

August 25, 2022

Q2 2022 Presentation

Transcom

Q2 Highlights

- **Strong 20% revenue growth** – 18pp organic from recurring contracts
- **Diversified growth across sectors** – eCom&Tech 44% of revenue
- **EBITDA margin increasing to 11.2% (8.7)** – Mainly driven by European Telco
- **Cost savings through Work-At-Home** – 10 MEUR run rate improvements from 1 Jan 2023
- **Continued shift near/offshore** – Expansion of Poznan in Poland and Nis in Serbia
- **Transcom identified as a Leader** in ISG's Provider Lens evaluation for Global Contact Centre Customer Experience Services – **Digital Operations** and **Work from Home Services 2022**





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Company overview and Q2 highlights

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Financial performance

03

Strategy going forward

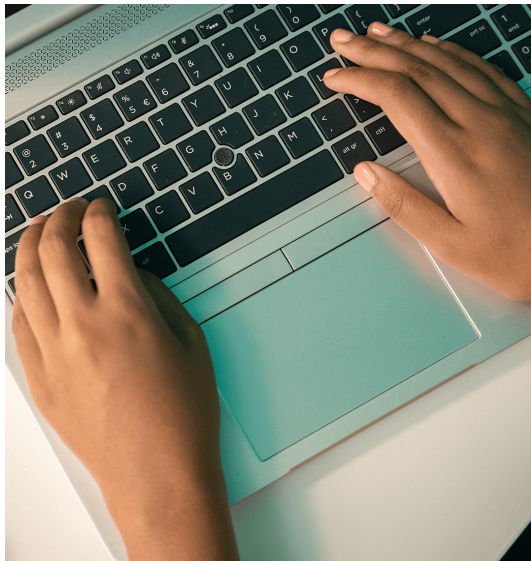
Transcom is a global leader in digital CX

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









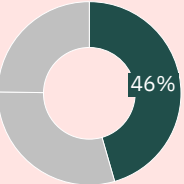








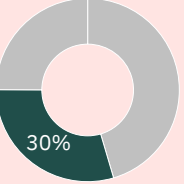





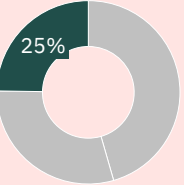
...enabled by leading digital capabilities



- Digital CX advisory
- Digital solutions
- Digital operations

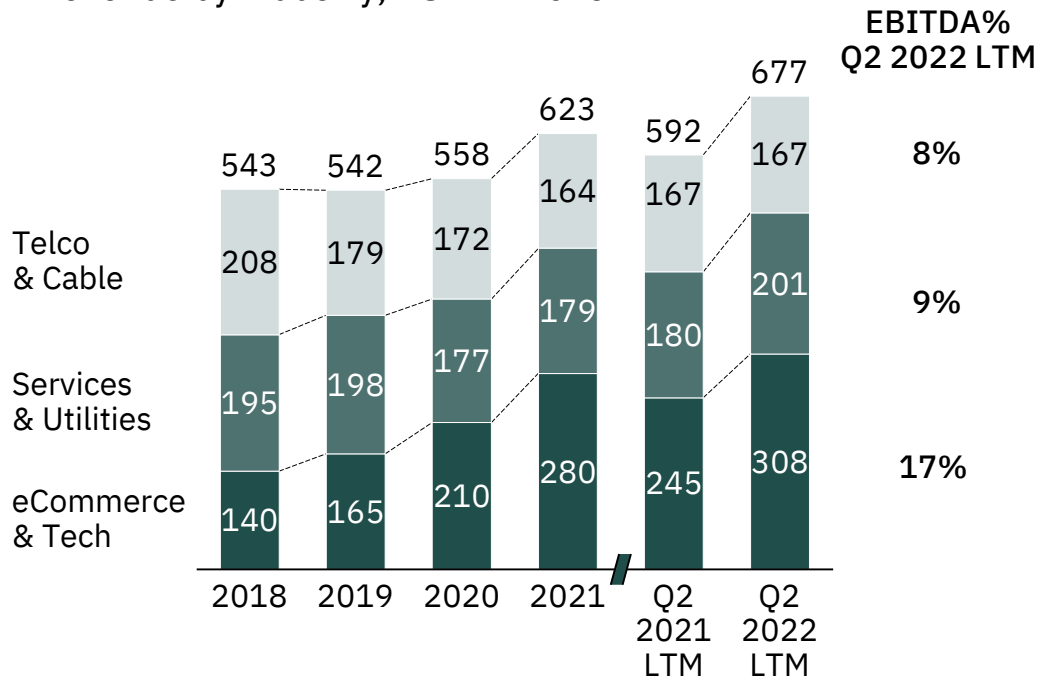
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Serving leading consumer brands across industries

