

May 12, 2022

Q1 2022 Presentation

Transcom

Q1 Highlights

- **Solid revenue growth** – 16,4%
- **EBITDA margin** – 11,7%
- **EBITDA** 1.8M better than LY
- **eCommerce & Tech growing 22%** to reach 45% of total revenue
- **Price-ups in Q4 2021 expected to cover wage inflation 2022**
- **Continued progress on new sales**
- **No direct financial impact from war in Ukraine**
- **6 new locations** in North Macedonia, Spain, Italy, the Philippines, USA



Transcom



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Company overview and Q1 highlights

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Financial performance

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Strategy going forward

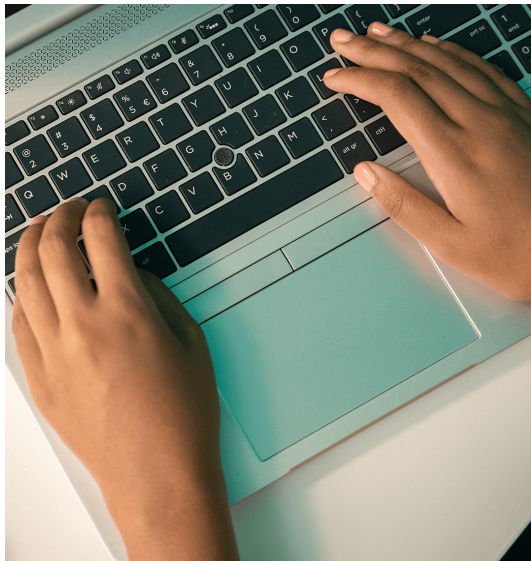
Transcom is a global leader in digital CX

Providing a world class customer experience...



- Customer care & tech support
- Customer acquisition, sales & retention
- Compliance & backoffice

...in digital and traditional channels...



- Chat & email
- Messaging & Social media
- Voice & video









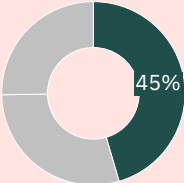








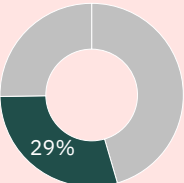





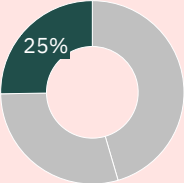
...enabled by leading digital capabilities



- Digital CX advisory
- Digital solutions
- Digital operations

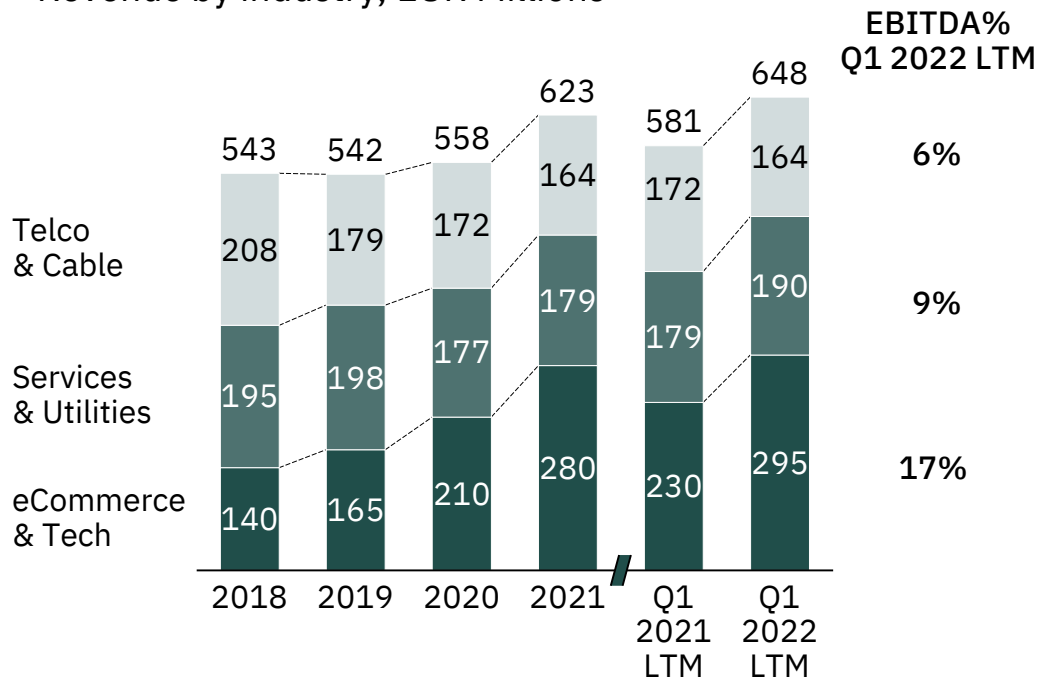
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Serving leading consumer brands across industries

