

Tecnotree

INVESTOR PRESENTATION

March, 2023

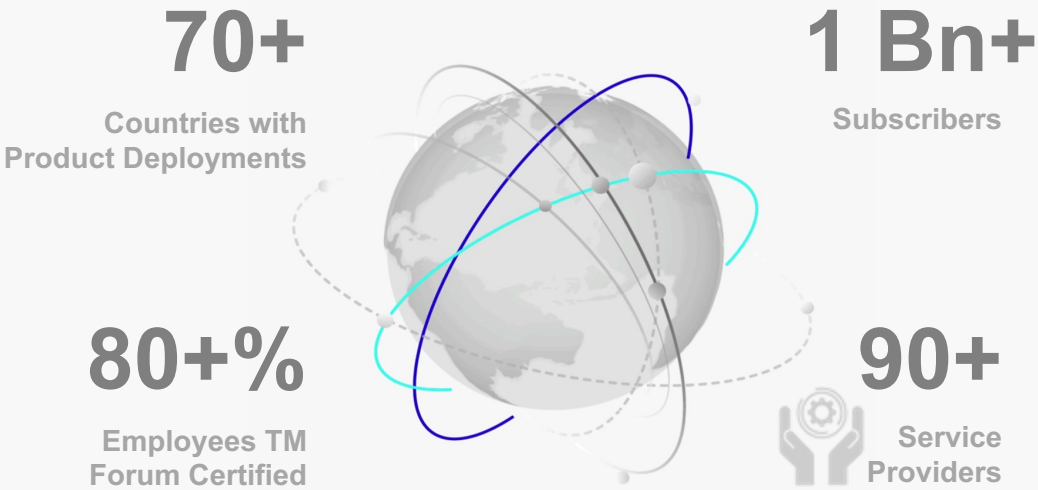
Empowering Digitally Connected Communities



Tecnotree – 45 years of technology expertise serving CSPs globally

About Tecnotree

2022 Key Highlights



€71.6 mn
Revenues

35%
Recurring Support Revenues

€68.9 mn
Order Book

€80 mn
Equity

Intellectual Property

150+ Prebuilt Journeys Available across the Stack to Discover, Sign-up, Shortlist, Buy, Pay, Bill, Modify, Support and Partner with Digitally Enabled Enterprises and Consumers

26%
EBIT Margin

898
Employees

Strong and recognized brand driving a diversified customer portfolio



First company – TMF Real world open APIs implementation.
Recognized as ODA Hero



Recognized in Gartner Market Guide for both Revenue
Monetization & Management and Customer Experience
Management



'Excellence in Fintech' Award at Finnovex West Africa 2022
for DiWa



Helsinki Stock Exchange Changemaker



Most successful company in Finland 2-4 yrs



Won MongoDB Telco Partner of the Year Award



Microsoft Azure Global ISV partner



stc



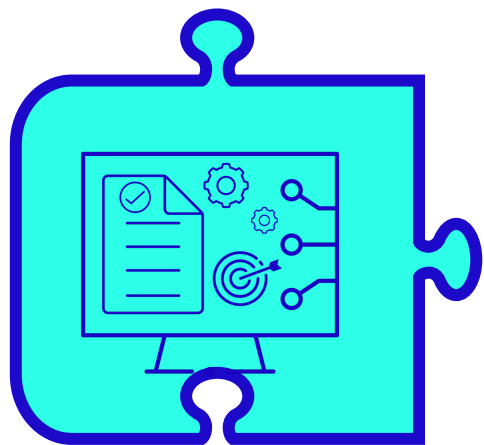
TELE2



DNA



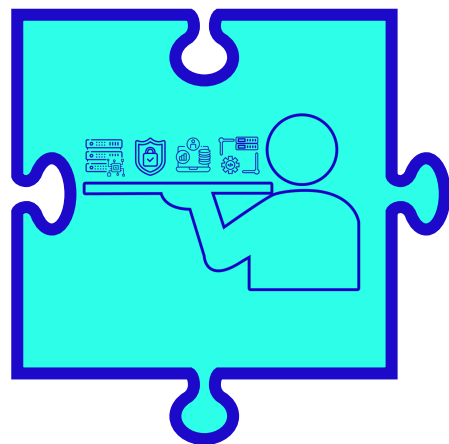
Diversified revenue streams – investing in market transformation