	Segment	Client examples	Share of revenue Q2 LTM 2022	EBITDA margin Q2 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	  		8%

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

Global Leader in Digital Operations and Work from Home Services by ISG

“ISG’s Provider Lens™ evaluation for Global Contact Centre Customer Experience Services”

Star Performer by Everest Group

“Everest Group’s Peak Matrix Assessment”

Major Player by IDC

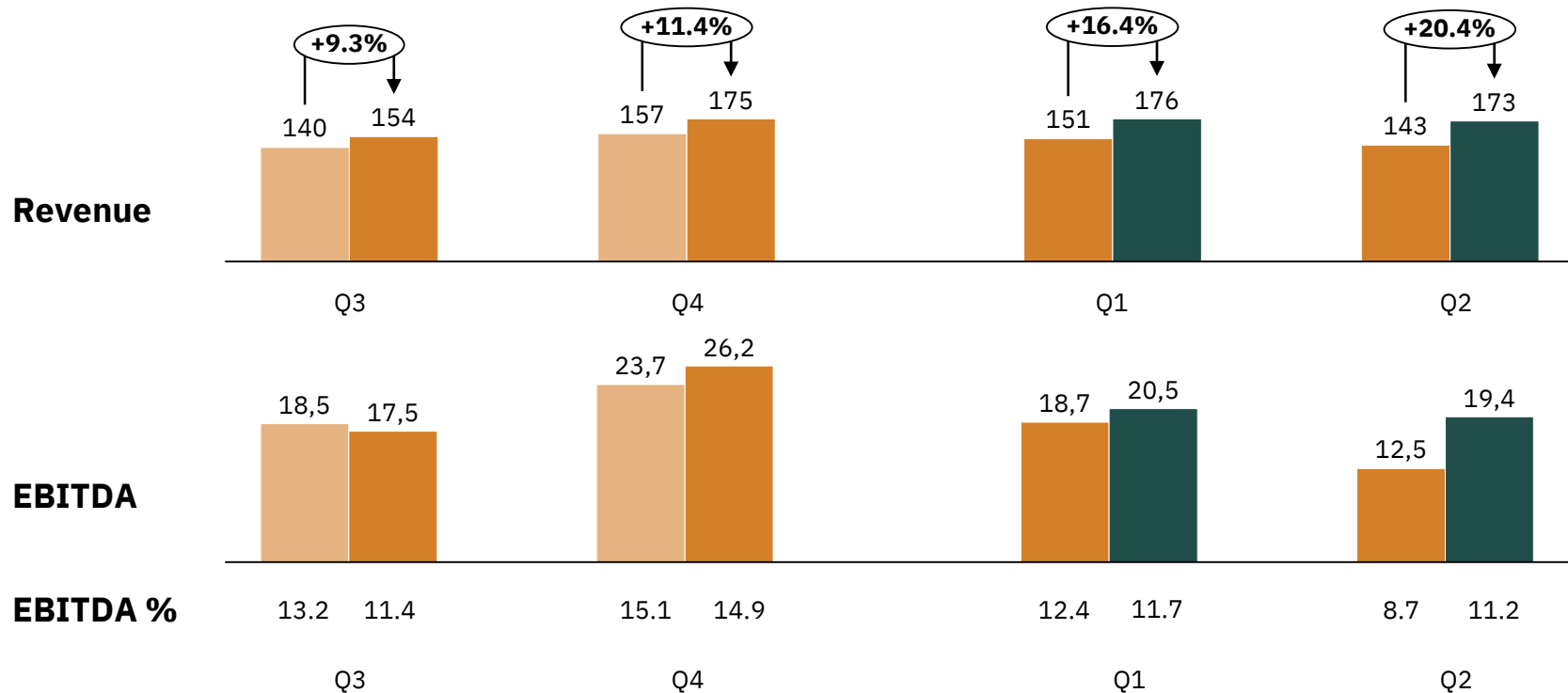
“IDC 2021 Digital Customer Care Services MarketScape Vendor Evaluation”

