

Tecnotree

Tecnotree Annual General Meeting 2024

April 15, 2024



CEO review

Annual General Meeting 2024

April 15, 2024 Padma Ravichander, CEO



Linking Core Management Pay to Dividend Target

Subject to the approval of the shareholders at the AGM of the reverse split and dividend distribution policy, the management of the Company will take the following actions with regards to Management Compensation.

- i. The Company will adopt a stable dividend policy.
- ii. The Company will seek to link a proportion of top management compensation to free cash flow, resulting in a stable dividend payout. The targets would be as follows:
 - i. The management must close calendar year 2024 with a positive free cash flow, post expenses including distribution of dividends.
 - ii. The management must be able to achieve a stable dividend distribution of 0.02 Euro per share for distributions from 2025.
 - iii. To make it amply clear, the Company is not committing that the stable dividend will be increased to 0.02 Euro but wants to give shareholders clarity of how management compensation will be tied to dividend distributions.

Existing fixed compensation and bonuses will be reapportioned/cut to meet this objective.

- There will be no increase in management compensation in 2024 other than cost of living adjustments
- CEO, CFO 10% of Fixed Pay and 20% of Bonus to be pegged against the target mentioned above target in (i)
- CPO, CDO, CPEO, CMO, CPPO, CTO COO and CRIO's and Regional Sales Head's 20% of Bonus will be pegged against the target mentioned in (i)

Tecnotree Winning Plan



	2024	2025	2026
Customer	Embedded AI	Self Configurable	5G, AI, IOT Bundles
Investor	Free Cashflow + Opening Dividends	Higher Growth & Returns	Investor Confidence
Employee	AI Enabled Employee	ESG Inclusive Culture	Returns on Share Holder Equity
Market Analyst	Challenger in the Market	Growing Market Share	Preferred Vendor for Emerged and Emerging Markets



Financial Results 2023

Order Intake

▲
▲ 95.4 ME
YOY 11%

Order Backlog

▲
▲ 80.2 ME
YOY 16%

EBIT

▲
▲ 23.8 ME
YOY 30%

Shareholder's Equity

▲
▲ 86.5 ME
YOY 8%

Net Sales

78.4 ME
YOY 9%

At constant currency

▲
107.2 ME
YOY 47%

Cash Inflow

62.3 ME
YOY 6%

At constant currency

▲
84.1 ME
YOY 40%

Tecnotree Achievements in 2023

12 New Logos

3 MVNOs

3 Logos in North America



Denmark | Sweden



PanAfrica Broadband



ANDEAN
TELECOM PARTNERS | DIGITAL
INFRASTRUCTURE



Top 14 Deliveries

40+ LOBs supported
across customers

3 deliveries in <12
months



MTN- Nigeria (100Mn+ subs) – Metamorphose

MTN IC - B2B

MTN South Sudan, MTN ESwatini, MTN Zambia - B2C



STCK – B2C Residential, B2C Employee, WBS and Mediation



Zain Bahrain – Lead & Prospects, Bill Layout Designer



Zain-South Sudan – BSS Switch, Mediation



Comium Gambia – Prepaid Live



Claro Peru 360 (AIML Profile of One)



UHG – healthcare vertical integration use case



Radian – photo AI solution

Revenue growing above market trend @ 2.1%



Industry Recognitions

- Gartner recognized **Tecnotree as challenger** with growing market share
- 51% of 2023 revenue** contributed by **new customers** in the last 5 years
- 12 new logos** added in 2023, **31** since 2018
- Consistently Growing above market trend at 13% CAGR



CIO's award for Best Project
– Metamorphose



Best Telecom
Monetisation Platform

137+

Patents in 2023– AGI,
Augmented Intelligence



Tecnotree's Expanding Global Footprint

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



Gartner
Customer Experience – 2023
Revenue Monetisation - 2023

1 Bn+
Subscribers

70+
Countries with
Product Deployments

60+
BSS Transformations
across the Globe

90+
Service
Providers

80+%
Employees TM
Forum Certified

40+
Revenue Monetization
(Billing & Charging)
Deployments

- radian Radian
- United Healthcare
- Claro
- Telefonica
- Entel
- Telenor
- Ooredoo
- Telus
- Telikom PNG
- Nepal Telecom



Tecnotree's Delivery Footprint in 2023



ARR share of revenue increased from 35% in FY '22 to 48% in FY'23



More than 70% of Order Backlog – ARR



250+ out of box journeys
1,000+ new product features delivered via Digital Stack in FY'23

