AI (Sensa CertifAI) for EU AI Act compliance.
- Scale and accelerate deployments through **SIs** and **local partnerships**



High Order Backlog (72.6 ME)



70% of Order Backlog is ARR

Rationale for Guidance: CapEx to Sales

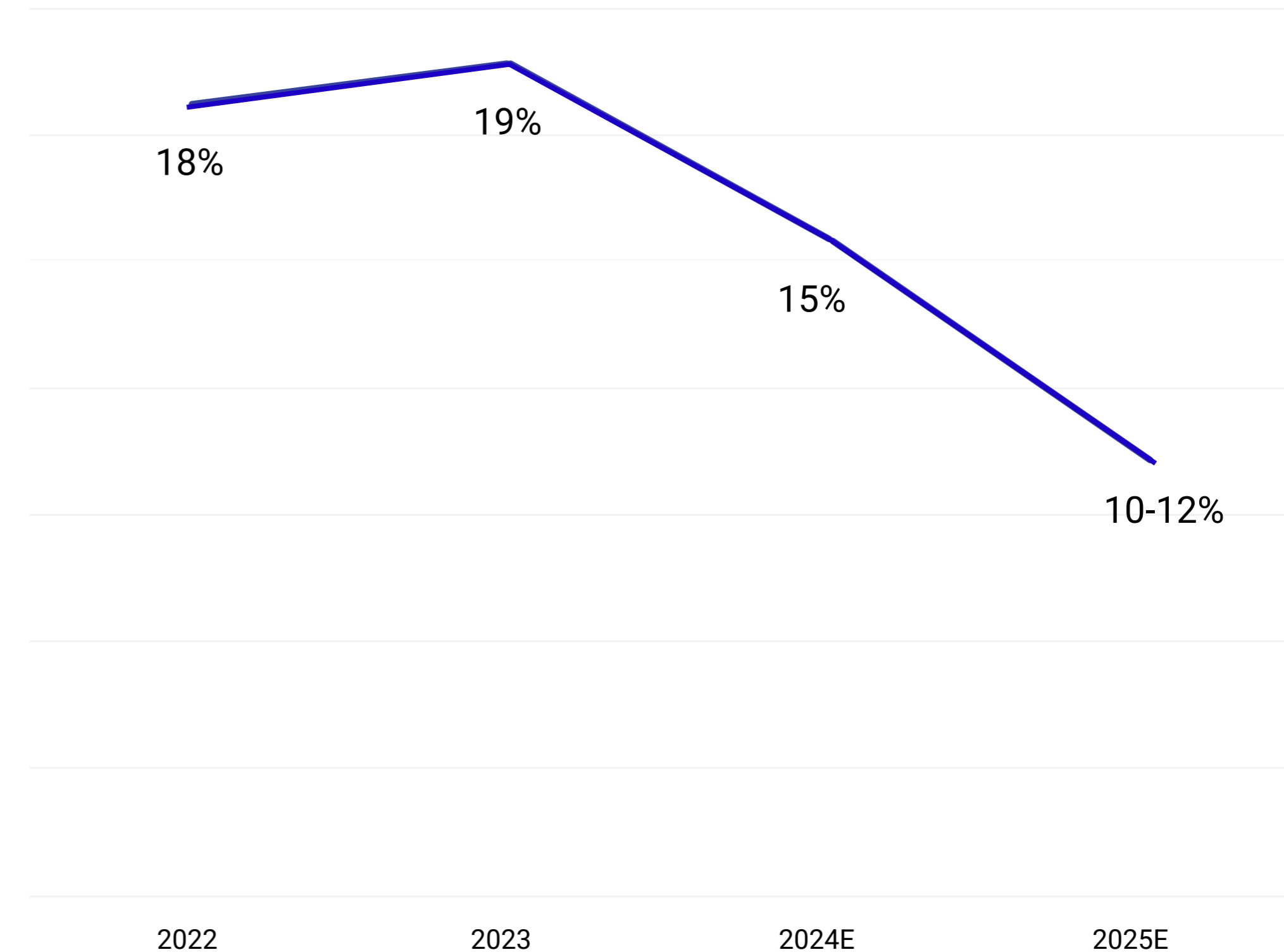


Capital Expenditure to Revenue trending at 15-18%. Aim
Aim to bring ratio to 10-12% in 2025

