

AN INNOVATOR IN BILLING, CHARGING
& CUSTOMER MANAGEMENT SYSTEMS

cerillion

Final Results

for the year to 30 September 2023

20 November 2023

PRESENTATION TEAM

Louis Hall
Founder & CEO



- Led the MBO of the original business from Logica plc in 1999
- Over 30 years' experience in the software industry
- Previously held senior product, sales and management positions at Logica plc

Andrew Dickson
CFO



- Joined in 2022
- Over 20 years' experience; early career at Deloitte LLP.
- Previously Group Director of Finance at Vitec Group plc

KEY HIGHLIGHTS

Year to 30 September 2023



- > New record highs across key financial measures – including revenue, PBT, EPS
- > Annualised recurring revenue at financial year-end up 19% y/y to £14.8m (2022: £12.4m)
- > New customer sales pipeline value up by 16% to record £243m (2022: £209m)
- > Continued expansion of resource – at newer centres in India and Bulgaria
- > Well-placed to deliver another strong performance in the new financial year, supported by:
 - > strong back-order book
 - > a record new customer sales pipeline.
 - > €12.4m new contract signed since year-end with Tier-1 telco

Customer View



Telesur

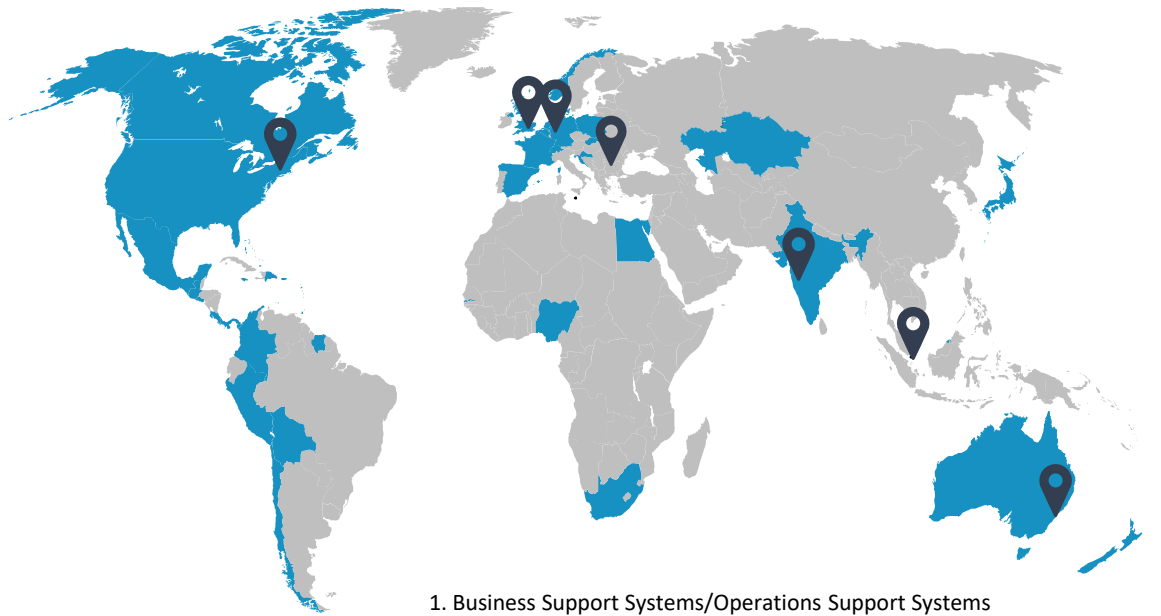
Major transformation project for the main telecoms services provider in Suriname

“Our partnership with Cerillion is truly transformational. The introduction of Cerillion’s digital BSS/OSS platform has allowed us to enhance our customer experience and revolutionise our mobile services with a clear focus on digital engagement. And with the ability to launch new products and services faster than ever before, we are well-positioned to meet the evolving needs of our customers and drive growth in the digital era.”

Mike Antonius, CEO



Mission critical BSS/OSS¹ software for the global telecoms market



1. Business Support Systems/Operations Support Systems

c. 80 customers
across c. 45
countries

2023 REVENUE
£39.2m
(2022 £32.7m)

2023 ADJ PBT
£16.8M
(2022 £11.9m)

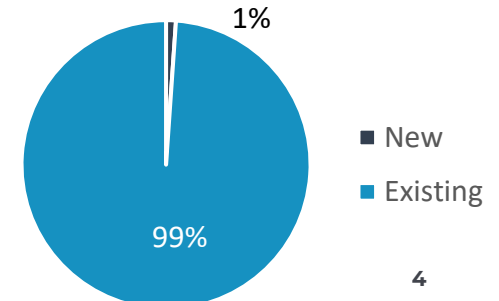
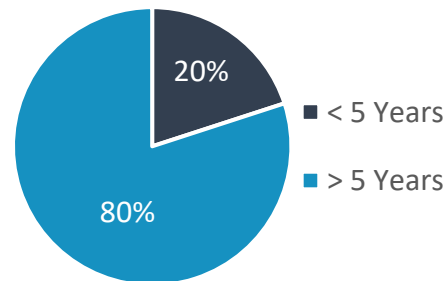
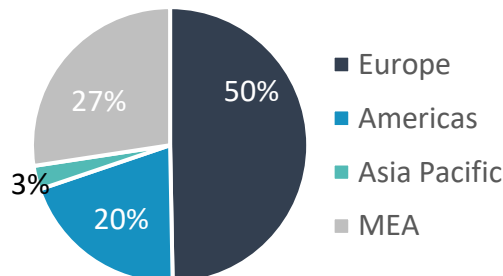
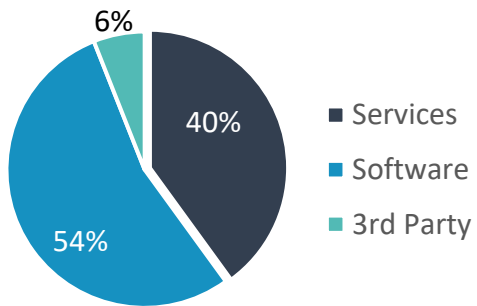
c. 350 staff
 London, c. 110
 India, c. 210
 Sofia, c. 30

