

A network diagram with a central person icon and several smaller person icons connected by lines, set against a background of a larger, fainter network. A dark blue diagonal bar with an orange stripe runs from the top right to the bottom left. A dark grey horizontal bar is positioned behind the main title.

Full Year Results to 31 December 2019

April 2020



Subash Menon

Managing Director & CEO

- Subash co-founded Pelatro in April 2013
- Prior to Pelatro, Subash was the CEO and Founder of Subex – a company he transformed from a systems integrator in telecoms hardware to a global leader in telecoms software for business optimization
- Subash guided Subex through a successful IPO in 1999 and through seven acquisitions in the UK, US and Canada



Nicholos Hellyer

Finance Director

- Nic, is a Chartered Accountant and former investment banker of over 25 years of experience
- Nic spent the majority of his banking career at UBS and HSBC, advising on a wide range of transactions including public takeovers, private M&A, IPOs and other equity fund raisings
- Nic has also spent time in industry as CFO of Buddi Limited and as Partner at Opus Corporate Finance

- Revenue increased 9% to \$6.67 million (2018: \$6.12m)
- Recurring revenue increased 63% to \$2.96m (2018: \$1.82m), 44% of revenue
- Won our largest contract to date, from one of the largest global telcos (350 mln subscribers)
- Added 5 customers organically, the highest number of customers in any year to date
- Won the first customer for our Data Monetisation Platform (Tele2, Kazakhstan)
- More than doubled the number of subscribers being processed by our solutions, from 350m to 800m
- Set up a dedicated team to focus on Customer Engagement

THE PROBLEM

- Telco's face a growing number of challenges – with their commoditized services Telcos are looking to existing subscribers to generate new revenue streams
- Telcos are looking to increase Average Revenue Per User as opposed to increase subscriber numbers
- Retaining customers is cheaper and more profitable than acquiring – however, churn is very high

PELATRO'S SOLUTION

- Pelatro provides proprietary technology to Telcos to drive underlying subscriber engagement and drive incremental revenue for Telcos of up to 5% per year while reducing churn
- Enables Telcos to partner with the B2C players and provide a mobile advertisement and sales platform for non Telco products to the subscriber base (using Data Monetization software)

POSITIONED WITHIN THE MULTI CHANNEL MARKETING HUB SPACE



MVIVA CONTEXTUAL MARKETING PLATFORM

- mViva collects data on a real time basis which enables the platform to develop accurate profiles of million of subscribers on the actual usage of different products and demographics spread over a long period of time
- Pelatro's mViva technology processes and analyses the subscriber data in a real time manner to reveal patterns, trends and key behavioural traits as they evolve to have an accurate of each subscriber at all times
 - mViva facilitates continuous, relevant and contextual interactions in a true omni channel engagement model to influence the usage behavior thereby increasing revenue and reducing churn

Application: Send contextual, relevant, personalized and real time campaigns to stimulate higher usage

Mr Smith has consistently been browsing YouTube, but does not have a data pack. The Telco can target Mr Smith using this analysis in real time and offer a special YouTube data pack which will result in incremental revenue for the telco while ensuring higher customer satisfaction.



NEW PRODUCT: DATA MONETIZATION PLATFORM

Application: B2C partners of the telco can segment the subscribers and target individuals subscribers with personalized, mobile advertising

Mr Smith travels to certain specific countries regularly, used a high end phone, has a monthly bill that is in the upper quartile. An overseas travel insurance company can send a tailor made product to Mr. Smith pricing it based on his risk profile.



LOYALTY MANAGEMENT SOLUTION

Application: The telco can set up attractive loyalty programs to increase usage and reduce churn

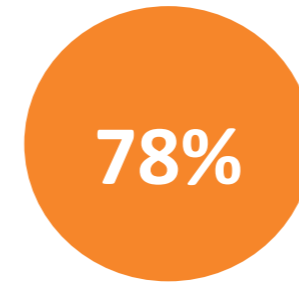
Mr Smith has been a customer for several years and uses various products resulting in a high revenue to the telco. Create multiple tiers, position him in the highest tier and offer him points for his usage which can then be redeemed for telco and non telco products.

