

Tecnotree

Financial Results Q1 2024

Investor presentation
January-March 2024

April 26, 2024



Today's presenters



Padma Ravichander

CEO



Indiresch Vivekananda

CFO

Agenda

1 Business Review

2 Financial review

3 Prospects 2024

4 Q&A

Tecnotree's Expanding Global Footprint

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

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

1 Bn+

Subscribers

90+

Service Providers

70+

Countries with Product Deployments

80+%

Employees TM Forum Certified

60+

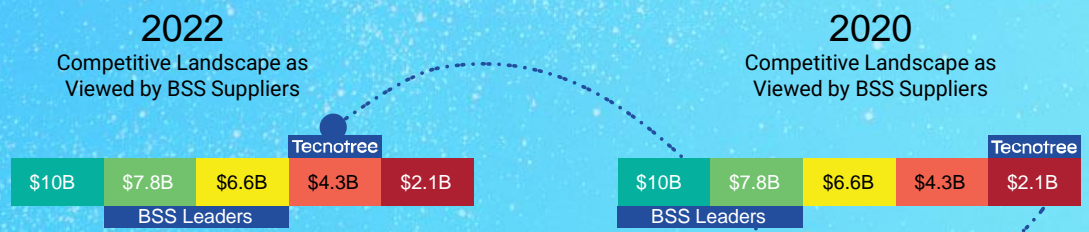
BSS Transformations across the Globe

40+

Revenue Monetization (Billing & Charging) Deployments



Tecnotree's growing addressable Market*



*In 2023 Gartner® projects BSS IT Global Market of \$11.2B to grow at 2.1% from 2022 to 2027



Tecnotree Winning Plan

Customer

Investor

Employee

Market Analyst

2024

Embedded AI

Free Cashflow + Opening Dividends

AI Enabled Employee

Challenger in the Market

2025

Self Configurable

Higher Growth & Returns

ESG Inclusive Culture

Growing Market Share

2026

5G, AI, IOT Bundles

Investor Confidence

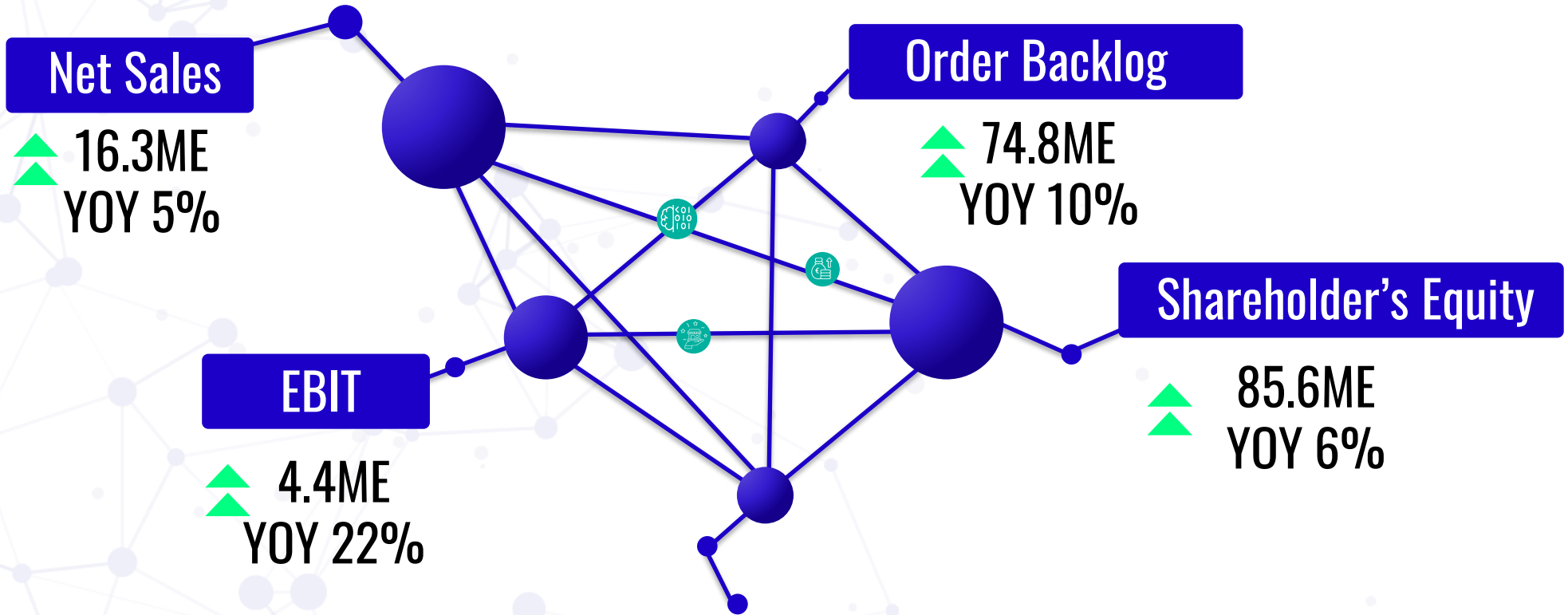
Returns on Share Holder Equity

Preferred Vendor for Emerged and Emerging Markets



Tecnotree

Q1 2024 Highlights



Key Highlights

Deliveries



Partnerships



Awards & Recognitions



New Logo



Tecnotree's Delivery Footprint



ARR share of revenue increased from 35% in FY '22 to 48% in FY'23 – maintained at 47% in Q1'24



