

February 13, 2025

Q4 2024 Presentation



Transcom

Today's presenters



Brian Johnson
President & CEO



Snejana Koleva
CFO

Q4 2024 highlights

Revenue

193.0M€

+1.8%

EBITDA margin

15.1%

AI penetration

43%

- **Revenue 193M€**, +1.8% growth driven by 10% growth in eCommerce & Tech and a 9.8% growth in the English-speaking segment
- **EBITDA Margin** improved to 15.1% (13.2%), supported by operational efficiency and cost control
- **Market remains challenging**, many large organizations facing their own economic headwinds. Key regions such as India, Egypt, Philippines, Tunisia, Colombia and nearshore Europe will play an increasingly important role in balancing cost through arbitrage in parallel to latest generation technologies
- **We have achieved 43% penetration** of advanced digital and AI solutions with existing clients. India operations now feature Sanas accent translation technology for improved communication clarity



Today's agenda

Transcom overview and priorities

Q4 Financial performance

Financial targets and outlook

Transcom overview and priorities



Transcom – a digital-native company

We are a digital-native company, transforming our clients' customer experience and business processes by integrating human expertise with cutting-edge AI technologies.

Our commitment is to drive unparalleled value for our people, clients, and investors, through responsible and sustainable practices.

Customer care & technical support | Customer acquisition, sales & retention | Trust & safety | Compliance | Back office

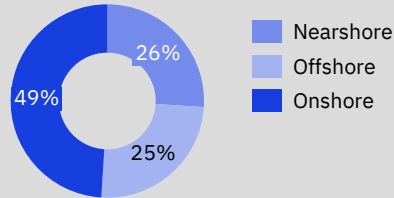
29 countries

85 sites

+30,000 people

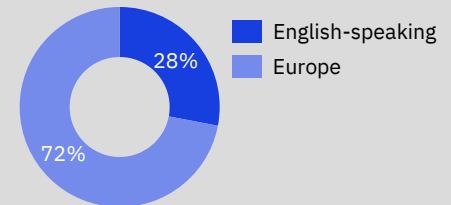
Shoring mix

2024 Share of revenue





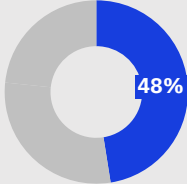



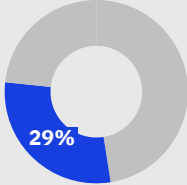


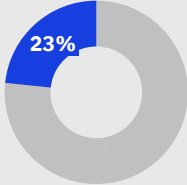


Regional mix

2024 Share of revenue



Serving leading consumer brands across industries

	Client examples	Share of revenue 2024	EBITDA margin 2024
eCommerce & Tech <i>Social media, online retail, IT/tech, fintech, logistics, consumer durables</i>	   		18.7%
Services & Utilities <i>Utilities, BMSI, Gov & healthcare, media, travel</i>	  		12.9%
Telco & Cable	 		7.2%

Transcom strategy for profitable growth



Clients

Strong partnerships built on trust allowing for quality account management and business development, supported by best in class solution design



Markets

Invest in North America and prime European markets, focusing on growth industries and service lines, with digital and tech integrated solutions



Delivery

Grow near/offshore, enter new key delivery markets, optimize footprint, dissolve traditional borders to enable labor arbitrage independent of language



Operations

Perform beyond client expectations with top leadership talent, best in class processes and technology, global footprint, and domain expertise



People

Leverage latest technology and people platforms to recruit, retain, and develop the best CX talent at all levels of the organization



Digital transformation

Through digital transformation further efficiencies in our model to further increase our competitiveness by lowering base costs, offering sophisticated solutions and a commitment to reduction of TCO








Inorganic growth

Continue to pursue and acquire strategic assets that enhance our portfolio while increasing our digital and capabilities adjacent to our core offerings

