

November 16, 2023

Q3 2023 Presentation



Transcom

Q3 2023 highlights

- **Revenue** – 180.6 MEUR (+1.7%), 5.6% organic growth excl partial Spanish exit
- **EBITDA margin** – 13.9% (13.0)
- **LTM EBITDA 101 MEUR** – First time breaking 100MEUR mark
- **Continuing to win new contracts** – From both new and existing clients
- **Changing market** – Soft consumer demand impacting volume in existing contracts
- **New organization** – Adapting to win large clients
- **Near/offshore & AI** – Lower cost for clients and higher margins for Transcom



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- 01** **Company overview and Q3 highlights**
- 02** Financial performance
- 03** Strategy going forward

Transcom is a global leader in digital CX solutions

Providing a world class customer experience...



- Customer care & tech support
- Customer acquisition, sales & retention
- Compliance & back office

...across all customer touchpoints...



- Seamless experience in all channels
- Chat & email, Messaging & Social media, Voice & video
- Consistency across human and AI-assisted interactions











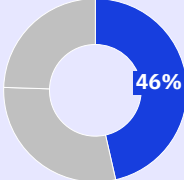








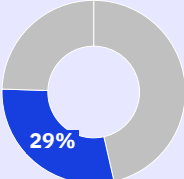




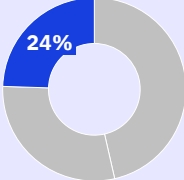
...enabled by leading AI & digital capabilities



- CX advisory
- AI & Digital solutions
- Tech enabled operations & transformation

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Serving leading consumer brands across industries

	Segment	Client examples	Share of revenue Q3 LTM 2023	EBITDA margin Q3 LTM 2023
eCommerce & Tech	 Social media  Online retail  IT/Tech  Fintech  Logistics  Consumer durables	 PayPal  SAMSUNG  Bolt  TechStyleOS	 46%	18.8%
Services & Utilities	 Utilities  BFSI  Gov & Healthcare  Media  Travel	 BNP PARIBAS  ADVANZIA BANK  GET YOUR GUIDE	 29%	9.7%
Telco & Cable	 Telecom operators  Cable TV & Broadband operators	 TELE2  ice	 24%	8.6%

Global footprint serving Europe and Global English markets

28

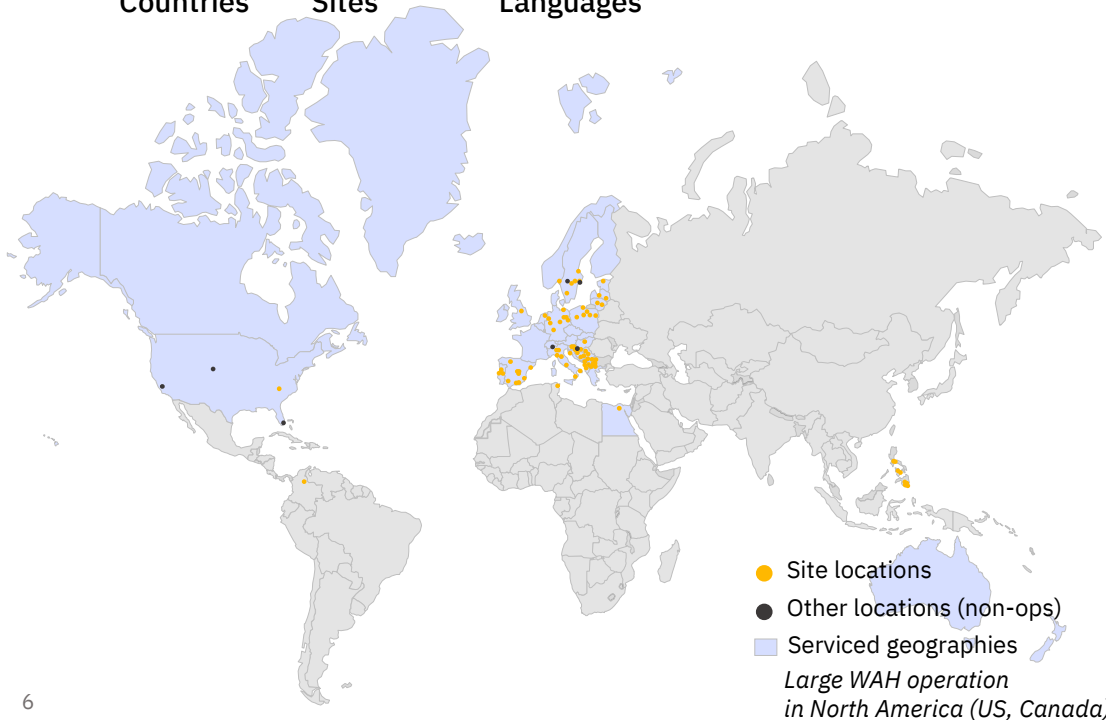
Countries

90+

Sites

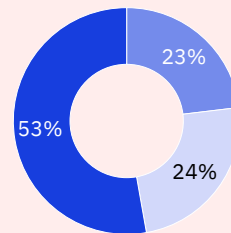
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Languages