Management Actions

- Opex cuts of 4.5ME in 2024 and 7ME in 2025 - headcount reductions, hiring freezes
- Product rationalization: team size reduction, and EOL initiatives.
- Product stack nearing maturity with 3,000 TMForum-compliant OOTB features and 52 standard APIs
- Strategic asset acquisitions [CognitiveScale, Pericius] at attractive valuations
- Discontinuation of non-telecom products -CognitiveScale(Truststar)
- Repurposing AI/ML for the telecom market
- Collaboration with skilled contractors and small vendors at competitive rates globally

Capex to Revenue



Rationale for Guidance: Receivable Days

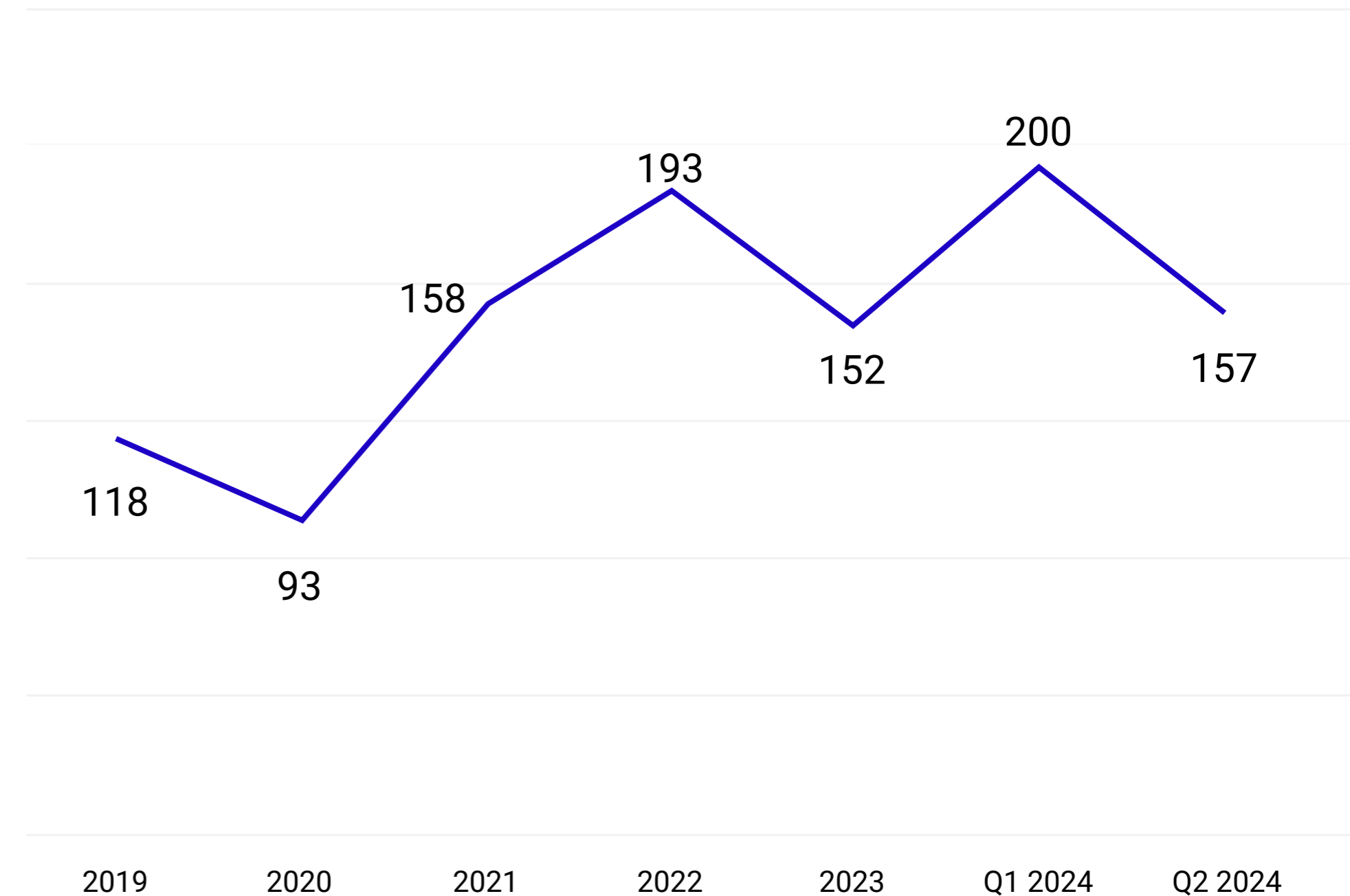


Target to bring receivable days to 100-140 in 2025

Actions

- Daily invoicing and collections tracking with "Think Cash, Do Cash" initiative
- "No Payments, No Service" policy for customers with tendencies to delay payments
- Shifting to mature markets
- ARR models with quarterly pre-payments
- Selective engagement of agencies for collections
- Working with banks and financial institutes for hedging and forward contracts