BSS Stack:

License and Delivery

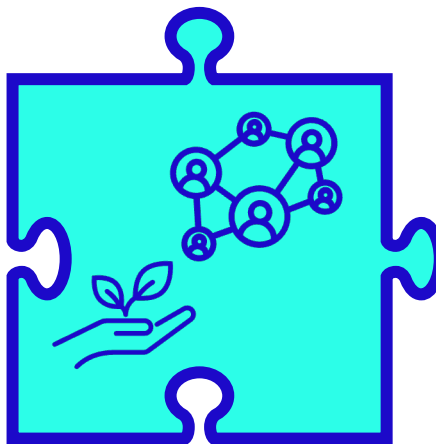
One-time revenue; fixed fee based on products & solutions



BSS Stack:

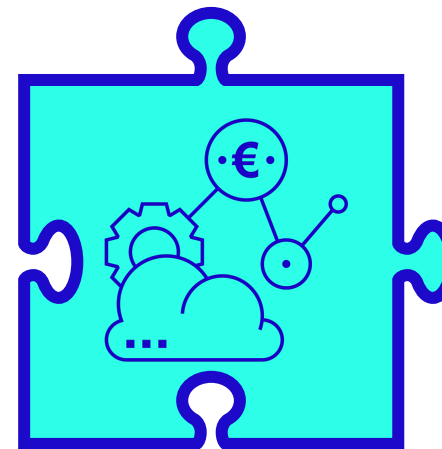
Managed Services and Maintenance Contracts

Recurring revenue



Moments and DiWa

Transaction based revenue



SaaS

Subscription based revenue



Blueprints for Empowering Digitally Connected Communities

Global provider of BSS digital transformation products for telecom industry

Open API, Low Code/No Code & Microservices enabled products & solutions

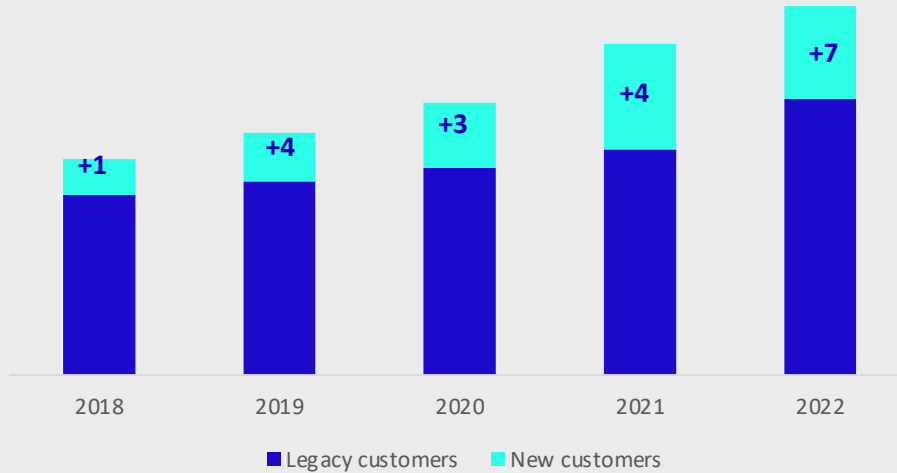
World class offering combined with a low TCO; also empowers CSPs to monetize via digital marketplaces

40+ years of domain knowledge and proven capabilities



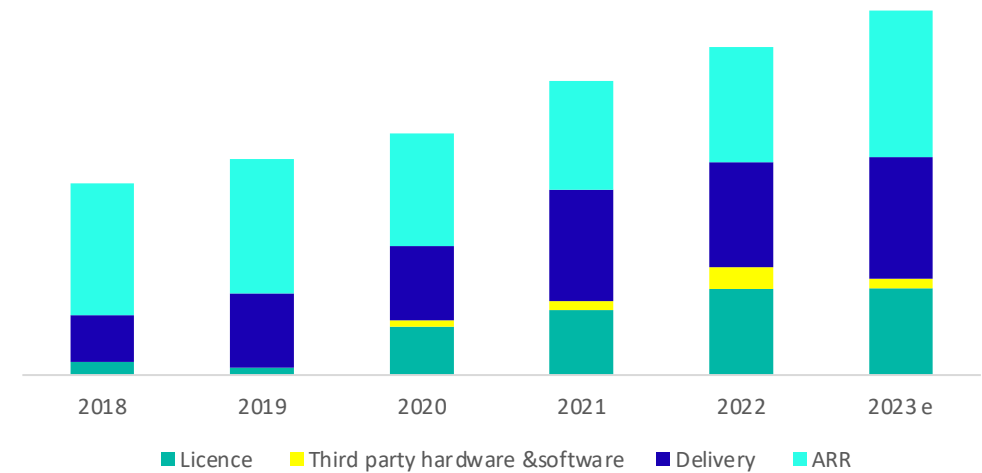
Diversified revenue mix with stable growth