Shoring mix

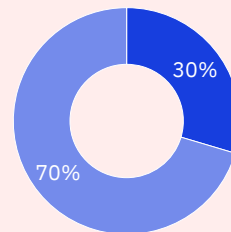
Q3 LTM 2023 Share of revenue



■ Nearshore ■ Offshore ■ Onshore

Regional mix

Q3 LTM 2023 Share of revenue



■ Global English ■ Europe

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Strategic priorities

Daily execution



Clients – Win and grow rock solid partnerships



Operations – Exceed client expectations and drive efficiency



People – Recruit, retain and develop awesome CX talent

Strategic shift



Digital – Lead the AI CX revolution

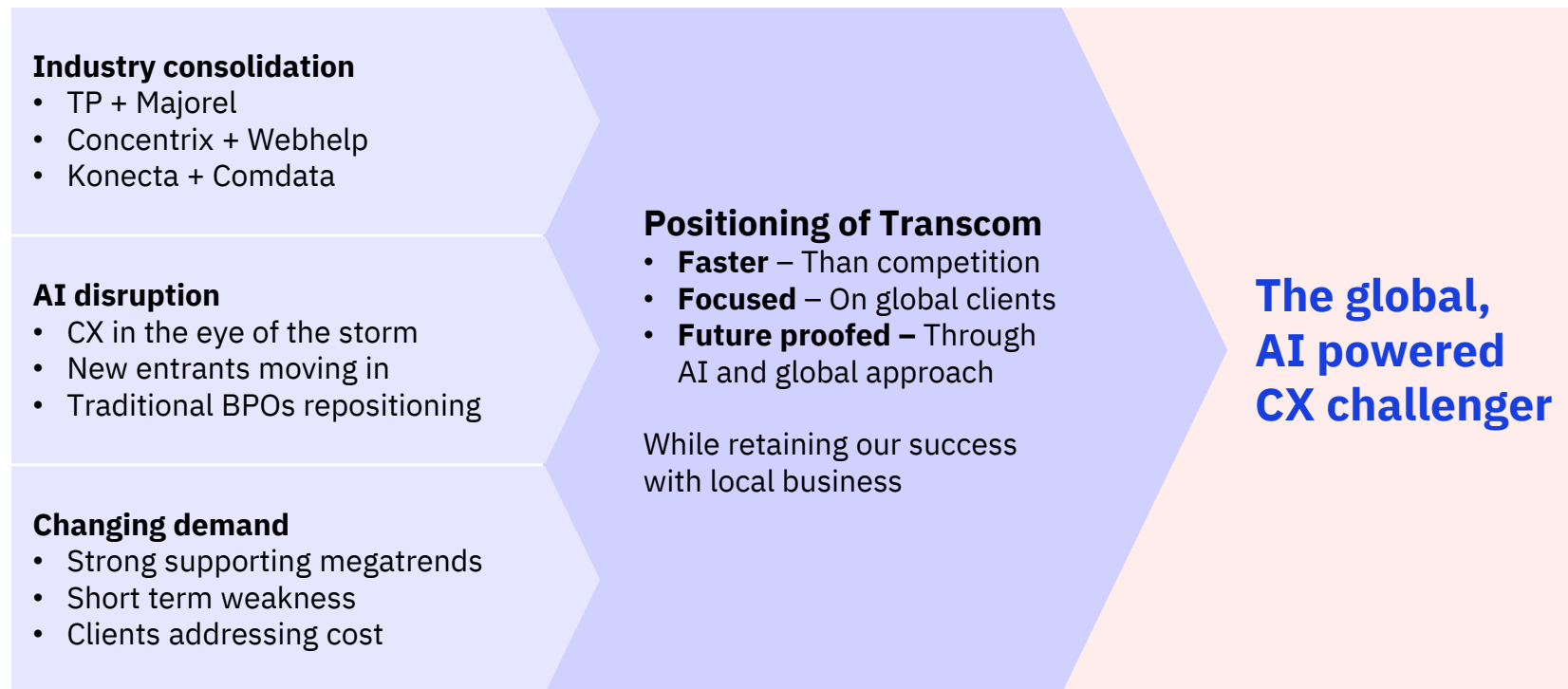


Delivery – Grow untapped talent markets



Sectors and services – Go for fast growing segments

Opportunities in a changing market



We adapt the organization to win

Objective

- Increase consistency and speed to market
- Increase focus on multinational clients
- Invest in growth and AI

Key organizational changes

- Global operating model, operationally and commercially
- Consolidating European organization into one Business Area
- Strengthening sales and digital/AI organization

Transcom AI – providing super powers to agents and brands.

1 dedicated global team | **500+** people strong technology team | **26+** AI projects deployed in 2023

Autopilots

- Chat and email bots
- Voice bots/IVRs
- Back-office automation

Co-pilots

- Decision support
- Multilingual enablement
- After call automation

Analytics

- Customer insights
- Operational performance
- Coaching and QA

Advisory – Integrations – Transformations

Transcom AI approach – Agnostic, best fit to each situation

LLM powered products

Integration of off-the shelf products, e.g.

- Parloa
- Netomi
- DataOrb

+ No/low code
+ Quick impact
- Not fully customizable
- High operating cost

LLMs as components

Adaptation and integration of foundation models.