Transcom

Continued positive y/o/y development

EUR Millions

2020 2021 2022



Macro situation and impact on Transcom

- Long term drivers for growth remains robust on the back of increased share of consumer interactions at distance vs. physical retail
- Short term pressure on discretionary consumer spending impacting primarily eCom & Tech – Mitigated through Transcom's diversified portfolio
- Labor market remaining robust, driving increased scarcity – Labor cost increases expected to be fully passed on to clients
- Companies seeking measures to mitigate cost pressure – Increased demand from first time outsourcers, for near/offshore delivery and digital solutions



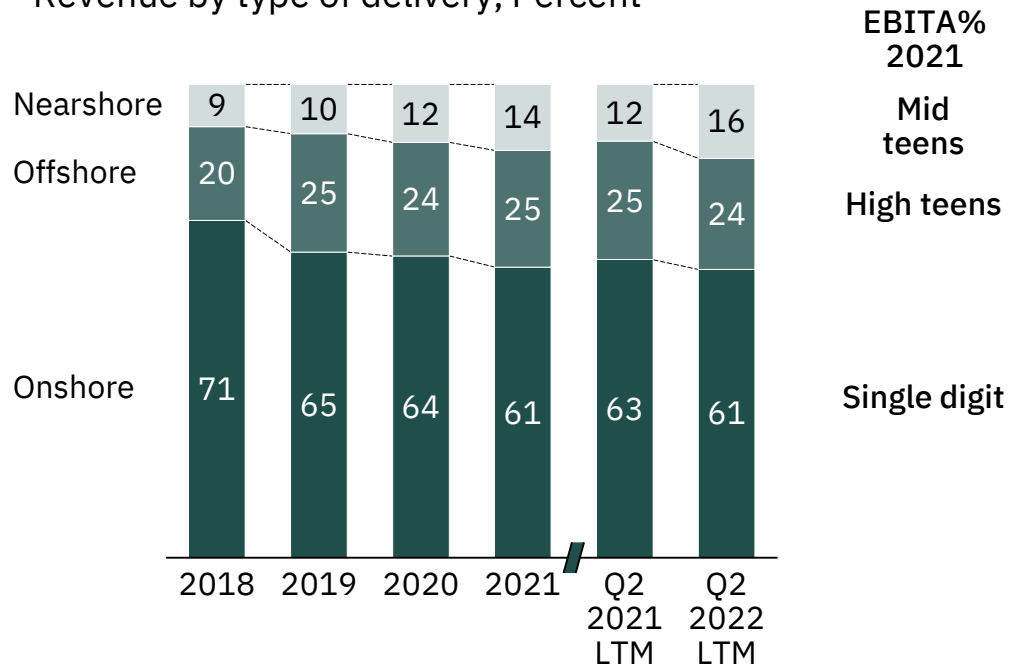
Cost savings through evolution of delivery model