Founded in



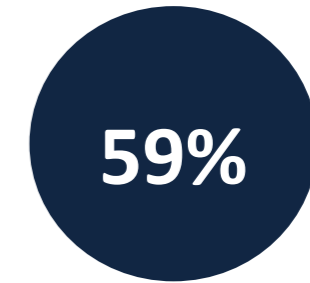
Telco customers in
17 countries
(1 in 2015)

Revenue CAGR



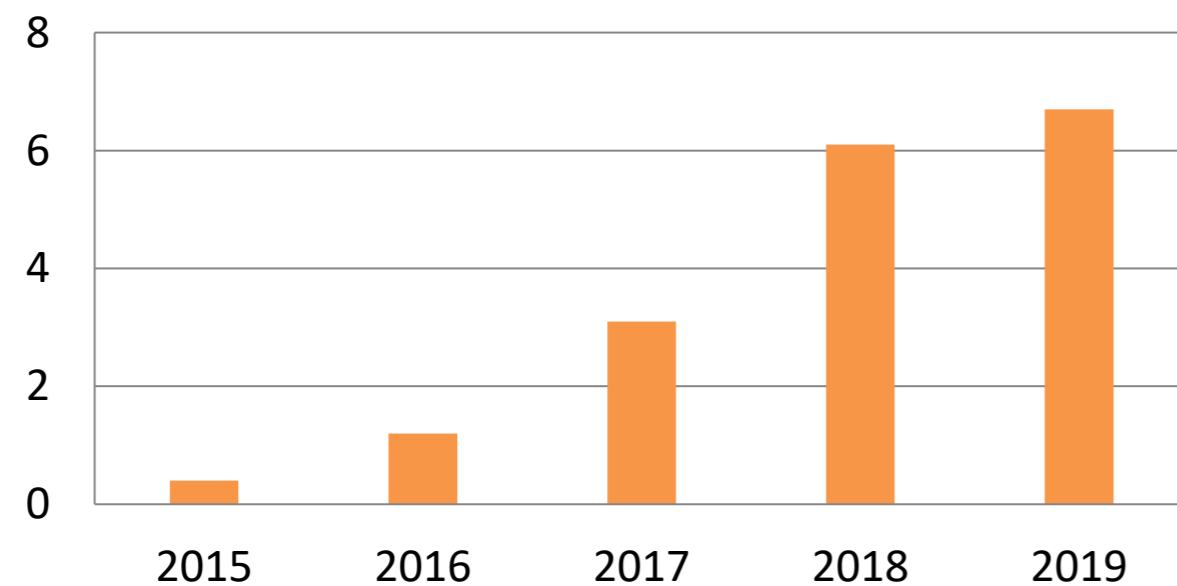