Customer profile



- New logos bringing in a steady stream of revenues
- 19 new customers added since 2018 – potential opportunities for cross-sell and up-sell
- 2 Tier 1 legacy customers – Claro and MTN

Business view



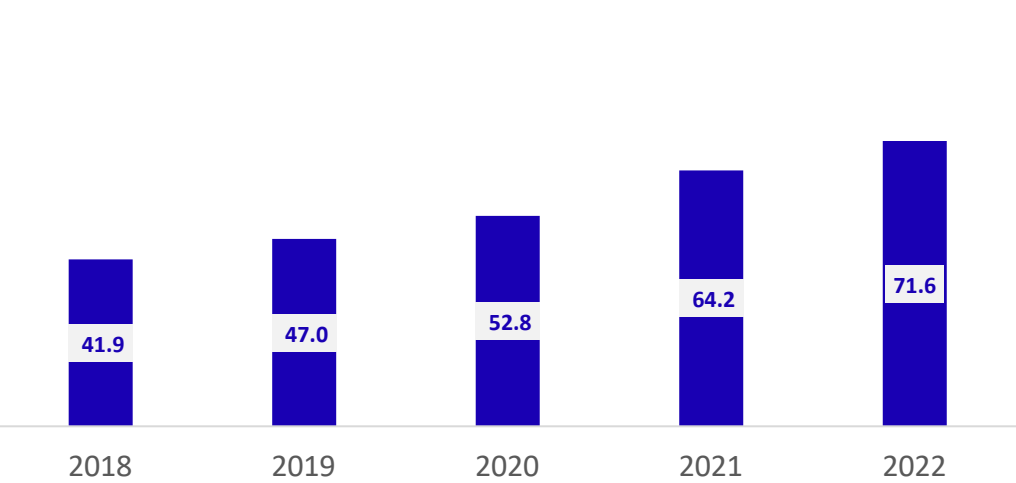
- Steady increase in license revenues 2020 onwards
- Reduced dependency on one time license and delivery
- Acquisition of CognitiveScale is expected to increase share of ARR (license+support) 2023 onwards

	2018	2019	2020	2021	2022	2023 e
Licence	7%	3%	20%	22%	26%	25%
Delivery	25%	34%	33%	41%	39%	35%
ARR	69%	62%	47%	37%	35%	40%