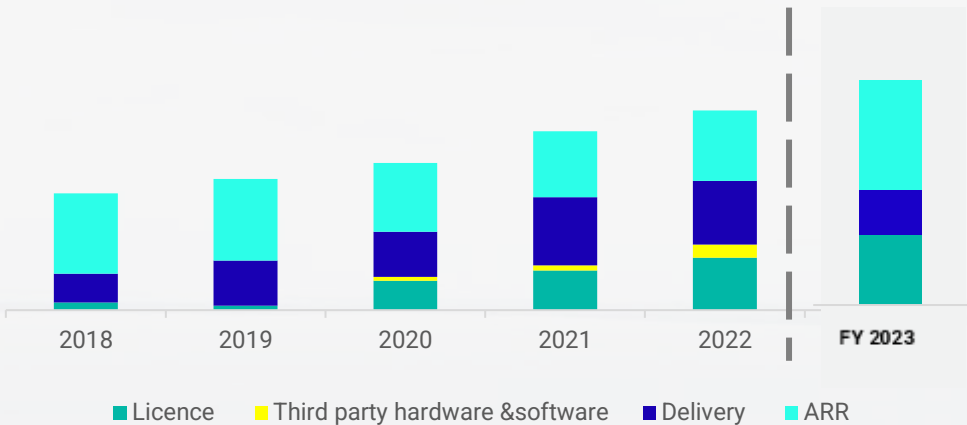


Delivering digital transformation at scale globally

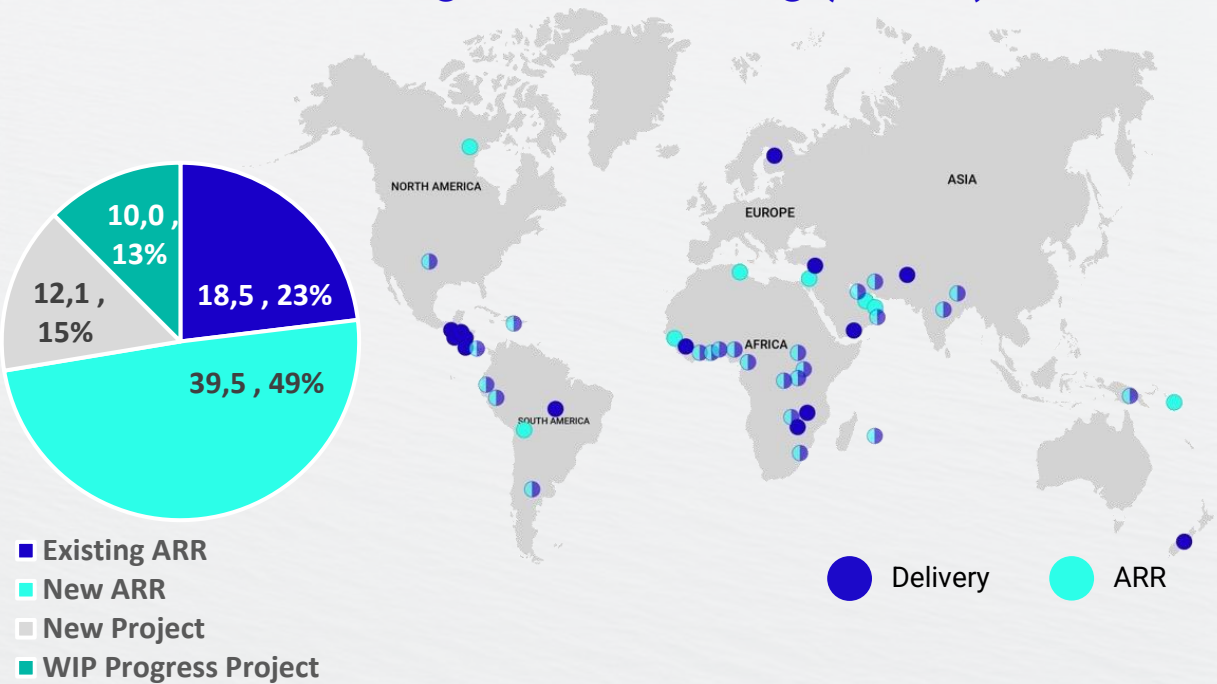


Business Transformation –
"Think Cash Do Cash"

Business view of Revenue



Record high Order Backlog (80.2M)