Since 2016

Adjusted PBT CAGR

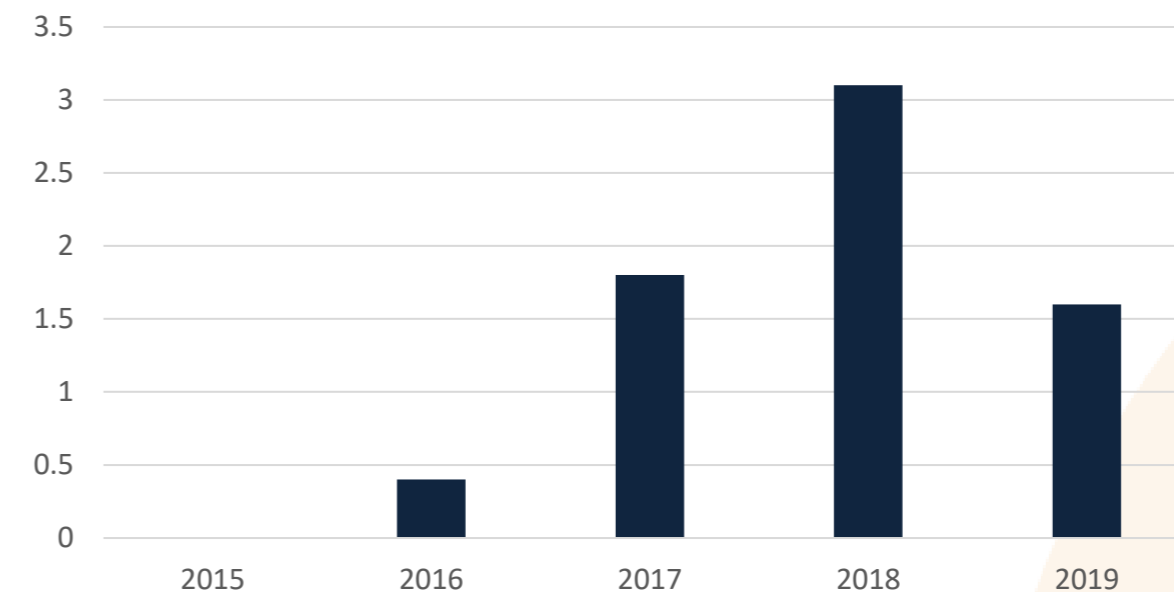


Since 2016

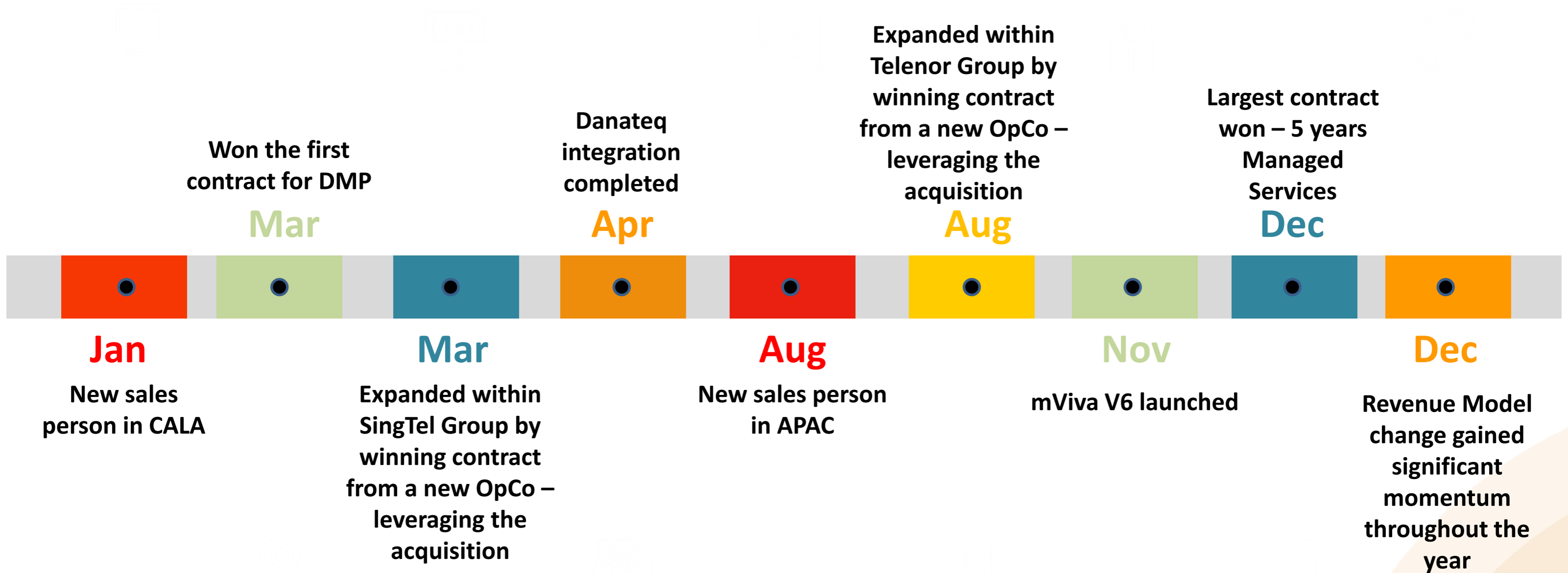
Revenue in \$m



