

The Q1'24 Global All Hands meeting will begin shortly

Submit a question to the Q&A session held at the end:

Message **#globalallhandsqa** on Slack with your questions for Kevin

*We are pleased to now offer closed captioning. To enable closed captioning, select **show captions / translate to / your preferred language**. After the meeting, a transcript in English will also be made available for translation purposes.*



Q1'24 Global All Hands

January 4, 2024

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Welcome and Happy New Year!

The image features the year '2024' rendered in a highly stylized, glowing blue font. The numbers are outlined with a bright blue light and filled with intricate, glowing circuit board patterns. The entire graphic is set against a dark blue background and is reflected on a glossy surface below it, creating a symmetrical effect.

Agenda

- Q4'23 performance
- 2023 performance takeaways
- Q4'23 outstanding individual and team recognition
- 2024 goals and areas of focus
- Q1'24 priorities

Q4'23 performance



A STRONG finish to 2023

\$34 million

Up ~35% YoY

Record Quarter of ACV!

Record Quarter of Profit!

~\$18 million

~19% EBITDA Margin

Driven by good execution

Impressive collaboration between functions to make Q4 the strongest quarter of customer retention in 2023

- High level of responsiveness by all groups to needs of CX Team
- Broad changes in product roadmaps to focus on customer success and time to value
- Need to build off Q4 momentum to drive higher 2024 retention rates

High degree of Q4 forecast accuracy

- Successful implementation of new pipeline management practices
- Development of additional measurements of GTM activities
- Good use of entire organization to support customer wins
- Improved global coordination

Resulting in a VERY SOLID year

\$330+ million

Up ~23% YoY

Prelim FY'23 Total Revenue

\$90 million

Up ~25% YoY

Prelim FY'23 EBITDA

Prelim FY'23 Ending ARR

\$325 million

Up ~20% YoY

Prelim FY'23 ACV

\$17 million

~5% EBITDA Margin

2023 performance takeaways



Key operational improvements made a significant business impact...

Alignment of organization to drive profitable growth

- ROI-based investment model
- Flattening of the org structure and increasing span of control
- Raising productivity

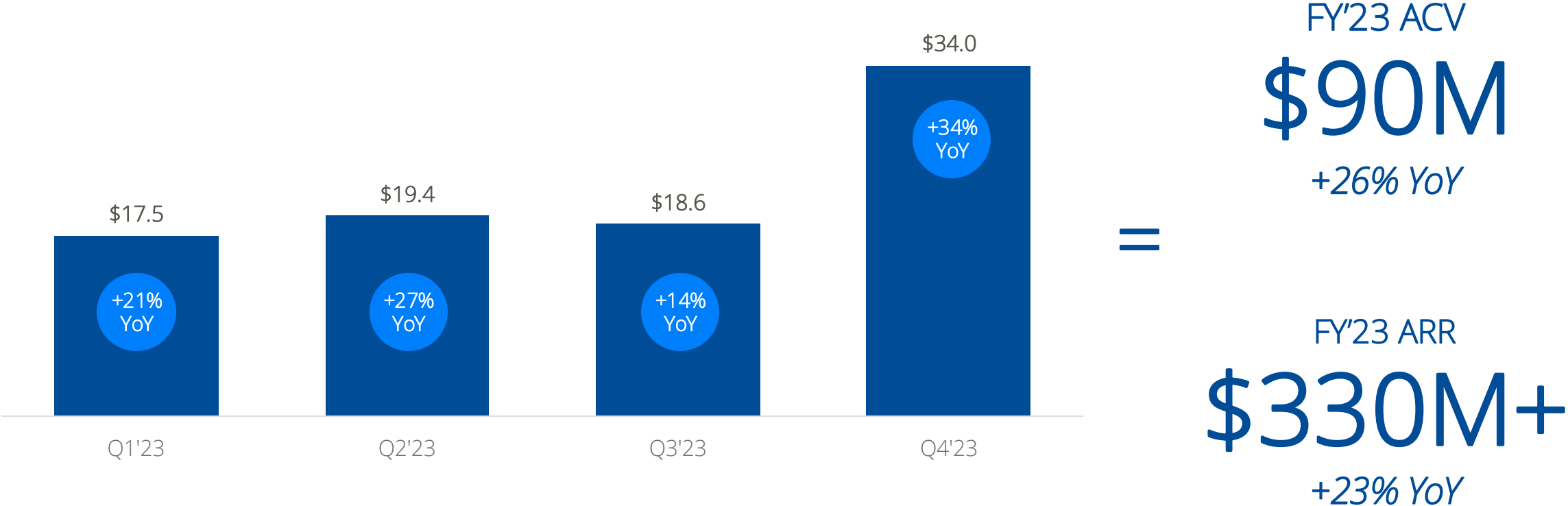
New GTM organization approach

- Product and account focused
- Tight alignment between marketing, sales, and product
- Increased investment in partners
- New geographic leadership