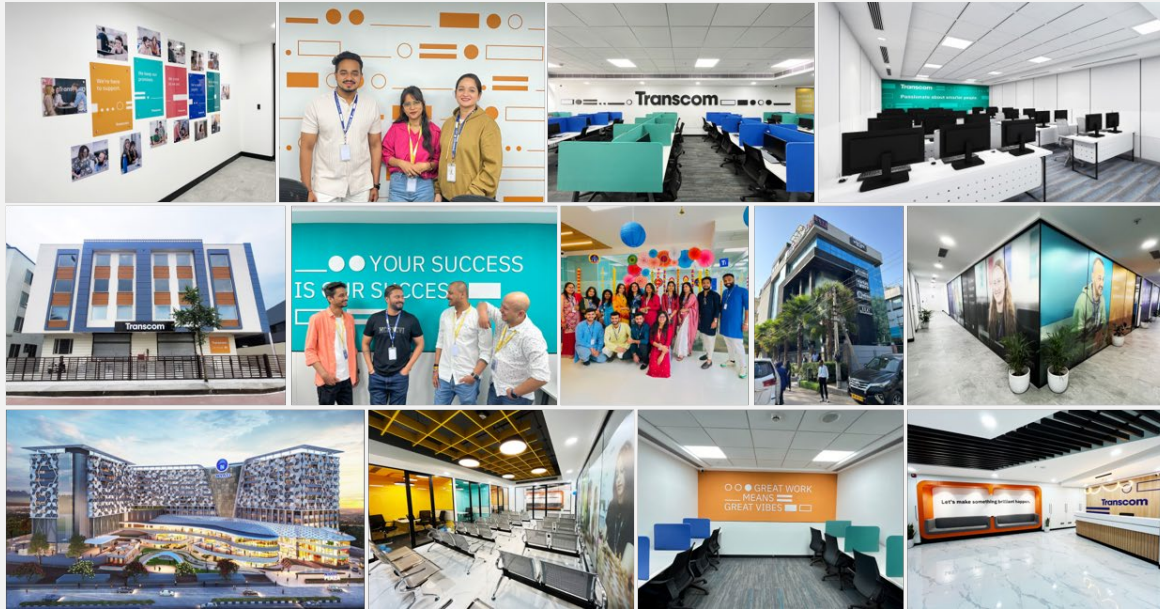
Transcom's digital strategy in five key pillars

Strategic roadmap for leveraging AI and digital tools to drive “onstage” (digital solutions leadership) and “backstage” (efficiency, tech savvy staff and commercial models) capabilities, governed by a responsible and ethical AI Approach.

Market Leadership 	Service innovation 	Integrated solutions 	Digital proficiency 	Operational advancement 
Strengthen market leadership by positioning AI-driven digital offerings	Disrupt the market with AI-driven solutions like Autopilot and real-time translation	Implement AI to increase efficiency, reduce costs, and optimize service delivery	Develop a workforce proficient in digital tools, ethics and methodologies	Seamlessly combine digital and traditional offerings to enhance client satisfaction
Progress so far				
Recognized as Digital Leader by key analysts, e.g. ISG, NelsonHall, Spark Matrix, Frost&Sullivan.	Expanded portfolio of AI driven solutions focused on reducing TCO for clients.	Client-centric TCO & value creation: A roadmap based on ROI with quantifiable TCO reduction, client-specific solution themes, and detailed ROI use case library.	Large scale Google AI adoption. Continued tracking of engagement and productivity impact to drive efficiency and innovation.	Sanas partnership for accent translation technology.

India Renaissance: Eliminating communication barriers, ensuring effortless customer interactions

Pune (2025) | Gurgaon (2021) | Jaipur (2023)



Clear communication, global impact

- Access to skilled talent pool with high-language capabilities.
- By standardizing on **Sanas** accent translation technology for all clients, Transcom seamlessly blends India's renowned CX expertise with AI-enhanced clarity.
- This empowers agents and elevates customer satisfaction through effective communication and swift issue resolution.