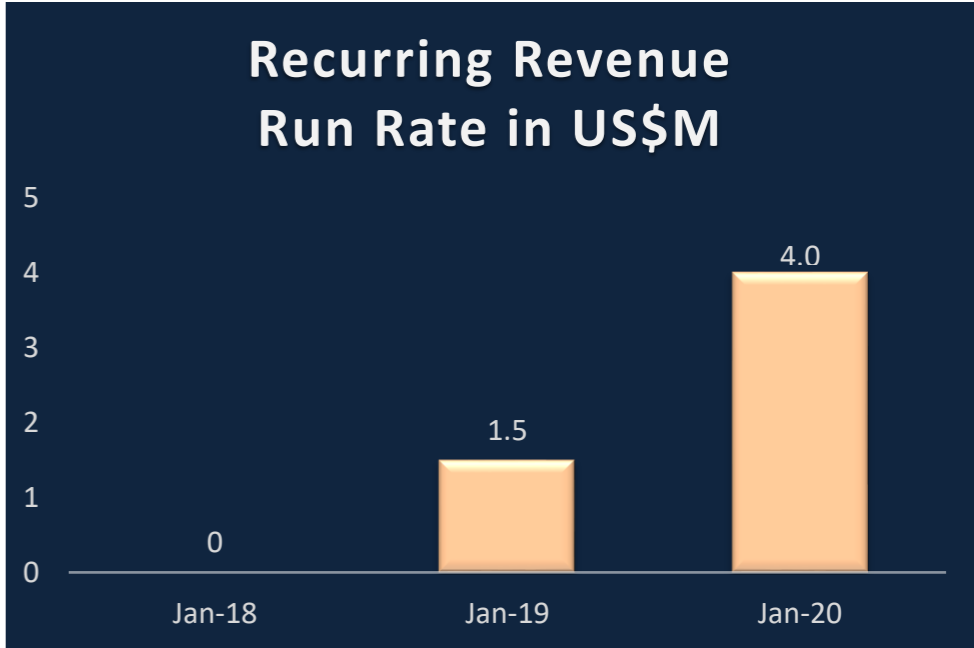
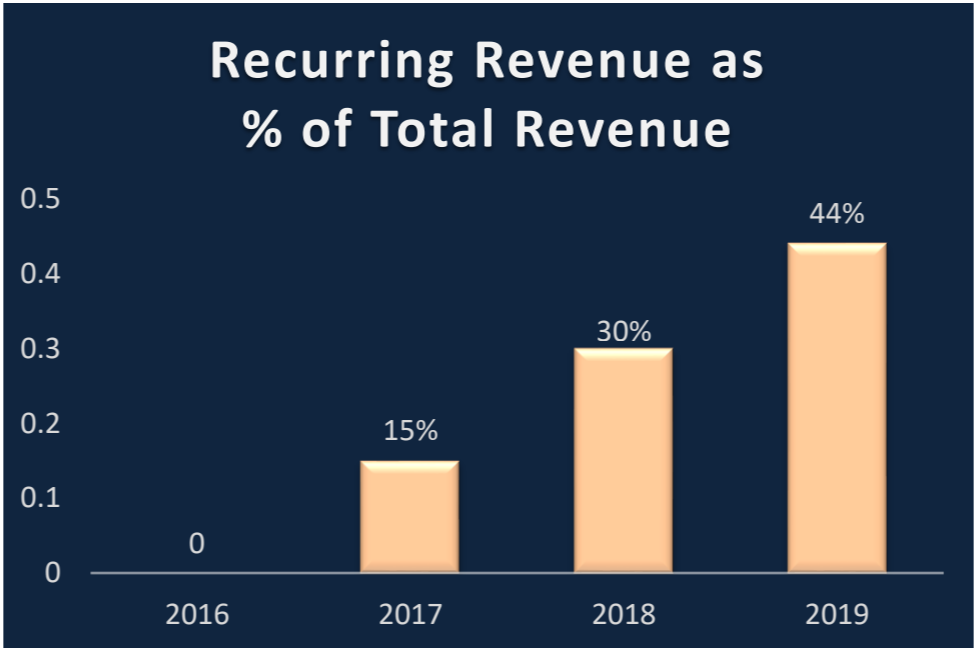
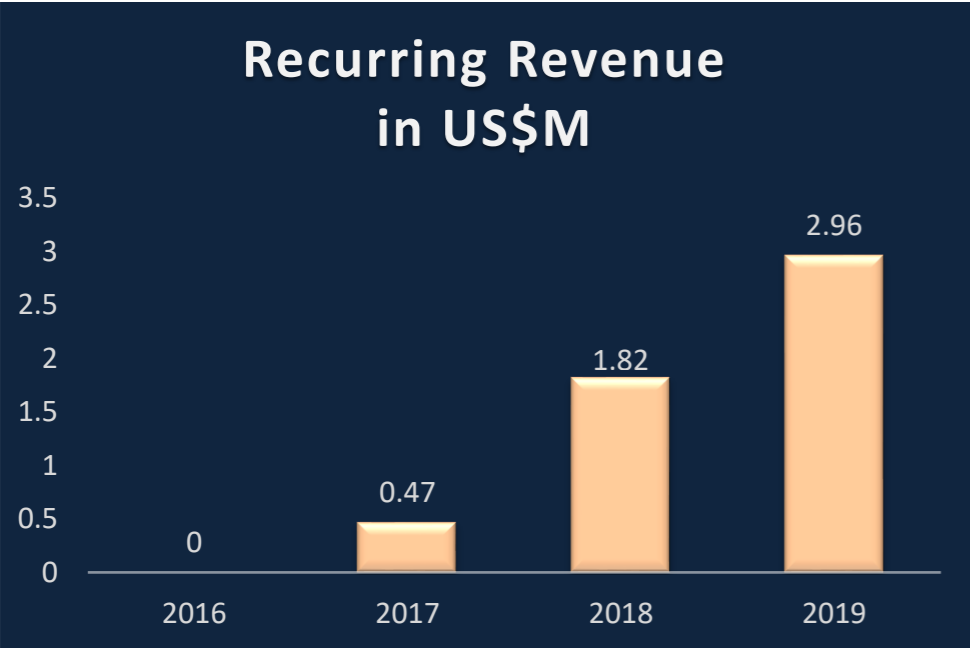
Adj. PBT in \$m