More than 60% of Order Backlog – ARR



~300 new product features delivered via Digital Stack in Q1'24

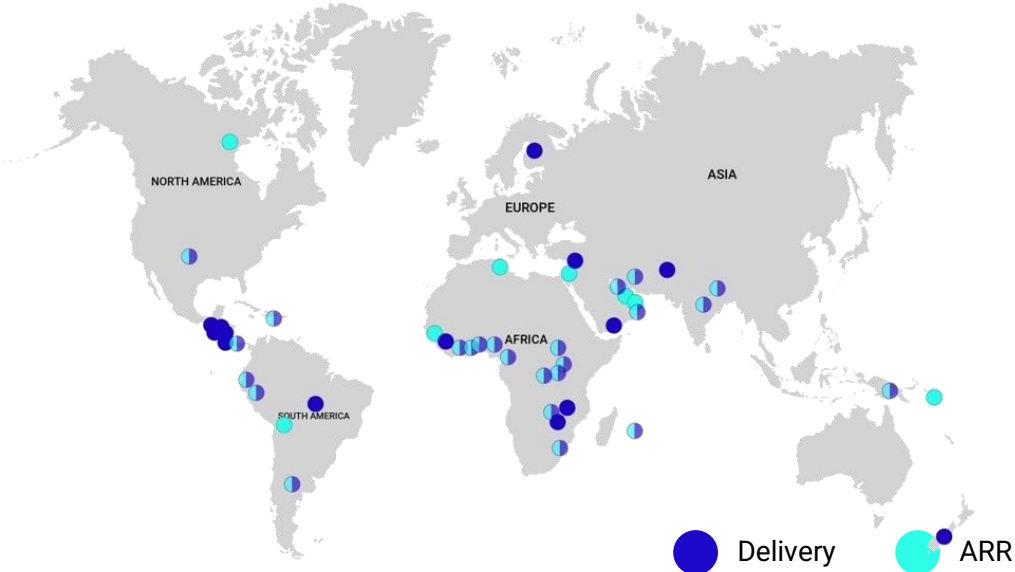
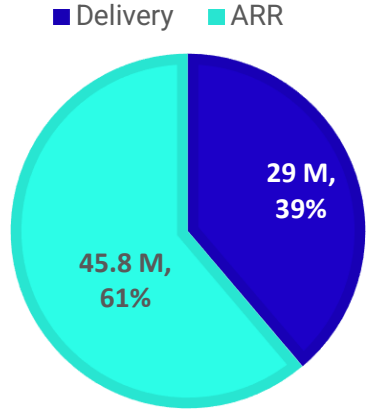


4 key go-lives in Q1 2024 across MTN, Zain, Ooredoo and STC groups
AIML POC in Mobitel (APAC)



Business Transformation – Project Eurion*
"Think Cash Do Cash" on track for Q1'24

High Order Backlog (74.8 M)



* Internal project across all the company business units to track revenue and collections