Tecnotree business model - Diversified offerings & revenue streams

Competitive productized portfolio driving faster go-lives and outcome-based business transformations
Increased recurring revenue business models enabling 20% reduction in Tecnotree's order to cash cycles in 2023



Customer Value Based Selling
(Campaign, Loyalty, Channel Based Experience)

DevOps Based Selling
for Business continuity & Expansion

License and Delivery
One-time revenue; fixed fee based on products & solutions

Managed Services and Maintenance Contracts
Recurring revenue

Transactional business
Outcome based Goal Optimisation for Ecosystem Monetization Revenue share

SaaS
Subscription based revenue

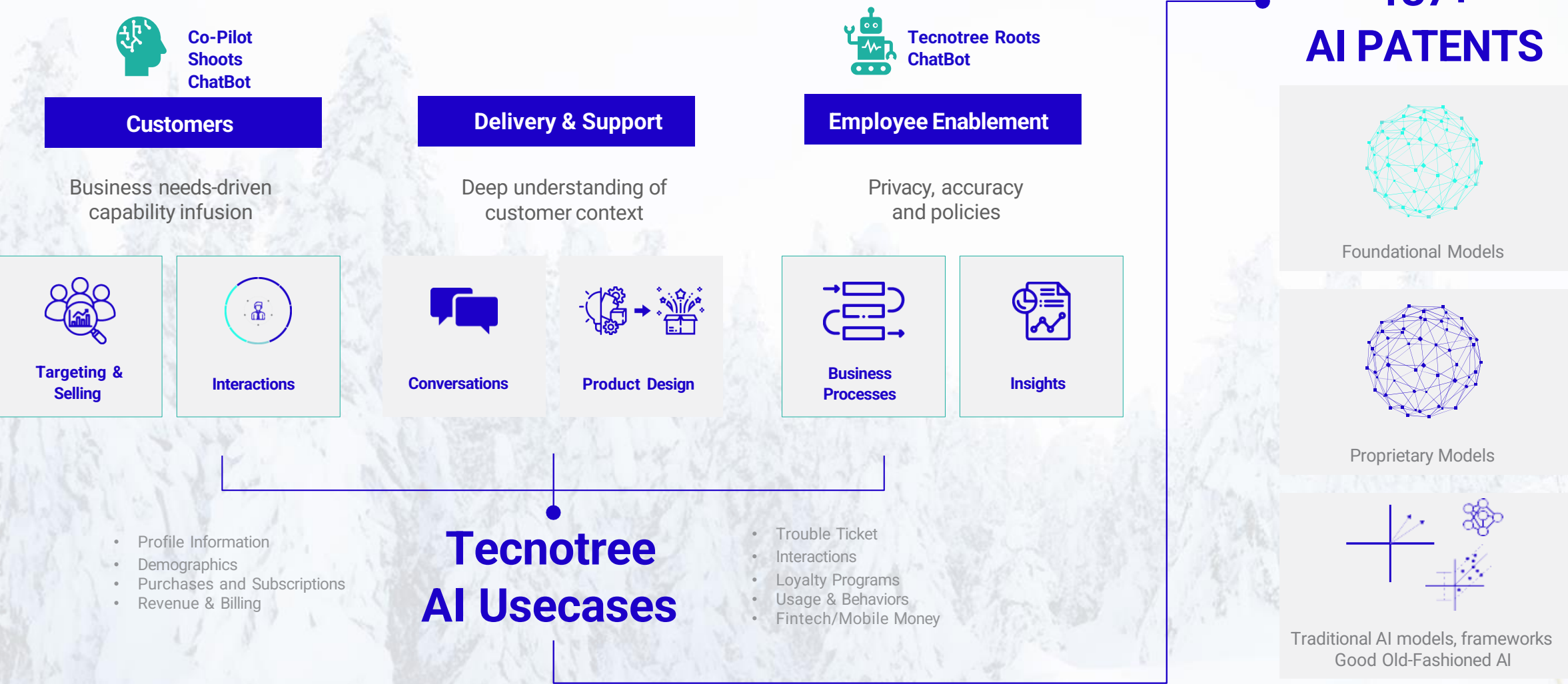
Embedded Intelligence Use cases based selling
(AI ML Models)

Partner Products (Non-Tecnotree)
for the E2E Value chain

Diversified Revenue Streams



Tecnotree AI Strategy - Enabling business growth & optimization across customers and in internal operations



