

November 17, 2022

Q3 2022 Presentation



Q3 Highlights

- **Solid 15.7% revenue growth** – 8.5pp organic, 10pp from recurring contracts
- **Services & Utilities growing 33%** – eCom&Tech 46% of revenue
- **EBITDA margin increasing to 13.0% (11.4)** – mainly driven by the European Service & Utility sector
- **Cost savings program on track** – 10 MEUR run rate improvements from 1 Jan 2023
- **Continued shift near/offshore** – Expansion of Tuzla in Bosnia and new site in Skopje, North Macedonia
- **Transcom recognized 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 Q3 highlights

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Financial performance

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Strategy going forward

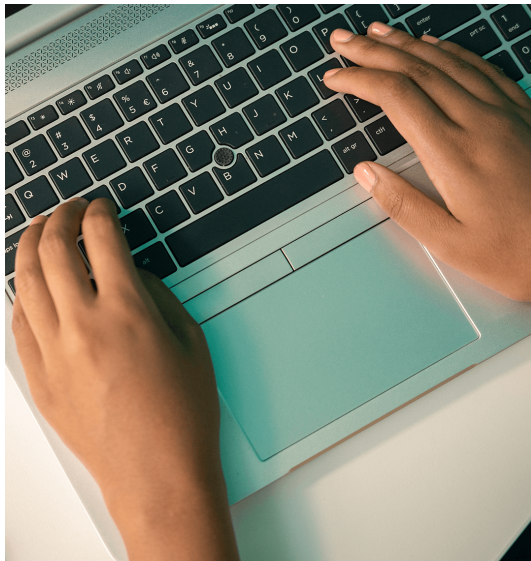
Transcom is a global leader in digital CX

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









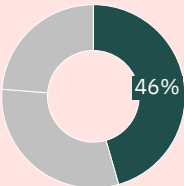








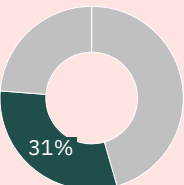





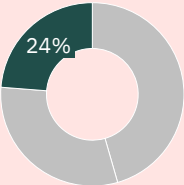
...enabled by leading digital capabilities



- Digital CX advisory
- Digital solutions
- Digital operations

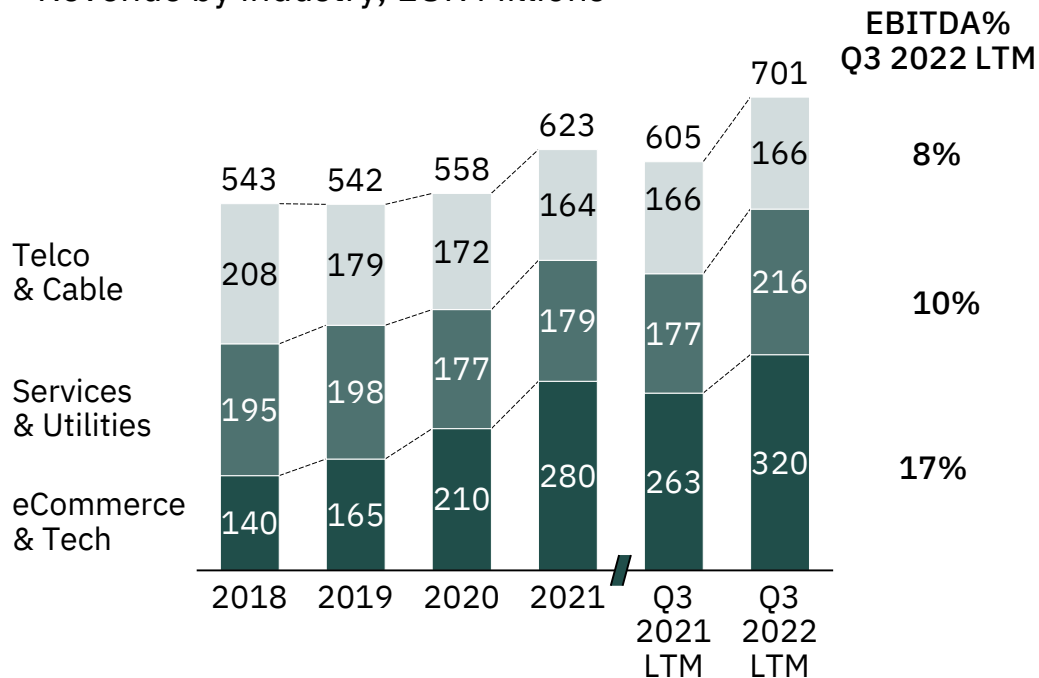
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Serving leading consumer brands across industries