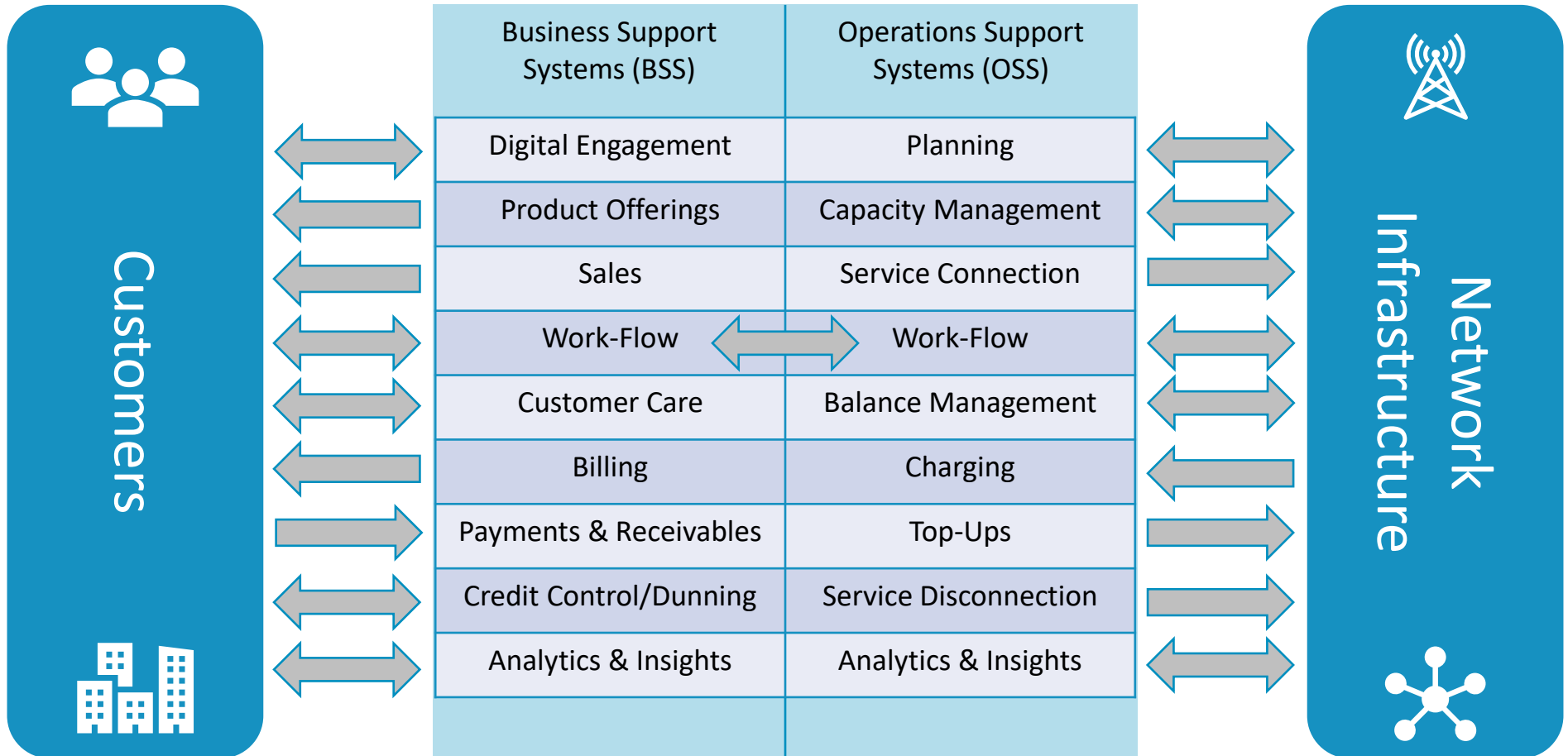
Revenue by Type

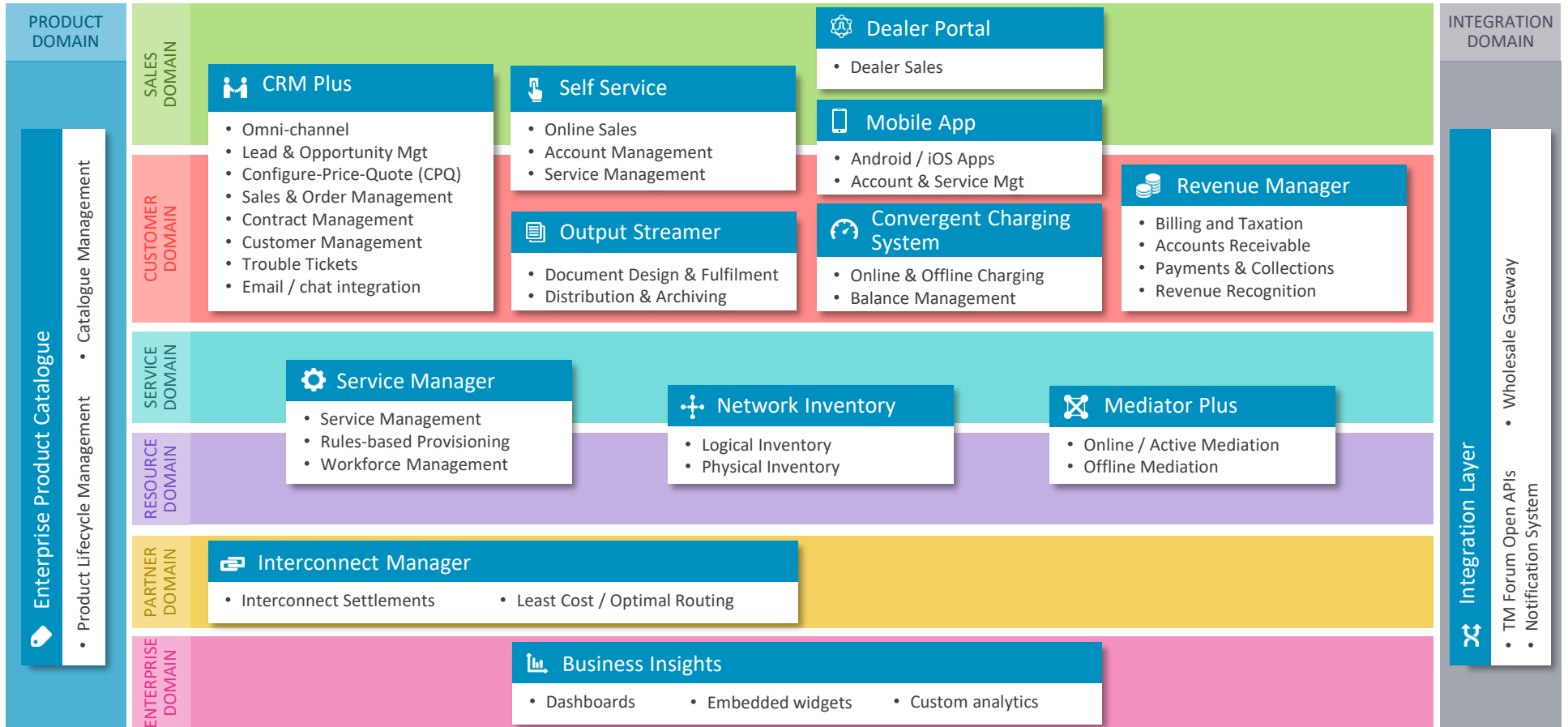
Revenue by Region

Customer Longevity

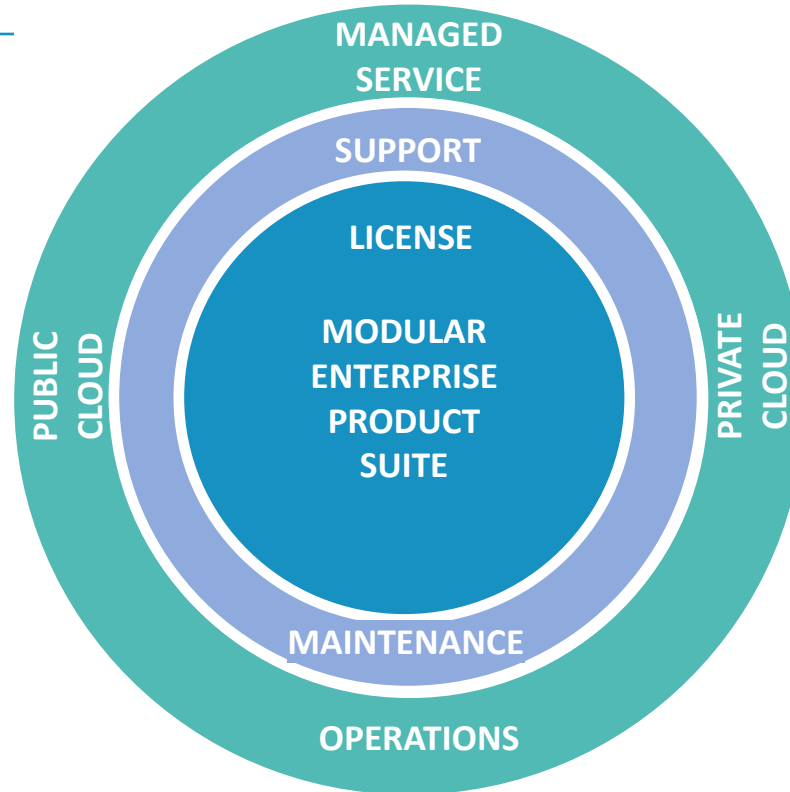
New v Existing Customer Revs







SOFTWARE-AS-A-SERVICE



- Cloud or on-premise deployment
- Term licensing
- 5+ year subscription agreements

- Pre-integrated BSS/OSS modules
- Common product for all customers
- End-to-end or modular delivery
- Large transformation projects

“We’re pleased to support the general availability of the Cerillion Enterprise BSS/OSS suite on Microsoft Azure. The combination of Cerillion’s modular and pre-integrated product set, adherence to industry standards like TM Forum’s Open Digital Architecture, and the cloud deployment flexibility of Azure, are a compelling proposition for communications service providers (CSPs) looking to accelerate time to market and increase operational agility.”