- Google/Chat-bison
- Open AI/GPT-4
- Meta/LLAMA2

+ Customizable workflows
- Prompting and adaptations
- High operating cost

Specialized LLMs

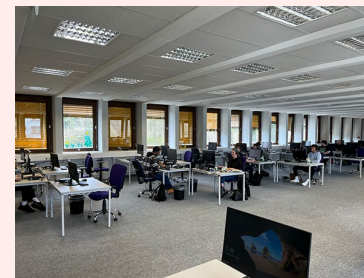
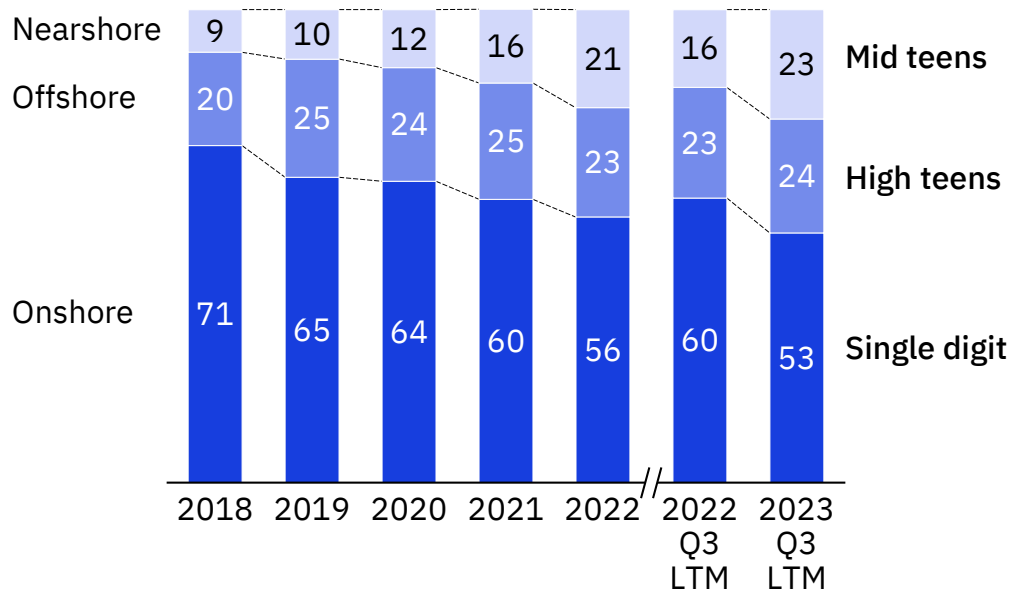
Development of company specific models with Silo.

- Transcom S LLM
- Confidential client S LLM
- Your S LLM?

+ Accuracy
+ Lower running cost
+ Security and safety
- Development cost

Shift to competitive near/offshore delivery continues in 2023

Share of Revenue by type of delivery, percent



timeframe Germany

- Essen, 80 seats
- Kaiserslautern, 370 seats

timeframe Greece

- Thessaloniki 1 & 2, 120 seats
- Volos, 60 seats
- Serres, 50 seats



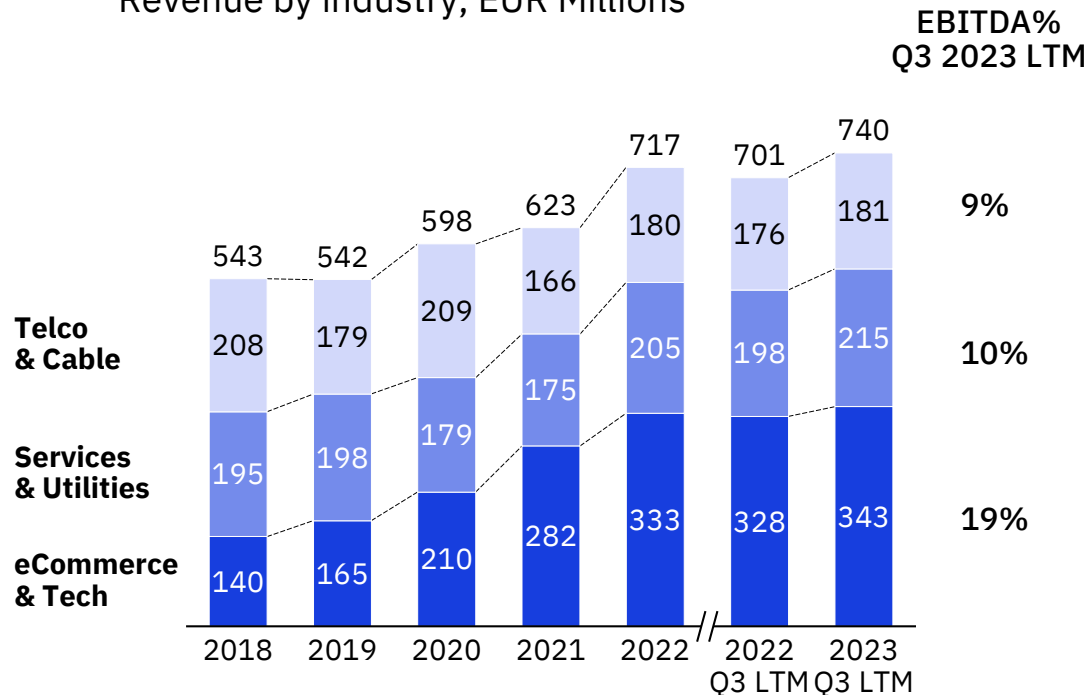
timeframe Portugal

- Porto-Matosinhos, 75 seats
- Braga, 70 seats

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All segments growing, portfolio mix is stable