Financial performance

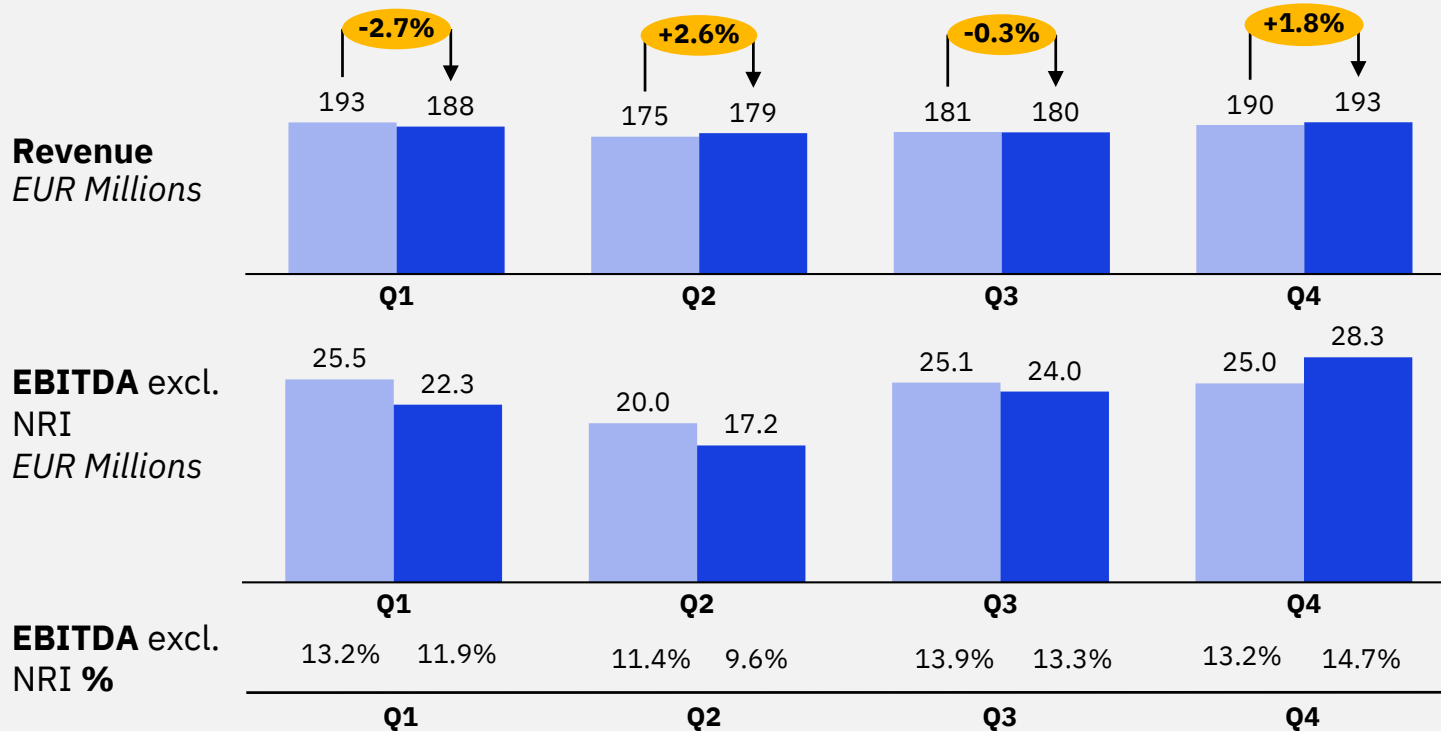


Organic revenue change of 1.8% in continued challenging market

- **Revenue** increased to 193.0M€ (189.7), representing growth of 1.8% vs 2023
- **Q4 EBITDA ex non-recurring items** 29.2M€ (25.0), Margin of 15.1% (13.2%)
 - Underlying Q4 EBITDA of continuing business is 28.3M€ (14.7%)
 - The 0.9M€ annual positive impact refers to the results of the two Transcom Germany entities that filed for insolvency in the end of Q3 2024
- **Net working capital** 72.1M€ (69.4), corresponding to 9.3% of revenue
- **Operating cash flow** 15.4M€ (29.4)
- **Non-recurring items** -5.0M€ (-5.7)
- **Net debt/EBITDA** of 4.1 (3.7)