Tecnotree pioneering telecom standards globally

59 TMF Open APIs conformed with



ISO Security Certifications

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

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



9 Real World OPEN API

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

Diamond Badge



Gartner

Customer Experience – 2023
Revenue Monetisation - 2023

8+

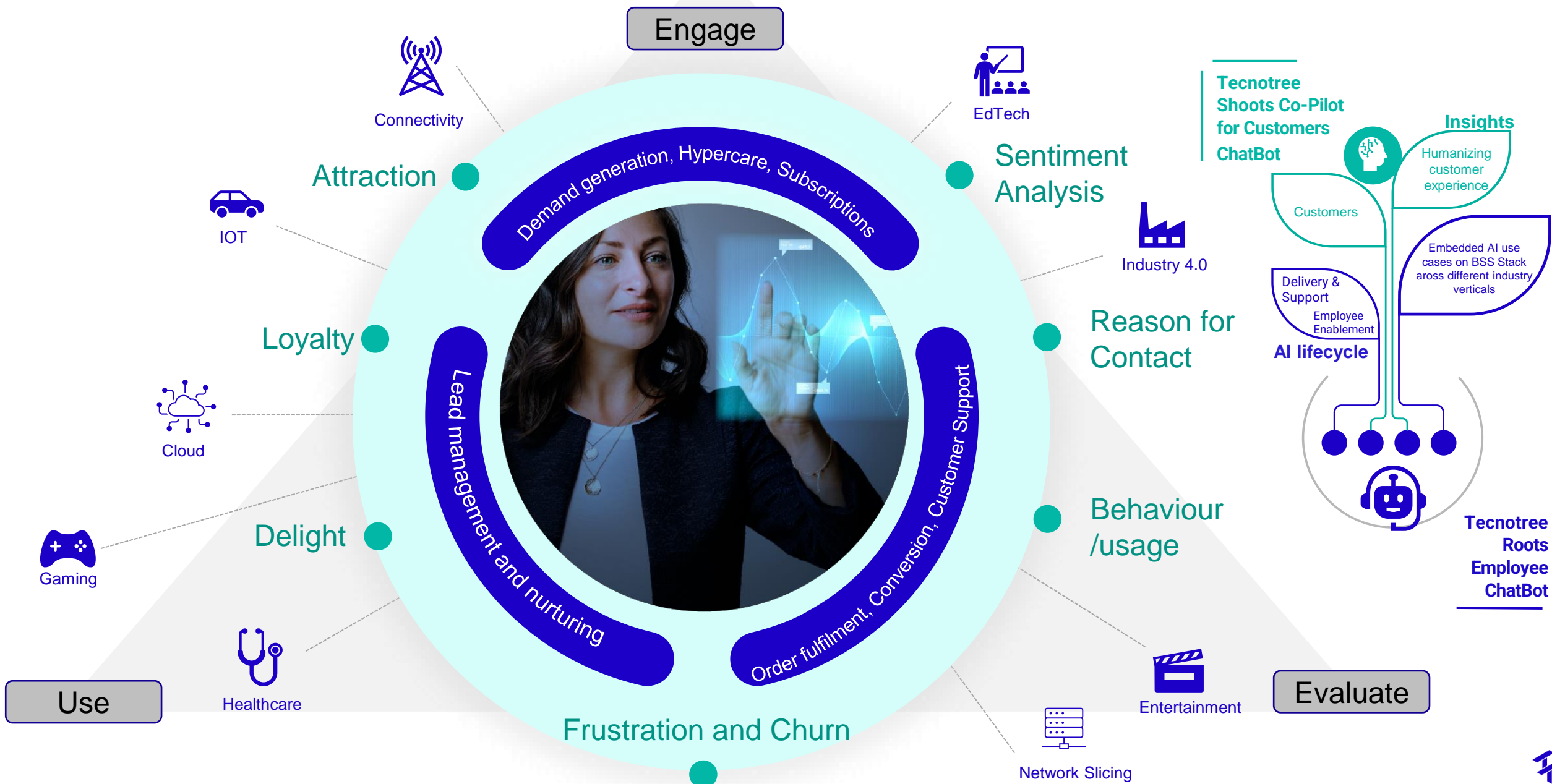
Digital Stack Go-lives in Tier 1, Tier 2, Tier 3 OpCos with TMF Framework conformed digital stack

10 eTOM certified solution

Digital Products including provisioning and partner management

Embedded AI for Humanized Digital Experiences

137+ **tmforum** AI PATENTS
 OPEN API CERTIFIED
 SID tmforum certified implementation



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

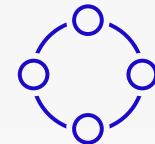
Growth potential in sizeable new markets (Europe and North Am)