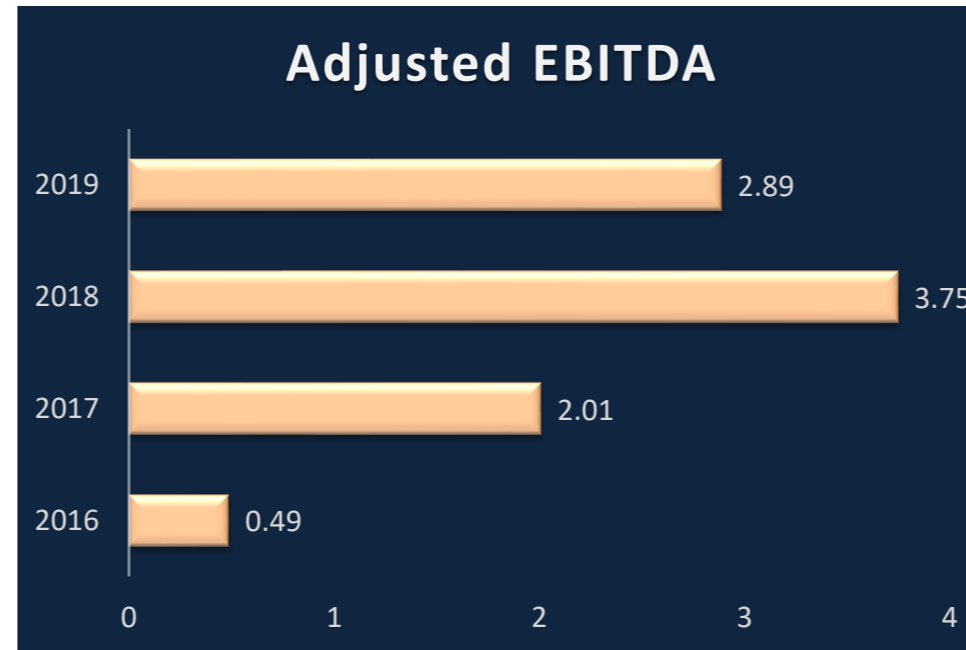
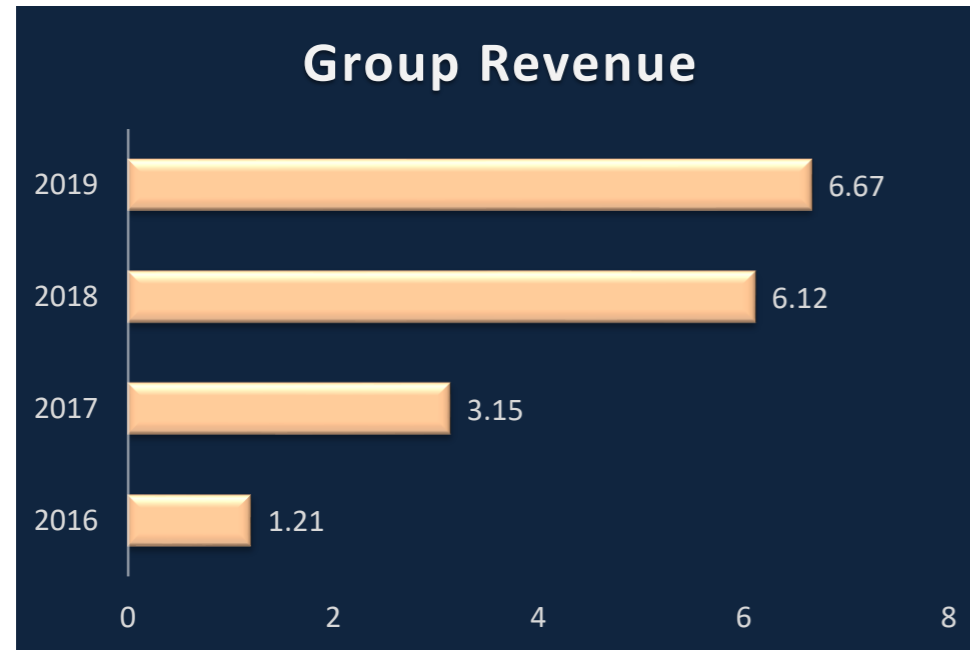
A Review of 2019



