

February 22, 2024

Q4 2023 Presentation



Transcom

Q4 2023 highlights

- **Concluding the best year so far** – Revenue 738 MEUR (+2.9%), EBITDA margin 13% (13%)
- **Revenue Q4** – 189.7 MEUR (191.4) (-0.9%), 3.3% organic growth excl partial Spanish exit
- **EBITDA margin** – 13.2% (15.9)
- **Continuing to win new contracts** – From both new and existing clients
- **Changing market** – Soft consumer demand impacting volume in existing contracts
- **Acquisition of Vcosmos** – high-end CX solutions provider in India



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- 01** **Company overview and Q4 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











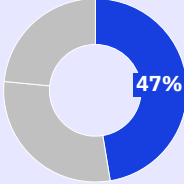








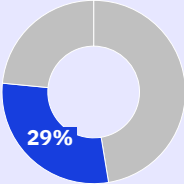




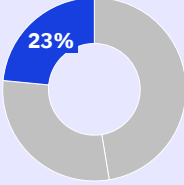
...enabled by leading AI & digital capabilities



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

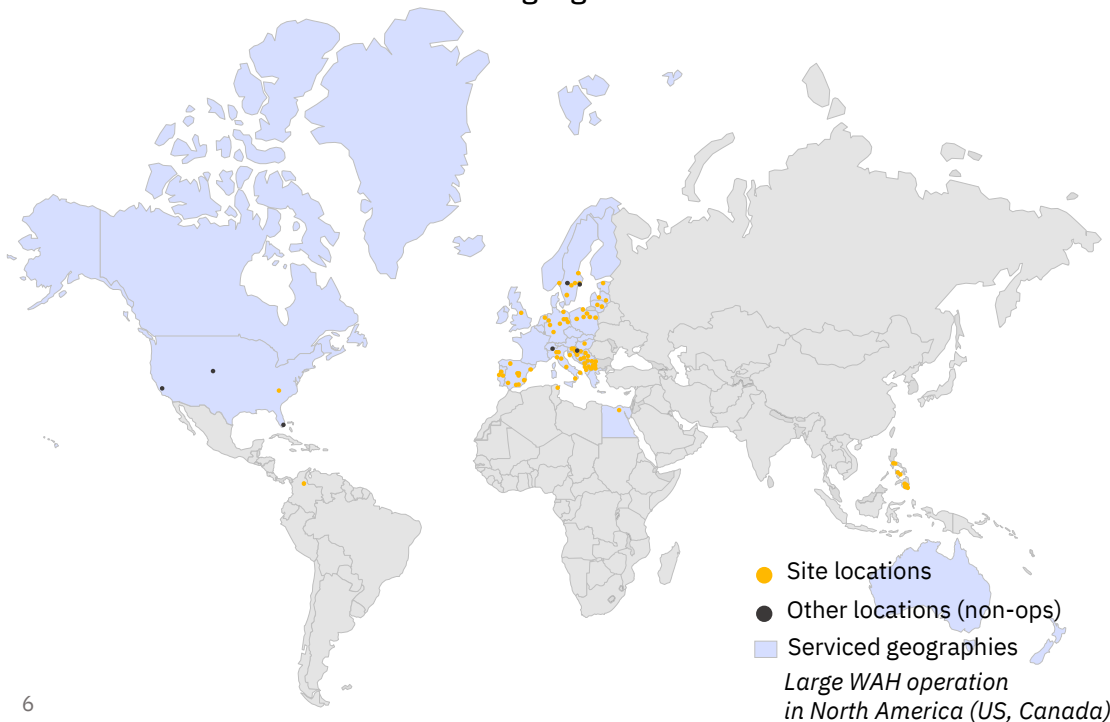
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Serving leading consumer brands across industries

	Segment	Client examples	Share of revenue Q4 LTM 2023	EBITDA margin Q4 LTM 2023
eCommerce & Tech	 Social media  Online retail  IT/Tech  Fintech  Logistics  Consumer durables	 PayPal  SAMSUNG  Bolt  TechStyleOS	 47%	18.1%
Services & Utilities	 Utilities  BFSI  Gov & Healthcare  Media  Travel	 BNP PARIBAS  ADVANZIA BANK  GET YOUR GUIDE	 29%	9.6%
Telco & Cable	 Telecom operators  Cable TV & Broadband operators	 TELE2  ice	 23%	7.1%