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



Q1 2024 Financials

April 26, 2024



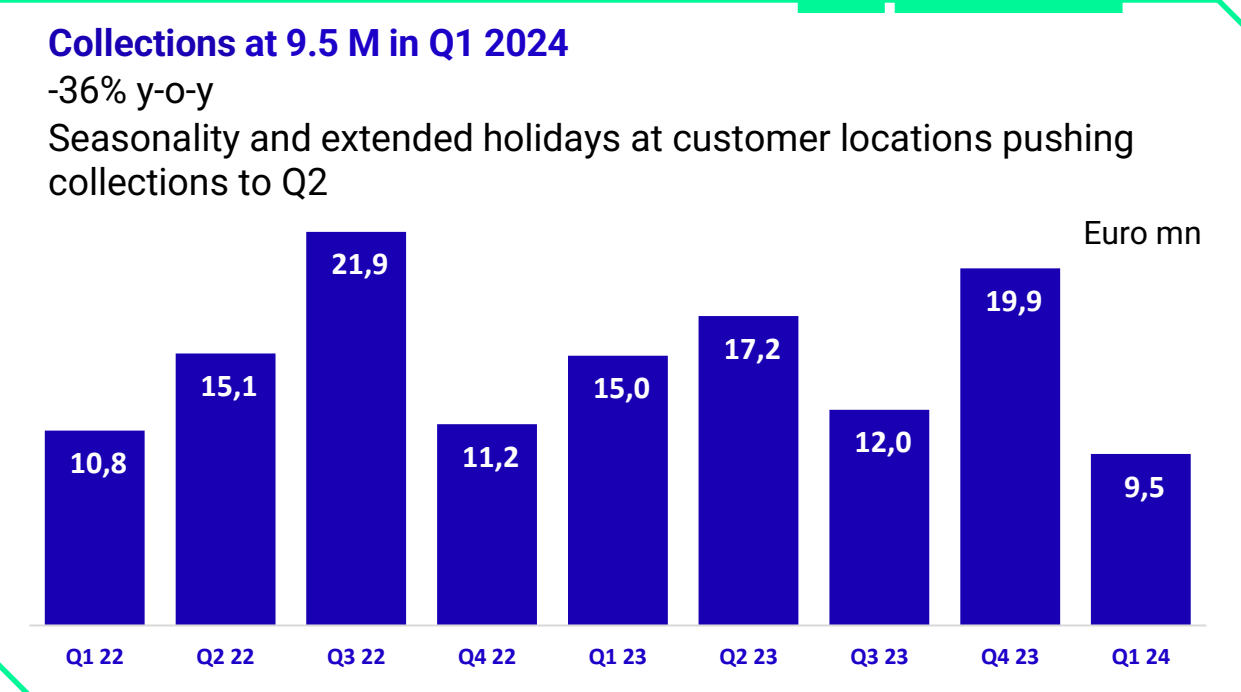
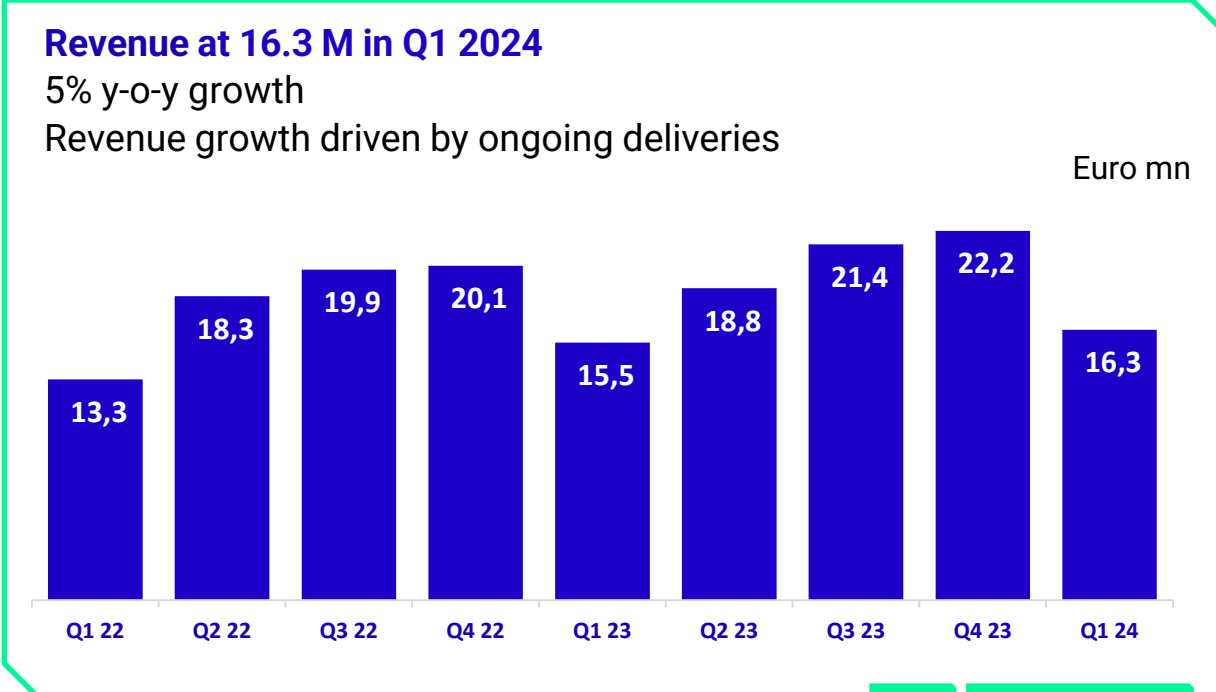
Q1 2024 Financial performance highlights

- ❑ Consistent growth in revenue
- ❑ Revenue at constant currency was 20.6 M (33% YoY)
- ❑ SCIF at constant currency was 11.7 M (-22% YoY)
- ❑ Improved EBIT on account of cost optimizations
- ❑ High impact of forex losses on net income
- ❑ Impact of seasonality (extended holiday season in middle east) on cash collections and order intake – pushed to subsequent quarter
- ❑ Healthy YoY improvement in order backlog
- ❑ 2M collections through CCD in Q1'24

EUR million	Q1/2024	Q1/2023	Q1/2022
Net sales	16.3	15.5	13.3
<i>Change YoY%</i>	5%	17%	19%
EBIT	4.4	3.6	2.0
<i>Change YoY%</i>	22%	81%	-34%
<i>Financial items</i>	-2.4	-1.0	-0.4
<i>Taxes</i>	-0.4	-0.9	-0.6
Net income	1.6	1.8	1.0
<i>Change YoY%</i>	-10%	79%	-58%
SCIF	9.5	15.0	10.8
<i>Change YoY%</i>	-36%	30%	-8%
Orders received	10.0	11.3	23.8
<i>Change YoY%</i>	-11%	-39%	-10%
Order backlog	74.8	67.8	64.0
<i>Change YoY%</i>	10%	6%	17%
EPS	0.01	0.01	0.01