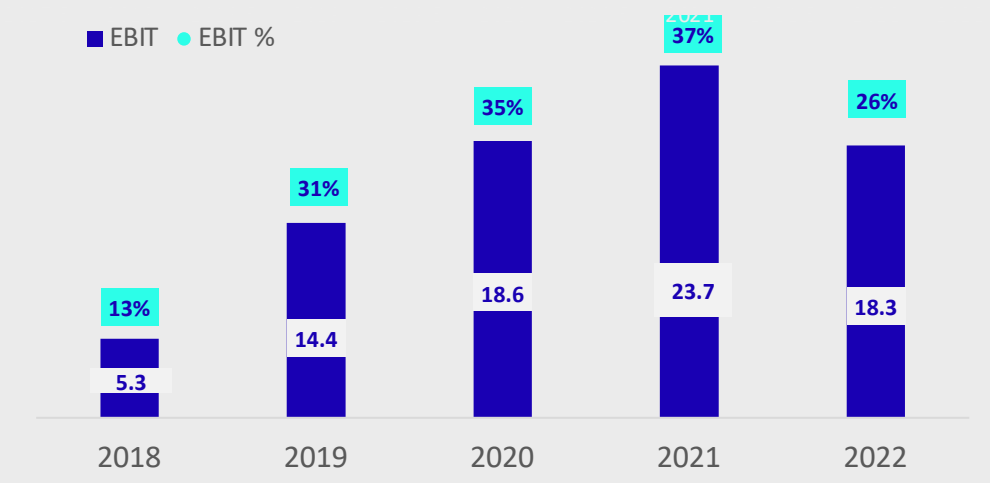


Robust financial performance and record high order book

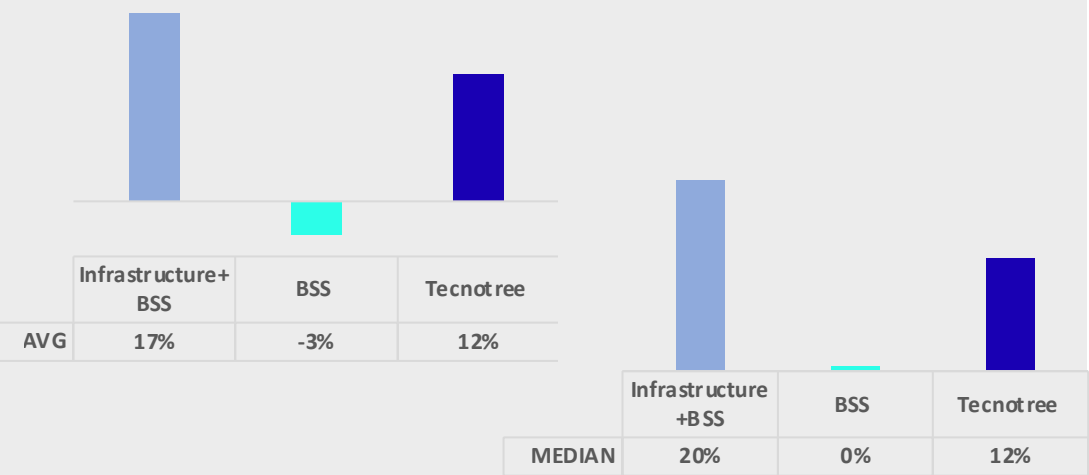
Revenue +14% CAGR Euro mn



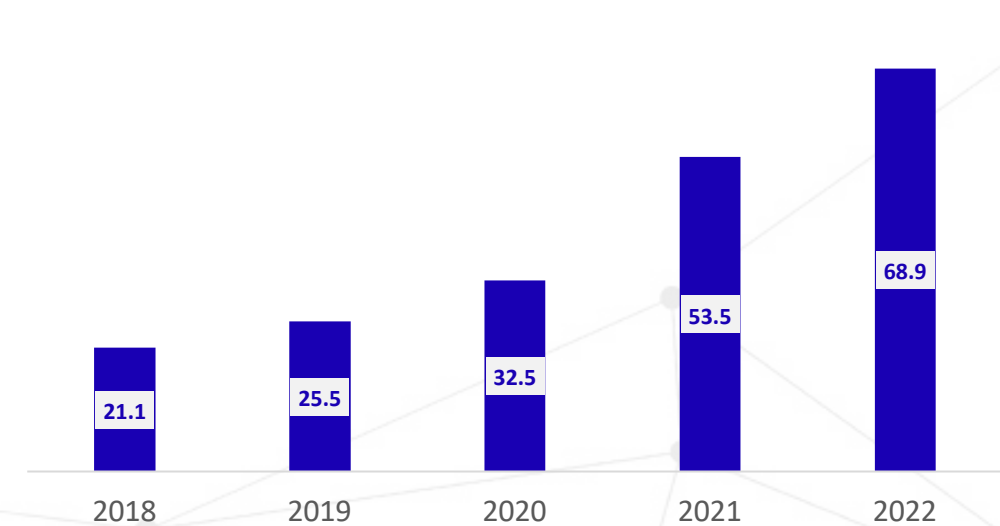
Operating Result (EBIT) +36% CAGR Euro mn