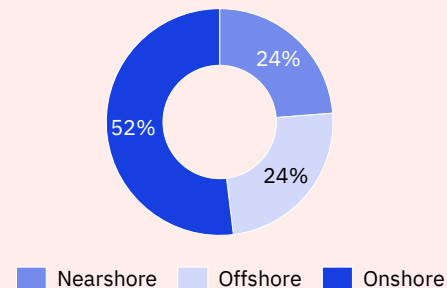
Global footprint serving Europe and Global English markets

28 Countries
90+ Sites
33 Languages



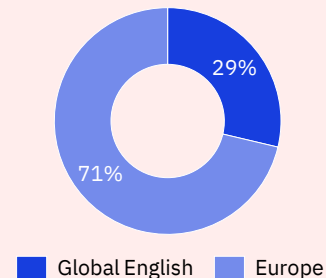
Shoring mix

Q4 LTM 2023 Share of revenue



Regional mix

Q4 LTM 2023 Share of revenue



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

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

Award-winning solutions



Best innovation in customer service

Real-time translation for text and voice: quality customer support in native language delivered from offshore location

0%
CSAT deviation

50%
Cost reduction

100%
Agent satisfaction

29
Languages

Nextory

Significant
cost reduction

100%
task resolution

5
languages

100%
agent satisfaction

TUI



Best Collection Services & Sales Service

Increasing debt collection rates for major European Telco with Machine Learning

6.8%
Increase in
debt collection

17%
Debt collected by
self-payment

860
Operative hours saved

17 to 33
Increase in NPS



6.4%
Increase in sales rate
From 6-8 to 100

Increase service
HC in 3 years

6.5%
TCO reduction



AI Hackathon

An GenAI voice simulator for training in customer service voice call handling

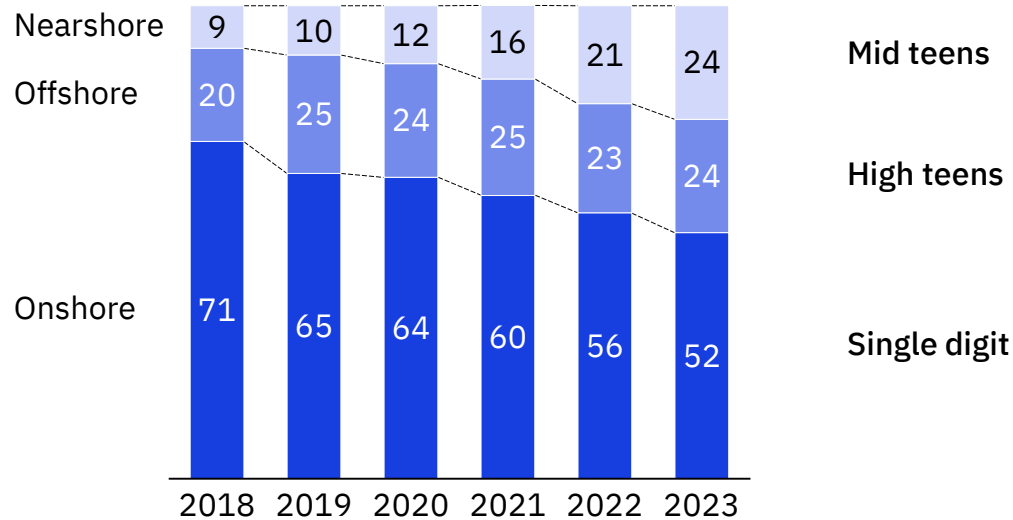


Best Partnership in Voice Solution

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Shift to competitive near/offshore delivery continues in 2023