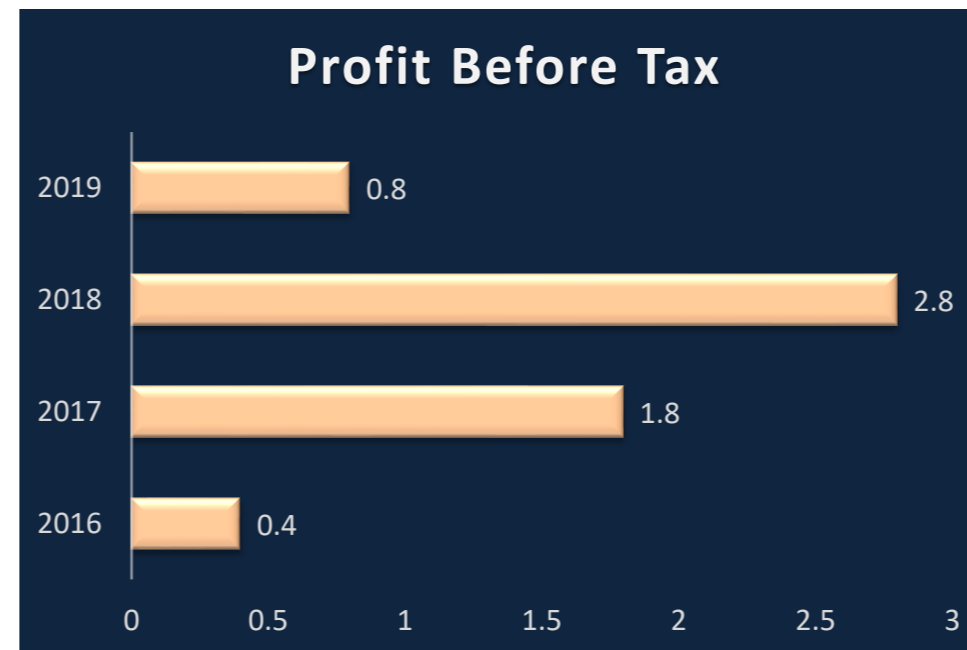
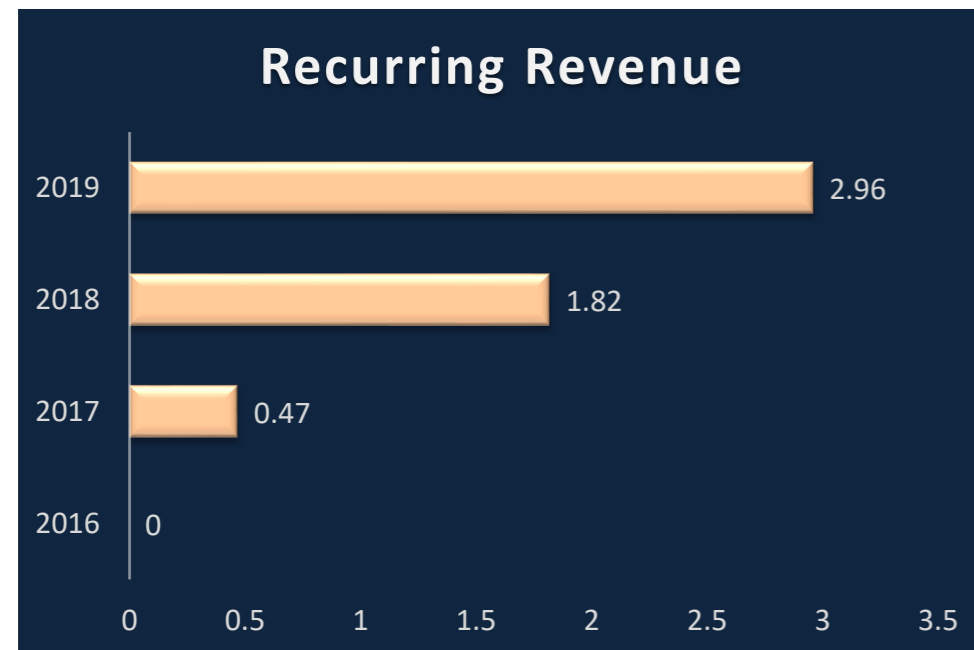
Recurring Revenue – Key Focus Area