Revenue by industry, EUR Millions



Q3 top wins (annual revenue)

Energy Customer service EMEA onshore 4.6 MEUR	Telecom Customer service EMEA Nearshore 1.6 MEUR
Fashion e-commerce Customer support EMEA nearshore 1.4 MEUR	Energy Customer care EMEA onshore 1.2 MEUR
E-commerce Customer support EMEA nearshore 1.1 MEUR	Retail & e-commerce Customer service EMEA nearshore 0.6 MEUR
Retail & e-commerce Outbound LATAM 0.6 MEUR	Energy Customer care EMEA onshore 0.5 MEUR



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Q3 Financial highlights

Continued revenue growth in tougher market

- 180.6 MEUR (177.5)
- Growth of 1.7% vs Q3 2022, where off 5.6pp comparable organic growth

Q3 EBITDA ex non-recurring items improving

- 25.1 MEUR (23.0)
- Margin of 13.9% (13.0%)

Net working capital of 80.6 MEUR (66.3), which corresponds to 11% of the revenue

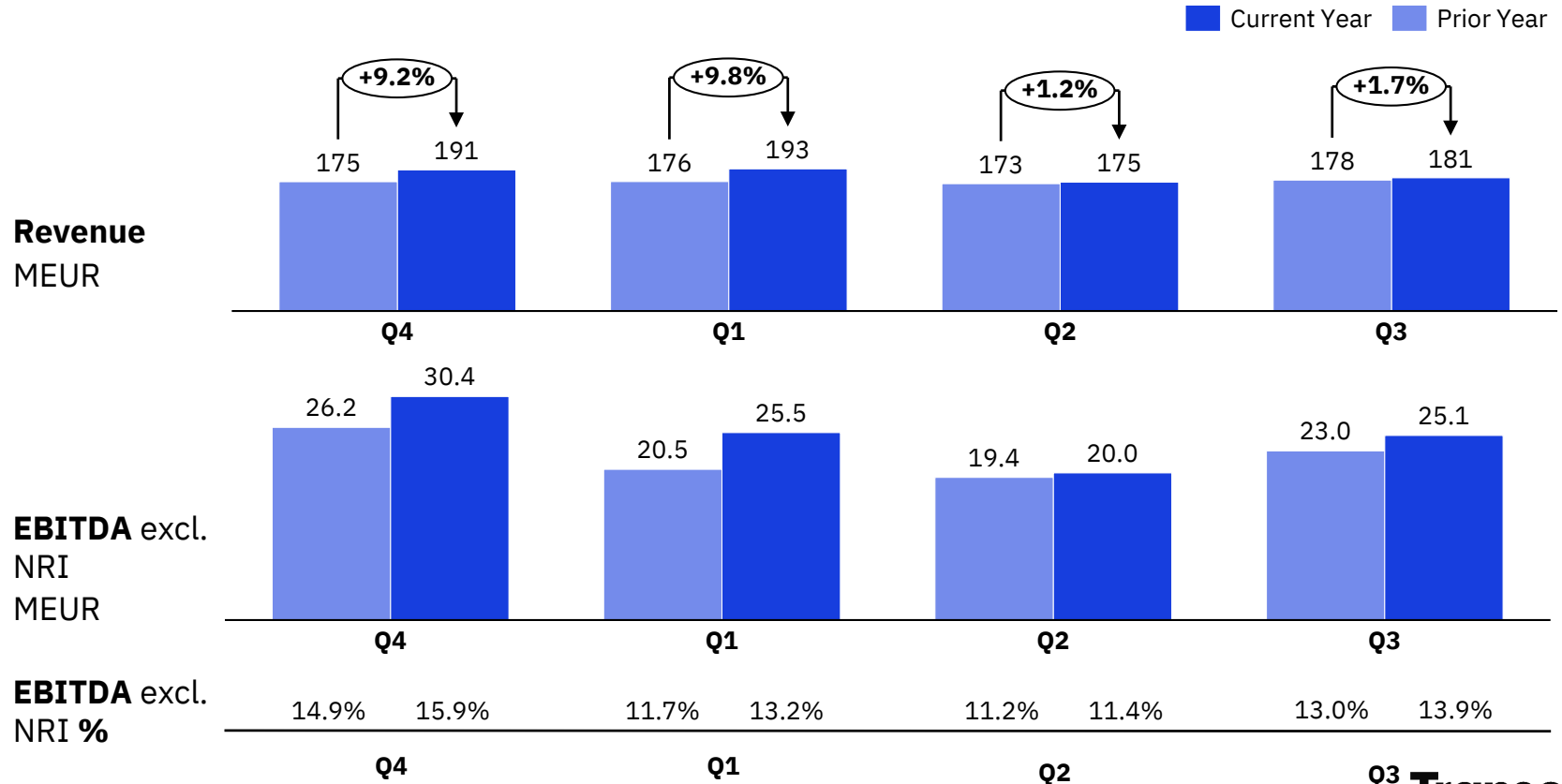
Operating cash flow in the Quarter was 9.4 MEUR (12.2)