	Segment	Client examples	Share of revenue Q3 LTM 2022	EBITDA margin Q3 LTM 2022
eCommerce & Tech	 Online retail  IT/Tech  Fintech  Logistics  Consumer durables	  		17%
Services & Utilities	 Utilities  BFSI  Gov & Healthcare  Media  Travel	  		10%
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”

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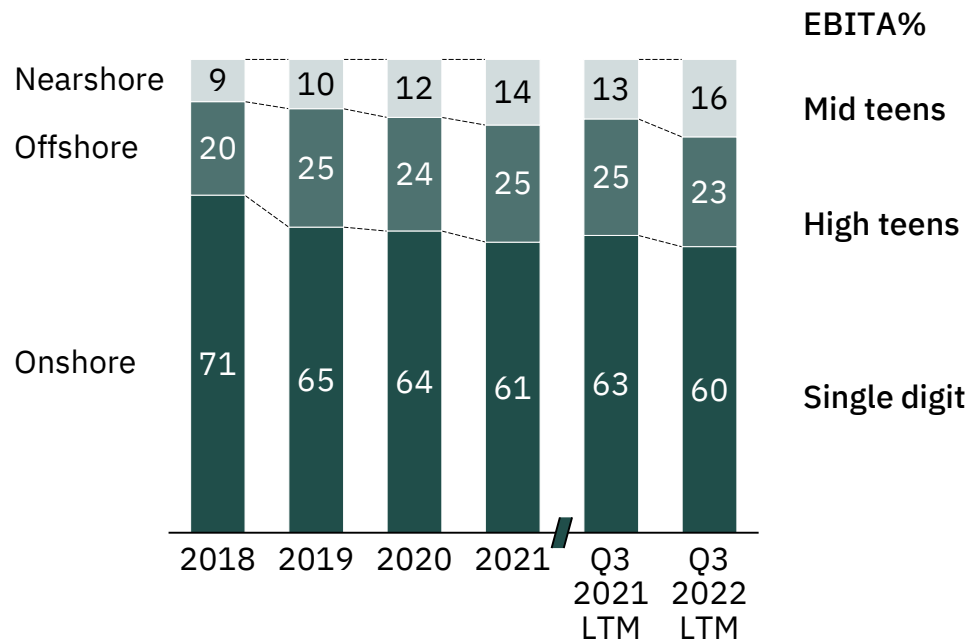
Macro situation and impact on Transcom

- Megatrend of consumers shifting spending to online businesses remains robust
- Pressure on discretionary consumer spending impacting primarily eCom & Tech, slowing growth
- Labor market remaining tight – Cost inflation expected to be passed on to clients
- Clients seeking measures to mitigate cost increase through digital and near/offshore solutions



Continued near/offshore expansion in 2023

Revenue by type of delivery, Percent



Q3 wins (annual revenue)

Retail & e-commerce Customer services / Digital EMEA Nearshore 5.0 MEUR	Retail & e-commerce Customer Service EMEA Offshore 2.9 MEUR
Bank & Financial services Customer services / Digital EMEA Nearshore 1.6 MEUR	IT & Technology Customer services / Digital EMEA Onshore 1.5 MEUR
Logistics Customer sales / Back Office EMEA Offshore 1.0 MEUR	Energy & Utilities Customer care EMEA Nearshore 1.0 MEUR
Retail & e-commerce Customer services EMEA Nearshore 0.7 MEUR	IT & Technology Presales EMEA onshore 0.5 MEUR