Tecnotree pioneering telecom standards globally

Filters:			
Company Name	APIs certified	Latest date	Badge
Tecnotree	See certified APIs (59)	September 2023	OPEN API CERTIFIED
globetom [®] <small>technology for business agility</small>	See certified APIs (55)	September 2023	OPEN API CERTIFIED
Whale Cloud	See certified APIs (53)	September 2023	OPEN API CERTIFIED
Jio	See certified APIs (52)	August 2022	OPEN API CERTIFIED
HUAWEI	See certified APIs (51)	September 2023	OPEN API CERTIFIED
axiata <small>AXIATA DIGITAL LABS</small>	See certified APIs (50)	June 2023	OPEN API CERTIFIED
Totogi	See certified APIs (44)	March 2022	OPEN API CERTIFIED
comviva	See certified APIs (29)	May 2022	OPEN API CERTIFIED

<https://www.tmforum.org/conformance-certification/open-api-conformance/>

59 TMF Open APIs conformed with



ISO Security Certifications



9 Real World OPEN API

First Digital Platform Company in the World to be Certified for Real-World Open API Implementation



Gartner
Customer Experience – 2023
Revenue Monetisation - 2023

8+ Digital Stack Go-lives in Tier 1, Tier 2, Tier 3 OpCos with TMF Framework conformed digital stack

10 eTOM certified solution

Digital Products including provisioning and partner management

Tecnotree's Growing Total Addressable Market

- **BSS** IT Global Market 2023 was **\$11.2B**
- Gartner recognized **Tecnotree as challenger** with growing market share
- Tecnotree's total addressable market (TAM) has doubled in last 4 years (moving from 0-19% to 20-39% of the BSS IT Global Market)
- **>15%** of new 2023 orders **driven by Moments, AIML, DiWa**

2020
Competitive Landscape as Viewed by BSS Suppliers

80-90%	60-70%	40-59%	20-39%	0-19%
Amdocs	Netcracker	Ericsson	CSG Huawei MSTRIXX Software Oracle Salesforce	Bearing Point Beyond Cerillion Comarch Etiya Nexign Nokia Optiva Sterlite Technologies Tecnotree Whale Cloud Technology

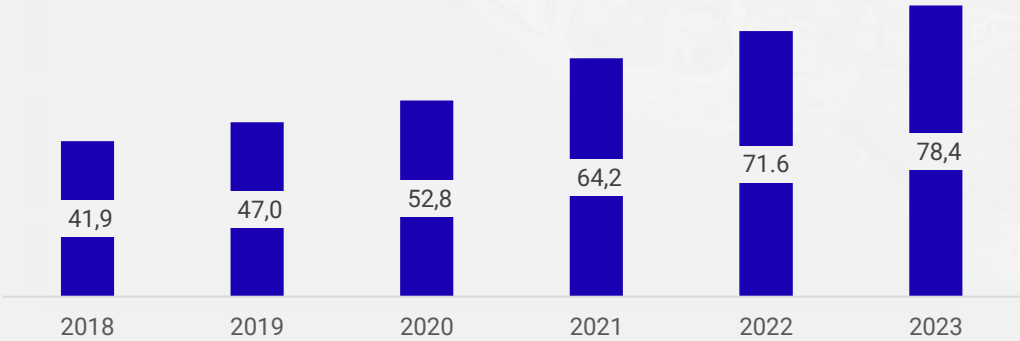
2022
Competitive Landscape as Viewed by BSS Suppliers

80-90%	60-70%	40-59%	20-39%	0-19%
	Amdocs Netcracker Salesforce	Oracle	CSG Ericsson Tecnotree	Beyond Now Cerillion CloudSense Comarch Comviva Etiya Hansen Huawei Qvantel SAP Sterlite TCS Whale Cloud

*Tecnotree has improved its Perceived Competitive Position 2020-22 (Gartner)