Rick Lievano, Worldwide Director of Technology Strategy, Microsoft



Market Segments

Channel Partners

Tier 1/2 Operator Groups

Tier 2/3 CSPs

Other Verticals



BSS
Standardising for multi-country operational models

Point solutions / Best of breed sales to support specific brands or business functions

National Operators:
End-to-end transformation projects for multi-play service providers

Innovative Challengers:
End-to-end transformation projects and point solutions for complex or innovative business models

Subscription billing and usage-based charging for medium-sized and large enterprises



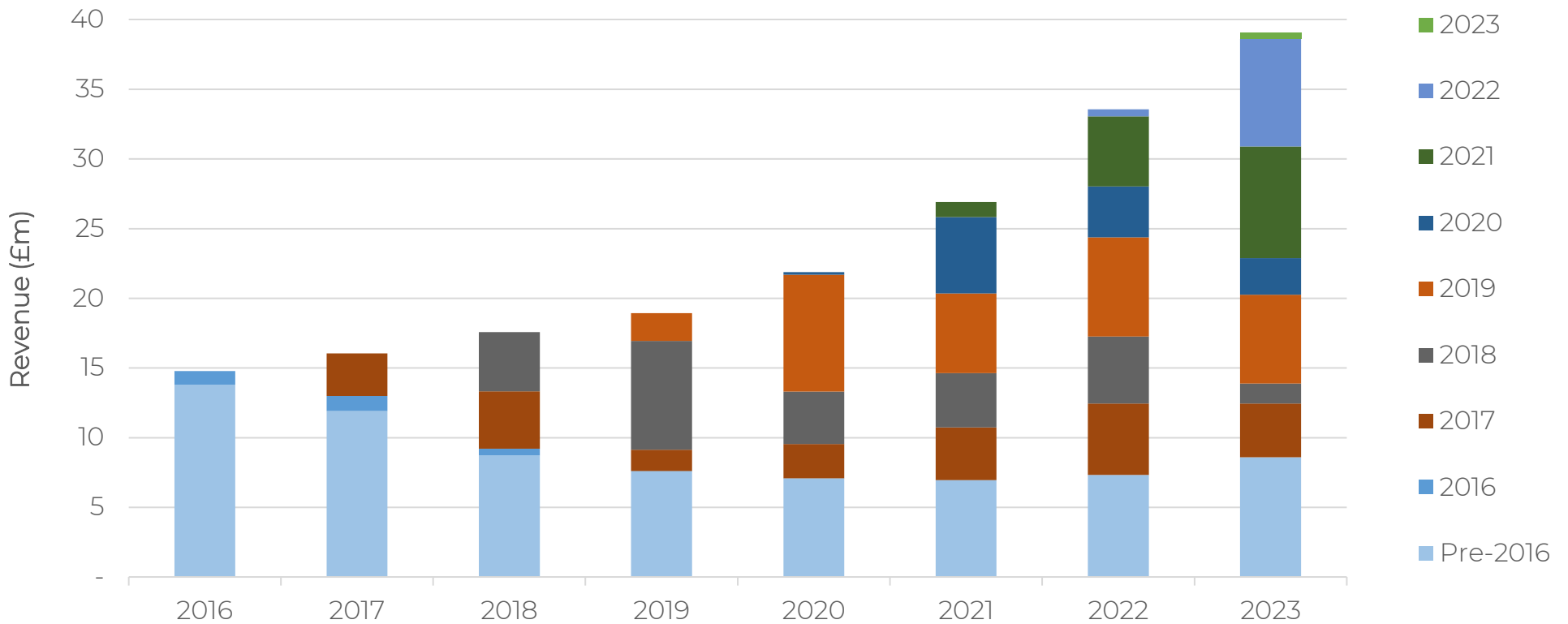
Tier 1 Systems Integrators

GLOBAL CUSTOMER BASE



c. 80 CUSTOMERS IN c. 45 COUNTRIES

REVENUE BY YEAR IN WHICH CUSTOMERS WERE WON



Annual revenue before 2023 has been restated at FY23 FX rates for constant comparison