Non-recurring items: -9.4 MEUR (-1.1)

Net debt/EBITDA of 3.5 (3.7)

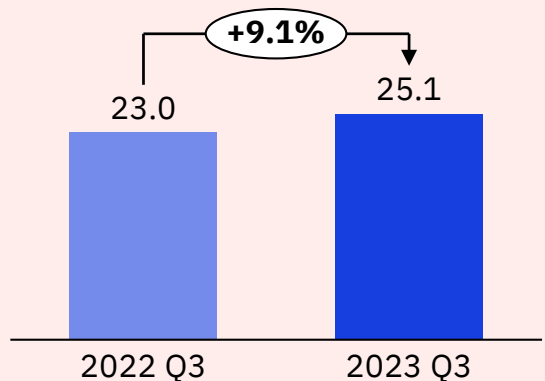


Continued y/o/y growth and profitability improvements

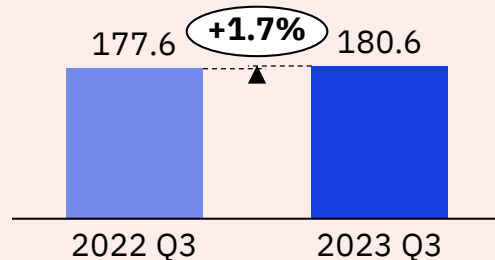


Q3 growth and margin improvements is primarily organic

EBITDA, MEUR

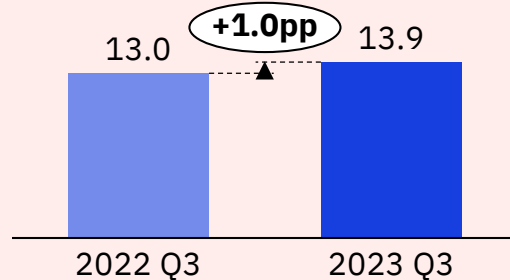


Revenue, MEUR



- Organic growth adjusted for exited contract in Spain of 5.6%
- Negative impact from currency of 3.6%
- Acquired growth 3.9%

EBITDA Margin, Percent



- Improved operational efficiency
- Continued mix shift
- Particularly strong performance in the Global English segment