	Segment	Client examples	Share of revenue Q1 LTM 2022	EBITDA margin Q1 LTM 2022
eCommerce & Tech	 Online retail  IT/Tech  Fintech  Logistics  Consumer durables	  		17%
Services & Utilities	 Utilities  BFSI  Gov & Healthcare  Media  Travel	  		9%
Telco & Cable	 Telecom operators  Cable TV & Broadband operators	  		6%

Growing in highly profitable eCommerce & Tech sector

Revenue by industry, EUR Millions



Note: On July 27, 2018, the group acquired Awesome OS which has been consolidated from this date. 2019 includes Latin America until Feb 2019 (0.9M Sales and -0.1M EBITA). EBITDA% per industry includes allocation of unallocated/group-wide expenses



Recognized as

Star Performer

by **Everest Group**

"Everest Group's Peak Matrix Assessment"

Major Player

by **IDC**

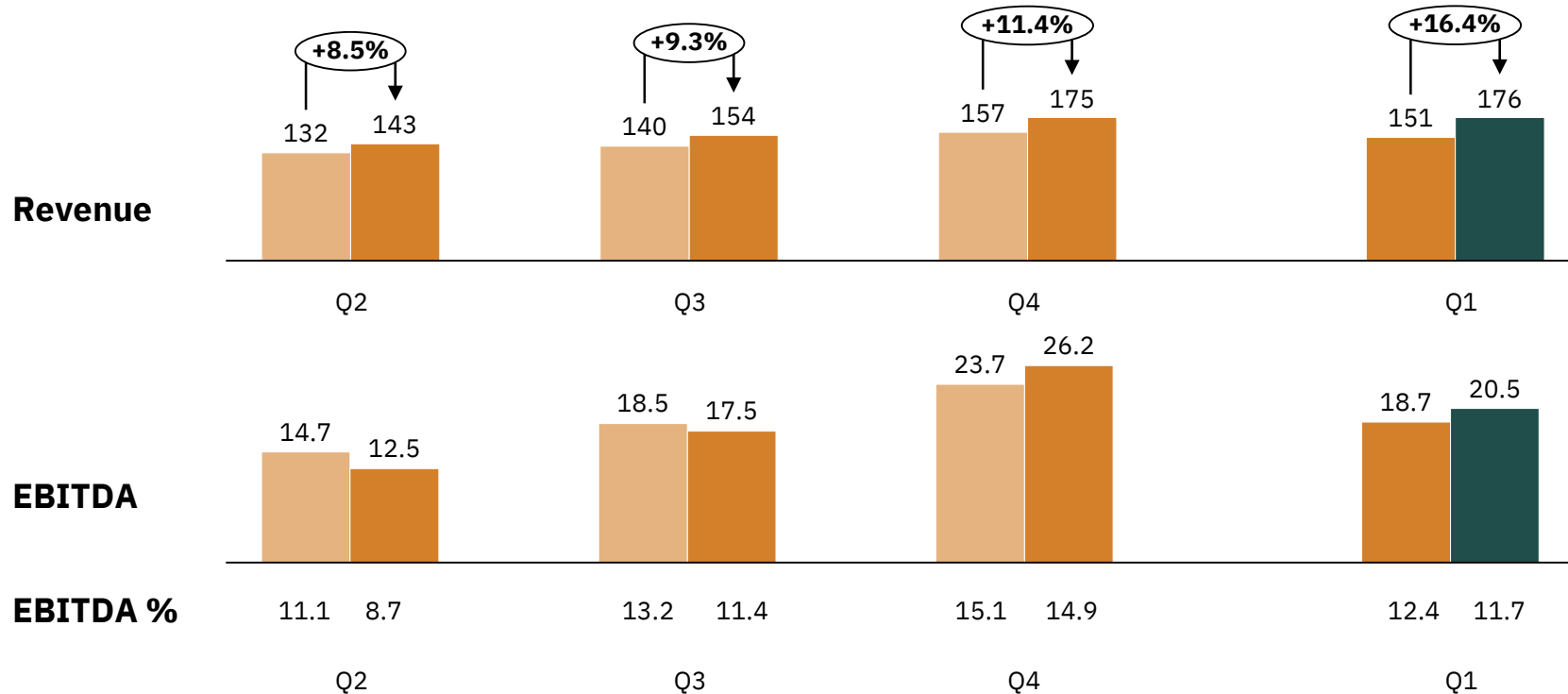
"IDC 2021 Digital Customer Care Services MarketScape Vendor Evaluation"