Revenue growing above market trend

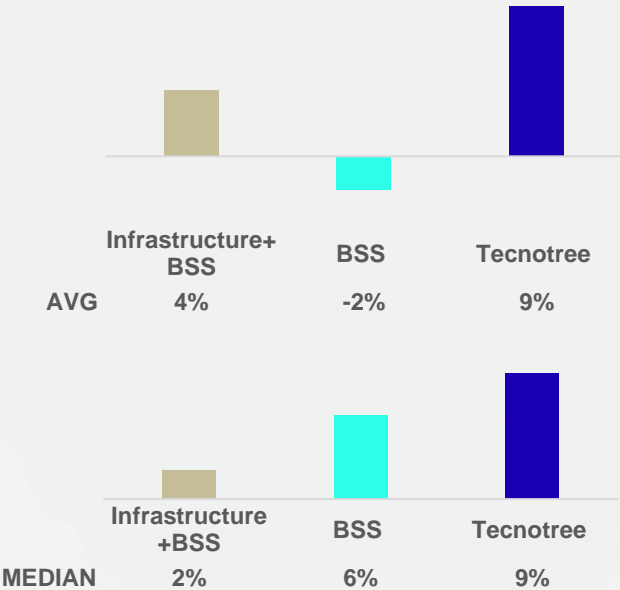
Tecnotree: +13% CAGR BSS* Global market: 2.1% (2022-27)



Revenue growth above Competitor trends (2023 vs 2022)

Infrastructure + BSS :
Tech Mahindra, Ericsson,
Cerillion, STL, NEC

BSS :
CSG, Amdocs,
Optiva



Investment Highlights

STRONG FINANCIALS

Stable financial position

Strong current assets

Receivables are diversified with no dependency on single large project that can cause sizeable impairment of receivables



GROWTH

Healthy organic growth with all time high order book

Expanding high quality customer base (STC, Zain Ooredoo etc) with robust financials

Growth potential in sizeable new markets (Europe and North Am)



PORTFOLIO & OPERATIONS

Futuristic product portfolio catering to transforming market demand

Operational turnaround with high EBIT driven by cost and product portfolio rationalization along with org restructuring



2023 Financials



Indiresb Vivekananda
Chief Financial Officer

April 15, 2024



FY 2023 Financial performance highlights

- ❑ Consistent growth in revenue
- ❑ Company recorded the highest revenue in its history by 107.2 Me (72.7 Me) at Constant Currency
- ❑ Improved EBIT on account of higher revenue
- ❑ High impact of forex losses on net income
- ❑ Cash Collections improved
- ❑ SCIF at Constant Currency was EUR 84.1 (60.1) million (exchange rate prevailing at the end of previous year)
- ❑ Significant increase in new orders received leading to record high order backlog

EUR million	01-12/2023	01-12/2022
Net sales	78.4	71.6
<i>Change YoY%</i>	9%	11%
EBIT	23.8	18.3
<i>Change YoY%</i>	30%	-23%
<i>Financial items</i>	-9.9	-1.1
<i>Taxes</i>	-2.8	-5.7
Net income	11.2	11.6
<i>Change YoY%</i>	-4%	-37%
SCIF	62.3	58.8
<i>Change YoY%</i>	6%	15%
<i>Orders received</i>	95.6	85.7
<i>Change YoY%</i>	11%	0%
<i>Order backlog</i>	80.2	68.9
<i>Change YoY%</i>	16%	29%
EPS	0.04	0.04

Revenues driven by market demand and increased focus on collections

Revenue at 78.4 M in Q1-Q4 2023

9% y-o-y growth

The company recorded highest revenue in its history at EUR 107.2 (72.7) million at Constant Currency – an increase of 47%



Collections at 62.3 M in Q1-Q4 2023

6% y-o-y

The full year operating cash inflow at Constant Currency was EUR 84.1 (60.1) million - an increase of ~40%



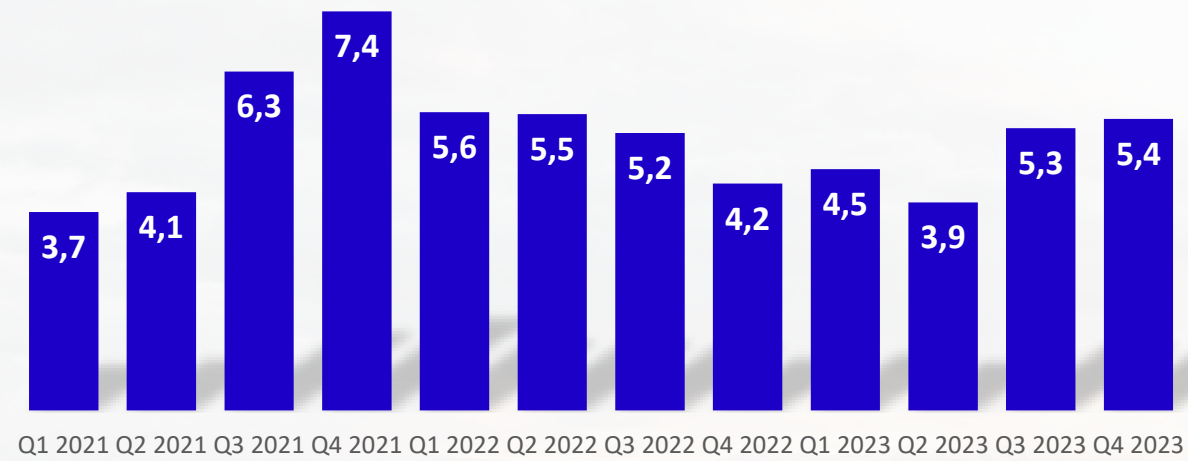
Key initiatives for improving cash collections