30 new sites in 2021 – 2022

German

- Bosnia (Zenica, Banja Luka)
- Croatia (Varazdin)
- Poland (Poznan, Grudziądz)
- Serbia (Niš)
- Slovenia (Brezice, Maribor)
- North Macedonia (Skopje, Ohrid)
- Onshore (Telefonica Berlin & Essen)

Nordics & Dutch

- Spain (Malaga, Alicante)
- Onshore (Gävle)

Italian & French

- Albania (Shkoder)
- Onshore (La Spezia, Rende, Milan, Prato WAH)

Spanish

- Colombia (Bogota)
- Portugal (Porto)

English

- Colombia (Bogota)
- Davao WAH hub (Philippines)
- Onshore (Greenville)

Cairo – one of our fast-growing multilingual locations

The city of Cairo – Unbeatable quality and value

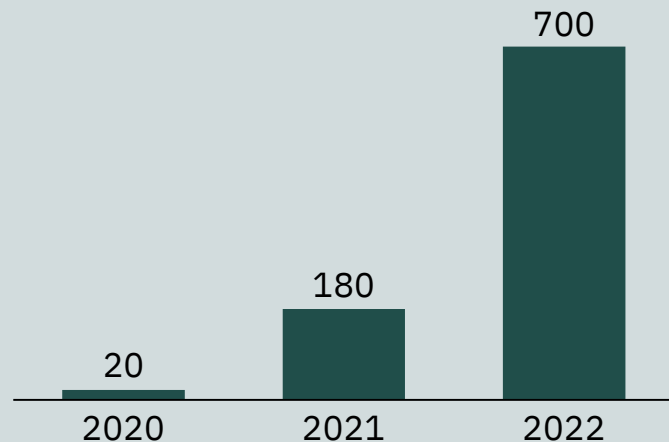
- 30M population, 80% speak foreign language
- 24 universities, 50+ language schools, 600k graduates
- 20+ languages available
- Reliable infrastructure
- Central European Time zone

Transcom Cairo – Growing fast for international clients

- Started in 2020, today 800 seats, new site October 2022
- Market leading blue-chip clients:
 - European leisure travel operator
 - Ecommerce of North American retailer
 - German logistics hauler



Year-end headcount, Transcom Cairo



Transcom



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Strategy going forward

Solid growth and increased profitability

- **Continued solid revenue growth**
 - 177.5 MEUR (153.5)
 - Growth of 15.7% vs Q3 2021, whereof 8.5% organic
- **Q3 EBITDA ex non-recurring items**
 - 23.0 MEUR (17.5)
 - Margin of 13.0%, +1.6pp vs Q3 2021
- **Operating cash flow** was 12.2 MEUR (-1.5)
- **Non-recurring items:** -1.1 MEUR (-7.1)
- **Net debt/EBITDA** of 3.7x (4.1x)