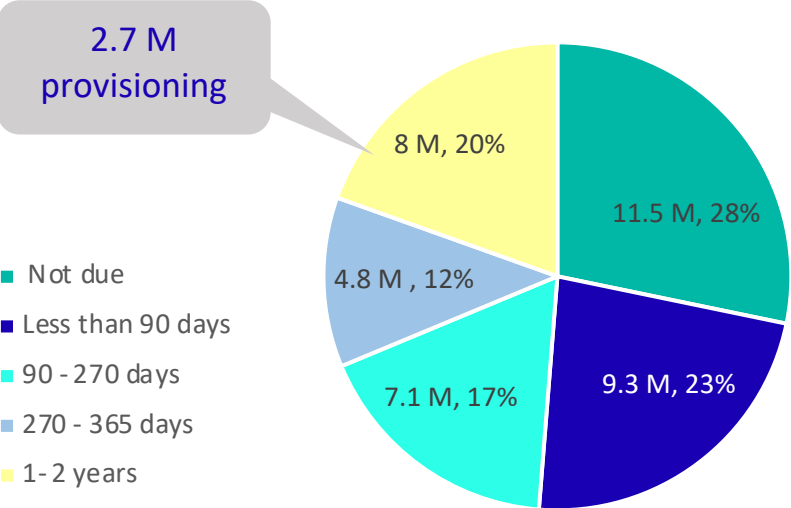
Revenue growth comparison with competitors (2022 vs 2021)



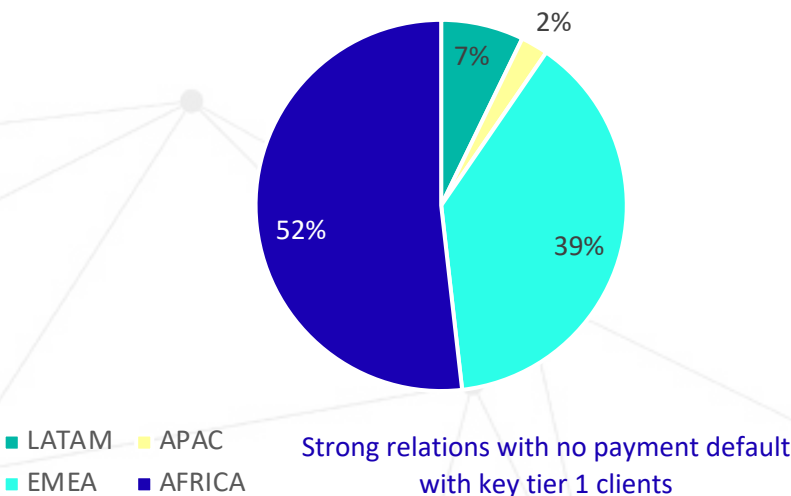
Order Book +34% CAGR Euro mn



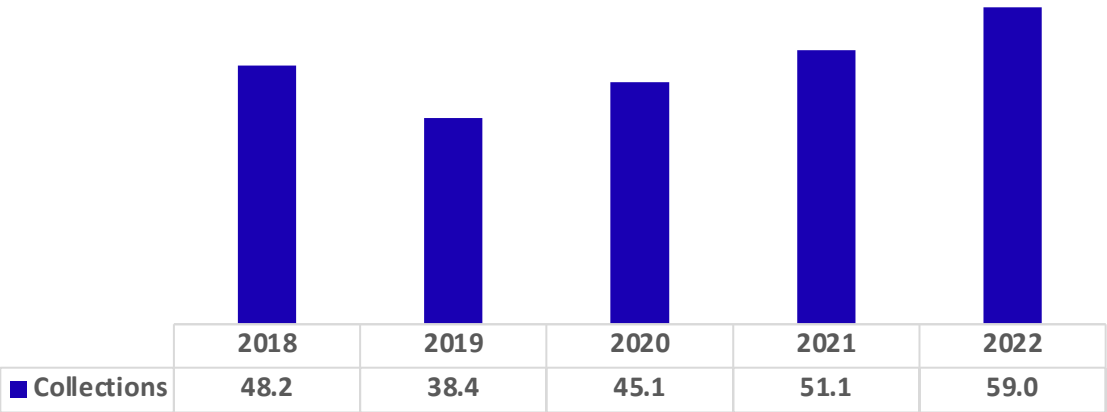
Revenues driven by market demand and collections secured through focused initiatives and backed by increased delivery capabilities



Current view of AR



Collections



- ❑ Strong revenue growth driven by new logos and increased demand for digital stack products
- ❑ Stack stabilization leading to increased simultaneous deliveries
- ❑ Robust collections y-o-y ; 59M in 2022 – 16% y-o-y growth
- ❑ Revenue at 15% CAGR 2019-2022 and collections at 15.4% CAGR for the same period