Revenue growth of +1.8%; EBITDA margin improving consequentially and vs last year

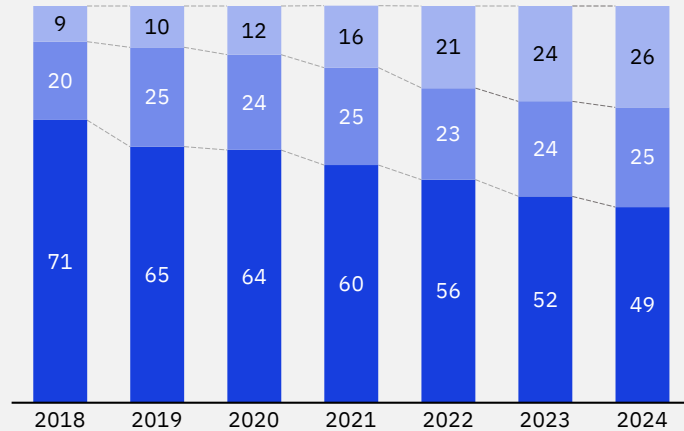
■ Current Year ■ Prior Year



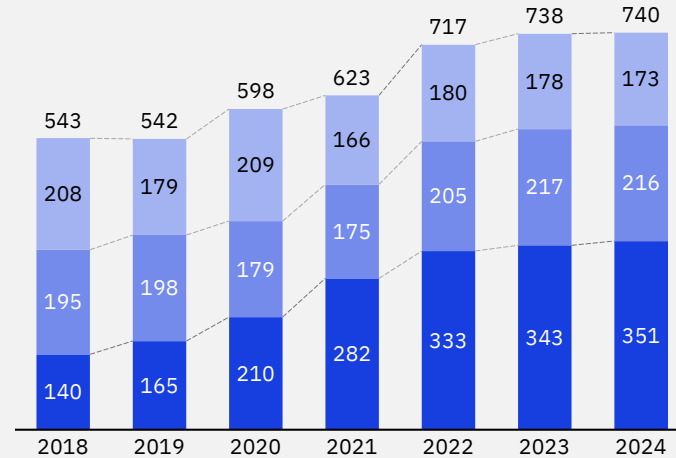
EBITDA and Revenue Q1-Q4 2024 excludes the impact from the Transcom German entities that filed for insolvency in the end of Q3 2024. Impact has been adjusted in respective quarter in 2024. Adjustments per quarter vs previously reported are presented in appendix and in Note 12 of the report

Shift towards favorable delivery mix and client sectors continues in line with strategy for long-term margin improvement

Share of Revenue by type of delivery, percent



Revenue by industry, EUR Millions



EBITDA% 2024

7%
13%
19%

Positive organic growth fully offsetting exited and ended business, EBITDA margin improves

EUR Millions	2023 Q4	Currency impact	Organic growth		Exited business in Spain and Germany	Inorganic growth	2024 Q4	Adjustment for business in insolvency*	2024 Q4 reported
			New and existing clients	Ended contracts					
Revenue	189.7	0.5	8.8	-5.1	-1.6	0.7	193.0	0.0	193.0
Growth %		0.3%	4.6%	-2.7%	-0.9%	0.4%	1.8%		
Europe	137.3	n.a.	4.4	-4.6	-1.6	0.0	135.5	0.0	135.5
English	52.4	n.a.	4.9	-0.5	0.0	0.7	57.5		57.5