Target: Run rate at the start of an FY should be equal to the revenue target for the year.



- \$2.96m of recurring revenue (44%)
- Reflects increasing shift from "one off" licences – up from 30% in 2018 – 6x increase in 2 years



All Figures in US\$ Mln

Profit & Loss	2019	2018
	\$'000	\$'000
	(audited)	(audited)
Revenue	6,667	6,123
Cost of providing services	(999)	(555)
Gross profit	5,668	5,568
Overhead expenses	(2,819)	(1,818)
Adjusted EBITDA	2,849	3,750
Amortisation and depreciation (excl. acquisition-related)	(1,229)	(603)
Adjusted operating profit	1,620	3,147
Exceptional items	236	(310)
Amortisation of acquisition-related intangibles	(686)	(286)
Share based payments	(52)	
Statutory operating profit	1,118	2,551
Finance income	54	33
Finance expense	(164)	(71)
Profit before taxation	1,008	2,513
Income tax expense	(194)	(334)
PROFIT FOR THE YEAR	814	2,179
Earnings per share		
Statutory	2.5c	8.0c
Adjusted	4.2c	10.1c

- Cost of sales increase largely due to cost of support staff (and full year of former Danateq employees)
- Overhead cost also largely staff driven
- Amortisation reflects increasing value of underlying development costs (plus acquisition from Danateq)
- Exceptional gain of \$236k is adjustment to Danateq contingent consideration