- Think cash. Do cash – continuous tracking focused on improving FCF
- Increased focus on ARR business models for predictable revenue and collections
- Increased productization driving faster deliveries
- Exploring facilities for currency swaps and forward booking of Fx in key markets
- Expanding in developed markets with our competitive portfolio of products



Healthy financial ratios

Current ratio

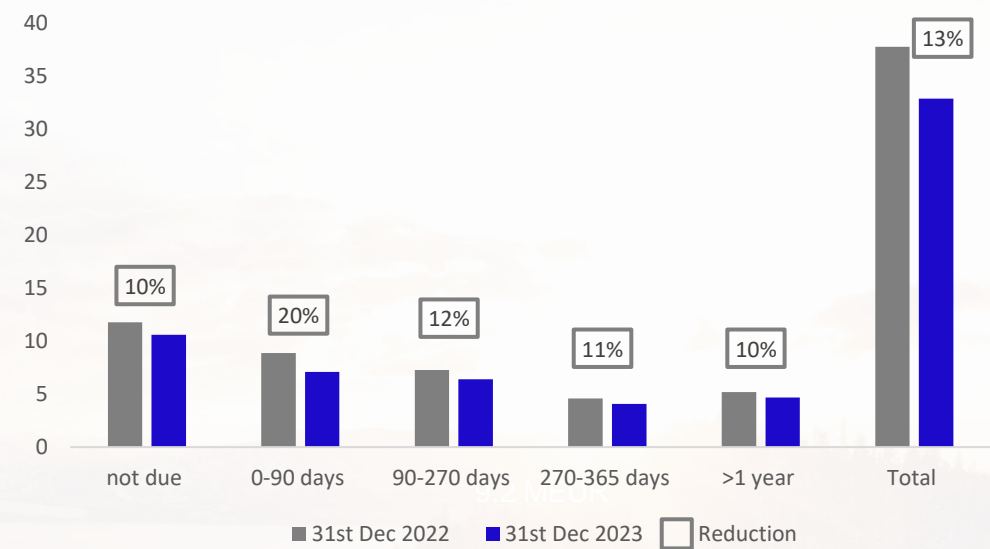


Debt/equity ratio

Company is largely debt free as compared to competition;

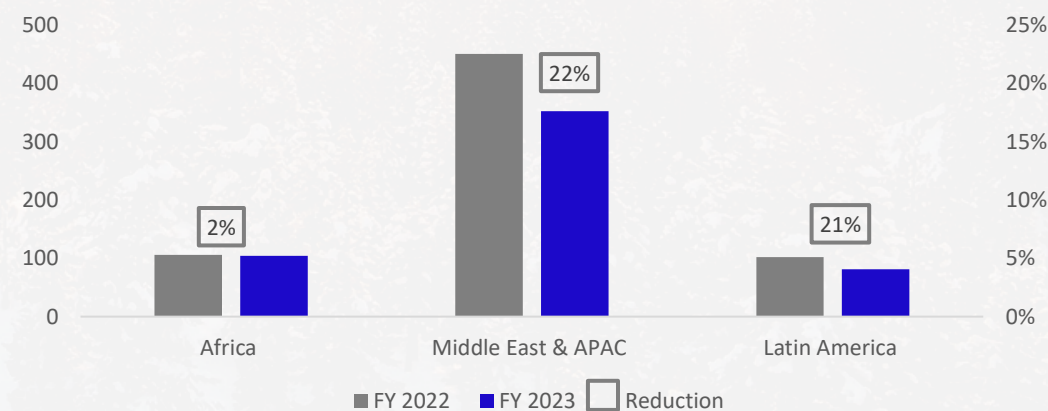
Company	2021	2022	2023
Tecnotree	-	6 %	7 %
Cerillion	24 %	15 %	9 %
Hansen	47 %	33 %	20 %
Comarch	15 %	15 %	12 %
Optiva	248 %	336 %	258 %
Amdocs	18 %	18 %	18 %
CSG	31 %	106 %	196 %
Zuora	27 %	256 %	297 %
QT Group	29 %	28 %	17 %