- Increased share of permanent and flexible Work-At-Home delivery – 2,500 brick & mortar seats discontinued
- Increased efficiency equivalent to 150 support function staff
- Further cost savings within external spend – Primarily IT
- Annual run rate cost savings of 10 MEUR expected from Jan 1, 2023
- 6 MEUR in year savings expected to hit the P&L during H2 2022
- Improvements measured against Q1 2022 revenue and cost baseline – Gross of future growth and capacity expansions
- Restructuring cost of 4MEUR recognized as Non-recurring item in Q2



Continued near/offshore expansion in 2022

Revenue by type of delivery, Percent



EBITA%
2021

Mid
teens

High teens

Single digit

New sites opened in Q2: Nis, Serbia and Poznan, Poland

Q2 wins

Retail & e-commerce

Customer services
NA onshore

7.6 MEUR

Retail & e-commerce

CS / Backoffice / Digital
EMEA on/nearshore

3.0 MEUR

Media & entertainment

Customer services
EMEA on/nearshore

2.9 MEUR

Travel & automotive

CS / backoffice
EMEA near/offshore

2.0 MEUR

Telecom

Customer sales
PH offshore

1.5 MEUR

Telecom

Customer service
EMEA onshore

1.2 MEUR

Retail & e-commerce

Customer services
EMEA onshore

1.2 MEUR

Energy & utilities

Customer services
EMEA onshore

0.6 MEUR

Transcom



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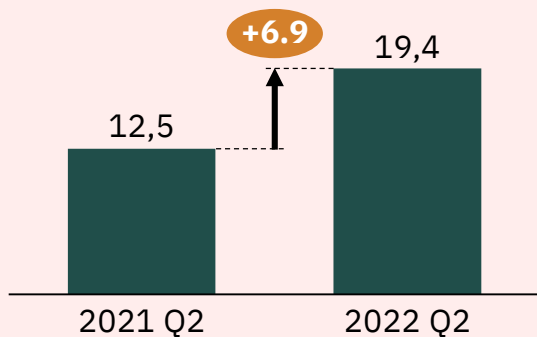
Strong growth and increased profitability

- **Continued strong revenue growth**
 - 172.7 MEUR (143.4)
 - Growth of 20.4% vs Q2 2021, whereof 10.0% organic
- **Q2 EBITDA ex non-recurring items**
 - 19.4 MEUR (12.5)
 - Margin of 11.2%, +2.5pp vs Q2 2021
- **Operating cash flow** was 0.1 MEUR (7.5)
- **Non-recurring items:** -7.2 MEUR (+0.6)
- **Net debt/EBITDA** of 3.9 (3.7)

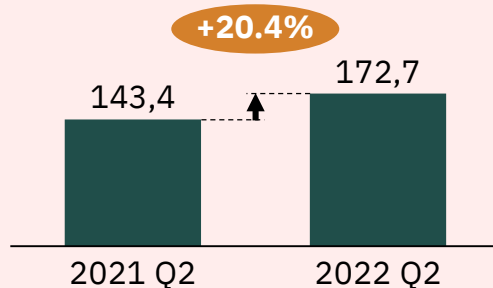


Continued growth in Q2 and higher profit margin

EBITDA, EUR Millions

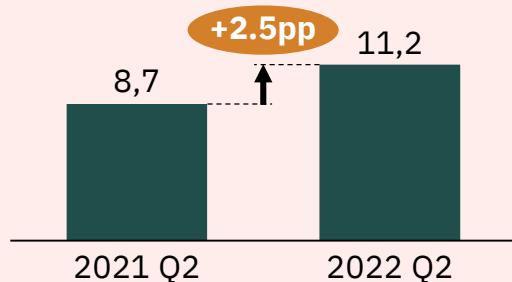


Revenue, EUR Millions



- Organic growth 10pp: Recurring contracts +18pp, temp contracts -10pp,
- Acquired growth 7pp
- Currency impact 4pp