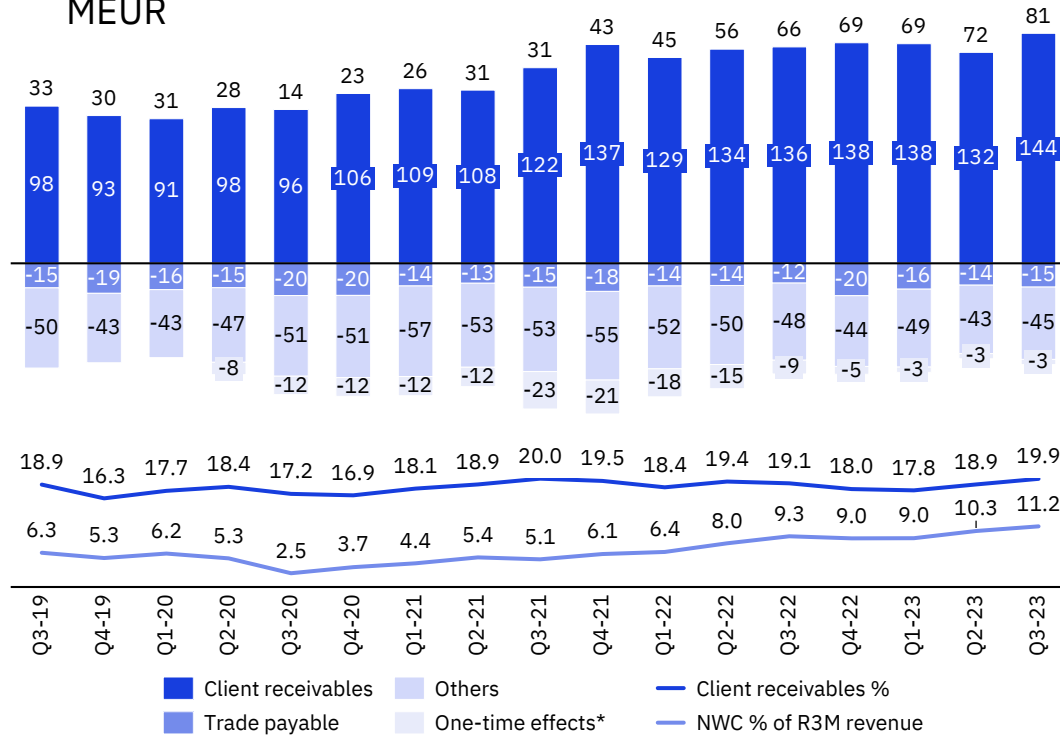
Development by segment

MEUR

		Revenue			EBITDA			EBITDA Margin, %		
		Q3 22	Q3 23	Change	Q3 22	Q3 23	Change	Q3 22	Q3 23	Change
Sector	eCommerce & Tech	83.5	86.5	3.6%	14.0	15.5	1.5	16.8	17.9	1.1pp
	Services & Utilities	50.4	49.3	-2.1%	4.9	5.4	0.5	9.7	10.9	1.2pp
	Telco & Cable	43.6	44.8	3.0%	4.1	4.3	0.2	9.5	9.6	0.1pp
Region	Europe	120.3	126.1	4.8%	13.7	13.7	0.0	11.4	10.9	-0.5pp
	Global English	57.2	54.5	-4.8%	9.3	11.4	2.1	16.2	20.9	4.7pp
TOTAL		177.5	180.6	1.7%	23.0	25.1	0.6	13.0	13.9	1.0pp

Net working capital increasing due to temporary higher client receivables

MEUR



- Net working capital increased in the third quarter due to the higher client receivables
- Timeframe acquisitions impacted NWC with 5 MEUR compared to same quarter last year, while Revenue from Acquisitions is consolidated from August only (2 months)
- Increase due to timing effects and expected to be temporary

Operating Cash Flow impacted by higher NWC

MEUR

EURm	2020	2021	2022	2022 YTD SEP	2023 YTD SEP	2022 Q3	2023 Q3
Profit/loss before tax	-7.9	-5.2	10.6	4.1	-5.7	3.5	-6.0
Adjustments for non-cash items	38.6	43.4	42.5	28.2	30.2	8.1	15.4
Net financial items	19.4	27.1	24.8	15.5	27.6	5.5	9.7
Income taxes paid	-4.9	-9.0	-8.2	-7.2	-7.7	-2.1	-2.9
Operating cash flow before NWC changes	45.2	56.3	69.7	40.6	44.5	15.1	16.2
Changes in working capital	5.0	-34.3	-17.3	-13.1	-11.4	-2.9	-6.8
Operating cash flow	50.3	22.0	52.4	27.5	33.1	12.2	9.4
Investments/disposals	-14.4	-20.9	-24.2	-13.9	-14.8	-4.7	-6.5
Acquisitions/disposals of business, net of cash	-6.8	-23.7	-9.8	-5.0	-13.9	-	-7.2
Other	0.1	-0.7	0.4	-0.7	-0.1	-0.8	0.2
Cash flow from investing activities	-21.1	-45.3	-33.6	-19.6	-28.8	-5.5	-13.4
Cash flow from financing activities	-28.8	49.6	-25.9	-14.8	-3.6	-5.9	0.3
Cash flow for the period	0.4	26.4	-7.1	-6.9	0.7	0.8	-3.8

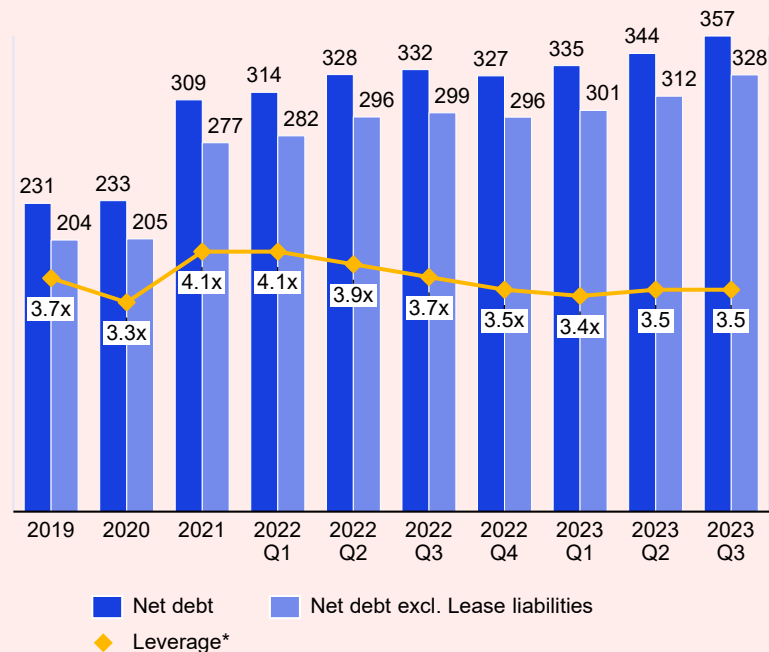
- Operating cash flow 9.4MEUR (12.2) in the quarter, with a decline in the Working capital to -6.8MEUR (-2.9)
- Cash flow from investing activities in the quarter -13.4MEUR (-5.5) includes acquisition of Timeframe and earnout payments for previous acquisitions
- Cash flow from financing activities in the quarter 0.3MEUR (-5.9)
- Cash flow for the period in the quarter -3.8MEUR (0.8)