Key initiatives for improving cash collections

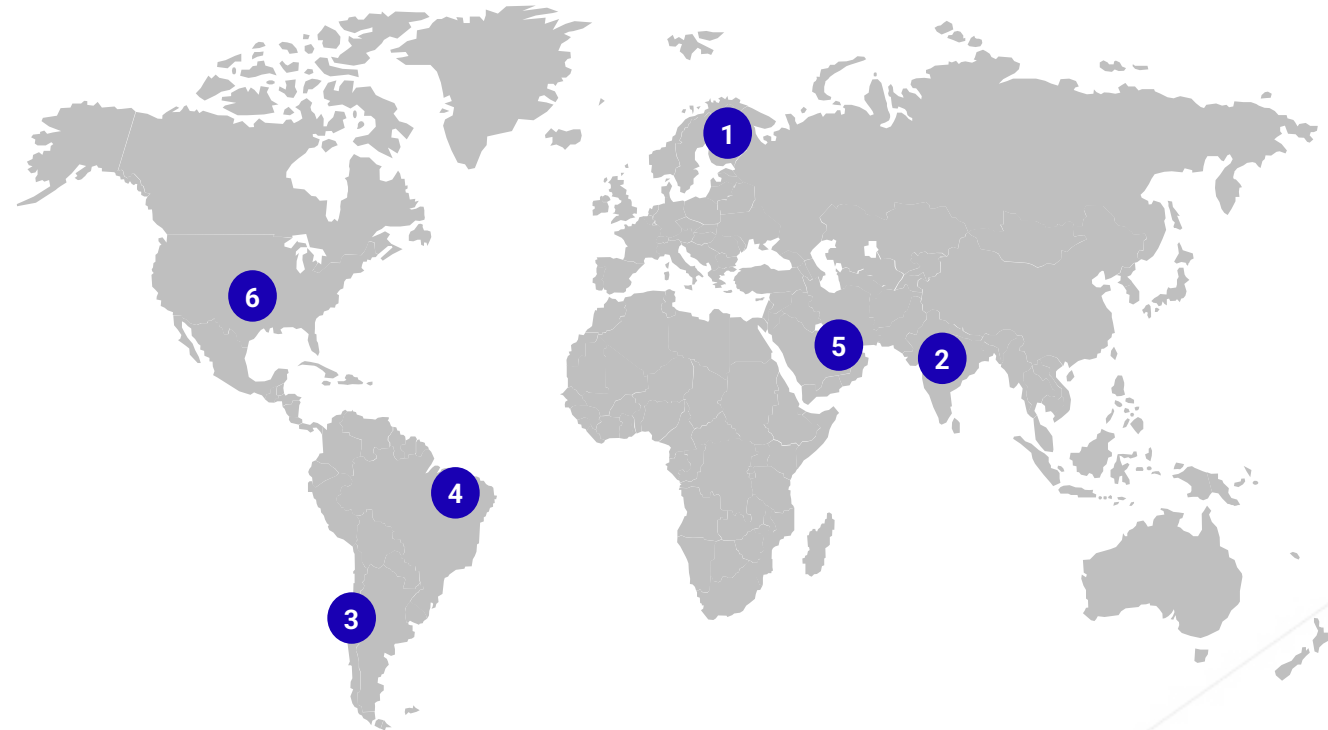
- ❑ Sales incentives linked to collection targets
- ❑ Exploring facilities for currency swaps and forward booking of Fx in key markets
- ❑ Penalty on customers for delayed payments

Cost rationalization through organizational efficiencies

898 

Employees

1. Europe (HQ in Finland)	43
2. India	660
3. Argentina	37
4. Brazil	6
5. Dubai	21
6. US	19
7. Other regions	112



Key drivers for cost optimization

- 4.5 M savings through 5-7% reduction in personnel
Attrition combined with redundant job role removal program
- 1M projected savings through improved treasury management