Stable revenue growth while collections get impacted by seasonality



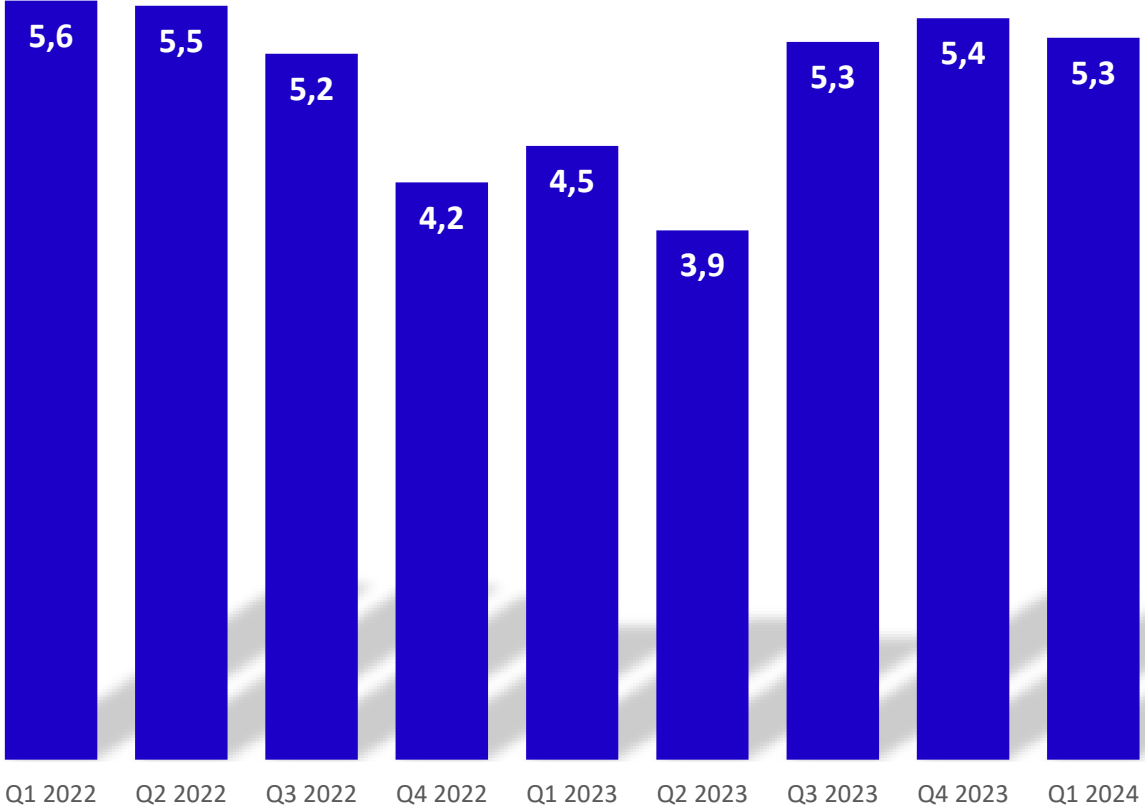
Key initiatives for improving cash collections