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Continued positive y/o/y development

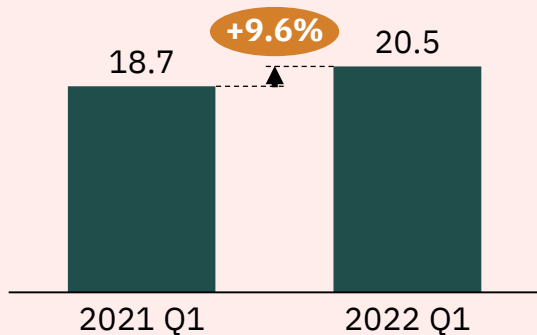
EUR Millions

2020 2021 2022

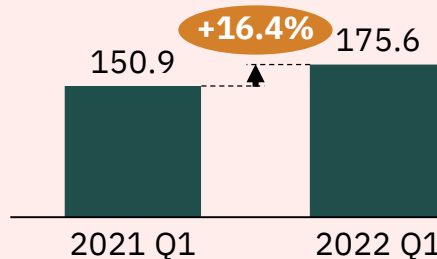


Continued growth in Q1 and stable profit margin vs LY

EBITDA, EUR Millions

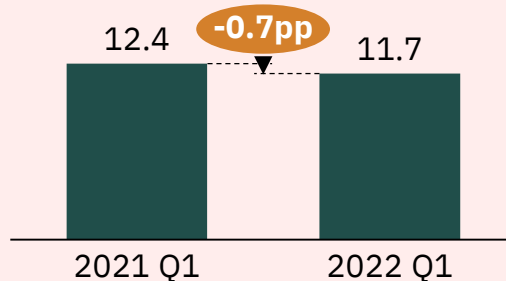


Revenue, EUR Millions



- Organic growth from recurring contracts 9.5% while temporary contracts shrunk -2.2%
- Total organic growth 7.3%
- Acquired growth 6.9%

EBITDA Margin, Percent



- Margin affected by investment in growth
- Positive FX impact
- Slightly dilutive non-organic impact

Macro environment and impact on Transcom

War in Ukraine

- Transcom has no operations in Ukraine nor Russia
- No direct financial impact on Transcom

Inflation

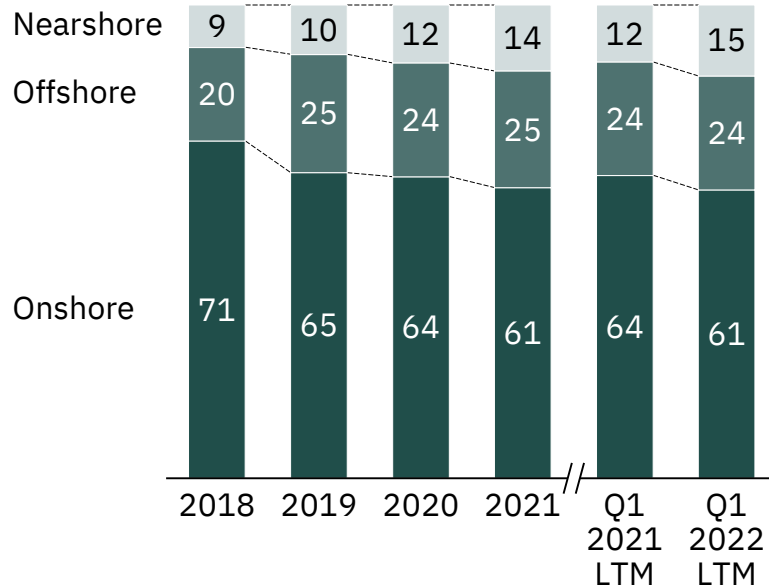
- Wage increase, especially in the US
- Price-ups Q4 2021 expected to cover wage inflation 2022
- Clients looking for near/offshore solutions to mitigate cost increase