Share of Revenue by type of delivery, percent



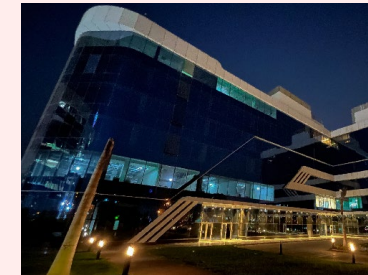
V Cosmos Jaipur

- 540 seats
- Multilingual



V Cosmos Gurugram

- 340 seats
- English/Multilingual



Cairo, Egypt

- 1,200 seats, opened 2022
- English/Multilingual
- Expansion with 400 seats

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Vcosmos: Entering the world's most favored offshore CX delivery location

- **Experienced leadership team** with track record of running international programs with 10,000+ employees
- **700 employees** from 2 sites and work-at-home network, can rapidly scale voice/non-voice multi-lingual and multi-channel CX services with 300+ recruitment partners
- **Serving clients** across North America, Asia and Europe
- **Strengthens Transcom's offshore** capabilities and ability to provide exceptional quality and scalability, powered by generative AI

Scalability

- 265M Eng speakers
- 40 languages

Affordability

- Low attrition
- Lower price ranges

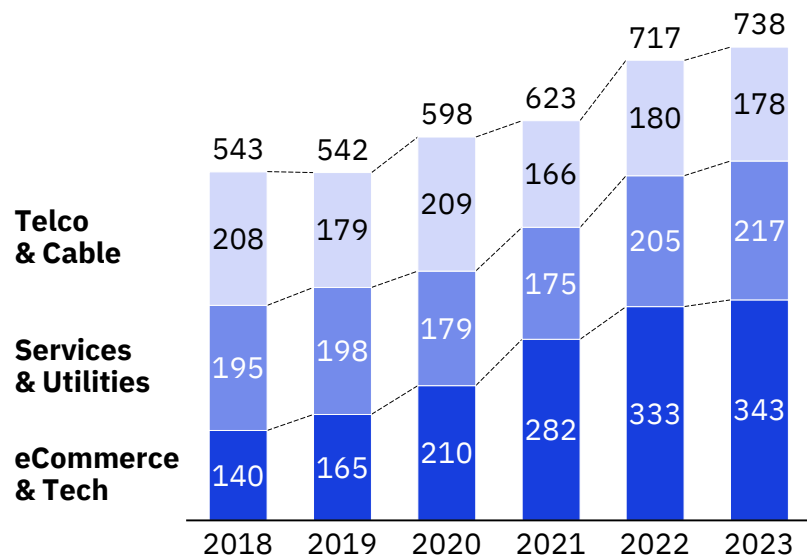
Digital & gen AI

- High-quality digital CX
- Educated talent pool



Growth in Services & Utilities and eCom & Tech

Revenue by industry, EUR Millions



EBITDA%
2023

9%

10%

19%

2023 top wins (annual revenue)

(Q1) Social media
Content moderation & user support
PH offshore
7.9 MEUR

(Q3) Energy
Customer service
EMEA onshore
4.6 MEUR

(Q1) Fintech
Customer care
PH offshore
4.2 MEUR

(Q1) Energy & utilities
Ramp up volumes
EMEA onshore
2.6 MEUR

(Q4) Pharmaceuticals
Customer service
EMEA nearshore
2.5 MEUR

(Q1) Energy & utilities
Customer service
EMEA onshore
2.0 MEUR

(Q4) Logistics
Customer service
EMEA Offshore
2.0 MEUR

(Q3) Telecom
Customer service
EMEA Nearshore
1.6 MEUR



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- 02** **Financial performance**
- 03** Strategy going forward

Q4 Financial highlights

Continued organic revenue growth in tougher market

- 189.7 MEUR (191.4)
- Growth of -0.9% vs Q4 2022. Comparable organic growth was 3.3%

Q4 EBITDA ex non-recurring items

- 25.0 MEUR (30.4)
- Margin of 13.2% (15.9%)

Net working capital of 69.4MEUR (69.2), which corresponds to 9.1% of the revenue

Operating cash flow in the Quarter was 29.4 MEUR (24.8)

Non-recurring items: -5.7 MEUR (-2.4)