COMPETITIVE LANDSCAPE



Large ISVs*

OUR DIFFERENTIATORS

- Shorter time-to-market
- More flexible
- Scaling to tier-2/3

Equipment Vendors

OUR DIFFERENTIATORS

- Shorter time to market
- More flexible
- Market bias towards software-based solutions

Small ISVs*

OUR DIFFERENTIATORS

- Greater breadth and depth
- Broader references

Independent Analysis



FORRESTER®

OMDIA

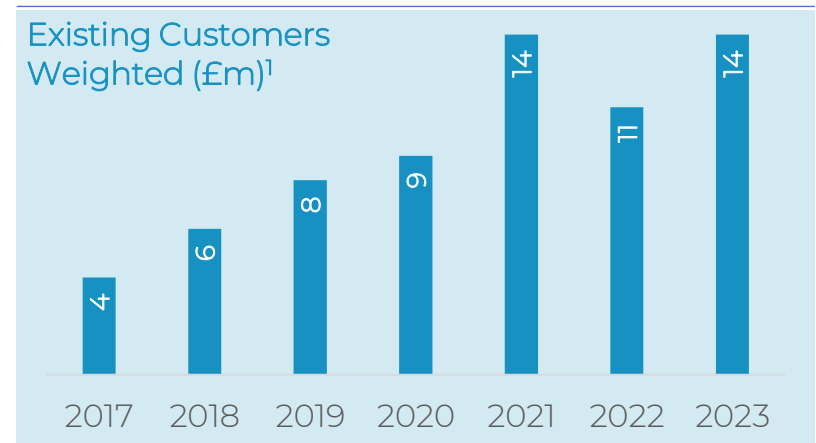
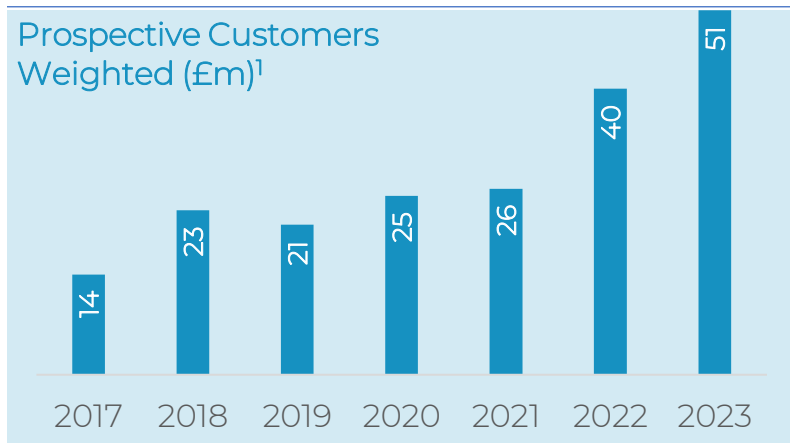
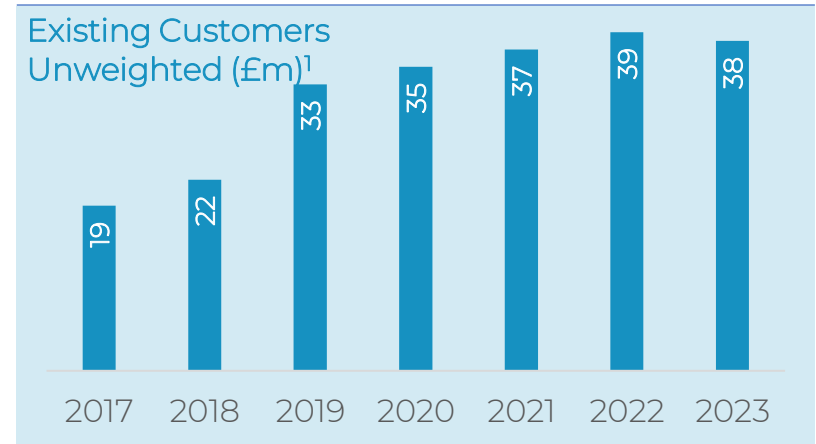
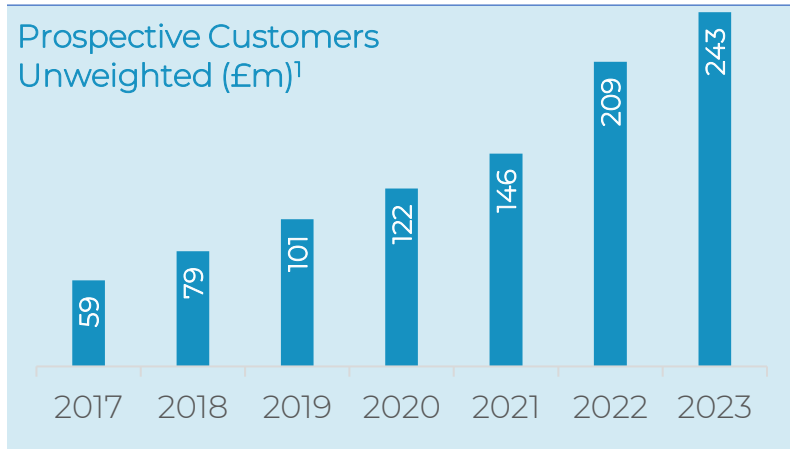


WHY WE WIN

- True product model – lower total cost of ownership, faster time-to-market, seamless upgrades
- Functionally rich, end-to-end, convergent CRM & billing product suite
- Service agnostic – support for complex business models
- Customer focus: strong blue-chip references and track record of delivery
- Product recognised by leading independent global research consultancies
- Fully integrated product demos