- Growth from New and existing clients fully offsets the impact from ended and exited business

EUR Millions	2023 Q4	Currency impact	Like-for-like comparison			Inorganic impact	2024 Q4	Adjustment for business in insolvency*	2023 Q4 reported
			Volume	Segment mix	Performance				
EBITDA	25.0	2.0	0.3	0.5	1.0	-0.5	28.3	0.9	29.2
EBITDA %	13.2%						14.7%		15.1%
Impact from Sales investments					-2.0				
Europe	13.9	n.a.	-0.2		2.5	0.0	16.2	0.9	17.1
EBITDA %	10.1%						8.4%		8.9%
Sales investment					-1.1				
English	11.2	n.a.	0.9		0.5	-0.5	12.1		12.1
EBITDA %	21.3%						21.0%		21.0%
Sales investment					-0.8				

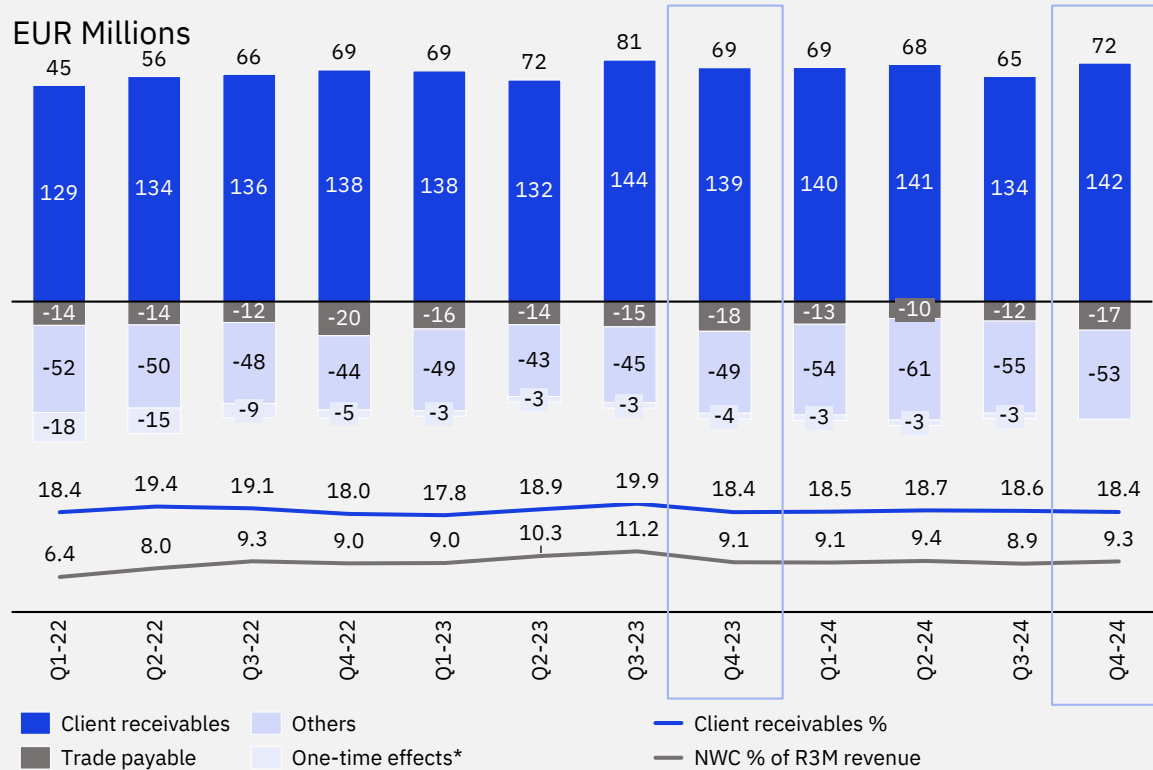
- EBITDA improves even if Sales cost in the quarter was higher than last year with the targeted Sales investments

