

Tecnotree

January-September 2023 Financial Results

Investor presentation

October 27, 2023

Today's presenters



Padma Ravichander

CEO



Indiresch Vivekananda

CFO

Agenda

1 Strategy overview and
Q3 business highlights

2 Financial review

3 Prospects 2023

4 Q&A

Tecnotree

Q3 Financial Results, 2023

New Orders

▲ 31 ME
YoY 34%

Record high Q3
Orders and
Order backlog
(78M)

Net Sales

▲ 21.4 ME
YoY 7%

Operating Result

▲ 6.2 ME
YoY 23%

29%
EBIT
MARGIN

Shareholder Equity

▲ 81.6 ME
YoY 9%

Key Highlights



Norway | Denmark | Sweden

Large
MENA
CSP



PanAfrica Broadband

TOP 4
AIML companies
globally

Diamond Badge

OPEN API
CERTIFIED



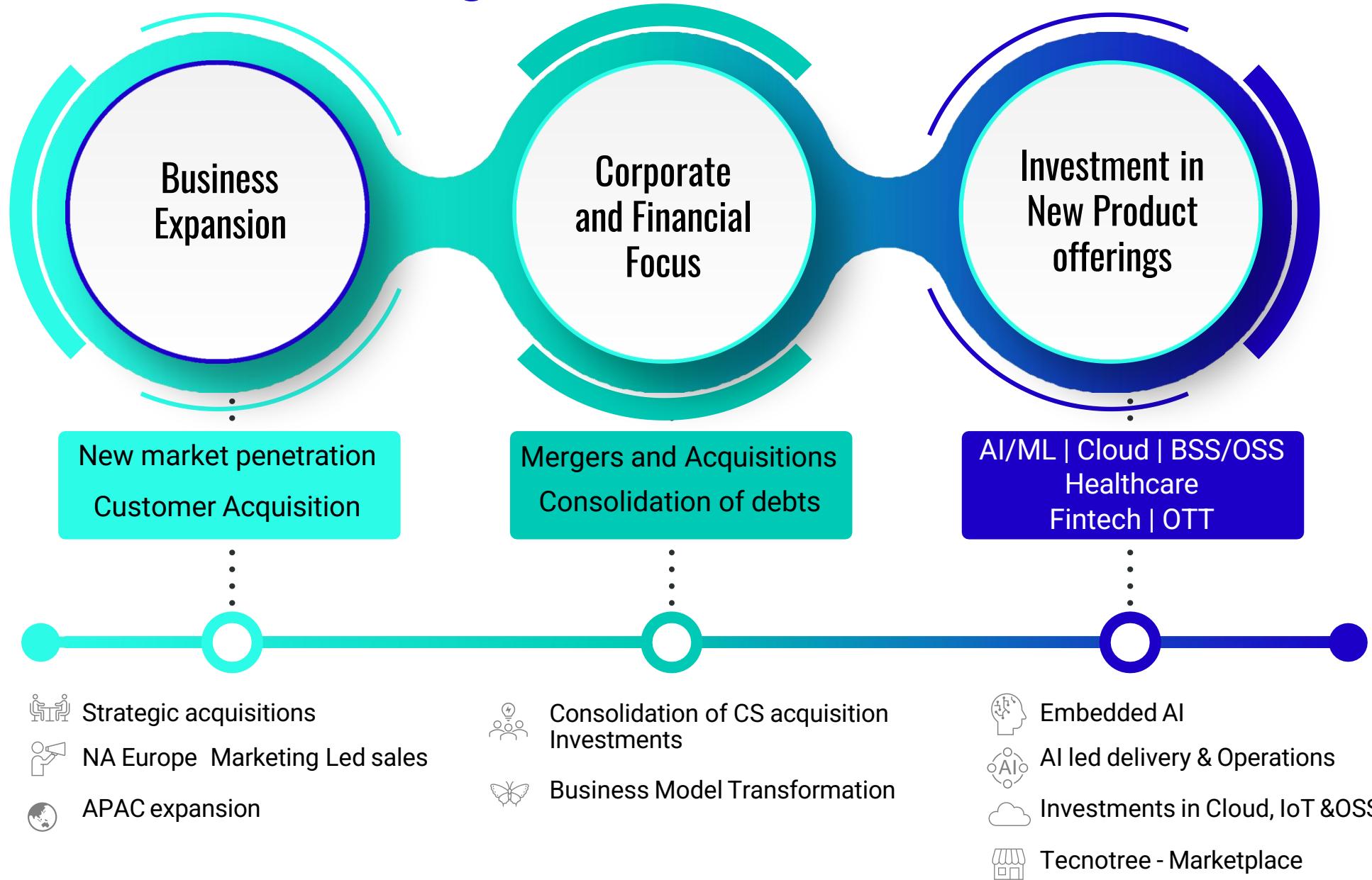
TOP 2
Companies on
Revenue Management

TMF Excellence
Awards Finalist

HR TECH

Best Innovation in Information
Technology Best Workplace
Diversity Award

Strategic Investment Focus Areas



FOCUS FOR Q4 AND BEYOND



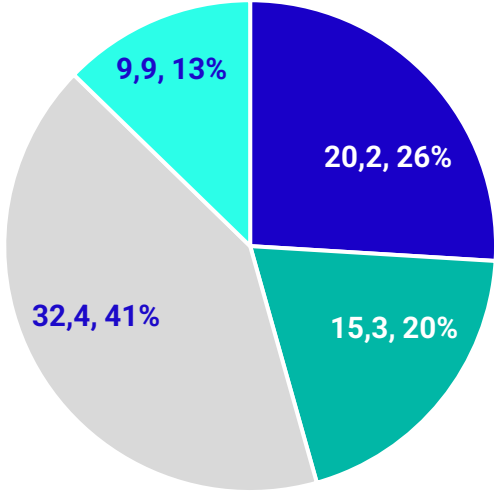
Tecnotree has been investing in key focus areas for growth