*ISV- Independent Software Vendor

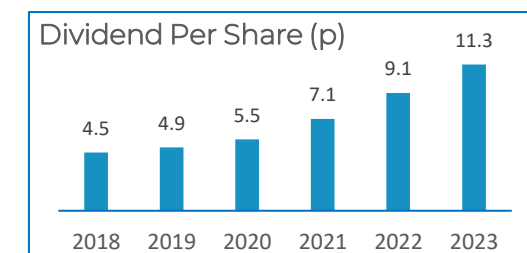
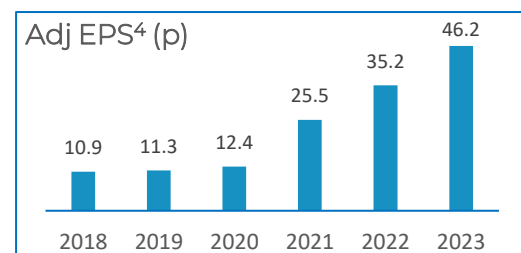
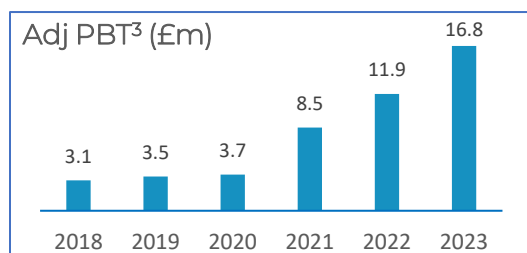
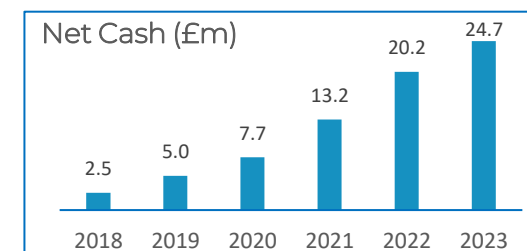
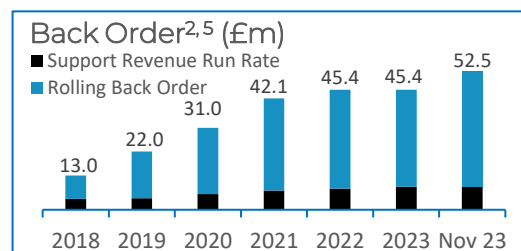
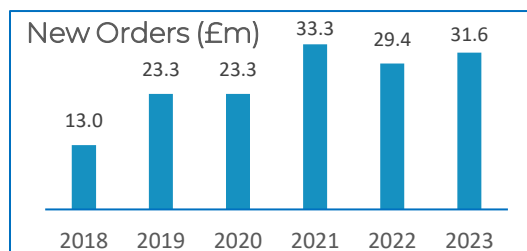
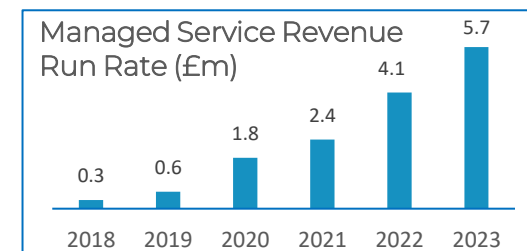
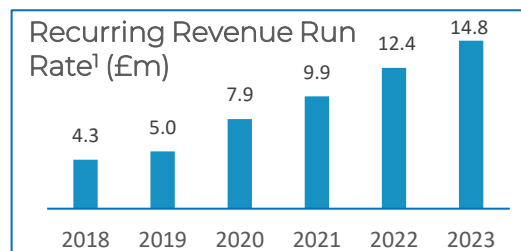
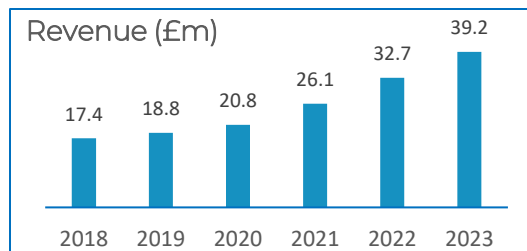
SALES PIPELINE OVERVIEW



1. As at 30 September 2023. Estimated figures, based upon management accounts and management estimates

FY 2023 KPIs

Key KPIs at Record Levels



1 Recurring revenue includes annualised support and maintenance, managed service and Skyline revenue.

2 Back-order book consists of £36.7m of sales contracted but not yet recognised at the end of the reporting period plus £8.7m of annualised support and maintenance revenue. It is anticipated that 45% of the £36.7m of sales contracted but not yet recognised at the end of the reporting period will be recognised within the next 12 months.

3 Adjusted PBT is a non-GAAP, company-specific measure which is earnings excluding taxes, amortisation of acquired intangible assets, and share-based payments charges.

4 Adjusted EPS is a non-GAAP, company-specific measure which is earnings after taxes, excluding amortisation of acquired intangible assets, and share-based payments charges.

5 Back-order as at year-end, per note 2, adjusted to include new orders signed since year-end and reduced by additional revenue recognised up to 17 November 2023.

FY 2023 FINANCIAL HIGHLIGHTS (AUDITED)



> Record highs across key KPIs

£m	FY23	FY22
New orders	31.6	29.4
Back-order book¹	45.4	45.4
Total revenue	39.2	32.7
Software ²	21.1	12.9
Services	15.5	18.3
Other	2.6	1.6
<i>Recurring revenue in year³</i>	12.9	10.5
<i>Gross margin</i>	78.6%	77.9%
Adj. EBITDA	18.1	13.8
<i>Adjusted EBITDA margin</i>	46.2%	42.0%
Adjusted PBT⁴	16.8	11.9
Adjusted EPS⁵	46.2p	35.2p
DPS	11.3p	9.1p
Net cash	24.7	20.2

- Record sales pipeline and continuing strong back-order book providing good visibility
- Substantial swing from services to software revenue led to enhanced margins
- Very strong balance sheet; £24.7m net cash

¹ Back-order book consists of £36.7m of sales contracted but not yet recognised at the end of the reporting period plus £8.7m of annualised support and maintenance revenue. It is anticipated that 45% of the £36.7m of sales contracted but not yet recognised as at the end of the reporting period will be recognised within the next 12 months.

² Revenue derived from software licence, support and maintenance and managed services.

³ Recurring revenue includes support and maintenance and managed services.

⁴ Adjusted PBT is a non-GAAP, company-specific measure which is earnings excluding taxes, amortisation of acquired intangible assets, and share-based payments charges.

⁵ Adjusted EPS is a non-GAAP, company-specific measure which is earnings after taxes, excluding amortisation of acquired intangible assets, and share-based payments charges.