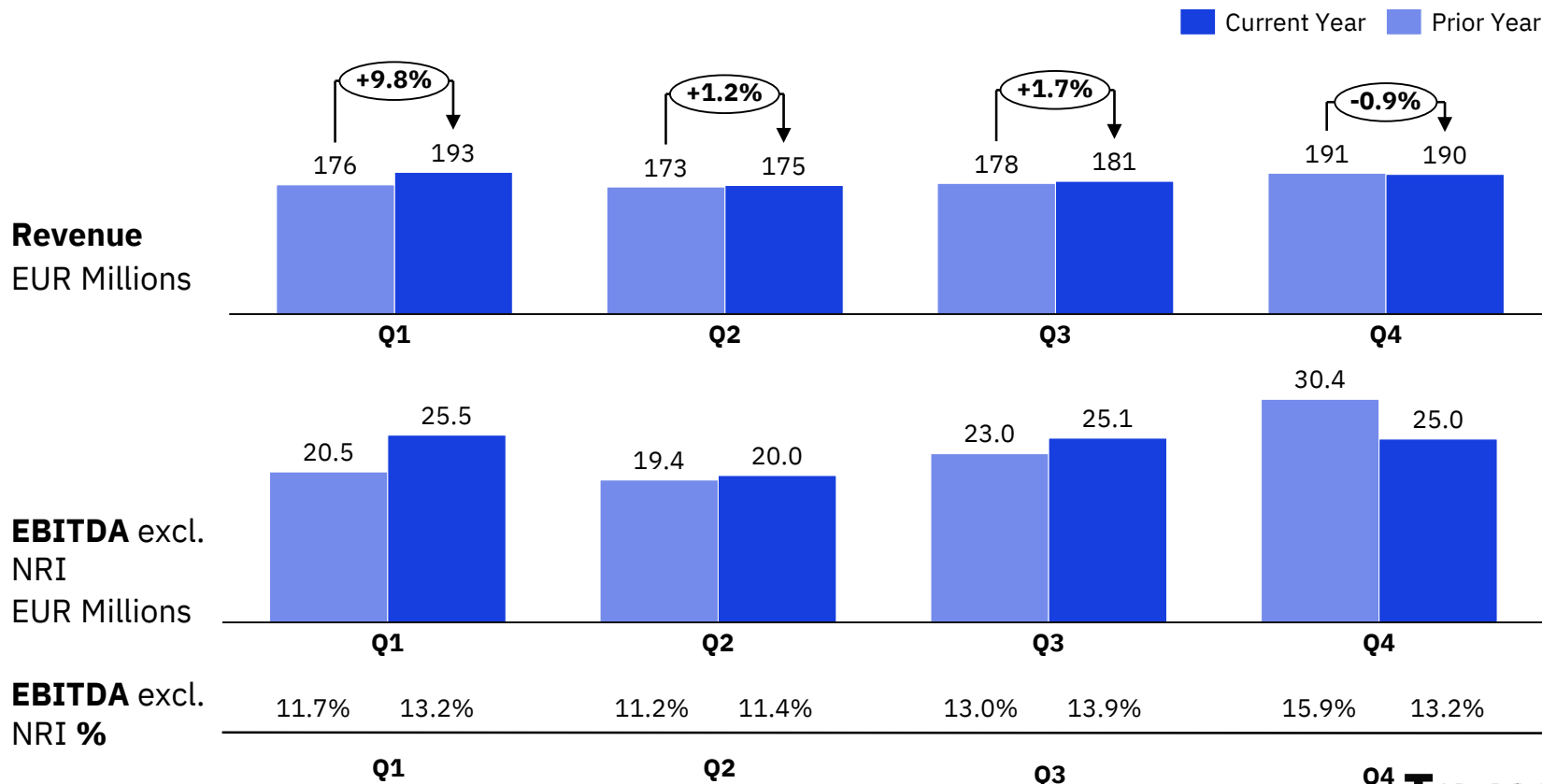
Net debt/EBITDA of 3.7 (3.5)

Raised 65M€ in a private placement of its senior secured floating rate notes



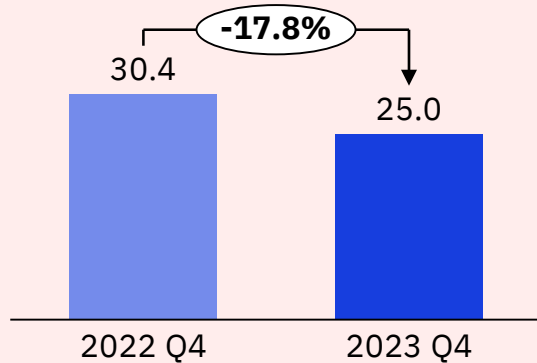
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Q4 Revenue slightly below LY, lower EBITDA margin