FOCUS AREA	Business Expansion		Corporate and Financial Focus		R&D and Enrichment of Product stack					
	New market penetration	New Customer Acquisition	From Mergers and Acquisitions	Consolidation of debts	AI/ML	CLOUD	BSS/VAS	Healthcare	Fintech	OTT
United Health Group	✓	✓	✓		✓	✓		✓		
Tier 1 African (MVNO)	✓	✓				✓	✓		✓	✓
Tier 1 Mortgage Insurance Firm (USA)	✓	✓	✓		✓	✓				
Claro 360 (Peru)			✓		✓					
Tier 1 Operator (Canada)	✓	✓				✓	✓			
Tier 1 MVNO (Brazil)	✓	✓				✓	✓			
Tier 1 MNO (South African)	✓	✓					✓		✓	
Telenor Group (Denmark, Sweden , Norway	✓	✓					✓			
MTN Metamorphose & Tier 2 MENA Operator		✓	✓		✓		✓			

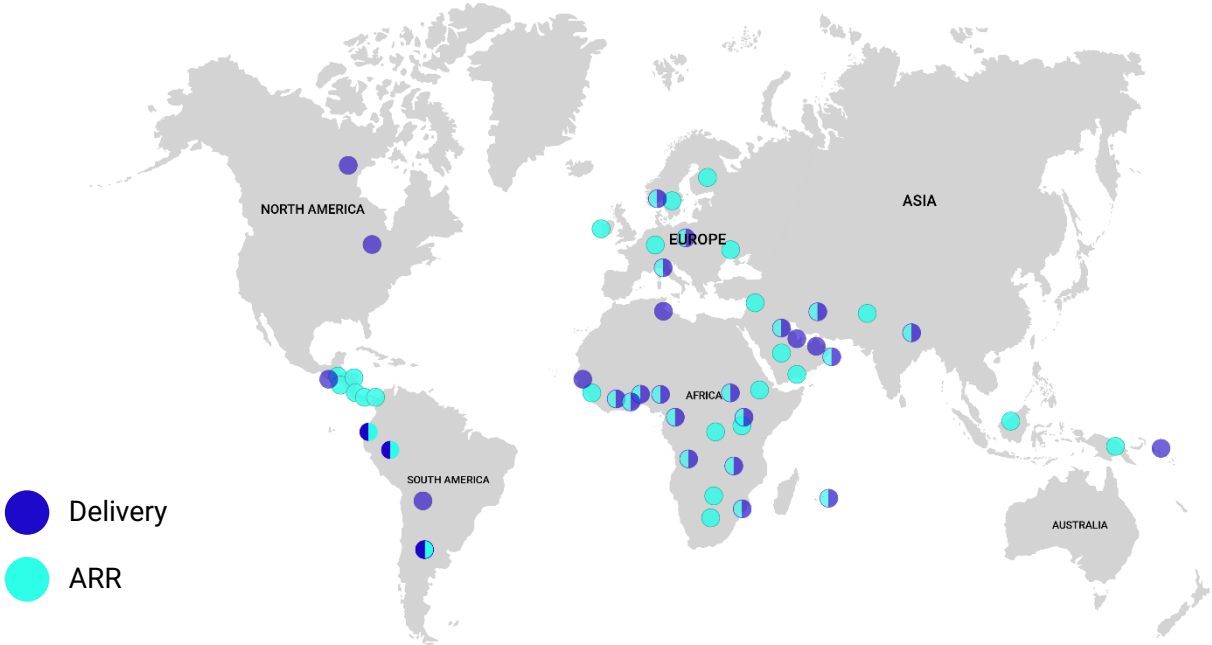
Tecnotree's Q3 Delivery Footprint

- ★ More than 50% of Order Backlog – ARR (Annual Recurring Revenue)
- ★ We celebrated 11 Go-lives in Q3 2023, including Sensa AI/ML, Cloud, Fintech and Moments
- ★ 250+ Use cases – 70% configurable
- ★ 352 product features added in Digital Stack in Q3