Account receivables ageing



DSO Days by region

~ 20% reduction in overall DSO days from 2022 to 2023



Cost optimization to impact net income

Operating Result (EBIT) at 23.8 M in Q1-Q4 2023 Euro mn
30% y-o-y growth

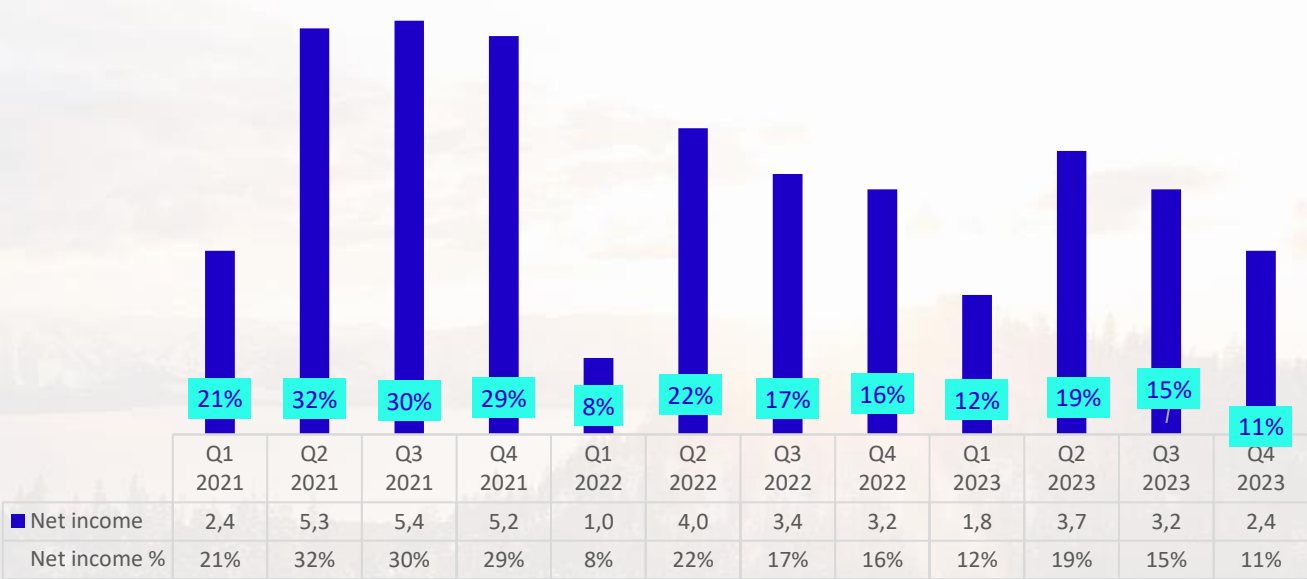


While revenue grew by 9%, company was able to hold the OpEx at a flat level resulting in EBIT growth of 30%

Company continues to closely monitor OpEx to enable consistent growth in EBIT in 2024

Streamlining cost across global operations

Net income at 11.2 in Q1-Q4 2023 Euro mn
-4% y-o-y



Risk

- High currency devaluation in Nigeria and Argentina
- High inflationary trends in customer countries

Mitigation

- Continued contract negotiations with customers for currency risk mitigation
- Expanding customer base into more economically stable markets (North America, Europe)
- Arrangement with leading financial institutions for currency hedges and swaps



Global Cost Reduction Program

5-7% of global OpEx reduction expected by 2025 through optimization across

- ☐ People
- ☐ Infrastructure
- ☐ Other operational expenses
- ☐ Processes (for increased efficiency & utilization)
 - Lean process model in engineering framework
 - Working closer to customer
 - Tools and Automation
 - ESG for reduced power consumption

Increasing portion of customer-specific product development to take place closer to customers