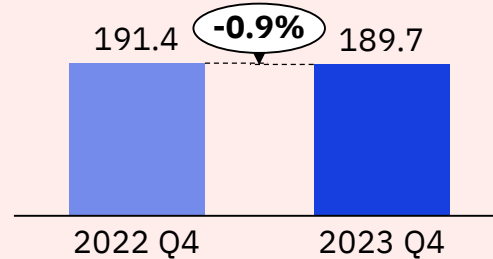


Comparable organic growth of 3.3%, EBITDA negatively impacted by drop in onshore Telco & Cable

EBITDA, EUR Millions

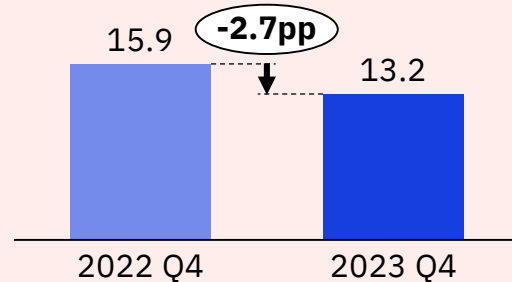


Revenue, EUR Millions



- Organic growth adjusted for exited contract in Spain of 3.3%
- Negative impact from currency of 4.9%
- Acquired growth 4.3%

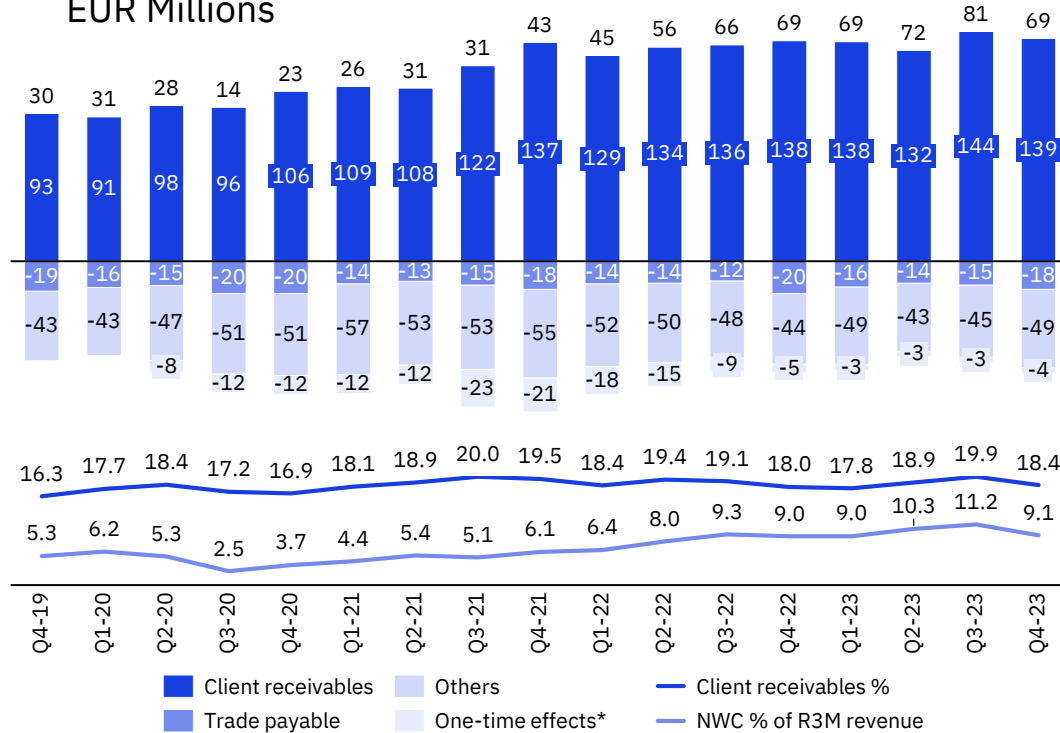
EBITDA Margin, Percent



- Negative impact from Onshore Telco & Cable sector in the European segment
- Negative impact from currency compared to 2022