78 M
Order Backlog



■ WIP Progress Projects ■ New Projects ■ New ARR ■ Existing ARR



Tecnotree Delivering Impactful Customer Benefits

Business Benefits

90%

Optimized Product Offerings

5 Mins (Avg.)

Product pricing updates

70%

Reduction of TCO

6X

Faster Billing Processing

15+ Apps

Integrated Customer 360 view

Technical Benefits

100%

Open source Technologies

59

Tm-forum certified Open APIs & e-TOM
Certified core Digital stack

1

Code base across all OpCos

**66% Reduction in integration
time**

Container & Docker

based deployments

Operational Benefits

No/Minimal

down time, across digital stack

Centralized logging

Across Digital Stack

Pro-active monitoring

Across Digital Stack

Zero Touch

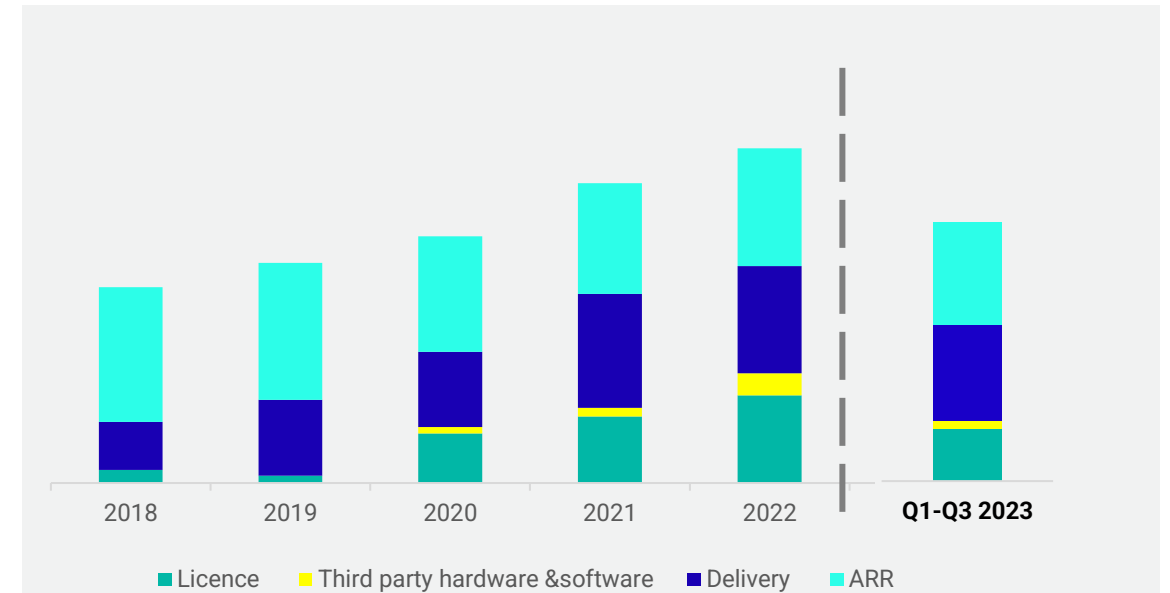
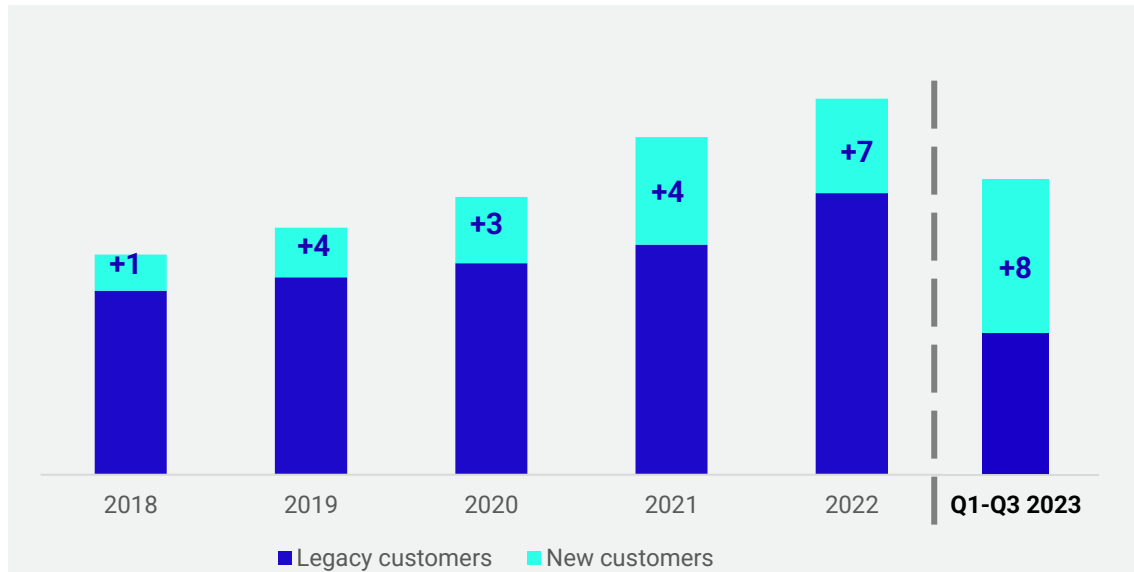
& Cloud native deployment

Dashboard

based monitoring for billing operations



Diversified revenue mix with stable growth and increasing ARR



Customer profile

- ❑ New logos bringing in a steady stream of revenues
- ❑ 27 new customers added since 2018
– potential opportunities for cross-sell and up-sell
- ❑ 2 Tier 1 legacy customers – Claro and MTN
- ❑ In 2023 revenue from non-legacy business has exceeded business from legacy customers

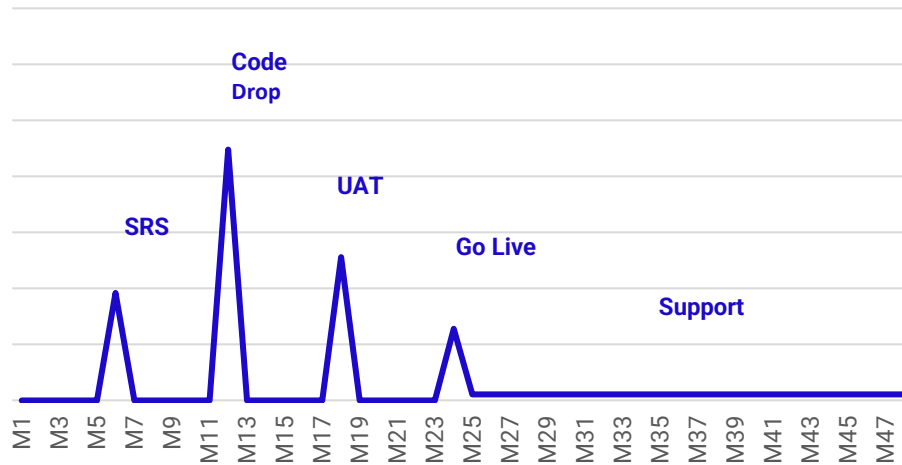
Business view

- ❑ Steady increase in license revenues 2020 onwards
- ❑ Reduced dependency on one time license and delivery
- ❑ Acquisition of CognitiveScale is expected to increase share of ARR (license+support) 2023 onwards
- ❑ ARR share of revenue increased from 35% in FY '22 to 40% in YTD '23