Net debt and leverage development

MEUR

Debt structure	Maturity	Outstanding balance				
		2019	2020	2021	2022	Q3 2023
Fixed rate secured notes	<i>Paid June 2021</i>	180.0	180.0	-	-	-
Floating rate secured notes	Dec 2026	-	-	315.0	315.0	315.0
Secured term loan	<i>Paid June 2021</i>	-	20.0	-	-	-
SSRCF incl. overdraft facility usage	June 2026	21.0	-	-	14.1	47.4
5-year secured bond	<i>Paid June 2021</i>	10.0	10.0	-	-	-
Lease liabilities		27.5	28.8	32.1	31.0	29.3
Other items incl. in net debt		7.1	8.2	1.0	-1.9	-2.9
Gross debt		245.6	247.0	348.1	358.2	388.7
Cash on balance		14.3	13.7	39.2	31.4	32.0
Net debt*		231.2	233.3	308.8	326.8	356.7

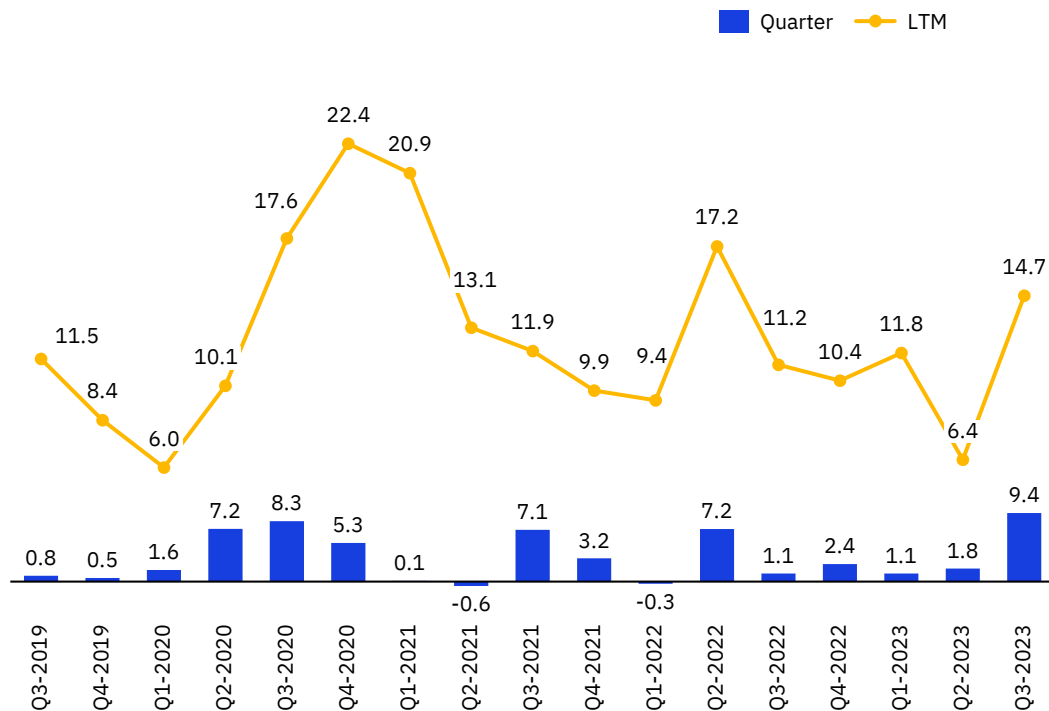
Net debt and leverage



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Non-recurring items -9.4 MEUR in Q3

MEUR



Q3 NRI totaled -9.4MEUR (-1.1)

- Operational non-recurring items of - 7.9MEUR, including restructuring costs relating to site reductions and severance costs due to the reorganization
- Transaction-related non-recurring items of - 1.5MEUR mainly related to costs 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 underlying growth

- 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.

Continuing as we do

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

Conservative
leverage

Conservative leverage, reinvesting in growth when leverage permits

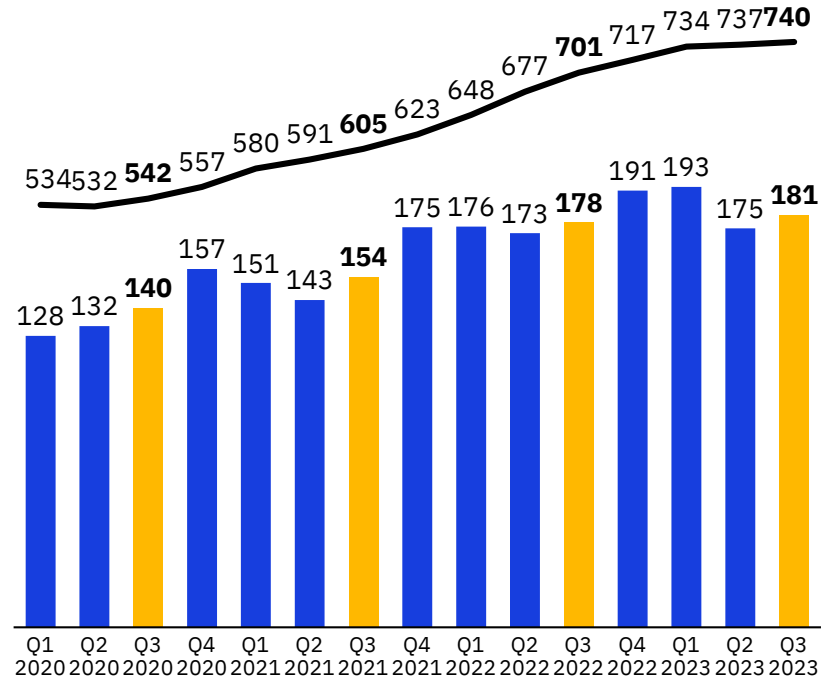
- Strong cash flow generation and EBITDA expansion providing natural de-leveraging
- Ability for targeted accretive M&A growth within leverage limits