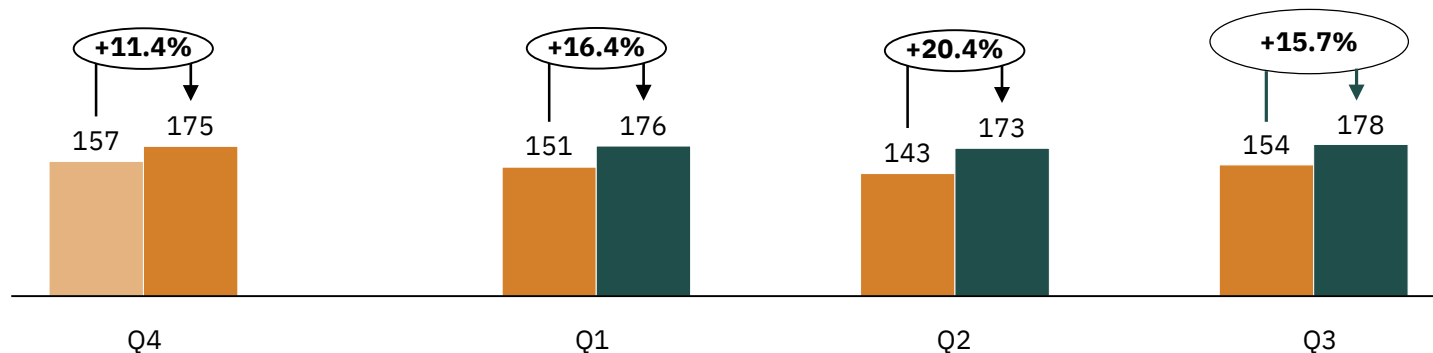


Steady y/o/y growth and profitability improvements

2020 2021 2022

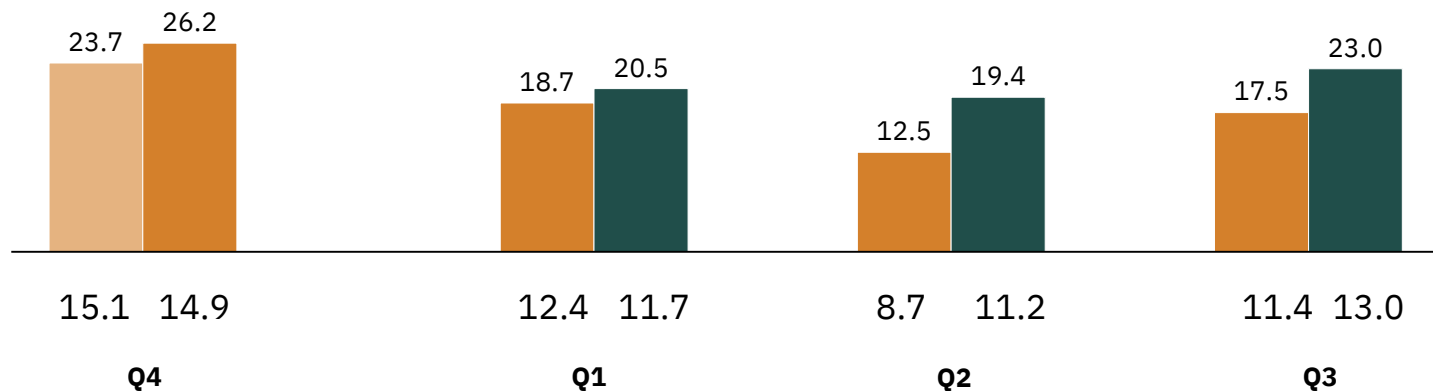
Revenue

EUR Millions

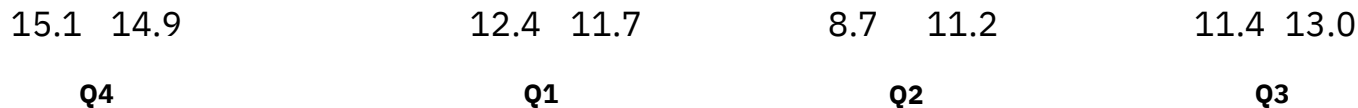


EBITDA

EUR Millions

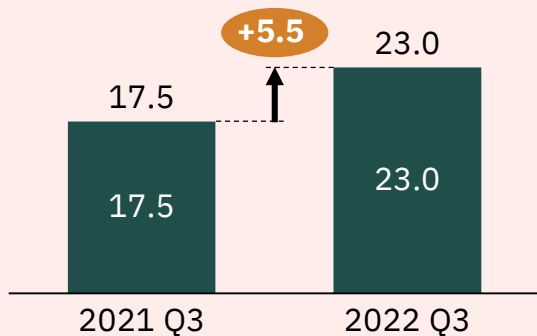


EBITDA %

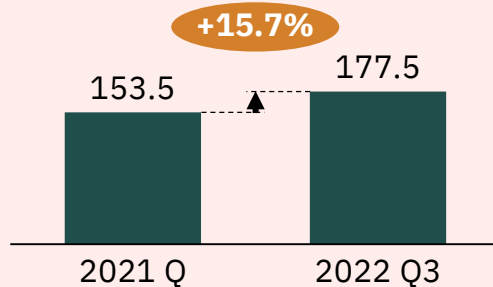


Q3 growth and margin improvements mainly organic

EBITDA, EUR Millions

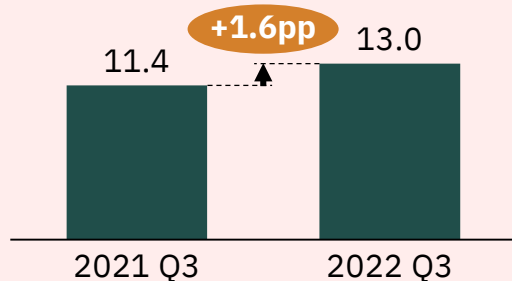


Revenue, EUR Millions



- Organic growth 8.5%:
Recurring contracts +10pp,
temp contracts -1pp,
Acquired growth 2pp,
Currency impact 5pp
- Strongest growth in Services
& Utilities

EBITDA Margin, Percent



- Profitability improvements