EBITDA Margin, Percent



- Profitability improvements primarily in European segment, and Telco&Cable

Development by segment

All figures in EUR Millions

		Revenue			EBITDA			EBITDA Margin, %		
		Q221	Q222	Change	Q221	Q222	Change	Q221	Q222	Change
Sector	eCommerce & Tech	62.1	75.7	21.7%	8.2	10.0	1.8	13.2	13.2	0.0pp
	Services & Utilities	43.2	55.1	27.1%	3.1	5.5	2.4	7.2	10.0	1.8pp
	Telco & Cable	38.1	41.9	9.8%	1.2	3.9	2.7	3.3	9.4	6.1pp
Region	Europe	96.6	119.4	23.6%	7.4	12.9	4.9	7.6	10.8	2.7pp
	Global English	46.8	53.3	14.0%	5.2	6.6	1.1	11.0	12.3	0.8pp
TOTAL		143.4	172.7	20.4%	12.5	19.4	6.9	8.7	11.2	2.5pp

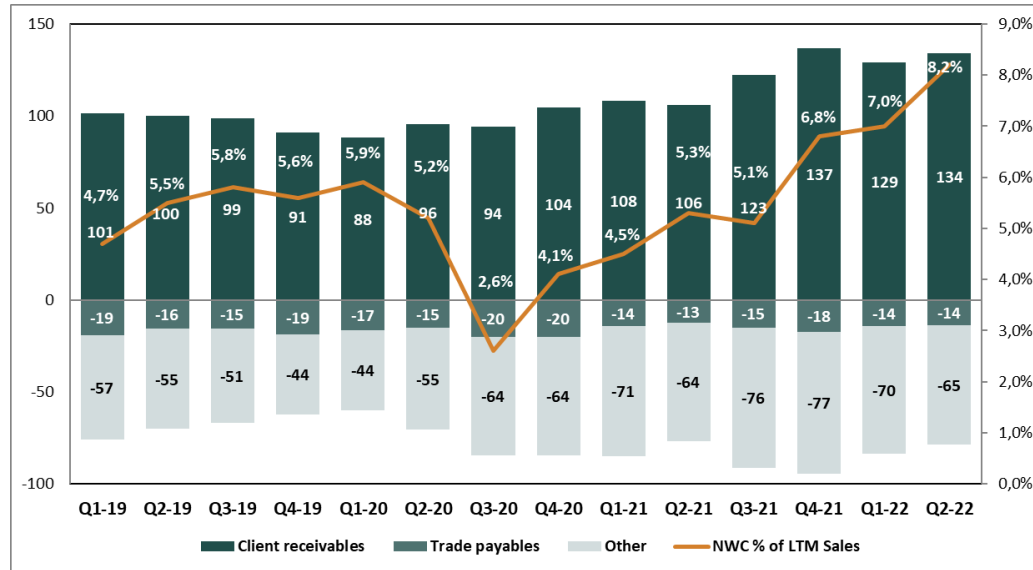
Operating cash flow of 0.1M, Net working capital increases with growth

All figures in EUR Millions

EURm	2019	2020	2021	2021 Q2	2022 Q2
Profit/loss before tax	2.1	-7.9	-5.2	-7.5	-3.3
Adjustments for non-cash items	33.4	38.6	43.4	10.0	9.5
Net financial items	17.6	19.4	27.1	10.4	4.8
Income taxes paid	-7.5	-4.9	-9.0	-4.4	-2.3
Operating cash flow before NWC changes	45.7	45.2	56.3	8.5	8.6
Changes in working capital	5.7	5.0	-34.3	-1.0	-8.5
Operating cash flow	51.4	50.3	22.0	7.5	0.1
Investments/disposals	-16.5	-14.4	-20.9	-6.0	-3.8
Acquisitions/disposals of business, net of cash	-1.1	-6.8	-23.7	0.0	0.0
Other	-0.6	0.1	-0.7	-0.2	0.2
Cash flow from investing activities	-18.2	-21.1	-45.3	-6.2	-3.7
Cash flow from financing activities	-32.1	-28.8	49.6	59.8	0.9
Cash flow for the period	1.1	0.4	26.4	61.1	-2.7