- ❑ 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



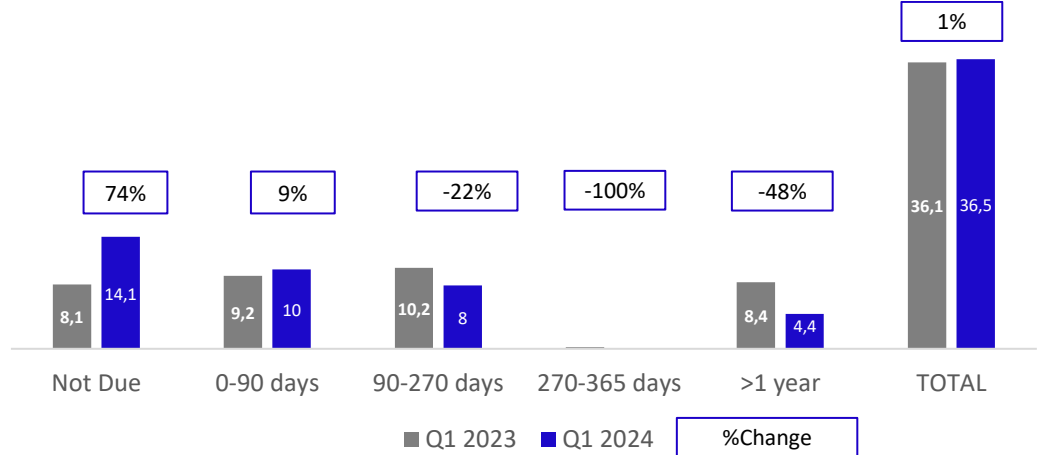
Healthy financial ratios

Current ratio



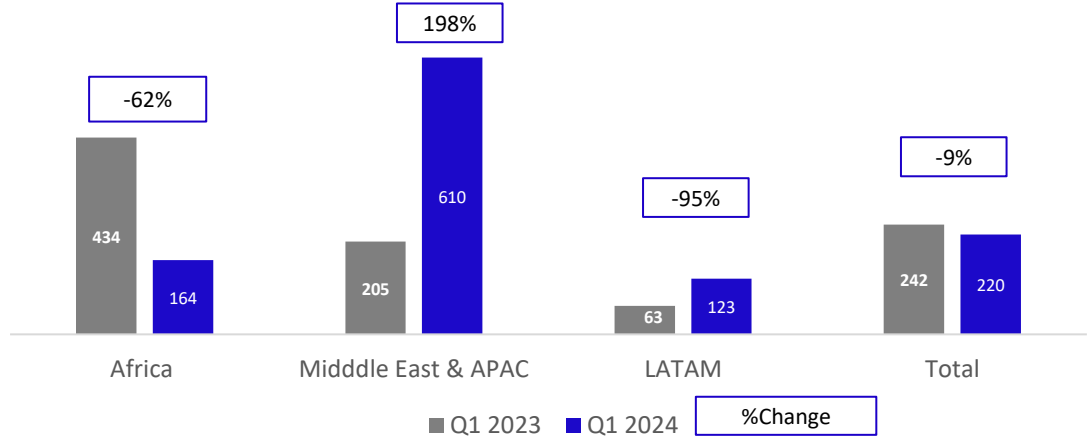
Account receivables ageing (after provisioning 2.6 Me)