DSO Days



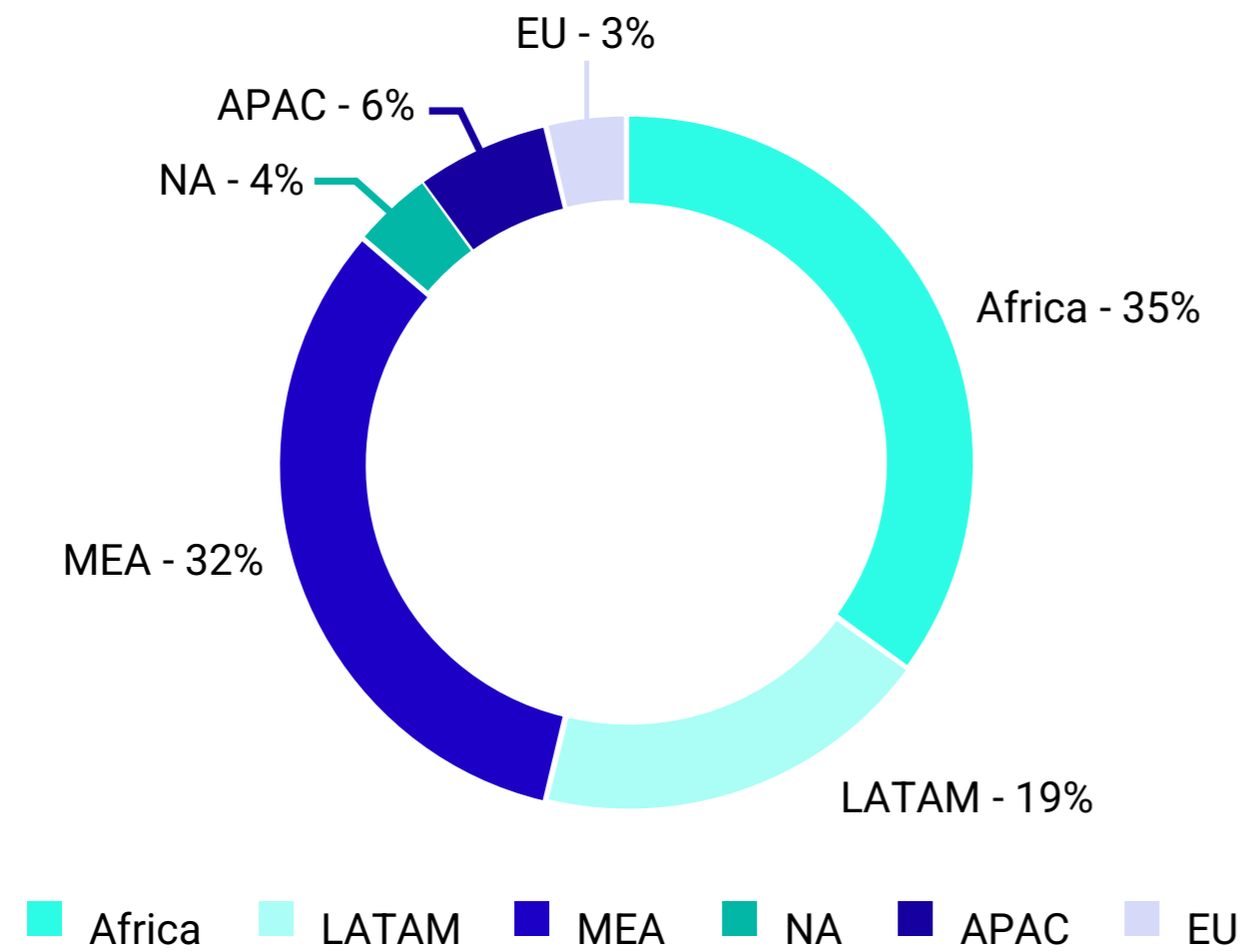
Large Tier 1 telcos dictate longer payment cycles with high negotiating powers