Balance Sheet as on 31 st December	2019	2018
	\$'000	\$'000
	(audited)	(audited)
Assets		
Non-current assets		
Intangible assets	10,891	10,609
Property, plant and equipment	515	362
Right-of-use assets	339	-
Deferred tax assets	63	-
Contract assets	519	312
Trade and other receivables	231	321
	<u>12,558</u>	<u>11,604</u>
Current assets		
Trade receivables - invoiced	967	1,813
Trade receivables – Unbilled Revenue	4,316	1,939
	<u>5,283</u>	<u>3,752</u>
Contract assets	293	72
Other assets	501	382
Cash and cash equivalents	1,101	2,224
	<u>7,178</u>	<u>6,430</u>
Liabilities		
Non-current liabilities		
Borrowings	362	382
Lease liabilities	187	-
Contract liabilities	274	112
Long-term provisions	124	-
Other financial liabilities	-	1,141
	<u>947</u>	<u>1,635</u>
Current liabilities		
Trade and other payables	523	609
Short term borrowings	246	69
Lease liabilities	205	-
Contract liabilities	665	61
Other financial liabilities	948	298
	<u>2,587</u>	<u>1,037</u>
Total liabilities	3,534	2,672
NET ASSETS	16,202	15,362

- Reflects impact of IFRS 16 leases (\$339k of "Right-of-use" assets and \$392k liabilities)
- Trade receivables - "unbilled" proportion reflects weighting of contract completion to end of year
- Movement in contract assets and liabilities also principally due to nature of underlying contracts and year end weighting
- Other financial liabilities comprise the Danateq earnout - shift from non-current to current plus adjustment to reflect revised expectations

Cash Flow	2019	2018
	\$'000	\$'000
	(audited)	(audited)
Operating cash flows before movements in working capital	2,836	3,681
(Increase)/decrease in trade and other receivables	(1,509)	(2,438)
(Increase)/decrease in contract assets	(428)	(273)
Increase/(decrease) in trade and other payables	103	57
Increase/(decrease) in contract liabilities	701	146
Cash generated from operating activities (before exceptionals)	1,703	1,173
Income tax paid	(334)	(292)
Net cash generated from operating activities (before exceptionals)	1,369	881
Exceptional items	-	(310)
Cash generated from operating activities	1,369	571
Cash flows from investing activities		
Acquisition of property, plant and equipment	(256)	(384)
Development of intangible assets	(2,102)	(1,604)
Acquisition of intangible assets	(35)	(69)
Cash inflow/(outflow) on acquisition of businesses net of cash acquired	-	(7,035)
Net cash used in investing activities	(2,393)	(9,092)
Cash flows from financing activities		
Proceeds from issue of ordinary shares, net of issue costs	-	7,395
Proceeds from borrowings	317	394
Repayment of borrowings (including related parties)	(313)	(949)
Repayment of principal on lease liabilities	(171)	-
Net finance costs	(79)	(26)
Net cash generated by/(used in) financing activities	(246)	6,814
Net increase/(decrease) in cash and cash equivalents	(1,270)	(1,707)
Foreign exchange differences	(20)	(195)
Cash and equivalent at beginning of period	2,224	4,126
Cash and cash equivalents at end of period	934	2,224

- Stronger cash flow generation reflecting shift towards repeating revenue
- Continuing investment in software development

- Started the year with 50% of the target revenue in hand
- Pipeline continues to be strong at about \$18 mln
- Several contracts under discussion are “recurring” in nature
- Existing customers are increasingly procuring services from the company – adding to “recurring” revenue
- Gross cash on 29th February is \$1.01 mln
- Trade Receivables at 29th February is \$4.4 mln
- COVID 19: While the situation is evolving and hard to predict, the company is able to perform reasonably well in “work from home” mode – apart from working from home, customers mostly seem to be in a “business as usual” state

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The background features a network diagram with nodes and connections. The nodes are represented by small colored circles (orange, yellow, green, blue, red) and larger dark grey circles containing a person icon. The connections are thin lines forming a complex web. The background is split into two main color zones: a light orange on the left and a dark grey on the right, separated by a diagonal line.

Thank You