- Operating cash flow is EUR 0.1M (7.5)
 - Operating cash flow before NWC changes in line with Q2 2021
 - Working capital increase impacts the total operating cash flow
- Cash flow from investing activities of EUR -3.8M (-6.0)
- Cash flow from financing activities is EUR 0.9M (59.8)

Q2 working capital increased with higher receivables



- Recent increase in Net working capital driven by Client receivables and reduction in Other components of the working capital.
- Clients receivables driven by revenue growth and temporary effects of invoicing cycles – Initiatives ongoing to speed up collection. Overdues are in line with historical averages.
- Other components reduction mainly due to repayment of Covid support.

Net debt and leverage development

All figures in EUR Millions

Debt structure	Maturity	Outstanding balance			
		2019	2020	2021	2022 Q2
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	-	-	10.6
5-year secured bond	<i>Paid June 2021</i>	10.0	10.0	-	-
Lease liabilities		27.5	28.8	32.1	31.9
Other items included in net debt		7.1	8.2	1.0	0.7
Gross debt		245.6	247.0	348.1	358.3
Cash on balance		14.3	13.7	39.2	30.5
Net debt		231.2	233.3	308.8	327.8

Net debt and leverage

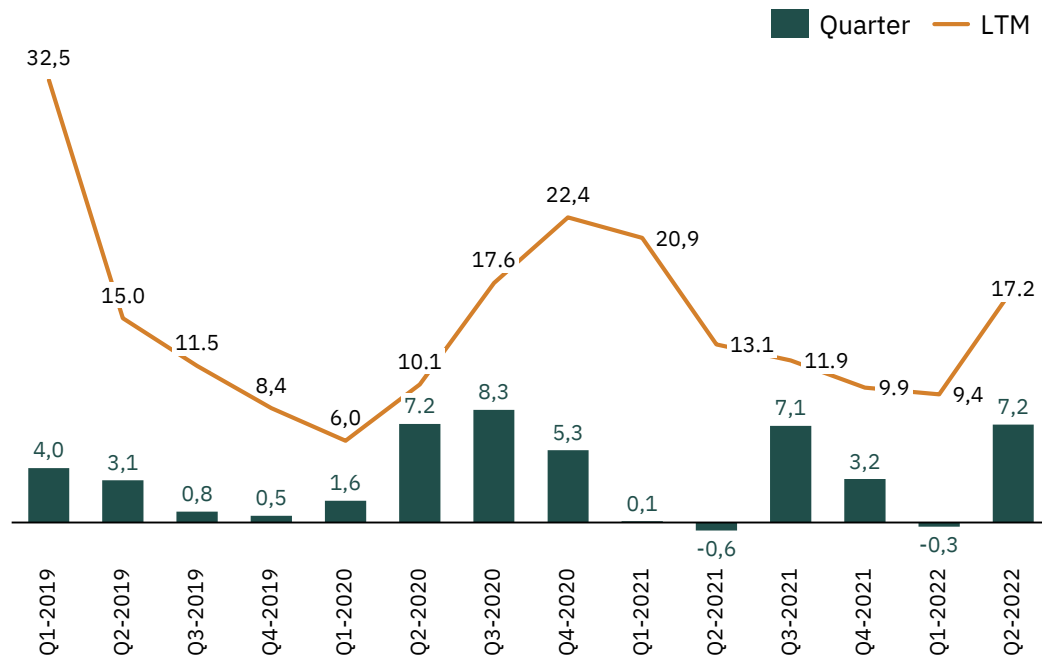


1) Net debt, incl. Lease liabilities/fully adjusted EBITDA;

2) Other liabilities includes subordinated loans, pension liabilities and unamortized cost

Non-recurring items in Q2 was -7.2 MEUR

All figures in EUR Millions



Q2 NRI totaled -7.2M (0.6)

- Operational non-recurring items of -4.7M related mainly to cost savings program – site reductions and personnel cost
- Transaction-related non-recurring items of -2.4M for M&A projects



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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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