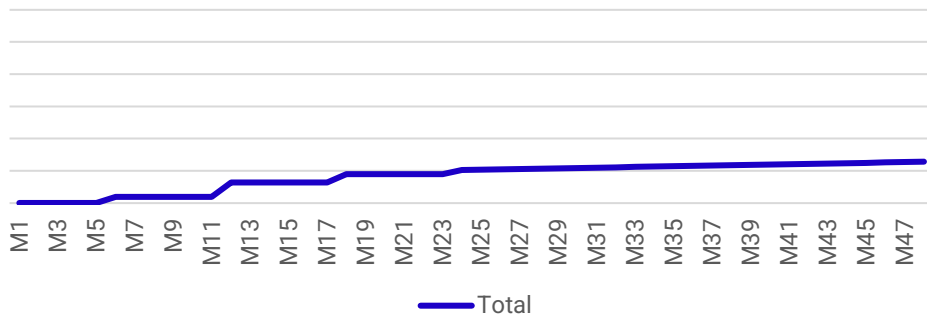


Business Model Transformation – Moving to MRR* and secured cashflow

Current Business Model –
Delivery Milestones for 1 Project



Current Business Model Cumulative Cashflow

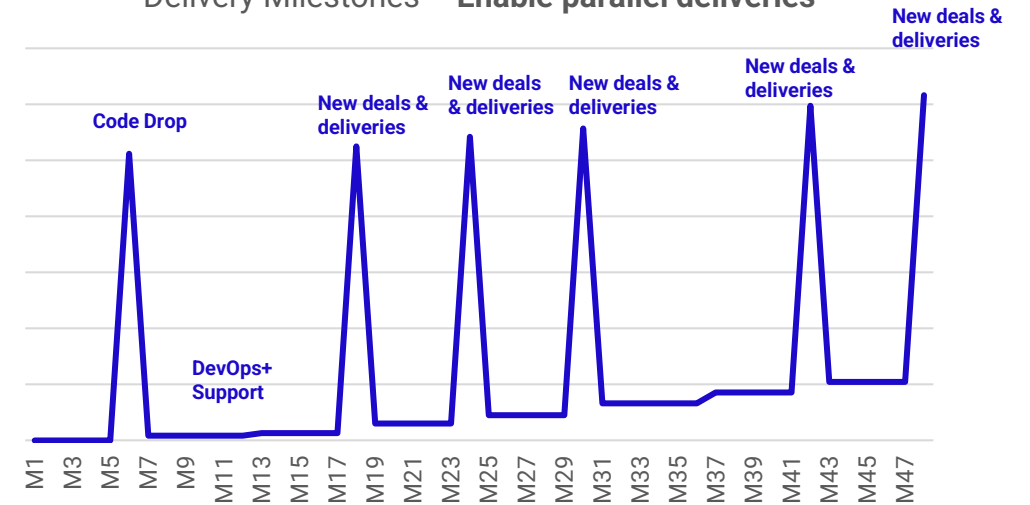


Challenges:

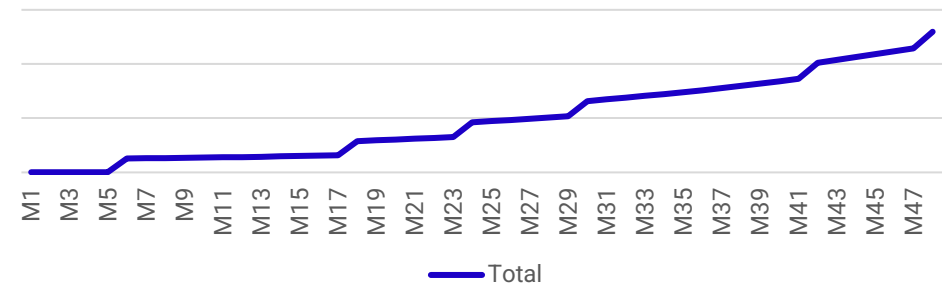
- Longer Deal to Cash cycle for Tecnotree – difficult to plan expenses
- May limit scalability with the expected rising order book and demand for Tecnotree stack
- Multiple points of capex pressure on customer

*Monthly Recurring Revenue

Transformed Business Model –
Delivery Milestones – **Enable parallel deliveries**



Transformed Business Model Cumulative Cashflow



Benefits:

- Standard scope of work and out of box product delivered within 6 months
- Continued recurring cashflow with standard operating model
- Better customer satisfaction – continuous improvement on a ready stack
- Post code drop, reduced cash pressure on customer
- Enable R&D expenses plan in steady and streamlined way – improved profitability
- Improved scalability – Customer success team can take up more projects quickly

Tecnotree

January-September 2023 Financials

October 27, 2023



Q1-Q3 Financial performance highlights

- ❑ Consistent growth in revenue
- ❑ Improved EBIT on account of higher revenue
- ❑ High impact of forex losses on net income
- ❑ Cash collections impacted by global economic conditions
- ❑ Significant increase in new orders received leading to record high order backlog

EUR million	Q3/2023	Q3/2022	1-9/23	1-9/22	1-9/21	1-9/20
Net sales	21.4	19.9	56.2	51.5	46.1	38.6
<i>Change YoY%</i>	7%	9%	9%	12 %	20 %	17 %
EBIT	6.2	5.0	16.0	12.2	17.7	14.3
<i>Change YoY%</i>	23%	-30%	31%	-31 %	24 %	39 %
Financial items	-1.9	0.0	-4.8	0.3	-2.2	-2.6
Taxes	-1.0	-1.7	-2.4	-4.2	-2.4	-2.5
Net income	3.2	3.4	8.8	8.3	13.1	9.3
<i>Change YoY%</i>	-3%	-37%	5%	-37 %	42 %	89 %
SCIF	11.9	21.9	43.4	47.6	34.3	33.4
<i>Change YoY%</i>	-48%	125%	-9%	39 %	3 %	19 %
Orders received	31.0	23.2	62.6	74.0	62.6	39.1
<i>Change YoY%</i>	+34%	6%	-18%	18 %	60 %	5 %
Order backlog			78.0	76.1	58.6	26.7
<i>Change YoY%</i>			4%	30 %	119 %	2 %
EPS	0.01	0.01	0.03	0.03	0.03	0.03