Net working capital decreasing due to reduction in Client receivables

EUR Millions



- Net working capital decreased vs previous quarter
 - Lower receivables due to faster collection process
 - Increased net Other liabilities – timing effects
- Stable Net working capital vs Last year

Operating Cash Flow higher with 5 MEUR driven by positive NWC development improved by higher working capital

EUR Millions

	2020	2021	2022	2023	2022 Q4	2023 Q4
Profit/loss before tax	-7.9	-5.2	10.6	-8.7	6.5	-3.0
Adjustments for non-cash items	38.6	43.4	42.5	46.8	14.3	16.6
Net financial items	19.4	27.1	24.8	37.6	9.2	10.0
Income taxes paid	-4.9	-9.0	-8.2	-10.8	-1.0	-3.1
Operating cash flow before NWC changes	45.2	56.3	69.7	64.9	29.1	20.4
Changes in working capital	5.0	-34.3	-17.3	-2.3	-4.3	9.1
Operating cash flow	50.3	22.0	52.4	62.5	24.9	29.4
Investments/disposals	-14.4	-20.9	-24.2	-22.0	-10.3	-7.2
Acquisitions/disposals of business, net of cash	-6.8	-23.7	-9.8	-13.9	-4.8	-0.1
Other	0.1	-0.7	0.4	-0.5	1.1	-0.2
Cash flow from investing activities	-21.1	-45.3	-33.6	-36.2	-14.0	-7.4
Cash flow from financing activities	-28.8	49.6	-25.9	-20.0	-11.1	-16.4
Cash flow for the period	0.4	26.4	-7.1	6.3	-0.2	5.6

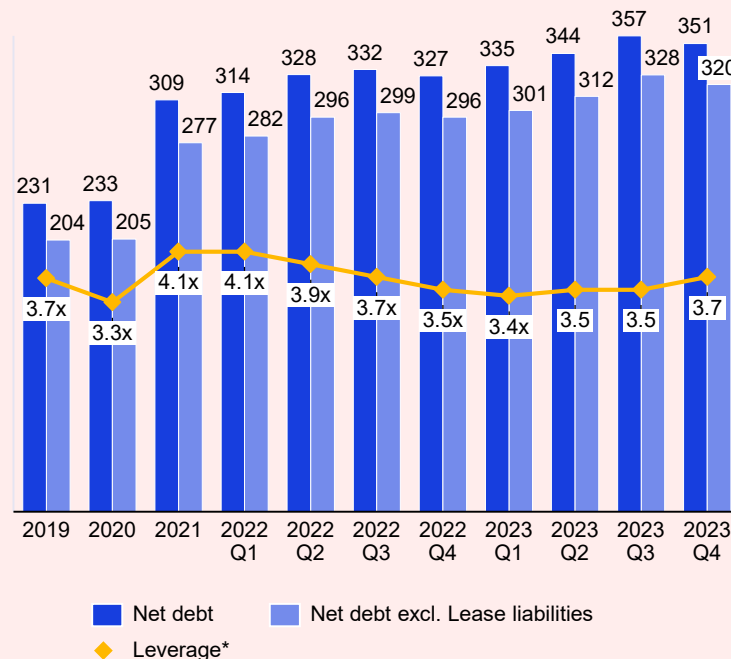
- Operating cash flow amounted to 29.4MEUR (24.9) in the quarter, with an improvement in the Working capital to 9.1MEUR (-4.3)
- Cash flow from investing activities in the quarter amounted to -7.4MEUR (-14.0). Last year, the acquisition of Forcontact reduced the cash flow.
- Cash flow from financing activities in the quarter amounted to -16.4MEUR (-11.1)
- Cash flow for the period in the quarter amounted to 5.6MEUR (-0.2)