Connecting customer needs more tightly to product roadmaps

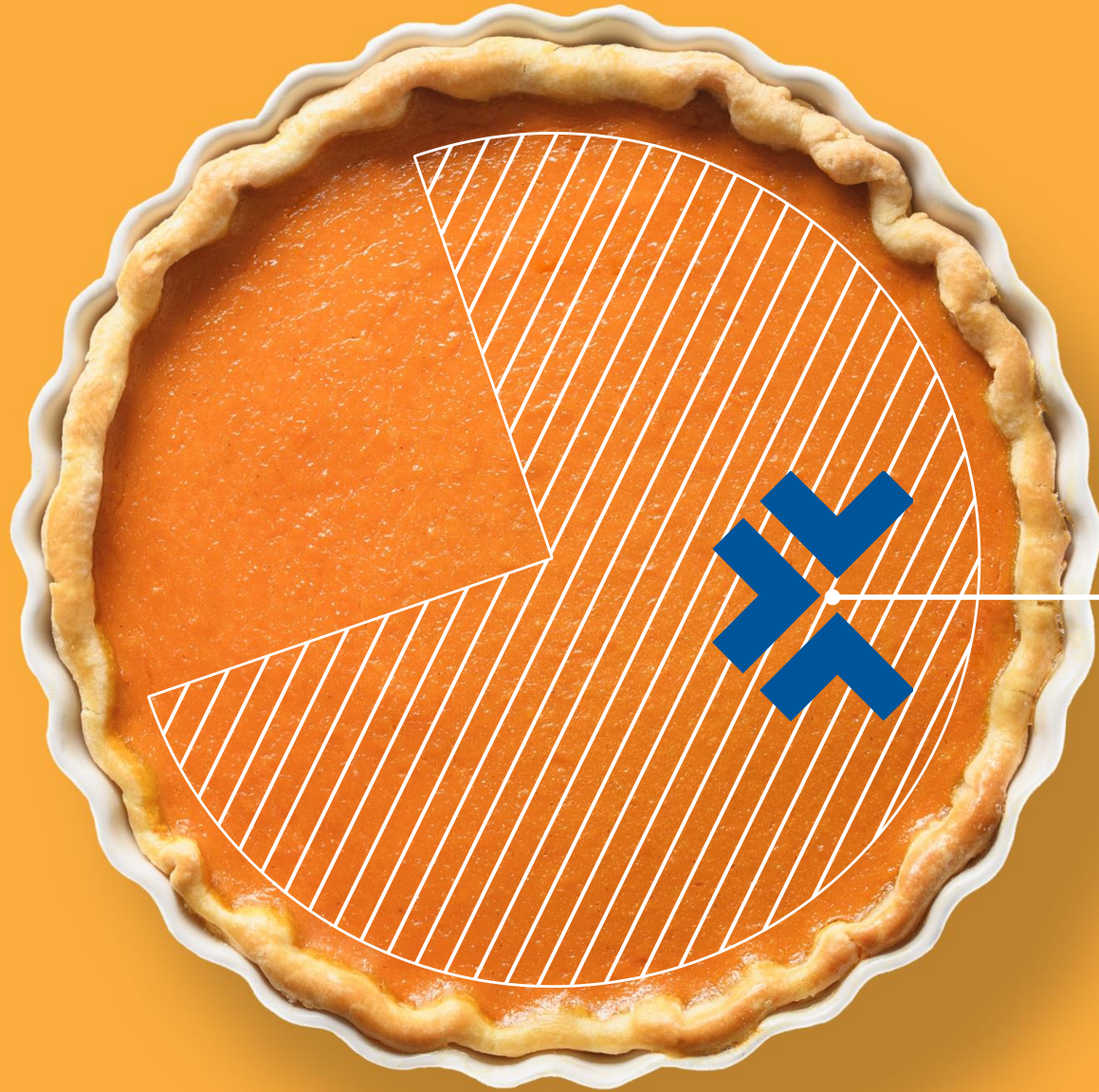
Development of new pipeline management practices and measurement

We delivered strong new business (ACV) and ARR growth in 2023...



...adding over **790** new logos and achieving **50%** new customer growth over 2022

Energy & Utilities	Financial Services	Healthcare & Pharmaceutical	Insurance	Manufacturing	Telco & Media	Retail & Leisure	Other
  	  	  	  	  	  	  	 



Tricentis grew at a rate of 23%, faster than the overall testing market at 12%.

The background features a low-angle shot of modern skyscrapers reaching towards a bright sky with a sunburst effect. Overlaid on this are several geometric elements: a yellow triangle at the top left, a series of orange diagonal stripes, a large teal circle, and a dark blue triangle at the bottom right filled with a pattern of white dots.