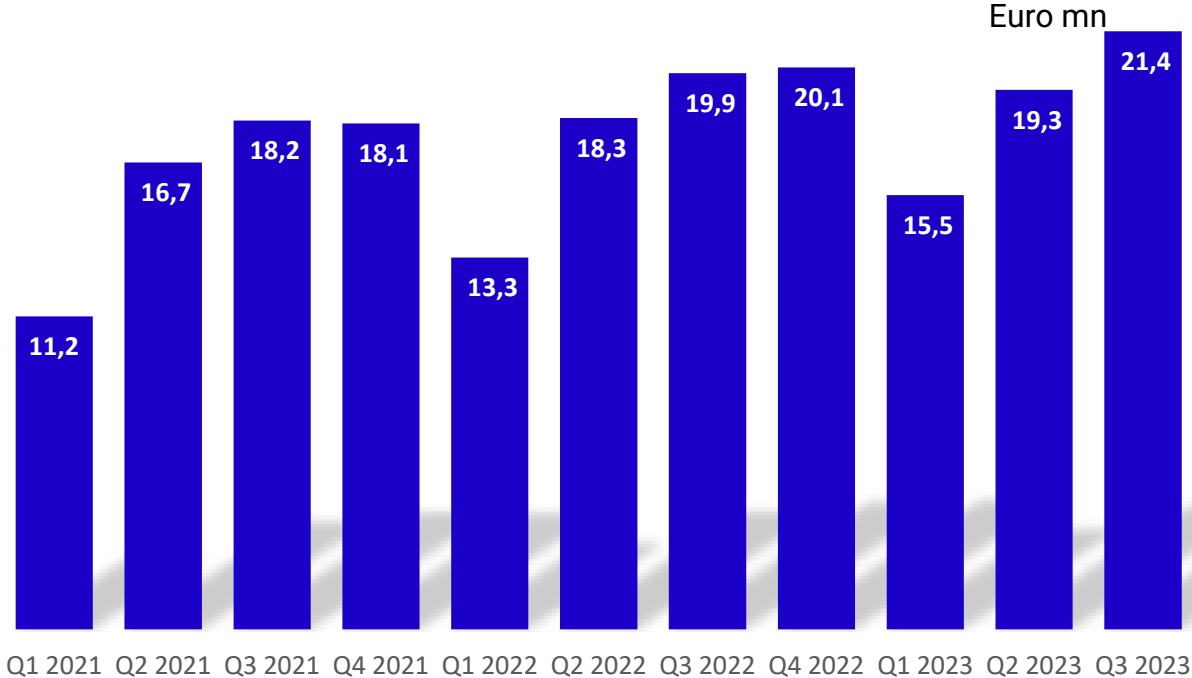


Revenues driven by market demand; collections impacted by global economic conditions

Revenue at 56.2 M in Q1-Q3 2023

9% y-o-y growth

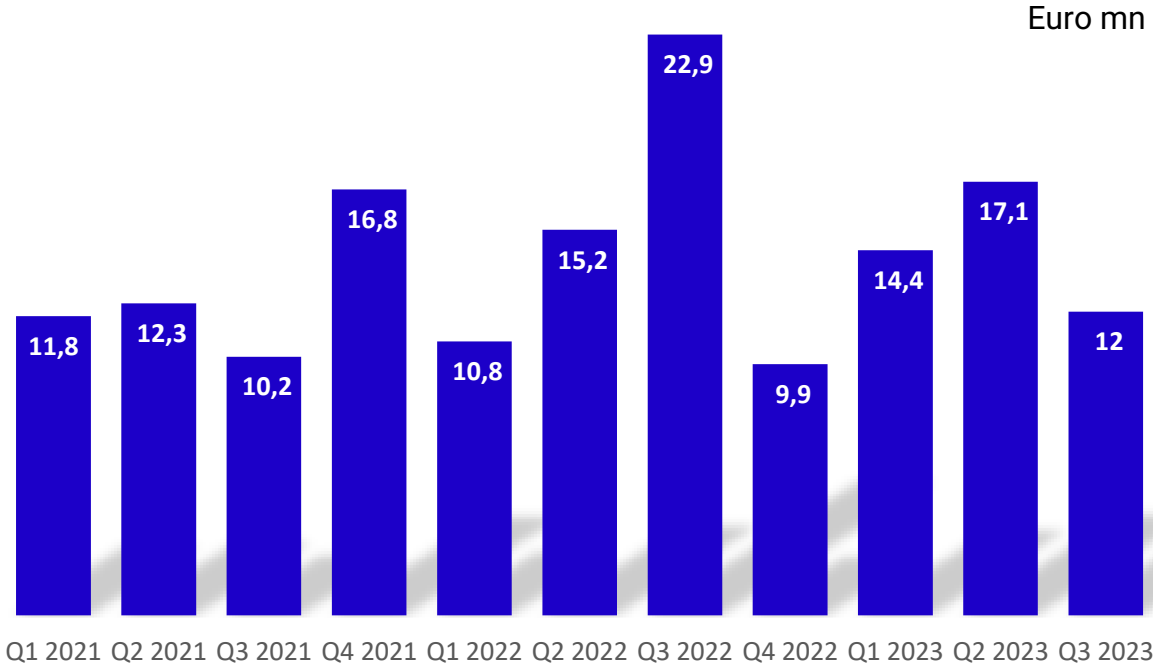
Strong revenue growth driven by new logos and increased demand for digital stack as well as new products – Sensa, DiWa, Moments