Net debt and leverage development

EUR Millions

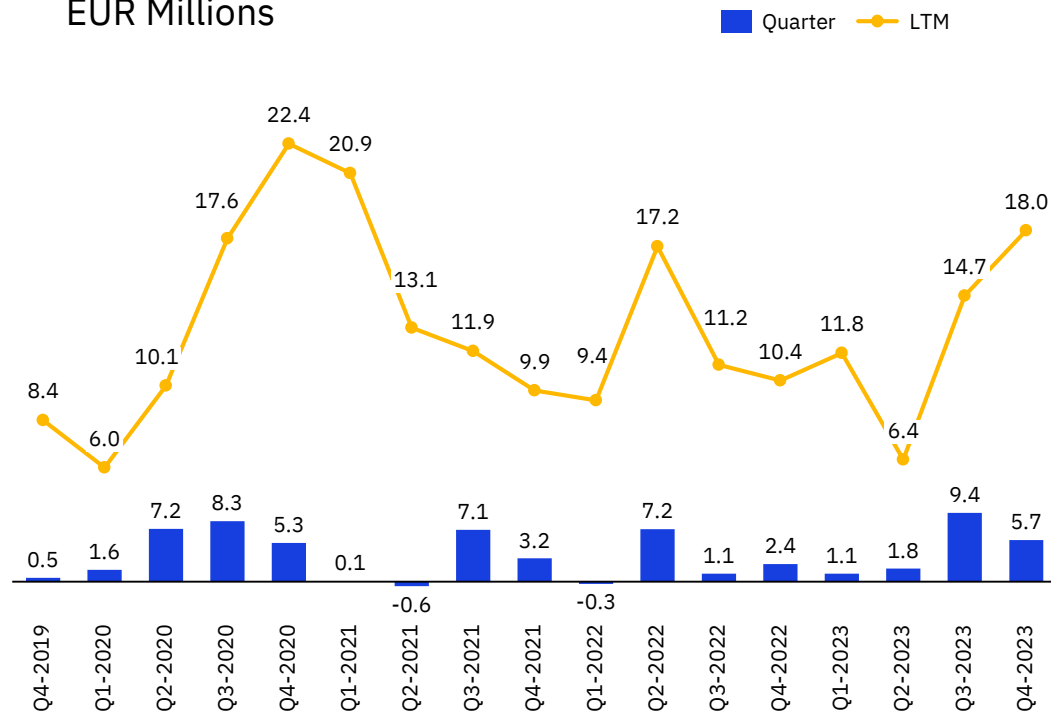
Debt structure	Maturity	Outstanding balance				
		2019	2020	2021	2022	2023
Fixed rate secured notes	<i>Paid June 2021</i>	180.0	180.0	-	-	-
Floating rate secured notes	Dec 2026	-	-	315.0	315.0	315.0
Secured term loan	<i>Paid June 2021</i>	-	20.0	-	-	-
SSRCF incl. overdraft facility usage	June 2026	21.0	-	-	14.1	43.6
5-year secured bond	<i>Paid June 2021</i>	10.0	10.0	-	-	-
Lease liabilities		27.5	28.8	32.1	31.0	30.8
Other items incl. in net debt		7.1	8.2	1.0	-1.9	-2.6
Gross debt		245.6	247.0	348.1	358.2	386.9
Cash on balance		14.3	13.7	39.2	31.4	35.8
Net debt*		231.2	233.3	308.8	326.8	351.1

Net debt and leverage



Non-recurring items -5.7 MEUR in Q4

EUR Millions



Q4 NRI totaled -5.7 MEUR (-2.4)

- Operational non-recurring items of -4.9 MEUR, including restructuring costs relating to site reductions and severance costs due to the reorganization
- Transaction-related non-recurring items of -0.8 MEUR mainly related to costs for M&A projects

YTD NRI totaled -18.0 MEUR (-8.9) whereof -15.7 MEUR was related to operational non-recurring items and -2.2 MEUR to transaction-related non-recurring items



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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

Concluding the best year so far – Journey 2019-2023

Daily execution



Clients – cNPS +27 pp



Operations – CM +2.6 pp



People – eNPS +43 pp

Strategic shift



Digital – “Global leader”



Delivery – Near/offshore
+19 pp



Sectors and services – eCom
& Tech +17 pp

Revenues
+36%

EBITDA
+96%

Transcom