Full year growth 0.3%, driven mainly by inorganic impact

EUR Millions	2023	Currency impact	Organic growth		Exited business in Spain and Germany	Inorganic growth	2024	Adjustment for business in insolvency*	2024 reported
			New & existing clients	Ended contracts					
Revenue	737.9	-0.1	29.3	-22.4	-17.0	12.2	739.9	4.6	744.6
<i>Growth %</i>		<i>0.0%</i>	<i>4.0%</i>	<i>-3.0%</i>	<i>-2.3%</i>	<i>1.7%</i>	<i>0.3%</i>		
Europe	525.9	n.a.	34.1	-21.3	-17.0	10.4	532.1	4.6	536.7
English	212.0	n.a.	-5.5	-1.1	0.0	2.5	207.8		207.8

EUR Millions	2023	Currency impact	Like-for-like comparison			Inorganic impact	2024 Proforma	Adjustment for business in insolvency*	2024 reported
			Volume	Segment mix	Performance				
EBITDA	95.7	3.9	-1.3	-0.4	-5.6	-0.5	91.8	0.0	91.8
<i>EBITDA %</i>	<i>13.0%</i>						<i>12.4%</i>		<i>12.3%</i>
Impact from Sales investments*					-6.8				
Europe	55.9	n.a.	-0.4	-	-3.5	1.0	52.9	0.0	52.9
EBITDA %	10.6%						9.9%		7.1%
Sales investment*					-3.8				
English	39.8	n.a.	-1.2	-	1.9	-1.5	38.9	0.0	38.9
EBITDA %	18.8%						18.7%		18.7%
Sales investment*					-2.9				

Stable client receivables, timing effects impact NWC in Q4



- Net working capital increased compared with last quarter and last year Q4
- Client receivables increased compared with last quarter due to higher invoicing, but at similar level as share of Revenue as in last year
- The decrease in “Others” is mainly related to decrease in accruals for personnel related costs

Operating cash flow in Q4 impacted by negative changes in NWC

EUR Millions

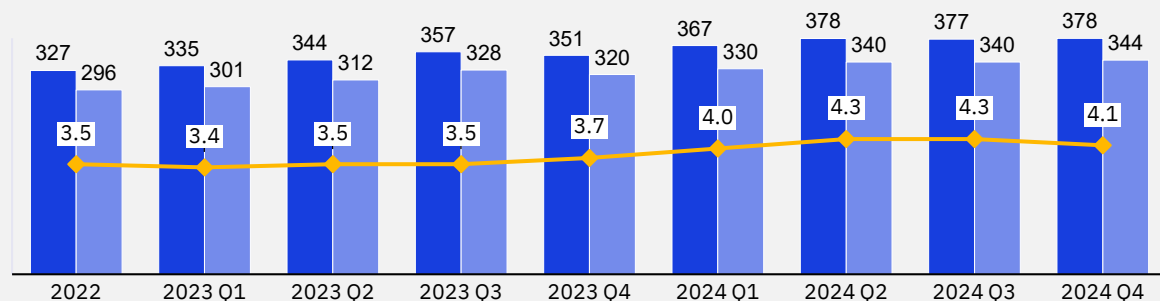
	2022	2023	2024	2023 Q4	2024 Q4
Operating cash flow before NWC changes	69.7	64.9	64.9	20.4	22.4
Changes in working capital	-17.3	-2.3	-2.8	9.1	-7.0
Operating cash flow	52.4	62.5	62.2	29.4	15.4
Investments/disposals	-24.2	-22.0	-21.4	-7.2	-7.8
Acquisitions/disposals of business, net of cash	-9.8	-13.9	-3,1	-0.1	-
Other	0.4	-0.5	-1,1	-0.2	0.1
Cash flow from investing activities	-33.6	-36.2	-25.7	-7.4	-7.7
Cash flow from financing activities	-25.9	-20.0	-35.3	-16.4	-12.2
Cash flow for the period	-7.1	6.3	1.2	5.6	-4.4