primarily in European
segment, and Service&
Utilities sector

Development by segment

All figures in EUR Millions

		Revenue			EBITDA			EBITDA Margin, %		
		Q321	Q322	Change	Q321	Q322	Change	Q321	Q322	Change
Sector	eCommerce & Tech	69.6	80.9	16.3%	10.7	13.6	2.9	15.4	16.8	1.4pp
	Services & Utilities	41.7	55.9	33.9%	3.2	5.6	2.4	7.6	10.0	2.4pp
	Telco & Cable	42.2	40.8	-3.4%	3.6	3.9	0.3	8.5	9.4	0.9pp
Region	Europe	102.9	120.3	16.9%	9.9	13.8	3.8	9.7	11.5	1.8pp
	Global English	50.6	57.2	13.1%	7.5	9.2	1.7	14.9	16.1	1.2pp
TOTAL		153.5	177.5	15.7%	17.5	23.0	5.5	11.4	13.0	1.6pp

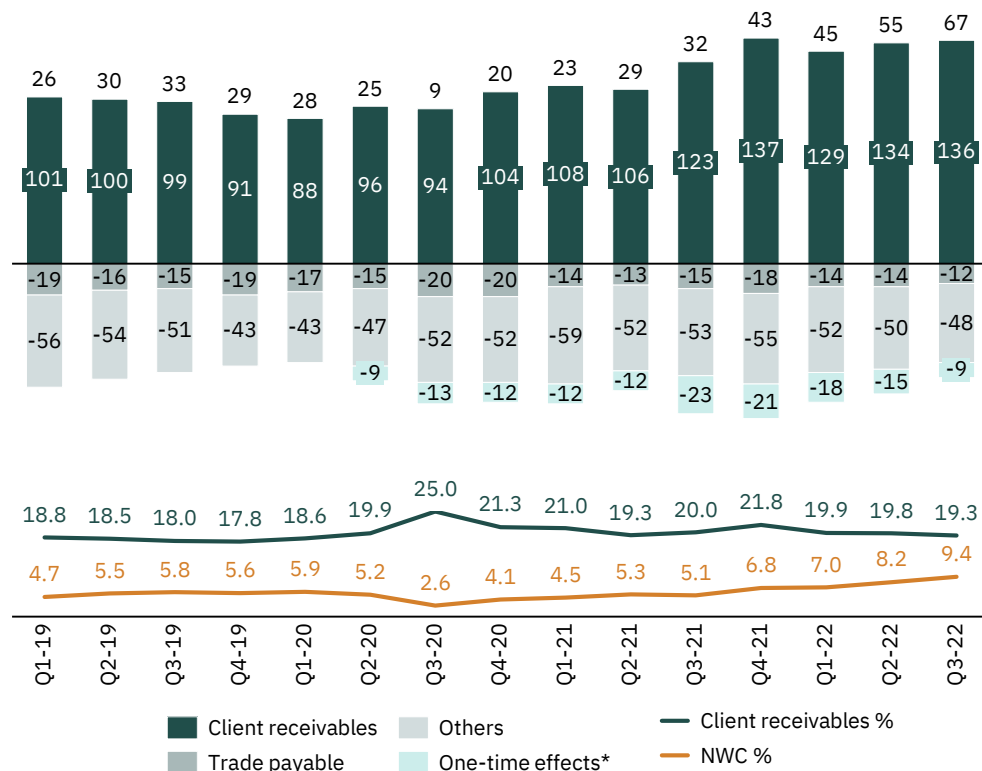
Strong operating cash flow of 12.2M compared to EUR -1.5M last year