Collections at 43.4 M in Q1-Q3 2023

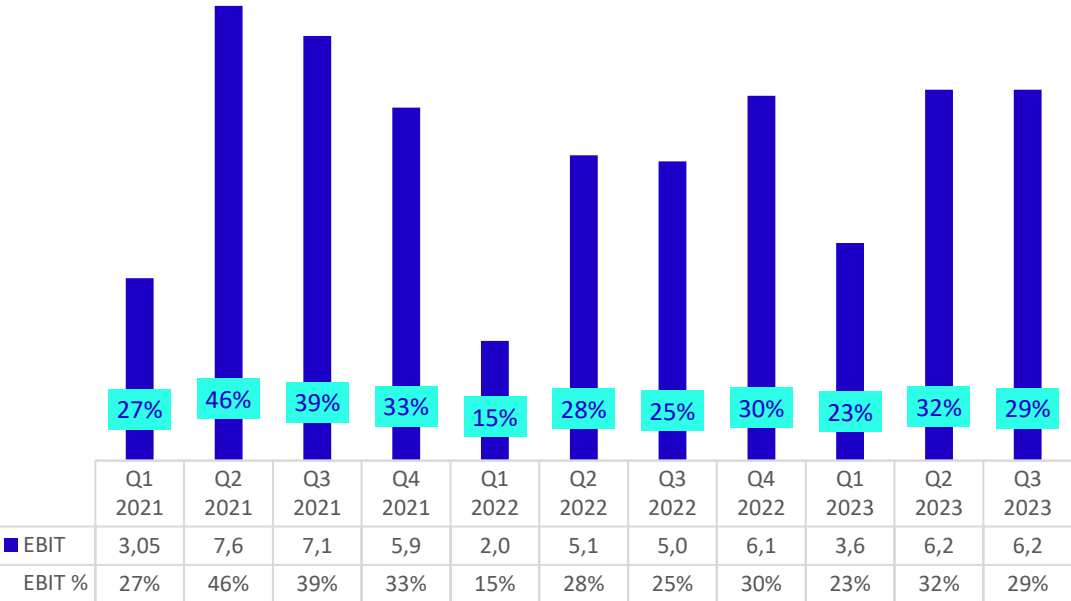
-9% y-o-y

Collections in Q3 impacted by overall global economic conditions

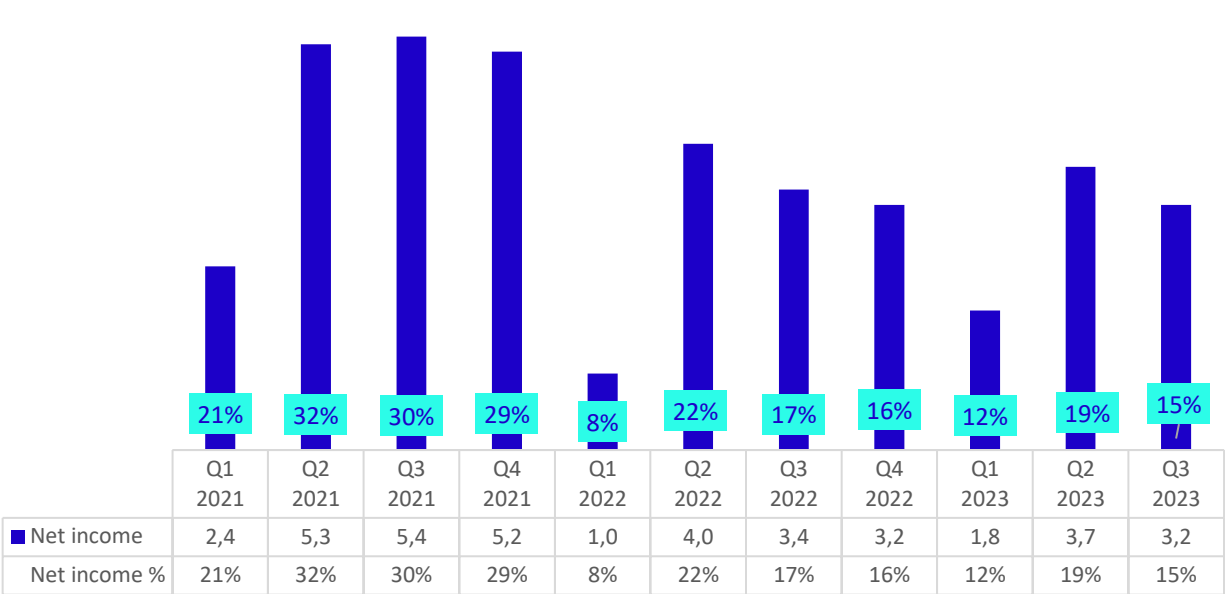


Focus on operational cost optimization along with planned mitigation for FX impact to secure net income

Operating Result (EBIT) at 16.0 M in Q1-Q3 2023 Euro mn
31% y-o-y growth



Net income at 8.8M in Q1-Q3 2023 Euro mn
+5% y-o-y



Risk

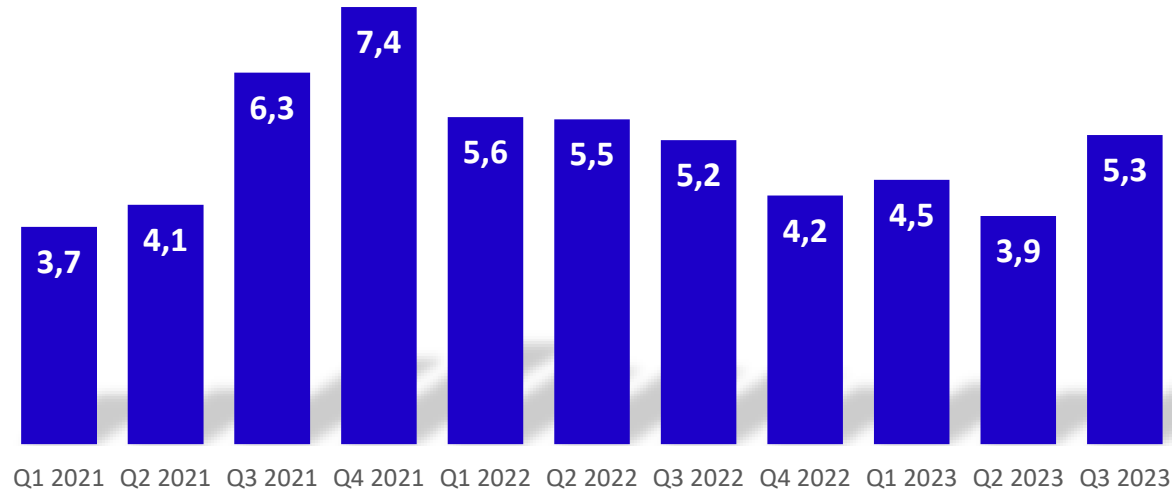
- Central bank restrictions (unavailability of hard currency)
- Unstable geographical and/or economical situation in customer country