- Operating cash flow 15.4M€ (29.4)
- Cash flow from investing activities -7.7M€ (-7.4); the investments in Q4 mainly related to the new facilities in Tunis and updates in the Philippines
- Cash flow from financing activities to -12.2M€ (-16.4) mainly related to interest payments
- Cash flow for the period in the quarter amounted to -4.4M€ (2.8)
- Total operating cash flow for 2024 62.2M€ (62.5)

Net debt stable vs previous quarter, small improvement in the leverage

EUR Millions

Debt structure	Maturity	Outstanding balance		
		2022	2023	Q4 2024
Floating rate secured notes	Dec 2026	315.0	315.0	380.0
SSRCF incl. overdraft facility usage	June 2026	14.1	43.6	-
Lease liabilities		31.0	30.8	34.8
Other items incl. in net debt		-1.9	-2.6	2.7
Gross debt		358.2	386.9	417.5
Cash on balance		31.4	35.8	39.2
Net debt		326.8	351.1	378.3

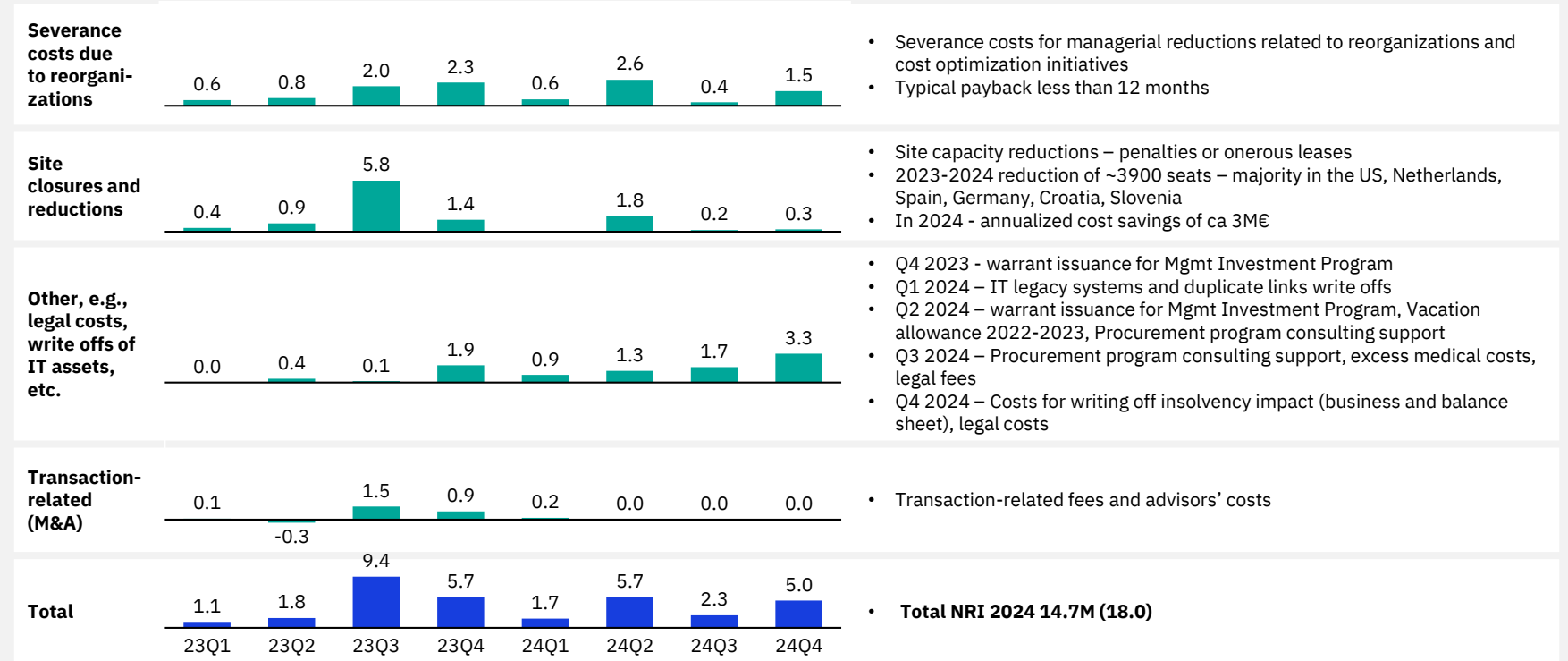


- No usage of SSRCF - full repayment with the proceeds of the increased amount of the FRNs in Jan 2024
- Lease liabilities increase with new lease agreements in Tunis, India, and Philippines – expansion of offshore capacity
- Factoring/SCF usage of 30.8 M

■ Net debt
■ Net debt excl. Lease liabilities
◆ Leverage (Net debt / Adj. EBITDA excl. NRI)

Non-recurring items

2023Q2-2024 Q4, EUR Millions



Financial targets and outlook



Financial targets



Continuation on the trend

- Operational Excellence
- Digital solutions
- Capacity rationalization
- Client mix shift
- Near/offshore expansion

Sustaining underlying growth

- Investments in sales and commercial organization
- Strong rebalancing toward US market penetration
- Grow share of wallet / market share

Focus areas for acquisitions

- Reinforcing market access and accretive bolt-ons