All figures in EUR Millions

EURm	2019	2020	2021	2021 YTD SEP	2022 YTD SEP	2021 Q3	2022 Q3
Profit/loss before tax	2.1	-7.9	-5.2	-10.4	4.1	-6.2	3.5
Adjustments for non-cash items	33.4	38.6	43.4	34.3	28.2	14.5	8.1
Net financial items	17.6	19.4	27.1	21.0	15.5	5.5	5.6
Income taxes paid	-7.5	-4.9	-9.0	-8.6	-7.2	-3.6	-2.1
Operating cash flow before NWC changes	45.7	45.2	56.3	36.2	40.6	10.2	15.1
Changes in working capital	5.7	5.0	-34.3	-18.5	-13.1	-11.7	-2.9
Operating cash flow	51.4	50.3	22.0	17.7	27.5	-1.5	12.2
Investments/disposals	-16.5	-14.4	-20.9	-15.1	-13.9	-5.3	-4.7
Acquisitions/disposals of business, net of cash	-1.1	-6.8	-23.7	-23.7	-5.0	-10.0	0.0
Other	-0.6	0.1	-0.7	-0.6	-0.7	-0.2	-0.8
Cash flow from investing activities	-18.2	-21.1	-45.3	-39.4	-19.6	-15.5	-5.5
Cash flow from financing activities	-32.1	-28.8	49.6	57.5	-14.8	-11.3	-5.9
Cash flow for the period	1.1	0.4	26.4	35.9	-6.9	-28.3	0.8

- Q3 operating cash flow EUR 12.2M (-1.5)
 - Stronger operating cash flow compared to Q3 2021
 - Changes in Working capital stabilized to -2.9M (-11.7)
- Cash flow from investing activities of EUR -5.5M (-15.5), Capex in business in line with last year
- Cash flow from financing activities EUR -5.9M (-11.3)

Client receivables stable – NWC slightly increasing



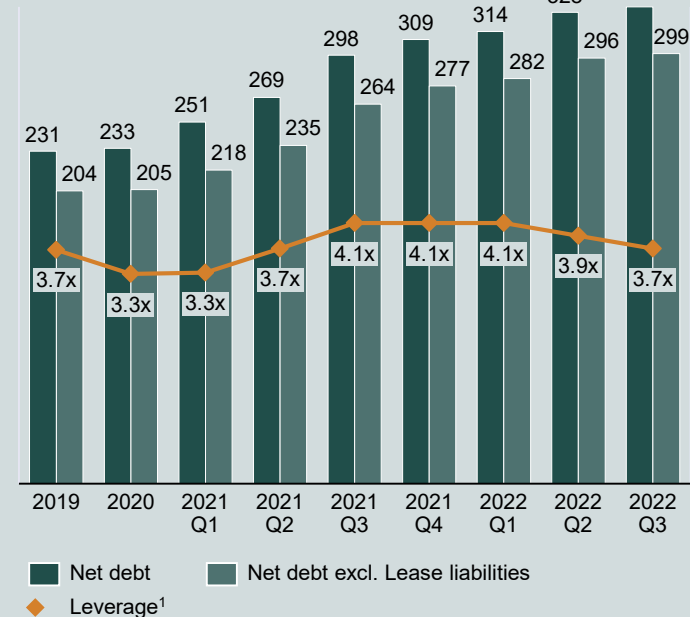
- Client receivable stable as share of revenue – Client collections and invoicing on track, overdues in line with historical averages
- Slight increase in client receivables is driven by revenue growth and FX impacts, as % of revenue it is improving
- Increase of Net working capital is mainly driven by reclassification of Covid-19 support to long-term liabilities and repayment, totaling EUR 6.9M – non-cash effect