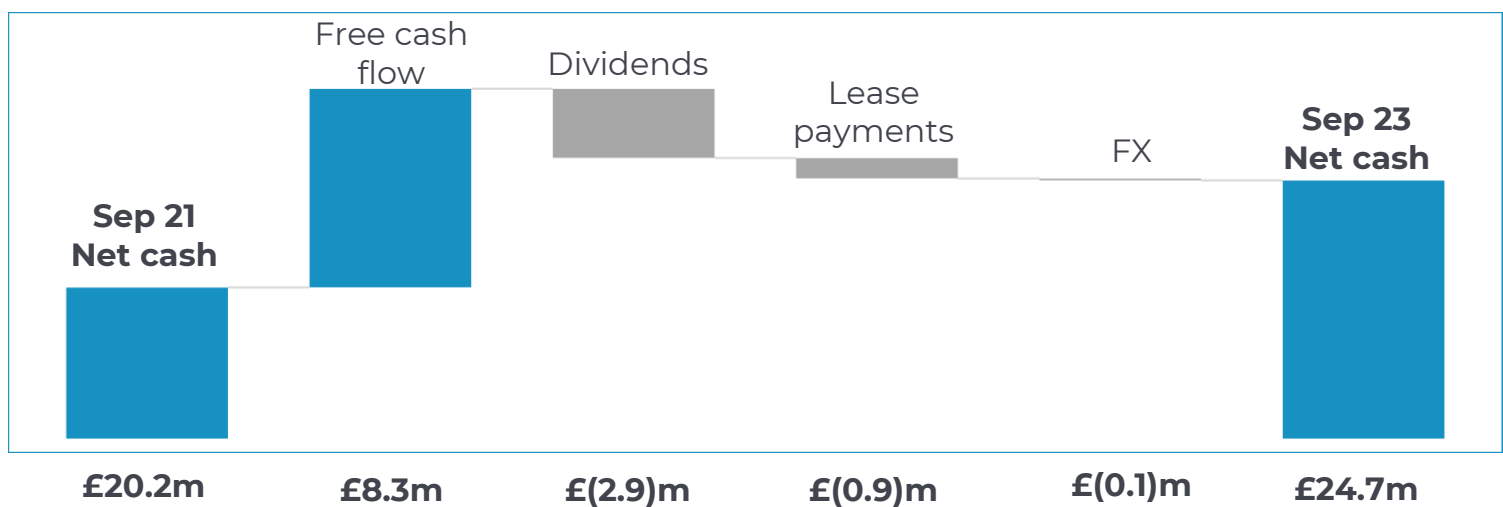
CASH GENERATION



> Strong cash generation

£m	FY23	FY22
Adj. EBITDA	18.1	13.8
Decrease/(increase) in working capital	(5.8)	0.1
Cash generated from operations	12.3	13.9
Capitalisation of development costs	(1.1)	(1.0)
Purchase of PPE	(0.3)	(0.6)
Net interest and tax paid	(2.6)	(1.6)
Free cash flow	8.3	10.7

- Free cash flow used to fund dividend and lease payments
- Closing net cash of £24.7m



AUDITED SUMMARY CONSOLIDATED INCOME STATEMENT ¹



(£'000)	Year to 30 Sep 2023	Year to 30 Sep 2022
Total revenue	39,170	32,726
Cost of sales	(8,364)	(7,221)
Gross profit	30,806	25,505
<i>Gross profit margin</i>	78.6%	77.9%
Operating expenses	(15,273)	(13,031)
Impairment of financial assets	(256)	(1,770)
Adjusted EBITDA¹	18,083	13,750
Depreciation and amortisation	(2,597)	(2,986)
Share based payments charge	(209)	(60)
Operating profit	15,277	10,704
Finance costs	(119)	(146)
Finance income	956	337
Profit before tax	16,114	10,895
Tax	(3,183)	(1,551)
Profit after tax	12,931	9,344

- Adjusted EBITDA margin increase due to higher proportion of license fees in revenue mix
- Higher tax charge due to increase in profit and increase in corporation tax rates

¹ Adjusted EBITDA is a non-GAAP, company-specific measure which is earnings excluding finance income, finance costs, taxes, depreciation, amortisation, and share-based payments charge. Adjusted EBITDA refers to adjusted EBITDA from continuing operations.

AUDITED SUMMARY CONSOLIDATED BALANCE SHEET



(£'000)	Consolidated	30 Sep 2023	30 Sep 2022
Non-current assets	Goodwill	2,053	2,053
	Other intangible assets	2,374	2,653
	Property, plant and equipment	780	980
	Right of use asset	2,352	3,057
	Trade and other receivables	5,105	2,171
	Deferred tax	268	260
		12,932	11,174
Current assets	Trade and other receivables	15,115	11,205
	Cash and cash equivalents	24,738	20,249
		39,853	31,454
Total assets		52,785	42,628
Current liabilities	Trade and other payables	(10,871)	(10,217)
	Lease liabilities	(980)	(976)
	Borrowings - current	-	-
Non-current liabilities	Borrowings	-	-
	Lease liabilities	(2,178)	(3,050)
	Other payables	(1,871)	(1,653)
Net assets		36,885	26,732
	Called up share capital	147	147
	Share premium account	13,319	13,319
	Foreign exchange reserve	(192)	(97)
	Share option reserve	346	137
	Retained profit	23,265	13,226
	Treasury stock	-	-
Total equity		36,885	26,732

AUDITED SUMMARY CONSOLIDATED CASH FLOW STATEMENT



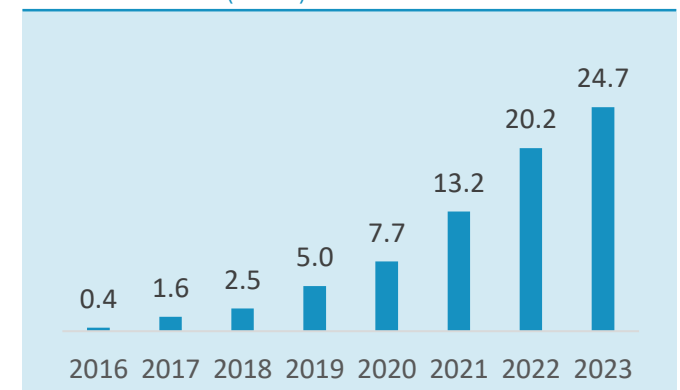
Consolidated (£'000)	Year to 30 Sep 2023	Year to 30 Sep 2022
Operating cash flows before movements in working capital	18,083	13,750
(Increase) / decrease in trade and other receivables	(6,468)	(1,182)
Increase / (decrease) in trade and other payables	671	(1,324)
Cash from-operations	12,286	13,892
Finance costs	(119)	(146)
Finance income	580	337
Tax (paid) / received	(2,997)	(1,745)
Net cash from operating activities	9,750	12,338
Capitalisation of development costs	(1,147)	(983)
Purchase of property, plant and equipment	(278)	(626)
Net cash used in investing activities	(1,425)	(1,609)
Borrowings repaid	-	-
Dividends paid	(2,892)	(2,243)
Purchase of treasury stock/receipts from exercise of share options	-	(705)
Principal elements of finance leases	(868)	(807)
Net cash used in financing activities	(3,760)	(3,755)
Net increase in cash and cash equivalents	4,565	6,974
Translation differences	(76)	101
Cash and cash equivalent at beginning of period	20,249	13,174
Cash and cash equivalents at end of period	24,738	20,249