Mitigation

Empowering treasury functions with new financial instruments e.g. currency swaps and forward booking of Fx in key markets

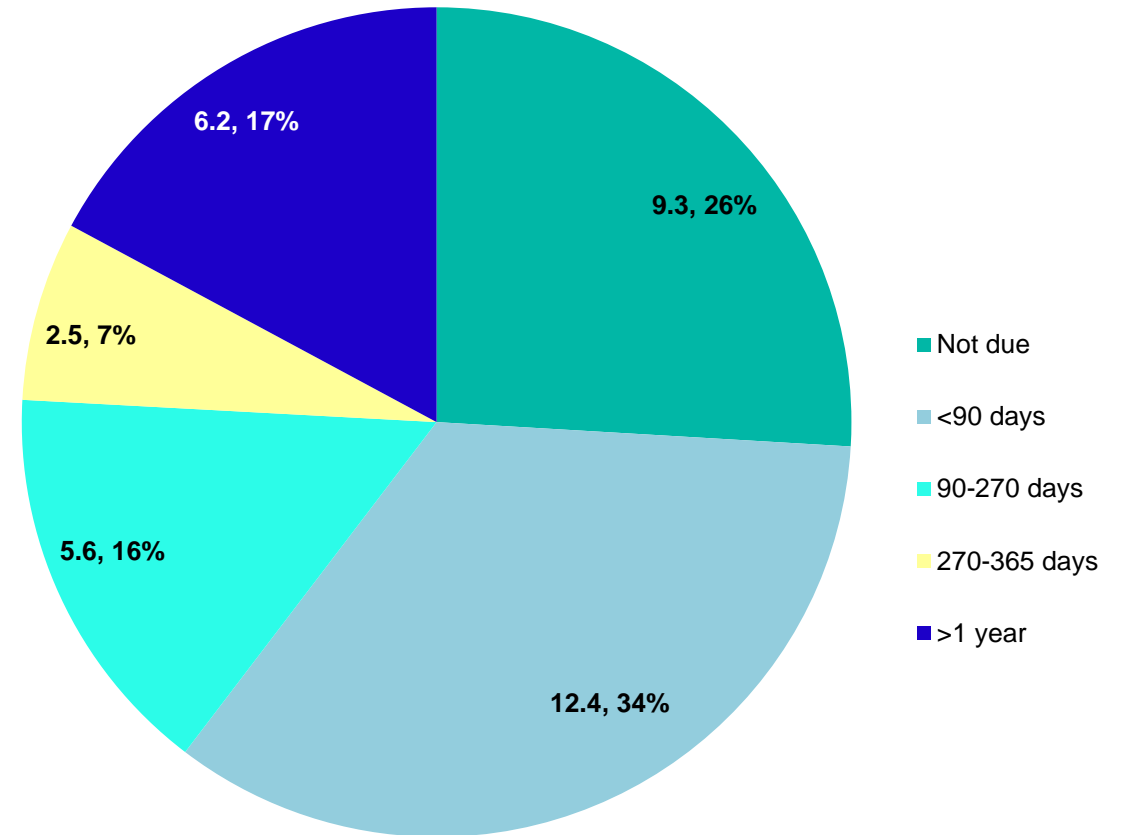
Stable current asset ratio driven by strong current assets

Current ratio



Account receivables ageing

Total AR 35.9 MEUR (out of which 2.6 MEUR is provided for)



Key initiatives for improving cash collections

Sales incentives linked to collection targets

Reduced payment cycles through saas and transactional revenue models and advanced product readiness

Penalty on customers for delayed payments

Business model and payment plan transformation with existing customers



Tecnotree Balance Sheet

- Substantial R&D for product and portfolio enhancement
- Rise in other receivables:
 - Real estate deposits , advance taxes recoverable/adjustable in future period
- Contribution from subscribers of CCD - 14.1 M

Consolidated balance sheet, MEUR	9/2023	9/2022	DIFFERENCE
Non-current assets			
Intangible assets	31.4	14.4	118%
Tangible assets	0.4	0.4	0%
Deferred tax assets	0.9	0.7	29%
Other non-current trade and other receivables	2.0	1.7	18%
Current assets			
Trade receivables	33.3	35.8	-7%
Other receivables	38.0	25	52%
Cash and cash equivalents	15.5	19.9	-22%
Assets total	121.6	97.9	24%
Shareholders' equity	86.1	79.1	9%
Compulsory convertible debentures	14.1	0	
Non-current liabilities			
Non-current interest-bearing liabilities	1.2	0	
Other non-current liabilities	3.7	3.2	16%
Current liabilities			
Current interest-bearing liabilities	4.7	0	
Trade payables and other liabilities	11.8	15.6	-24%
Equity and liabilities total	121.6	97.9	24%