Post pandemic normalization

- Post pandemic slow down of eCom growth
- Long term consumer behavior continue to shift to virtual channels
- Transcom's growth fundamental remains strong

Continued near/offshore expansion in 2022

Revenue by type of delivery, Percent



EBITA%
2021

Mid
teens

High teens

Single digit



6 new locations during Q1

Recent & upcoming expansions

- German*
 - Skopje, North Macedonia
 - Tetovo, North Macedonia (Q2 2022)
 - Nis, Serbia (Q2 2022)
- Nordics & Dutch*
 - Alicante, Spain
- Italian & French*
 - Prato WAH hub, Italy
- English*
 - Davao WAH hub, Philippines
 - Davao expansions, Philippines
 - Onshore: Greenville, USA

Q1 wins

- Annual revenue new contracts 11 MEUR

Retail & e-commerce Customer services LATAM nearshore 3.7 MEUR	Consumer Telco & ISP Billing PH offshore 2.3 MEUR
Travel & automotive Backoffice / CS / Digital EMEA nearshore 1.2 MEUR	Banking & financial Customer service EMEA onshore 0.9 MEUR
Commerce & tech Backoffice & digital CS EMEA nearshore 0.8 MEUR	Other Customer service PH offshore 0.7 MEUR
Banking & financial Backoffice EMEA onshore 0.6 MEUR	Logistics Backoffice EMEA nearshore 0.3 MEUR



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Good start of the year

- **Continued strong revenue growth**
 - 175.6 MEUR (150.9)
 - Growth of 16.4% vs Q1 2021, whereof 7.3% organic
- **Q1 EBITDA ex non-recurring items**
 - 20.5 MEUR (18.7)
 - Margin of 11.7%, -0.7pp vs Q1 2021
- **Operating cash flow** was 15.2 MEUR (11.7)
- **Non-recurring items:** +0.3 MEUR (-0.1)
- **Net debt/EBITDA** of 4.1x (Q4 2021 4.1x)



Development by segment

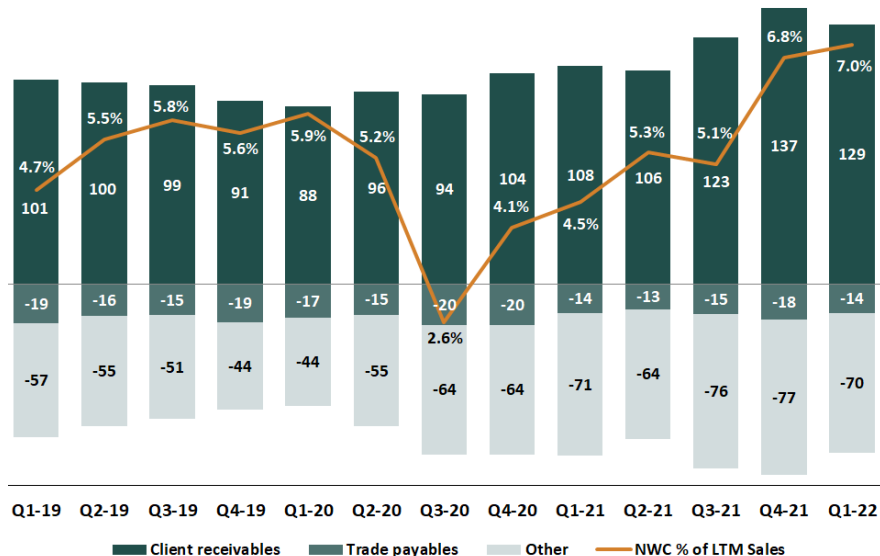
	MEUR	Revenue			EBITDA			EBITDA Margin, %		
		Q121	Q122	Change	Q121	Q122	Change	Q121	Q122	Change
Sector	eCommerce & Tech	64.9	79.0	21.7%	12.6	12.3	(0.3)	19.4	15.5	(3.9pp)
	Services & Utilities	43.9	54.6	24.6%	4.6	5.5	1.0	10.4	10.1	(0.3pp)
	Telco & Cable	42.1	41.9	(0.5%)	1.6	2.6	1.1	3.7	6.3	2.6pp
Region	Europe	102.3	122.1	19.3%	11.8	13.1	1.3	11.5	10.7	(0.8pp)
	Global English	48.5	53.4	10.1%	6.9	7.4	0.4	14.3	13.8	(0.5pp)
TOTAL		150.9	175.6	16.4%	18.7	20.5	1.8	12.4	11.7	(0.7pp)