- > Record back-order book provides a high degree of visibility at the start of FY24
 - recent closure of a €12.4m new contract with a new Tier-1 customer
- > Very strong pipeline of new prospects, including further large contract opportunities
- > Favourable market backdrop
 - telecoms businesses seeking to use enterprise software to drive greater value from existing infrastructure assets as well as investing in new assets
- > Strong balance sheet with net cash, good cash flows and higher recurring revenue
- > Cerillion is well-positioned for growth in FY24

Dividend Record (p)



Net Cash (£m)



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& CUSTOMER MANAGEMENT SYSTEMS

cerillion

Supplementary Information

- Board of Directors
- Major Shareholders
- Capital Allocation Policy
- Sticky Customer Base
- Financial Summary
- Market Drivers

BOARD OF DIRECTORS



Alan Howarth Chairman

Alan Howarth has extensive senior executive experience in a range of national and international organisations in both the public and private sector. At Ernst & Young he was one of the founding partners of the UK Management Consulting practice. For the last 20 years he has managed a portfolio of nonexecutive appointments, as chairman of both public and private companies primarily in the UK and US Technology and Health sectors. He is a non-executive Director of Tern Plc and a Board member of Open Health Group and the Change Management Group.

Louis Hall CEO

Louis Hall is the CEO and founder of Cerillion, having led the management buy-out of the original business from Logica PLC in 1999. Louis has worked in the enterprise software industry for over 30 years and prior to forming Cerillion held a number of product, sales and management positions at Logica.

Andrew Dickson CFO

Andrew joined Cerillion as CFO in February 2022. Prior to this he spent seven years at The Vitec Group plc in a number of senior financial roles, including Group Director of Finance based in London and Finance Director of a subsidiary business based in the USA. In his earlier career, Andrew worked for Smiths Group plc, the FTSE 100 international engineering business, and qualified as a chartered accountant with Deloitte LLP.

Guy O'Connor Non-executive Director

Guy is a co-founder of Cerillion and formerly led business development. Prior to joining Cerillion, Guy was Group Director for Matheson Investment International, a subsidiary of Jardine Matheson Group.

Mike Dee Non-executive Director

Mike Dee served as CEO of Manx Telecom plc from April 2011 to July 2015, overseeing its successful AIM IPO in February 2014. In 1987, Mike was part of the BT team involved in setting up Manx Telecom plc and served as Director of Finance and Company Secretary before stepping up to CEO. Mike is a qualified accountant and holds a BA (Hons) degree in Business Studies and CIMA qualification.

MAJOR SHAREHOLDERS¹

As at 6 November 2023



MAJOR SHAREHOLDERS	%
Louis Hall	30.45
Gresham House Asset Management	11.87
Investec Wealth & Investment	7.25
Canaccord Genuity Wealth Management (Inst)	5.93
Charles Stanley	5.38
JPMorgan Asset Management	3.60
Hargreaves Lansdown, stockbrokers (EO)	2.64
Schroder Investment Management	2.47
BlackRock	2.06
Interactive Investor (EO)	2.02
Rathbones	1.75
Montanaro Asset Management	1.52
Shore Capital, stockbrokers (ND)	1.36

MAJOR SHAREHOLDERS	%
Royal London Asset Management	1.19
WH Ireland, stockbrokers	1.10
Herald Investment Management	1.03
Goldman Sachs collateral account	0.96
AJ Bell, stockbrokers (EO)	0.88
Lonvia Capital	0.85
Mr and Mrs David Newlands	0.85
Berenberg Asset Management	0.85
Rowan Dartington, stockbrokers	0.84
JM Finn, stockbrokers	0.79
Chelverton Asset Management	0.77
Barclays Smart Investor (EO)	0.77
HSDL, stockbrokers (EO)	0.75

¹ Source: Equiniti Limited

Maximising shareholder returns

Organic growth

Continued investment to:

- enhance offering
- improve service levels and deliver operational efficiencies
- expand sales team and marketing spend

Investment man-days:
- FY23: 10,964 days
- FY22: 9,063 days

Dividend policy

Progressive dividend policy:

- pay out a third to a half of free cash flows each year
- dividend cover on adj. EPS of three-to-four times

Interim FY23: 3.3p
(FY22: 2.6p)
Final FY23: 11.3p
(FY22: 9.1p)

Strategic investments

Strategic investments to support longer term growth

- strategic acquisitions of operating businesses to improve and enhance scope and scale of earnings

Other considerations

Maintain strong balance sheet to support strategy to partner with larger customers