Net debt and leverage development

All figures in EUR Millions

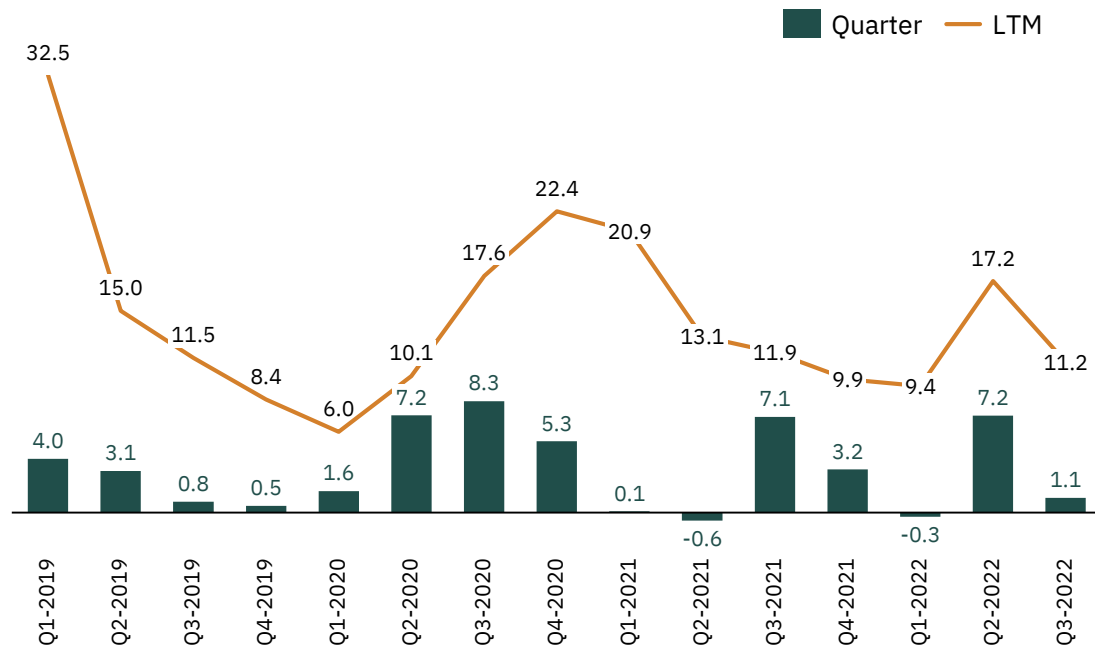
Debt structure	Maturity	Outstanding balance			
		2019	2020	2021	2022 Q3
Fixed rate secured notes	<i>Paid June 2021</i>	180.0	180.0	-	-
Floating rate secured notes	Dec 2026	-	-	315.0	315.0
Secured term loan	<i>Paid June 2021</i>	-	20.0	-	-
SSRCF incl overdraft facility usage	June 2026	21.0	-	-	14.4
5-year secured bond	<i>Paid June 2021</i>	10.0	10.0	-	-
Lease liabilities		27.5	28.8	32.1	32.4
Other items included in net debt		7.1	8.2	1.0	0.8
Gross debt		245.6	247.0	348.1	362.5
Cash on balance		14.3	13.7	39.2	31.0
Net debt		231.2	233.3	308.8	331.5

Net debt and leverage



Non-recurring items in Q3 was -1.1 MEUR

All figures in EUR Millions



Q3 NRI totaled -1.1M (-7.1)