- Targeting margin rich assets that will lift group profile
- Seeking complementary capabilities to further enhance offerings and vertical depth

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

2025 Outlook

Positive but moderate trend of improvement in 2025

Investments in sales teams yielding strong pipeline, and momentum building as expected
Push for offshoring and deliver savings for clients

Multiple potential targets reviewed and engaged continuously, conservative valuations

Expected to improve leverage in 2025 driven by improving EBITDA

Appendix

Quarterly Development by segment

EUR Millions

		Revenue			EBITDA excl. NRI			EBITDA Margin, %		
		Q4 23	Q4 24	Change	Q4 23	Q4 24	Change	Q4 23	Q4 24	Change
Sector	eCommerce & Tech	89.9	98.9	10.0%	18.3	18.5	0.2	20.4	18.7	-1.6pp
	Services & Utilities	55.3	52.0	-6.0%	4.3	6.7	2.4	7.8	12.9	5.1pp
	Telco & Cable	44.5	42.1	-5.3%	2.4	3.0	0.6	5.4	7.2	1.8pp
Region	Europe	137.3	135.5	-1.3%	13.9	16.2	2.4	10.1	12.0	1.9pp
	English-speaking	52.4	57.5	9.8%	11.2	12.1	0.9	21.3	21.0	-0.3pp
TOTAL		189.7	193.0	1.8%	25.0	28.3	3.2	13.2	14.7	1.5pp

Adjustments Q1-Q4 2024 related to the business in insolvency

EUR Millions

	Revenue			EBITDA excl. NRI			EBITDA Margin, %		
	Reported 2024	2024 Adjusted*	Change	Reported 2024	2024 Adjusted*	Change	Reported 2024	2024 Adjusted*	Change
Q1	189.1	187.5	-1.6	21.9	22.3	0.4	11.6%	11.9%	0.3pp
Q2	180.7	179.3	-1.5	16.8	17.2	0.4	9.3%	9.6%	0.3pp
Q3	181.7	180.2	-1.6	23.8	24.0	0.1	13.1%	13.3%	0.2pp
Q4	193.0	193.0	0.0	29.2	28.3	-0.9	15.1%	14.7%	-0.5pp
FY 2024	744.6	739.9	-4.6	91.8	91.8	0.0	12.3%	12.4%	0.1pp

* Excluding the business results from the business in the two German entities that filed for insolvency in the end of Q3 2023.

Transcom