Rationale for Guidance: Currency Risk



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

2024 Revenue Share by Region

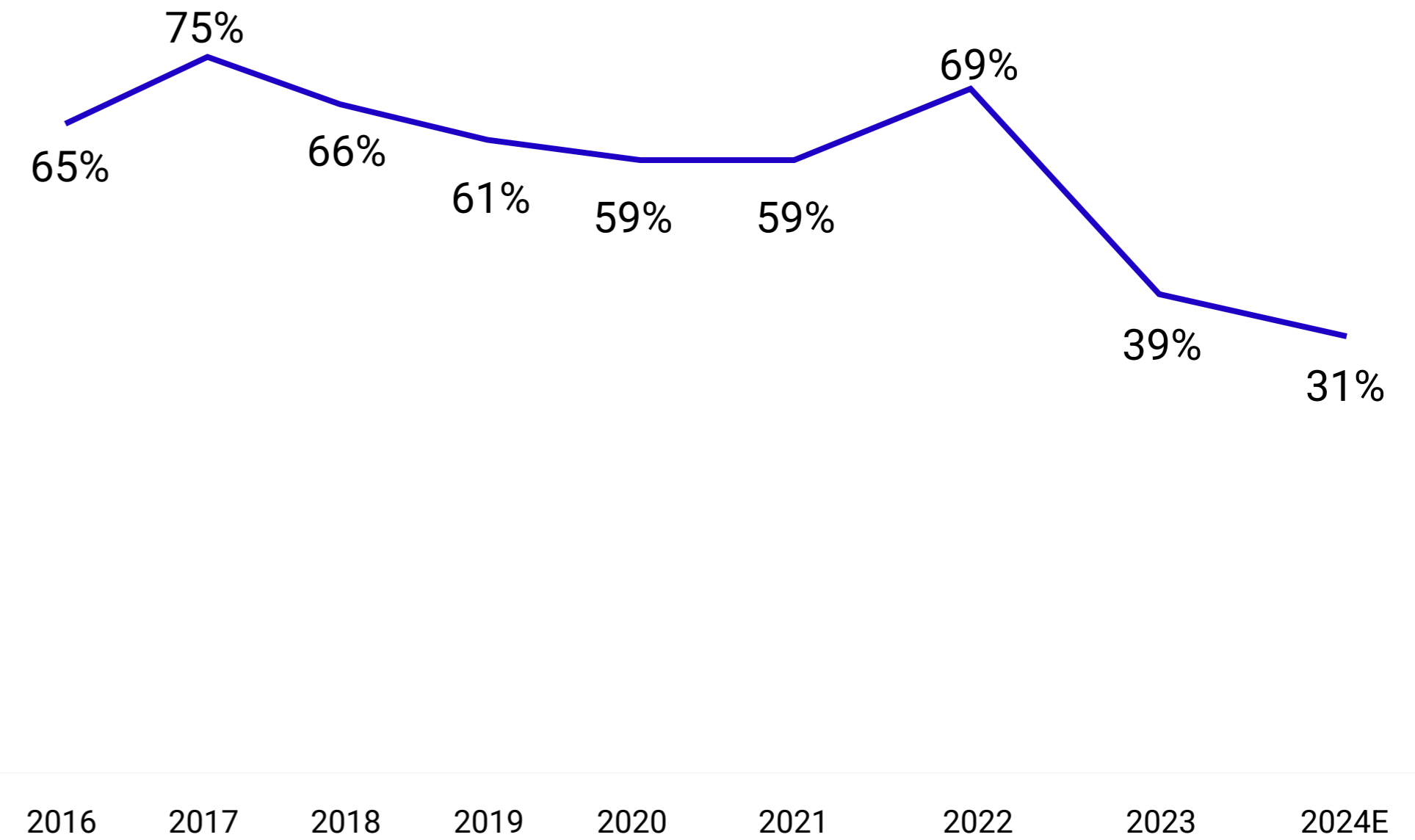


Actions & Impact

- All LATAM revenue now booked in USD
- Frontier market currency risk exposure in 2024 at 28-33%
- Seeking growth in mature markets of NA, ME, EU & APAC to reduce exposure to 10-15% in 3 years