Key levers for cost optimization

Leveraging Global Presence for Optimisation of Operations



CCD Update

CCD's being utilized for increasing Tecnotree's competitiveness

23.1 Me has been collected till date as per the agreed terms

43.1 Me CCDs were subscribed

The scheme was launched on 22nd June, 2023

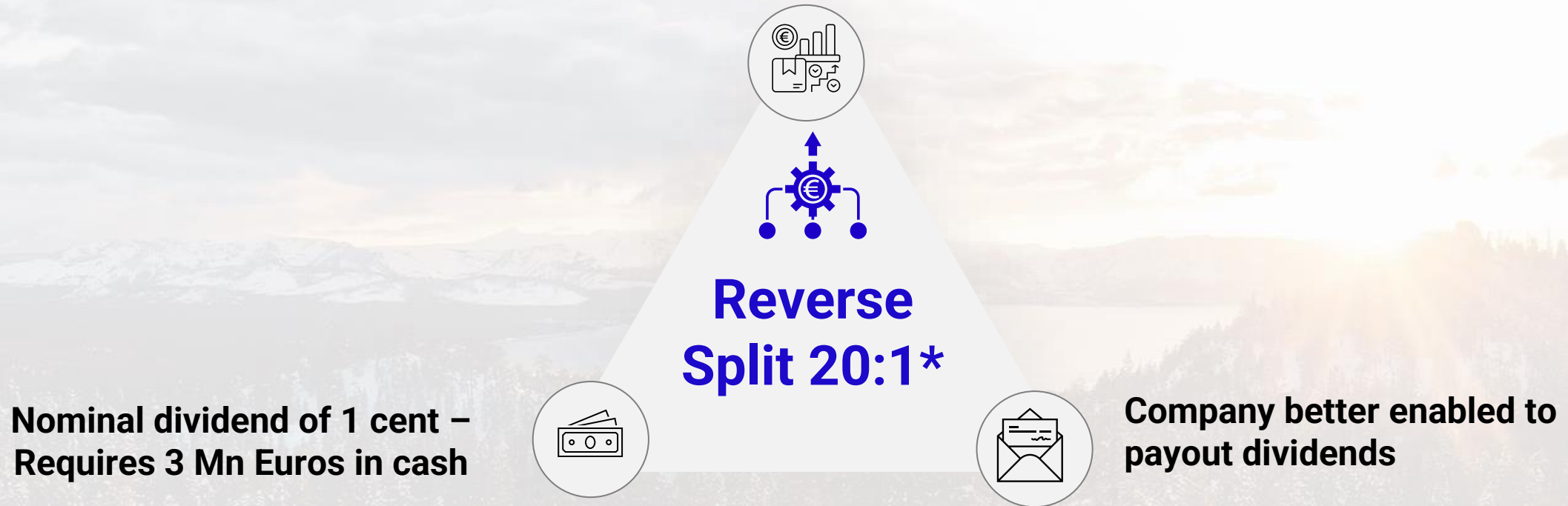
A consortium of shareholders have agreed to subscribe to the remaining CCDs ~ 20Me within Q2 '24



Proposed Cap-table Actions

Strive to maintain consistent dividend levels

Currently 318 Mn shares



***Planned Timelines:**

- 1.Reverse share split - 19th April 2024
- 2.Cancellation of shares and entry of new total number of shares in trade register- 22 April 2024
- 3.Trading with new shares and new ISIN number - 22 April 2024 (approximate date)



Prospects and risks

February 22, 2024



Key risks

Constantly evolving market demanding disruptive technologies & differentiators – high competition

Mitigation

Constant investment in R&D to stay ahead of the curve and competitive

Disruptive pricing and business models

Moving delivery capabilities closer to markets & customers we serve

1

Footprint in economically vulnerable countries & emerging markets

Mitigation

Expanding into newer and developed markets

Intermittent cash and carry policies

2

Receivables & Currency

Non availability of Euros in developing economies and central bank restrictions

Long project gestations, intense repatriation efforts

Mitigation

Constant evaluation, currency hedges and swaps

Improved productization & automation to reduce payment cycles

Increase in ARR business models

Expanding into newer and developed markets

Streamlining Cost of Operations

3

Prospects 2024

Revenue to
be higher by

2% - 7%

Operating profit
(EBIT) to be higher by

7% - 15%

Assumptions:

- Telecom BSS industry growth poised at 2.1% annually from 2022-2027*
- Tecnotree continues to grow above market rate led by demand for its competitive products and services
- More ARR business models driving predictable and stable quarter on quarter revenues
- Revenue impacted in shorter term due to uncertain global economic scenario
- Company expecting higher cost optimization in 2024
- Foreign exchange rates expected to remain at approximately current levels



Tecnotree

THANK YOU

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