Lower cash flow in Q1, but higher operating cash flow

EURm	2019	2020	2021	2021 Q1	2022 Q1
Profit/loss before tax	2.1	-7.9	-5.2	3.3	3.9
Adjustments for non-cash items	33.4	38.6	43.4	9.8	10.6
Net financial items	17.6	19.4	27.1	5.0	5.3
Income taxes paid	-7.5	-4.9	-9.0	-0.6	-2.8
Operating cash flow before NWC changes	45.7	45.2	56.3	17.6	16.9
Changes in working capital	5.7	5.0	-34.3	-5.9	-1.7
Operating cash flow	51.4	50.3	22.0	11.7	15.2
Investments/disposals	-16.5	-14.4	-20.9	-3.8	-5.4
Acquisitions/disposals of business, net of cash	-1.1	-6.8	-23.7	-13.7	-5.0
Other	-0.6	0.1	-0.7	-0.2	-0.1
Cash flow from investing activities	-18.2	-21.1	-45.3	-17.6	-10.5
Cash flow from financing activities	-32.1	-28.8	49.6	9.0	-9.8
Cash flow for the period	1.1	0.4	26.4	3.1	-5.0

- Operating cash flow is EUR 15.2M (11.7)
- Higher cash flow from operations primarily driven by lower working capital tie up
- Cash flow from investing activities of EUR 10.5M (-17.6)
- Cash flow from financing activities is EUR -9.8M (-9.0)

Q1 working capital increased with higher receivables



Q2-Q4 2020:

- Covid-related government support in terms of deferred taxes, due in 2022-2025, total of EUR 9.8 M

Q1 2022:

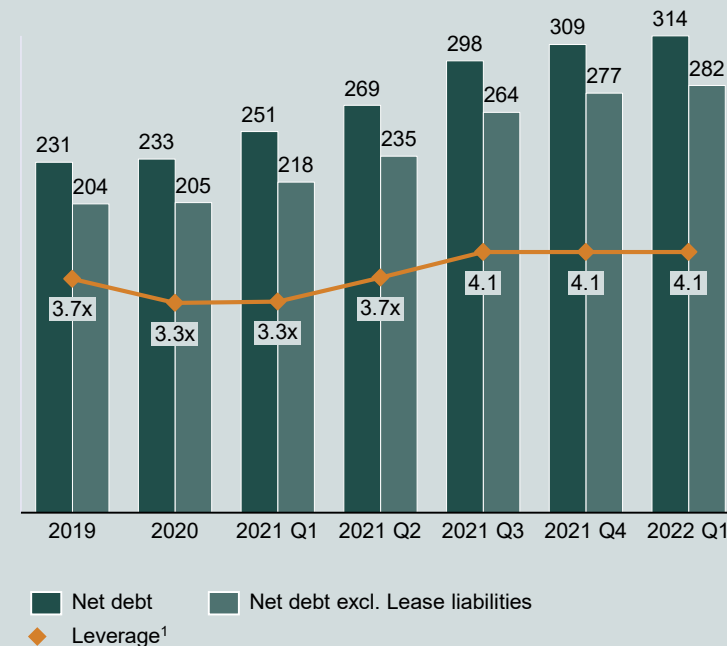
- Improved receivables vs Q4 2021
- Less Trade payables driven by seasonality
- Focus on collections and decreasing collection cycles