4-year history of revenue share from frontier markets

% Revenue Share from Frontier Markets



Frontier Markets

Till 2023 – LATAM and Africa 2024 and beyond: Africa

Rationale for Guidance: Free Cash Flow

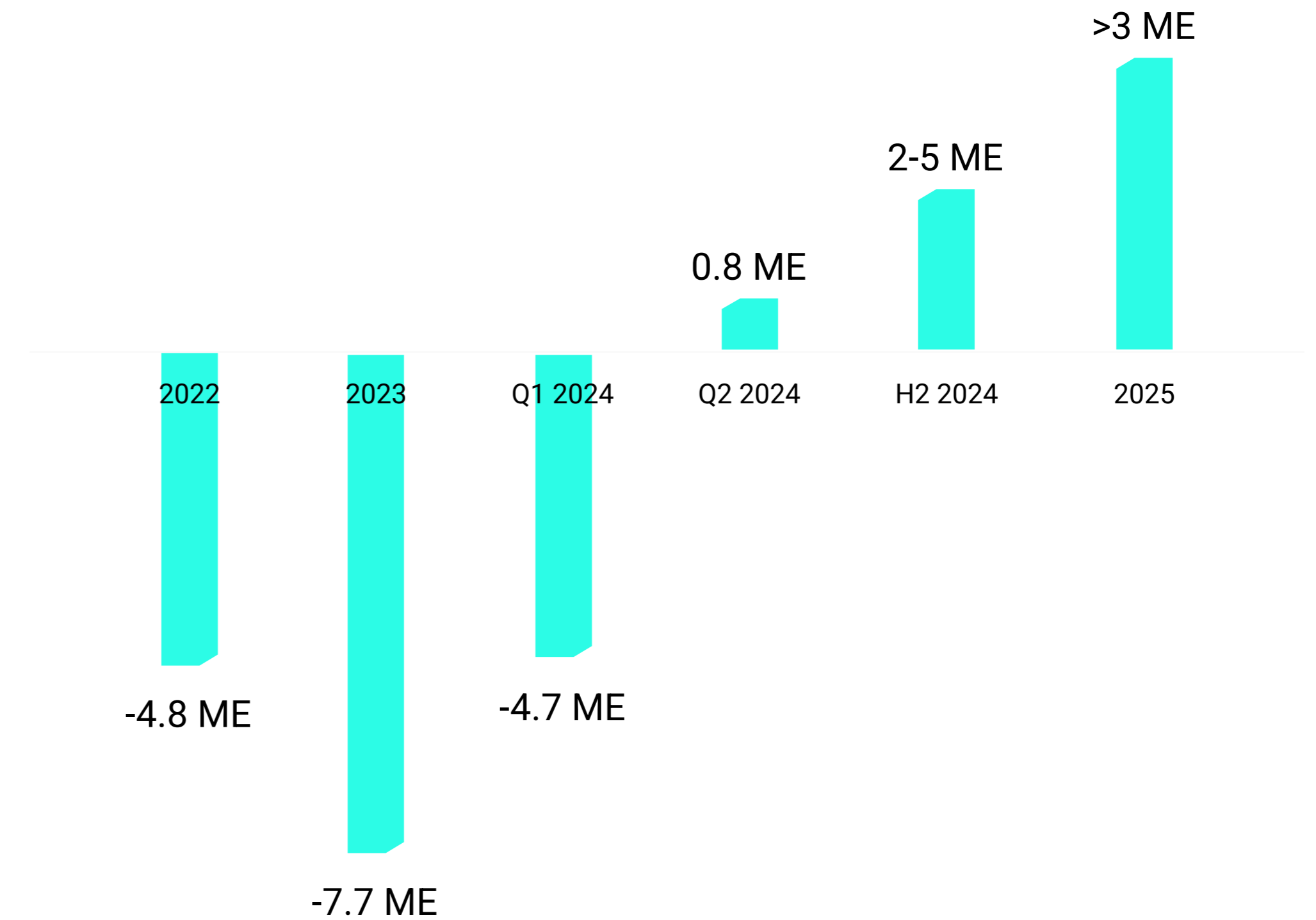


Target of 2-5 ME in H2 2024 and >3 ME in 2025

Actions for H2 2024 and Beyond

- Opex cuts: 4.5ME in 2024, 7ME in 2025 through headcount reductions and hiring freeze
- Capex normalizes on product investments
- Strategic small investments on acquisitions
- Negotiating currency hedging and forward contracts
- Maintaining Q2 trends and promoting ARR model
- Focused on delivering sustainable positive free cash flow growth going forward

FCF Trend





Actions



Focus on improving free cash flow

Reduce capex-to-sales ratio

Lower DSO (Days Sales Outstanding)

Decrease exposure to frontier markets

Leverage a strong and competitive product stack through accelerated delivery

Outcome



Maintain a stable dividend policy for shareholders



Enable profitable growth and expansion



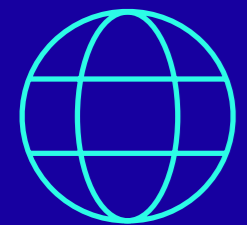
Maximize shareholder value



Q&A Session

Tecnotree

Thank You



Empowering Digitally Connected Communities