Majority of the AR is not due



DSO Days by region

~ 9% reduction in overall DSO days YoY

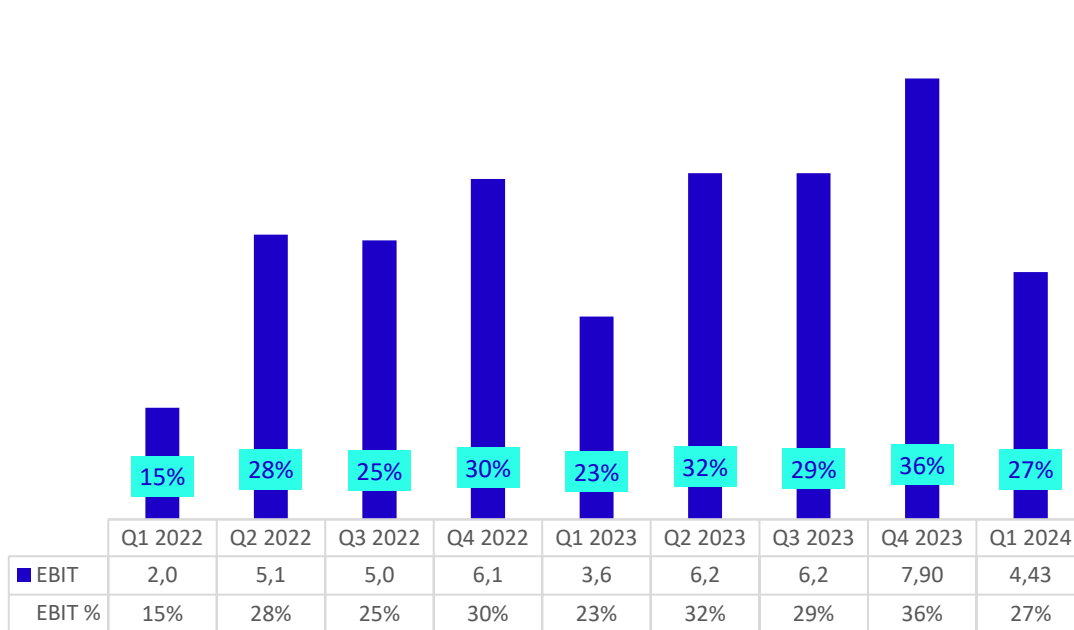


Cost optimization drives high EBIT growth; Net Income impacted by FX losses

Operating Result (EBIT) at 4.4 M in Q1 2024

22% y-o-y growth

Euro mn



EBIT growth higher in comparison to revenue growth driven by cost optimizations

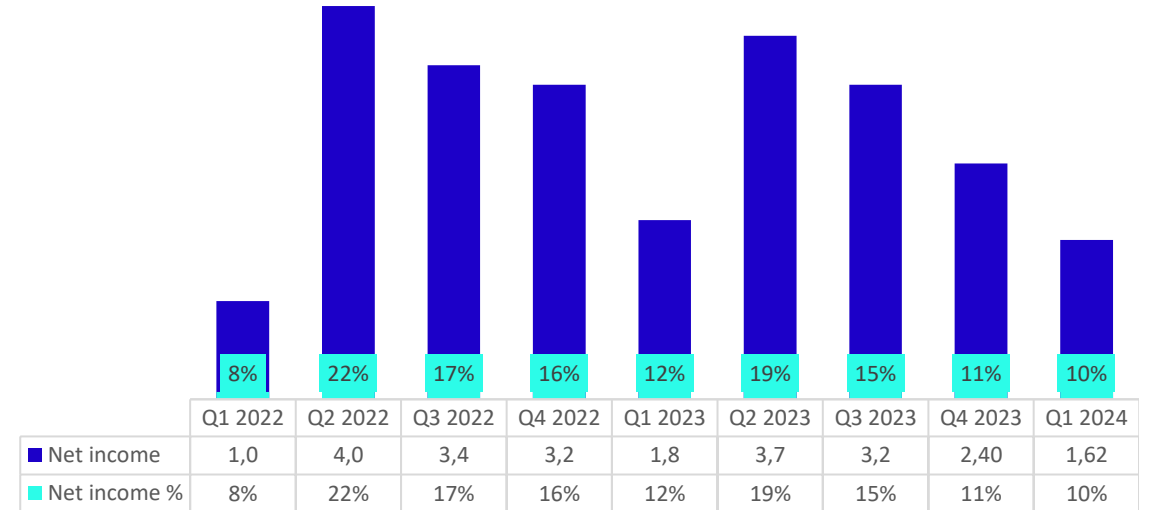
10% YoY reduction in OpEx in Q1'24

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

Net income at 1.6 M in Q1 2024

-11% y-o-y

Euro mn



FX Impact in Q1 2024

- In Q1 2024, 1/3 of the revenue was in Nigerian Nairas
- Naira Exchange Rate per USD (source Central Bank of Nigeria)

Dec 2023	899
Jan 2024	1,356
Feb 2024	1,544
Mar 2024	1,300
18 Apr 2024	1,160

FX Risk 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
- Strengthening trend of Naira against USD expected to minimize risk in future quarters



Global Cost Reduction Program

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

- ❑ People
- ❑ Infrastructure & Operational
- ❑ Travel 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



Cap-table Actions

Strive to maintain consistent dividend levels and bring long term value for investors

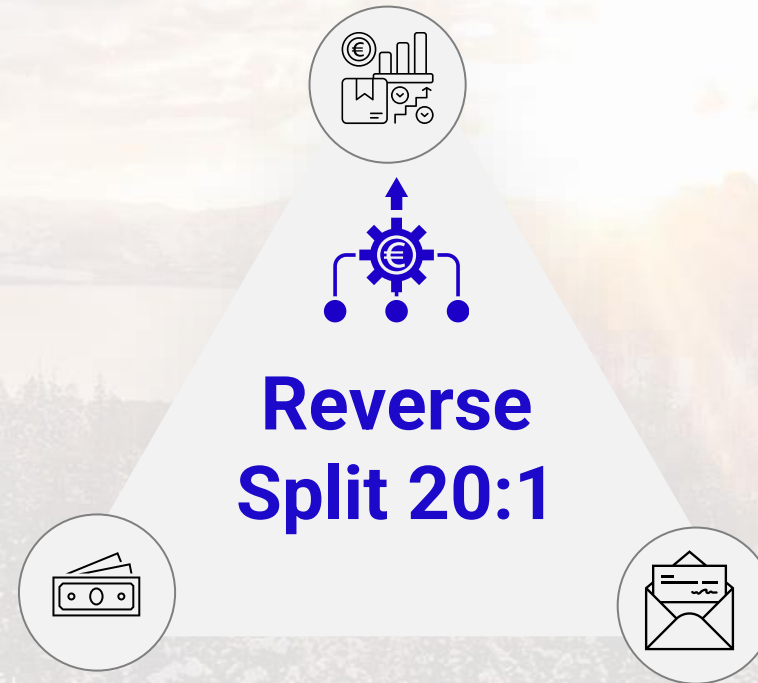
Key Timelines:

1. Reverse share split - approved by Board of Directors on **19th April 2024**

2. Trading on new number of shares commenced from **22nd April 2024**.

No change in ISIN number

Shares reduced from 318 Mn to 15.95 Mn



Company better enabled to payout dividends



Prospects and risks

April 26, 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



Q&A



THANK YOU

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



Co-Pilot ChatBot



Tecnotree Roots ChatBot

Customers

Business needs-driven capability infusion

Delivery & Support

Deep understanding of customer context

Employee Enablement

Privacy, accuracy and policies

Targeting & Selling

Interactions

Conversations

Product Design

Business Processes

Insights



Tecnotree AI Usecases

- Profile Information
- Demographics
- Purchases and Subscriptions
- Revenue & Billing

- Trouble Ticket
- Interactions
- Loyalty Programs
- Usage & Behaviors
- Fintech/Mobile Money