Net cash

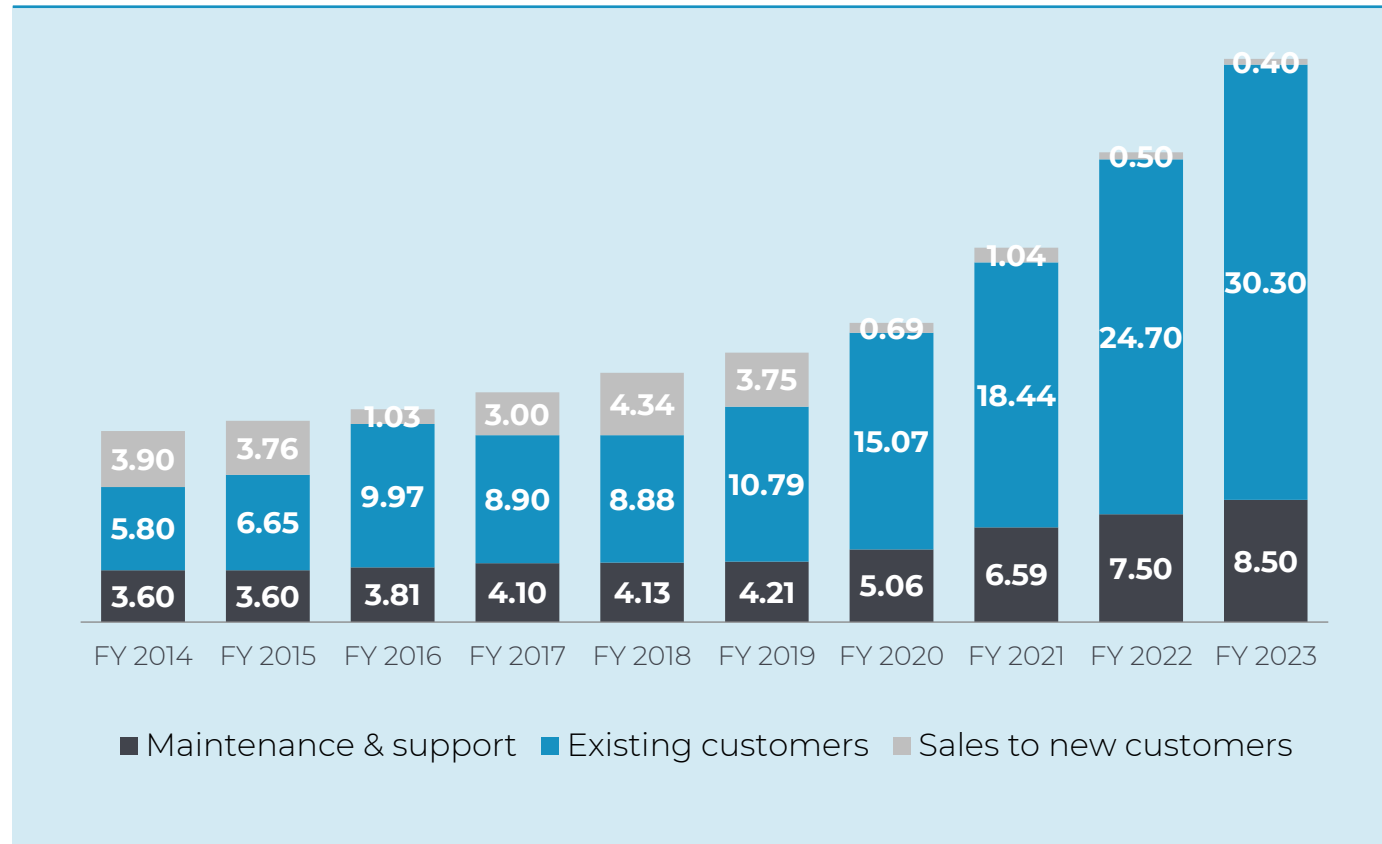
- maintain strong balance sheet

FY23: net cash £24.7m
FY22: net cash £20.2m

STICKY CUSTOMER BASE GENERATES HIGH LEVELS OF PREDICTABLE INCOME



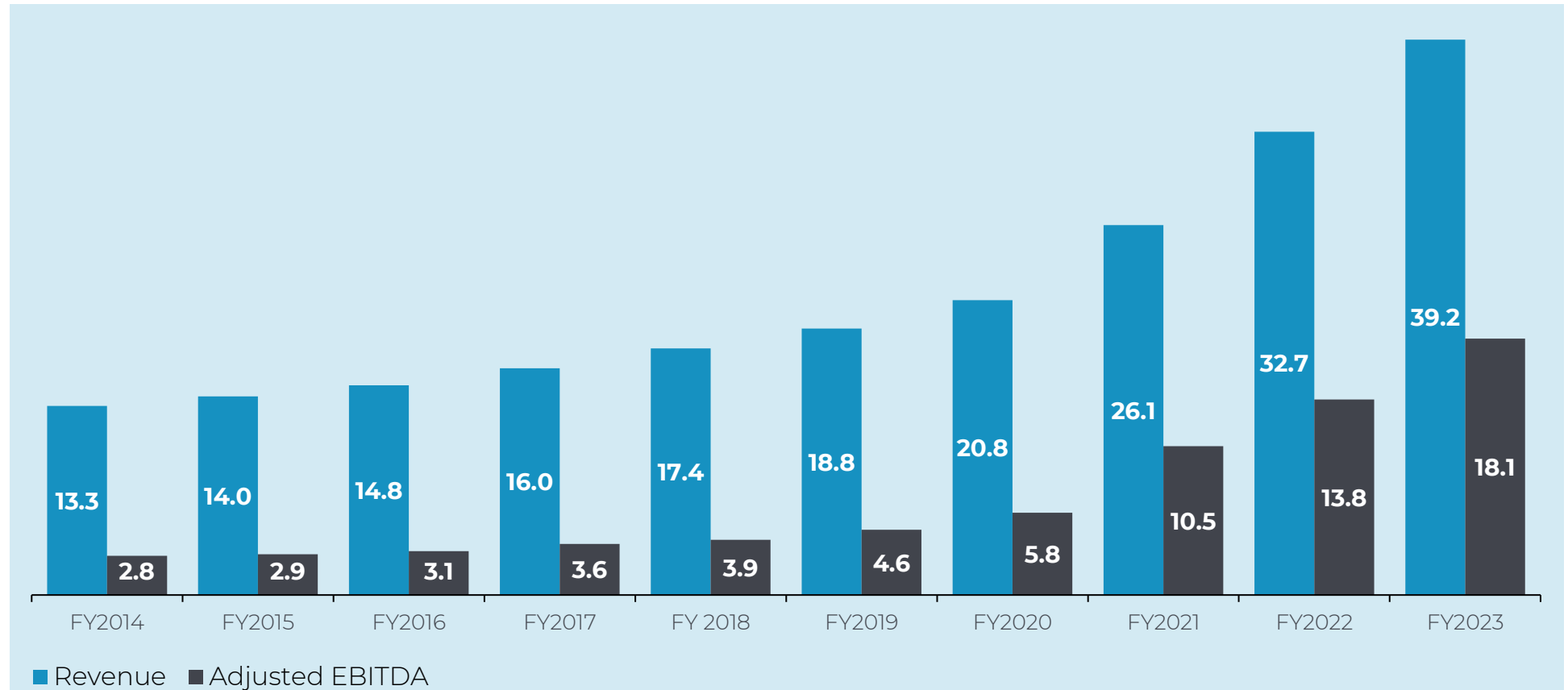
Revenue Sources (£m)



>90%
Annual income typically derived from existing customers

FINANCIAL SUMMARY (CERILLION TECHNOLOGIES LTD)

Long-Term Track Record (£m)



EBITDA and Adjusted EBITDA are non-GAAP measures. Adjusted EBITDA is a company specific measure which is calculated by taking operating profit and adding back depreciation and amortisation, share based payment charge and exceptional items.

UPGRADE CYCLE

REVENUE GROWTH

Stimulate increased usage

Monetise network capabilities

Create data services value

Personalise services



OPERATIONAL EFFICIENCY

Reduce time-to-market

Revenue assurance

Consolidate BSS/OSS Systems

Reduce OPEX



TECHNOLOGY

Fibre Rollout/5G

Network consolidation (SDN/NFV)

Digital customer experience

Spectrum



REPLACEMENT CYCLE