- Operational non-recurring items of -0.4M
- Transaction-related non-recurring items of -0.7M 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

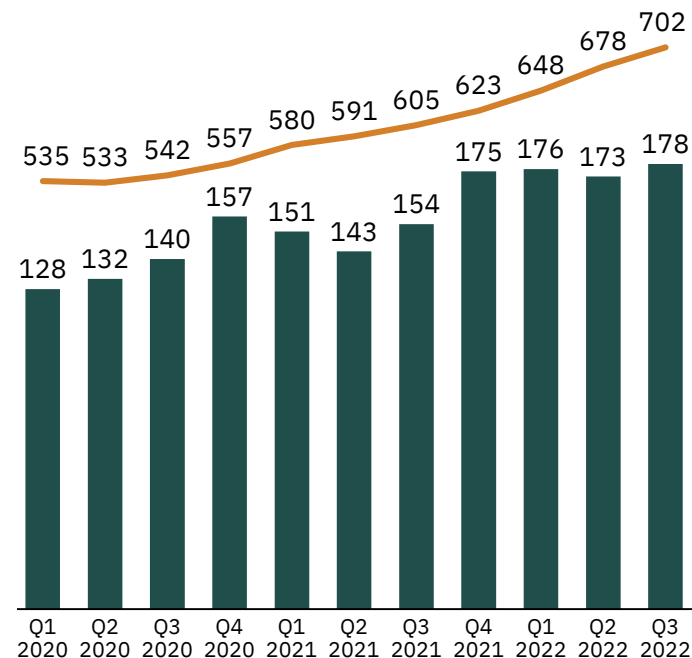
Conservative leverage, reinvesting in growth when leverage permits

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

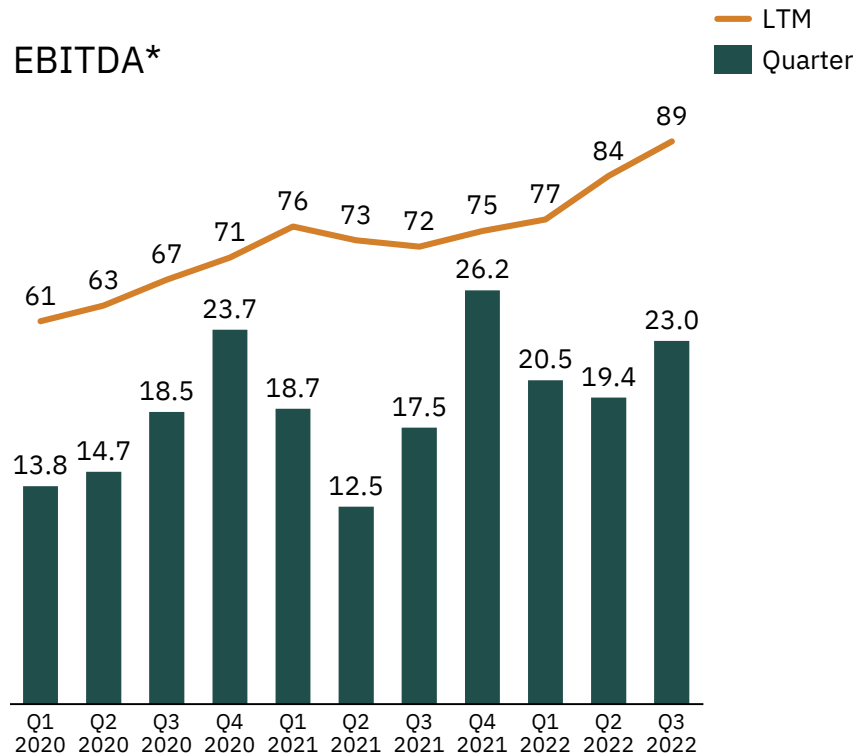
Entering Q4 with a trajectory of profitable growth

EUR millions

Revenue



EBITDA*



Transcom