Q1 '24 team and individual recognition

- Recognizing individuals and teams who have gone above and beyond, making a BIG impact on our 2023 goals while demonstrating our core values

Outstanding individual

Kevin Horvath

Tricentis Mobile Agent and Tricentis Device Cloud



Spearheaded HeadSpin's integration with Tricentis

Resolved issues with DEX resulting in \$2.5M expansion with Verizon

Led team who transformed Tricentis Mobile Agent into a Tosca and Testim shared service

Outstanding individual

Michal Hrnčířík

Manual Adoption Audit for Q1/Q2 renewals



Flagged renewals with risk (\$8MM ARR)
based on license utilization trends

Improved forecast accuracy with
additional CSM review

Enabled runway for corrective actions
by CSM team ahead of renewal

Outstanding individual

Sandi Cox

Established Corporate PMO team



Ensures precise oversight

Despite challenges
remains consistently on target

Engages all stakeholders to
achieve desired results

Outstanding team

Virtual engagement team

Alyssa Lowe • Debbie Cedro •
Grayson Belling • Gregory Berard • Jared
Sweeney • Kateryna Prykhnenko • Priya
Nichani • Rafael Torrente • Satyendra
Luckwani



Enhanced our customer engagement onboarding 375+ new customers

Implemented collaborative processes improving upsell/expansion \$7M, and improved renewals

Improved global customer engagement from 4 to 8 products

Outstanding team

Tosca C Team – 508 compliance work

Bernhard Burker • Bernhard Sommer • Fangfang Chen • Florian Leeber • Giovanni Tocco • Ivan Polukarov • Michael Mautner • Mykola Rozhyn • Rosen Lechev • Samira Bulakh • Sebastian Hasenöhrl • Valentin Vylkov • Vilém Šamárek



Broadened Tosca's market reach by complying with Accessibility regulations

Enhanced usability to cater to a broader user base in day-to-day operations

Enhanced Tosca UI consistency and aligned components of the interface

2024 goals and areas of focus



2024 corporate goals

Be the **LEADER** in the **USE** of **AI** to **SIMPLIFY** the process of **ENSURING** development of high-quality software by our customers

DEVELOP and **RELEASE** a combined version of Tosca and TTA to create an enterprise class cloud-based Test Automation solution

ACHIEVE growth and operating excellence that results in running the business at **Rule of 40** or greater

Meaningfully **IMPROVE** **USABILITY, INTEGRATION,** and **TIME** to **VALUE** for all products, resulting in a GRR of 95% and net retention rate of 1.17 for 2024

IDENTIFY and **CLOSE ONE** high-growth technology **ACQUISITION**

DEVELOP and **LAUNCH** a **SOLUTION** that **ATTACHES** to **TOSCA** at a high rate with a \$1.5M NACV target in 2024

Based on our strengths – Agreed upon opportunities

FOCUS on
LARGE SCALE
ERP environments

INCREASE focus
on CORE ENTERPRISE
Test Automation

INCREASE focus on
SAP relationship to
maximize annual
SolEx bookings

ADOPT a “PARTNER
FOCUSED” GTM
motion

CREATE PRODUCT
ROADMAPS and CROSS-
SELL MOTION to drive
additional products into
our customer base

PROACTIVELY MARKET to
the large ENTERPRISE

Focus developer BU on Web
App Automation and Mobile
in larger enterprises as
opportunities where we can
drive high growth over 24
months

2024 areas of focus



Retention/time to value



Large-scale ERP environments



AI

To deliver continued growth and higher profitability in 2024

\$415 million

Up ~25% YoY

FY'24 ACV Target

88%

Up 3-4 points from FY'23

FY'24 EBITDA Target

\$400 million

Up ~23% YoY

FY'24 Ending ARR Target

\$112 million

Up ~25% YoY

FY'24 Renewal Rate Target

\$60 million

15% EBITDA Margin

FY'24 Total Revenue Target

Q1'24 priorities



Q1'24 priorities

Start **FAST** –
We **MUST**
deliver a
strong growth
quarter to
start the year



- Every deal counts.
- Remove operational obstacles and move fast
- 30%+ New Business (ACV) Growth

**Customer
retention**



- Deliver Q1 renewal rates of **88%**, or an increase of 2 percentage points compared to Q4 2023

ALL Product roadmaps reflect our business priorities



- Focus on time-to-value and retention
- Make meaningful progress on combined Tosca/TTA SAAS offering
- AI – release our first AI offering we charge separately for by end of Q1

Quickly **ADOPT**
the changes to
our operating
model



- Teams hit the ground running

IMPROVE
coordination
between
business
functions



- Leverage Fridays to ensure cross functional collaboration
- Work as teams across departments and functions removing ALL remaining silos

Q&A

Last chance to submit your questions!

Message **#globalallhandsqa** on Slack now