Continuing on a trajectory of profitable growth

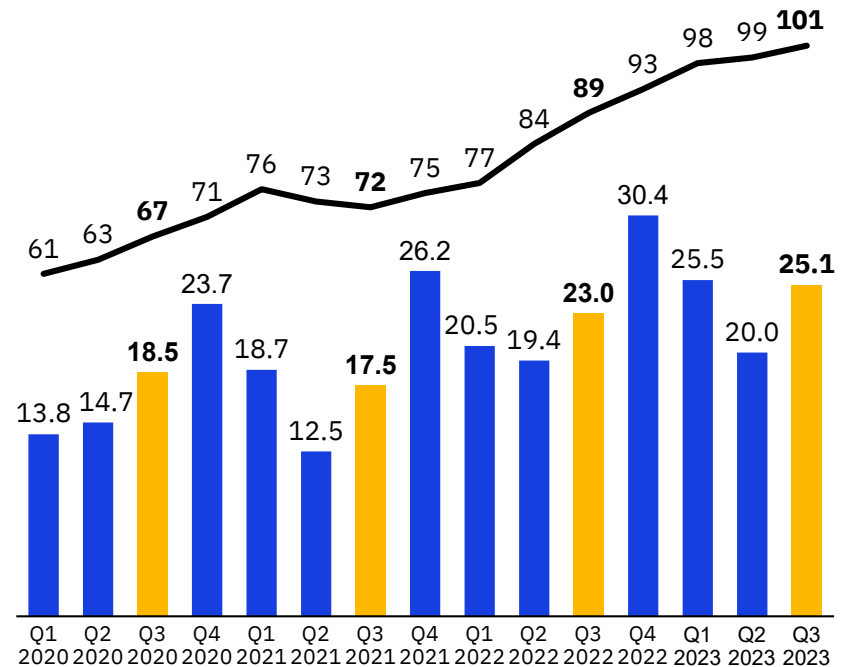
EUR Millions

— LTM
■ Quarter

Revenue



EBITDA excl. NRI



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Appendix

Reclassification* of clients with retroactive effect

MEUR

Revenue

		LTM	LTM	LTM	LTM	LTM	LTM	LTM	LTM	LTM	LTM	LTM
		Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023
Published numbers	Commerce & Tech	210	230	245	263	280	295	308	320	334	339	342
Published numbers	Services & Utilities	177	179	180	177	179	190	201	216	204	214	216
Published numbers	Telco & Cable	172	172	167	166	164	164	167	166	180	181	179
	Total	558	581	592	605	623	648	677	701	717	734	737
Reclassification	Commerce & Tech	0	-1	-1	0	2	4	7	8	-1	-1	-1
Reclassification	Services & Utilities	3	3	3	0	-4	-9	-14	-18	1	1	1
Reclassification	Telco & Cable	-2	-2	-2	0	2	5	8	10	0	0	1
	Total	0	0	0	0	0	0	0	0	0	0	0
Updated numbers	Commerce & Tech	209	230	245	263	282	299	315	328	333	338	340
Updated numbers	Services & Utilities	179	182	183	177	175	181	187	198	205	215	216
Updated numbers	Telco & Cable	170	170	165	166	166	168	175	176	180	182	180
	Total	558	581	592	605	623	648	677	701	717	734	737

Reclassification* of clients with retroactive effect

MEUR

EBITDA

		LTM	LTM	LTM	LTM	LTM	LTM	LTM	LTM	LTM	LTM
		Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023
<i>Published numbers</i>	Commerce & Tech	40	45	46	48	50	50	52	54	58	60
<i>Published numbers</i>	Services & Utilities	17	19	17	15	15	16	19	21	18	19
<i>Published numbers</i>	Telco & Cable	14	12	10	10	10	11	13	14	18	19
	Total	71	76	73	72	75	77	84	89	93	98
<i>Reclassification</i>	Commerce & Tech	-1	-1	-1	-1	-1	0	1	1	0	0
<i>Reclassification</i>	Services & Utilities	1	0	0	0	-1	-2	-3	-4	0	0
<i>Reclassification</i>	Telco & Cable	0	1	1	1	2	2	3	2	0	0
	Total	0	0	0	0	0	0	0	0	0	0
<i>Updated numbers</i>	Commerce & Tech	38	44	45	47	49	50	52	56	58	60
<i>Updated numbers</i>	Services & Utilities	18	19	17	14	14	14	15	18	18	19
<i>Updated numbers</i>	Telco & Cable	15	13	11	11	11	13	16	16	17	19
	Total	71	76	74	72	75	77	84	89	93	98