TECNOTREE GROWTH STRATEGY



Headroom for growth

High growth industry

Demand Drivers

1

Prioritization of upgrades from legacy to Digital BSS by Telcom players

2

Growth in data consumption accelerated by COVID

3

Increase in complexities in network ecosystem due to 5G & IoT

4

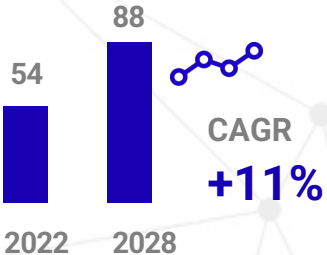
Increase in demand for Cloud Solutions & overall cost optimisation

5

Demand for innovative digital ecosystems (Digital Commerce)

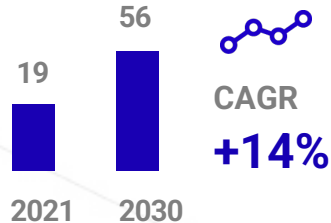
Global OSS/BSS Market Size – USD Bn

Evolving industry leading to sustainable growth



Cloud OSS/BSS Market Size – USD Bn

Opportunity for SaaS model



Tecnotree position

Revenue growth at 14% CAGR over last 5 years

Tecnotree’s growth is in line with the market growth

Main competitors:

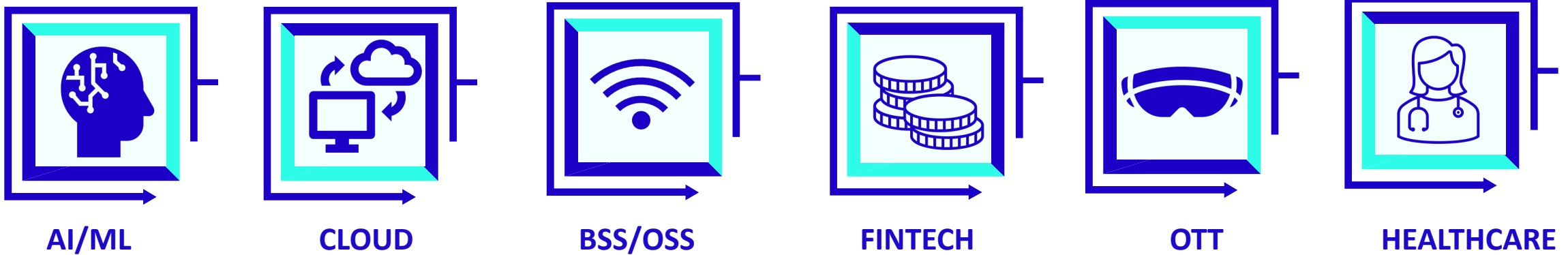
1. Whale Cloud
2. Amdocs
3. Qvantel
4. Sterlite Tech
5. Ericsson
6. Huawei



Inorganic growth strategy

Tecnotree will look to achieve inorganic growth through acquisitions, especially given the favorable terms for acquirers at this time

KEY FOCUS AREAS



To achieve favorable terms on target acquisitions Tecnotree will seek to leverage the following strategies:

- Tecnotree zero debt balance sheet - to quickly assume and retire the debt of potential acquisition targets
- Offer earnout to key promoters over a 5 year period – enabling them achieve liquidity events over a period
- Direct share-swap where valuation terms are favorable to Tecnotree

Tecnotree + CognitiveScale → Better Together

Tecnotree

Recognized Global Software Leader that operates in **70 countries** with **over 1 Billion Subscribers** at the intersection of Telecom, Healthcare, Fintech, Education

Pre-integrated ecosystem of Partners in healthcare Global expertise and capacity to support customer needs across Data Science, Data engineering, R&D, QA

Industry leading customer NPS scores and satisfaction – have not lost a single customer in our 40 years of existence



CognitiveScale

Market leading AI Platform with **114+ patents** that delivers intelligent customer experiences across all channels of interaction

Engaged with the Top 4 Healthcare Payor organizations delivering insights to 100m+ members

AI Platform rated as the leader in the Forrester mock wave for AI/ML Platforms (report due in May 2023)