CCD Update

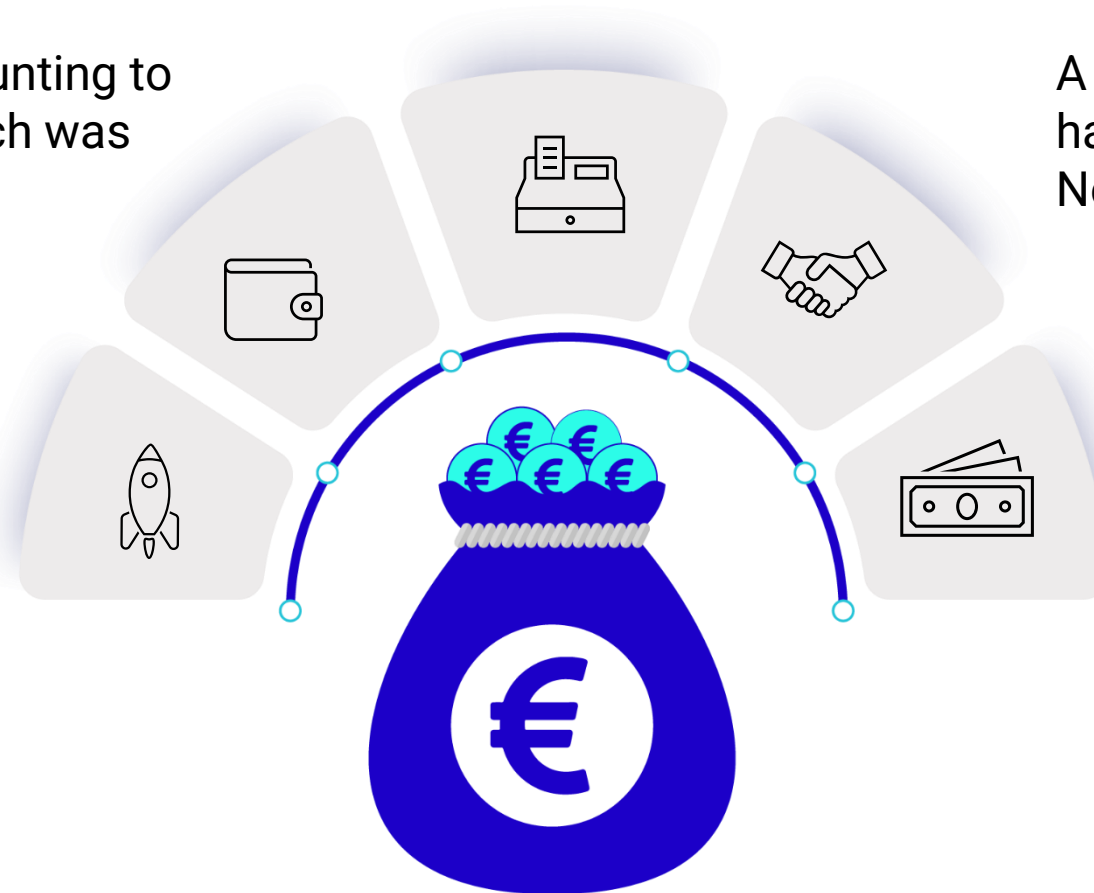
14.1 Me has been collected to date as per the agreed terms

431 Notes of amounting to 100,000 Euros each was subscribed

A consortium of shareholders have agreed to invest 200 Notes

The scheme was launched in 22nd June, 2023

The remaining 90 notes is expected to be received as per agreement, completing the scheme



Prospects and risks

October 27, 2023



Prospects 2023 retained and further refined

Revenue to be higher by

9% - 13%
(7%-15%)

Operating profit (EBIT) to be higher by

15% - 20%
(10% - 20%)

Cost rationalization by Q4 of 2023 to the tune of

5% - 7%

Cash recovery expected to grow by

12% - 14%
(12% - 18%)

Assumptions:

- Continued growth in market demand for our products and solutions
- Short term impact on EBIT combined with long term revenue benefits with investment in AIML capabilities
- Benefits of cost rationalization to be realized Q4 2023 onwards and extending into 2024
- Foreign exchange rates are expected to remain at approximately current levels

Key risks

Cost Pressures

1. Geography specific inflation
2. Customer diversification & Geo expansions

Mitigation

Cost Optimization plan – remote deployment & productization on cloud

1

Key Investments

1. Investment to retire large order book & productization
2. Investments in AI/ML, Fintech, OTT required for diversification from BSS pure-play

Mitigation

Product Maturity resulting in faster deployment cycles and cash collection

Improved margins –through value based pricing

Clear in-organic growth and diversification strategy

2

Receivables & Currency

1. Cash collection complicated by multiple factors such as revenue concentrations in emerging markets, global economic conditions
- 2 Long project gestations

Mitigation

focusing on organic and inorganic growth in NA, EU and the Middle-east

Improved product readiness to reduce payment cycles

Empowering treasury functions with new financial instruments

3

Why Should you Invest in Tecnotree ?

	Key KPIs and Attributes	Tecnotree
Large TAM	<ul style="list-style-type: none">• Size of Market• Competitive Landscape• Market Growth	<ul style="list-style-type: none">• 60B TAM across OSS/BSS with 14% CAGR• Favorable Tailwinds: CSPs to DSPs with flexible cloud based models
Customer Demand	<ul style="list-style-type: none">• Customer base• Subscribers• Value proposition	<ul style="list-style-type: none">• New Customer revenue growth exceed legacy customer growth• ARR revenue increasing YoY• B2B2X revenue monetization 1Bn+ subs
Differentiated Technology	<ul style="list-style-type: none">• Technology• Platform• Patents	<ul style="list-style-type: none">• 250+ Prebuilt journeys• 70% configurable enabled by low code/no code• 114+ Aiml patents
Attractive Growth Opportunity	<ul style="list-style-type: none">• Revenue growth• Growth drivers• Customer acquisition	<ul style="list-style-type: none">• 14% 5 year Revenue CAGR• 51% Market cap growth over 5 Years• 27 new customers since 2018 with cross-sell upsell opportunities
Compelling Margins and Financial Profile	<ul style="list-style-type: none">• EBITDA margins• Net income margins• Shareholder's equity	<ul style="list-style-type: none">• 36% EBIT 5 year CAGR• 40% YTD Revenue is ARR with high margin• Shareholder Equity up from - 7.7Me in 2018 to 81.6 Me in Q3 2023





Q&A



THANK YOU

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