Net debt and leverage development

All figures in EUR Millions

Debt structure	Maturity	Outstanding balance			
		2019	2020	2021	2022 Q1
Fixed rate secured notes	<i>Paid June 2021</i>	180.0	180.0	-	-
Floating rate secured notes	Dec 2026	-	-	315.0	315.0
Secured term loan	<i>Paid June 2021</i>	-	20.0	-	-
SSRCF incl overdraft facility usage	June 2026	21.0	-	-	-
5-year secured bond	<i>Paid June 2021</i>	10.0	10.0	-	-
Lease liabilities		27.5	28.8	32.1	32.6
Other items included in net debt		7.1	8.2	1.0	1.1
Gross debt		245.6	247.0	348.1	348.7
Cash on balance		14.3	13.7	39.2	34.3
Net debt		231.2	233.3	308.8	314.4

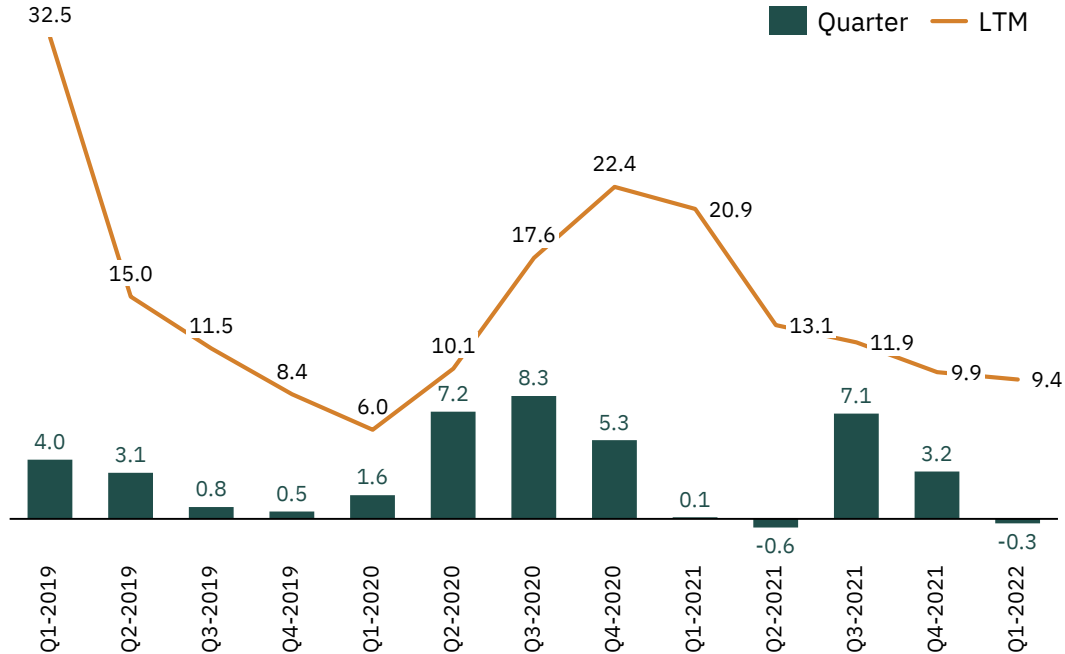
Net debt and leverage



1) Net debt, incl. Lease liabilities/fully adjusted EBITDA;
 2) Other liabilities includes subordinated loans, pension liabilities and unamortized cost

Non-recurring items in Q1 was **+0.3 MEUR**

EUR millions



Q1 NRI totaled **+0.3M (-0.1)**

From 2021, all Covid costs are taken as operational (-0.5M as operational cost in 2021 Q4, -4.7M for 2021)



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Financial targets

>16%
EBITDA IFRS 16

Continuation on the trend

- Operational Excellence
- Client mix shift
- Near/offshore expansion

>5–10%
organic growth p.a.

Sustaining current momentum

- Continued mix shift towards eCommerce & Tech
- Investments in sales and commercial organization
- Grow share of wallet of strategic clients

>5–10%
acquired growth p.a.

Shifting up to the next gear

- Supporting strategic shift: Digital, eCommerce & Tech
- Near and offshore delivery
- Reinforcing market access and accretive in-market bolt-ons

Conservative
leverage

Conservative leverage, reinvesting in growth when leverage permits

- Strong cash flow generation and EBITDA expansion providing natural de-leveraging
- Ability for targeted accretive M&A growth within leverage limits

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