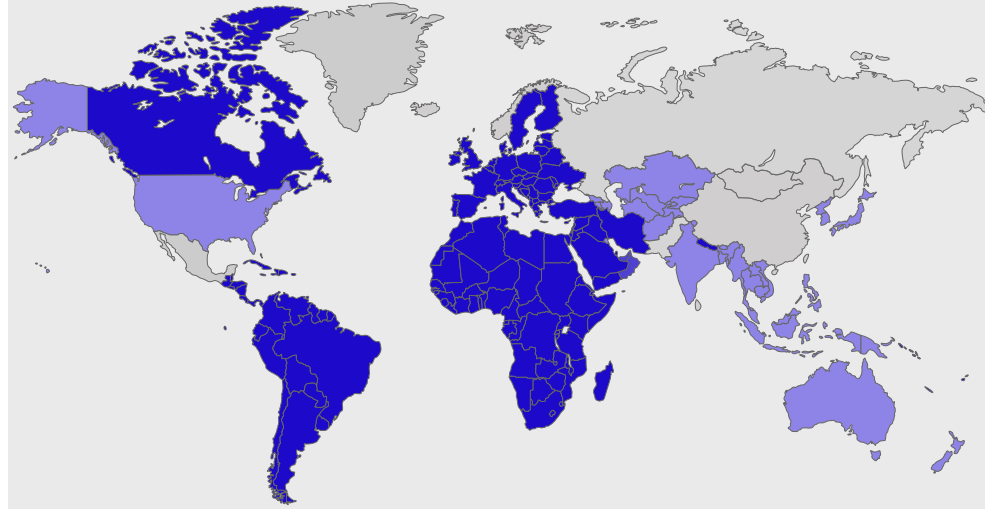


Additional AIML vs Existing revenue growth for 2023

Expected 2023 Revenue Growth:
7-15%

Expected 2023 AIML Revenue:
5M Euro

Revenue growth map on existing business without AIML



EMEA



ASIA



LATAM



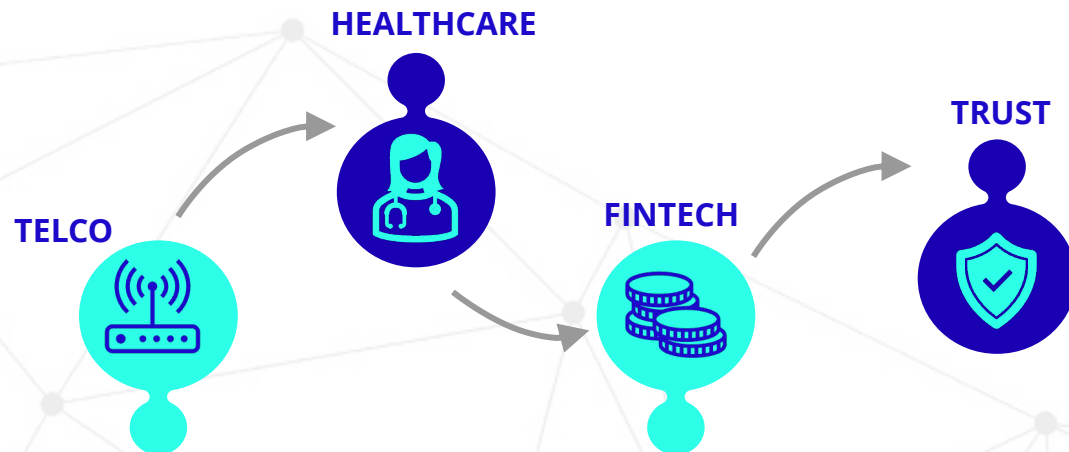
NORTH AMERICA



OCEANIA



Expected 2023 AI Revenue Growth Sectors



2023 AI Up/Cross sell Opportunities based on growth of existing business



stc

zain



Telefónica

Omantel
عمانتل

ooredoo

Key risks

01

02

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

Cost Pressures

Key Investments

Receivables & Currency

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

Mitigation – Cost Optimization plan – remote deployment & productization on cloud

03

1. Cash collection complicated by multiple factors such as :
2. revenue concentrations in emerging markets, Long project gestations, intense repatriation efforts

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



Outlook as published on 24th February 2023

- ❑ Revenue to be higher by 7%-15%
- ❑ Operating profit (EBIT) to be higher by 10%-20%
- ❑ Cost rationalization in Q2 of 2023 to the tune of 5%-7%
- ❑ Cash recovery expected to grow by 12% to 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 investment highlights



Headroom for growth



Unique position in the emerging markets



Business critical offering



Cost-effective operating model



Proven management team and agile organization



Healthy Financials





THANK YOU

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