137+ AI PATENTS

Foundational Models

Proprietary Models

Traditional AI models, frameworks
Good Old-Fashioned AI



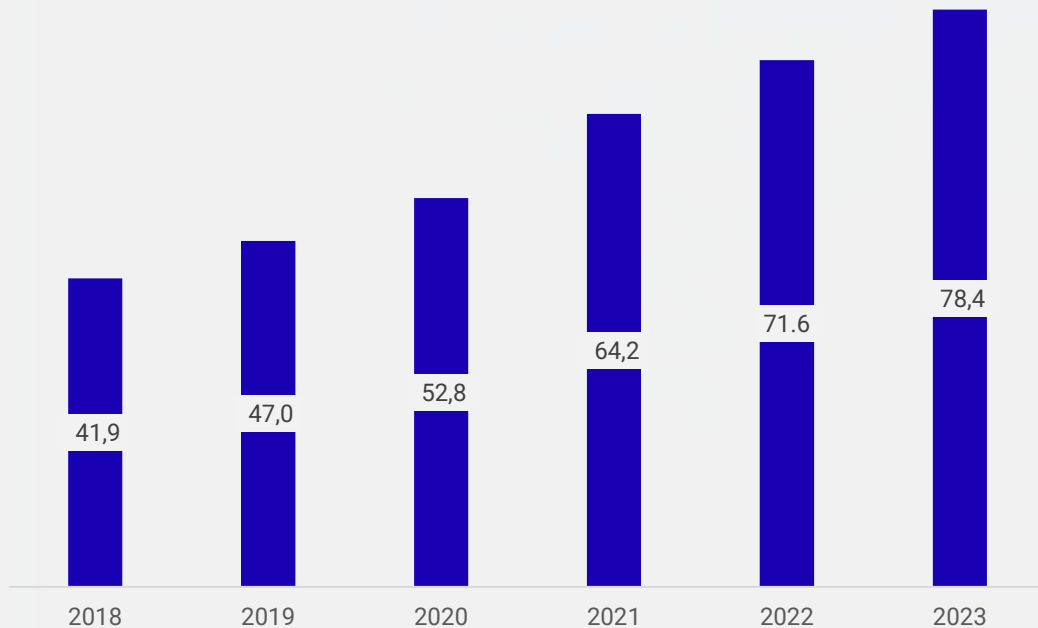
Tecnotree's growing above market trend

Revenue growing above market trend at current growth of 5%

Euro mn

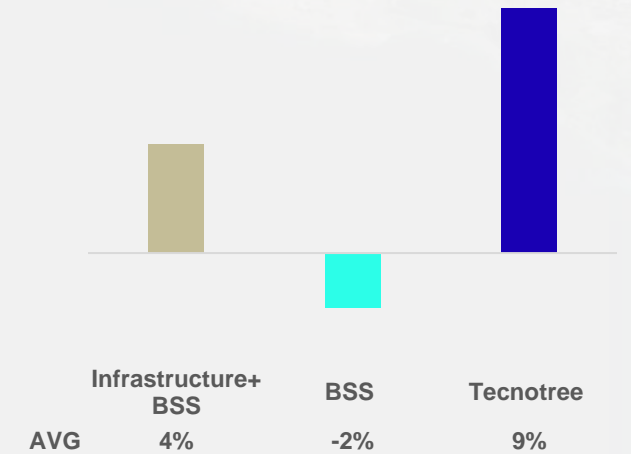
Tecnotree: +13% CAGR

BSS* Global market: 2.1% (2022-27)

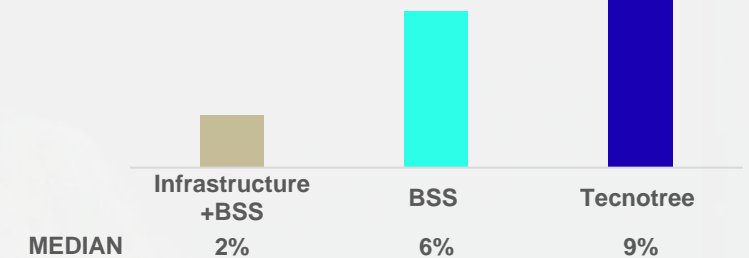


Revenue growth above Competitor trends (2023 vs 2022)

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



BSS :
CSG, Amdocs,
Optiva



Embedded AI for Humanized Digital Experiences

137+ AI PATENTS



OPEN API CERTIFIED



- Co-Pilot ChatBot
- Customers
- Delivery & Support
- Employee Enablement

Tecnotree Roots ChatBot

Engage



Connectivity



EdTech

Customer lifecycle

Humanizing customer experience

Embedded AI use cases on BSS Stack across different industry verticals

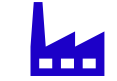
Attraction



IOT

Demand generation, Hypercare, Subscriptions

Sentiment Analysis



Industry 4.0

Loyalty



Cloud

Lead management and nurturing

Reason for Contact



Entertainment

Delight



Gaming

Order fulfillment, Conversion, Customer Support

Behaviour /usage

Evaluate

Use



Healthcare

Frustration and Churn



Network Slicing

