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# ibex Q4 FY2024 Earnings Call

Bob Dechant, CEO

Sept 12, 2024



# Disclaimer

This presentation includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. All statements contained in this presentation, other than statements of historical facts, are forward-looking statements. The words “believe,” “estimate,” “expect,” “may,” “will” and similar expressions are intended to identify forward-looking statements. Such forward-looking statements include, but are not limited to, the statements regarding the our future financial and operating performance, including our outlook and guidance, and our strategies, priorities and business plans. Our expectations and beliefs regarding these matters may not materialize. Forward-looking statements involve known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from the results anticipated by these forward-looking statements, including, but not limited to, our ability to attract new business and retain key clients; our profitability based on our utilization, pricing and managing costs; the potential for our clients or potential clients to consolidate; our clients deciding to enter into or further expand their insourcing activities and current trends toward outsourcing services may reverse; general economic uncertainty in global markets and unfavorable economic conditions, including inflation, rising interest rates, recession, foreign exchange fluctuations and supply-chain issues; our ability to manage our international operations, particularly in the Philippines, Jamaica, Pakistan and Nicaragua; natural events, health epidemics, geopolitical conditions, including developing or ongoing conflicts, widespread civil unrest, terrorist attacks and other attacks of violences involving any of the countries in which we or our clients operate; our ability to anticipate, develop and implement information technology solutions that keep pace with evolving industry standards and changing client demands including the effective adoption of Artificial Intelligence into our offerings; our ability to recruit, engage, motivate, manage and retain our global workforce; our ability to comply with applicable laws and regulations, including those regarding privacy, data protection and information security, employment and anti-corruption; the effect of cyberattacks or cybersecurity vulnerabilities on our information technology systems; our ability to realize the anticipated strategic and financial benefits of our relationship with Amazon, the impact of tax matters, including new legislation and actions by taxing authorities, as well as other risks and uncertainties discussed in the “Risk Factors” section of our Annual Report on Form 10-K filed with the U.S. Securities and Exchange Commission (the “SEC”) on September 12, 2024 and any other risk factors we include in subsequent filings with the SEC.

Except as required by law, we assume no duty to update any of these forward-looking statements after the date of this presentation to conform these statements to actual results or revised expectations. You should, therefore, not rely on these forward-looking statements as representing our views as of any date subsequent to the date of this presentation. Moreover, except as required by law, neither we nor any other person assumes responsibility for the accuracy and completeness of the forward-looking statements contained in this presentation.

This presentation also contains estimates and other statistical data made by independent parties and by us relating to market size and growth and other data about our industry. This data involves a number of assumptions and limitations, and you are cautioned not to give undue weight to such estimates. Neither we nor any other person makes any representation as to the accuracy or completeness of such data or undertakes any obligation to update such data after the date of this presentation. In addition, projections, assumptions and estimates of our future performance and the future performance of the markets in which we operate are necessarily subject to a high degree of uncertainty and risk

By attending or receiving this presentation you acknowledge that you will be solely responsible for your own assessment of the market and our market position and that you will conduct your own analysis and be solely responsible for forming your own view of the potential future performance of our business.

This presentation includes non-GAAP financial measures which have certain limitations and should not be considered in isolation, or as alternatives to or substitutes for, financial measures determined in accordance with GAAP as issued by the FASB. The non-GAAP measures as defined by us may not be comparable to similarly titled non-GAAP measures presented by other companies and have limitations as analytical tools. Our presentation of such measures, which may include adjustments to exclude unusual, non-cash, or non-recurring items, should not be construed as an inference that our future results will be unaffected by these items. Non-GAAP financial measures and ratios are not measurements of our performance, financial condition or liquidity under GAAP as issued by the FASB and should not be considered as alternatives to operating profit or net income or as alternatives to cash flow from operating, investing or financing activities for the period, or any other performance measures, derived in accordance with GAAP as issued by the FASB or any other generally accepted accounting principles.

We are not providing a quantitative reconciliation of forward-looking non-GAAP adjusted EBITDA to the most directly comparable GAAP measure because we are unable to predict with reasonable certainty the ultimate outcome of certain significant items without unreasonable effort. These items include, but are not limited to, non-recurring expenses, fair value adjustments, share-based compensation expense, and impairment of assets. These items are uncertain, depend on various factors, and could have a material impact on GAAP reported results for the guidance period.

For additional information about ibex's business, refer to our Annual Report on Form 10-K filed with the SEC on September 12, 2024, and other documents filed with the SEC from time to time, and relevant earnings press releases (including GAAP, Non-GAAP and other financial tables included therein). The documents that we filed with the SEC can be obtained for free by visiting EDGAR on the SEC website at [www.sec.gov](http://www.sec.gov).

	<p><b>Strong Financial Profile</b> Growth of Key Segments, Strong EBITDA, Net income, FCF, EPS</p>	<p><b>12.8%</b> FY24 Adj. EBITDA</p>	<p><b>\$2.10</b> FY24 Adj. EPS</p>
	<p><b>Transformation to a leading Digital First business</b> Continue growth in our Digital First integrated omni-channel business</p>	<p><b>3%</b> FY24 Growth</p>	<p><b>78%</b> FY24 Revenue</p>
	<p><b>Growth in our High Margin Geographies</b> Strength in our offshore &amp; nearshore offerings</p>	<p><b>3%</b> FY24 Growth</p>	<p><b>76%</b> FY24 Revenue</p> <p><small>Offshore/Nearshore</small></p>
	<p><b>Ideal Client Diversification</b> Highly Diversified with Top Clients and Strategic Verticals Proven Track record of Land &amp; Expand</p>	<p><b>36%</b> Top 5 Clients</p> <p><small>% of Q4 Revenue</small></p>	<p><b>78%</b> Top 25 Clients</p>
	<p><b>Early Mover in Delivering AI Solutions</b> Won first significant deal in Q4</p>	<p><b>40+</b> Pipeline Opportunities</p>	<p><b>20+</b> Deployments</p>
	<p><b>Employee NPS Score</b> Industry leader; up 9 points from prior year</p>	<p><b>77 eNPS</b></p>	

- ✓ Won 18 new client relationships in the fiscal year – up from 10 in prior year
- ✓ Achieved record EPS \$2.10 – up from \$1.96 in prior year
- ✓ Continued growth in offshore & nearshore to 77% of revenue in Q4 – up from 74% in prior year
- ✓ Record free cash flow of \$27.0 million – up from \$22.9 million in prior year
- ✓ Ended the year with \$61.2 million in net cash – up from \$56.4 in prior year
- ✓ Repurchase 1.3 million shares at a cost of \$21.7 million – reducing shares outstanding by 8%
- ✓ Q4 revenue up slightly year-over-year – inflection point heading into fiscal year 2025

# Key Business Highlights since Post IPO

	<b>FY20</b>	<b>FY24</b>	<b>Variance</b>
<b>Revenue</b>	\$405m	\$509m	~25%
<b>Adj. EBITDA</b>	\$39m <sup>1</sup>	\$65m	~65%
<b>Adj. EBITDA Margin</b>	9.7% <sup>1</sup>	12.8%	+310 bps
<b>Cash</b>	\$22m	\$63m	+\$41m
<b>Debt</b>	\$38m <sup>1</sup>	\$2m	-\$37m
<b>Net (Debt)/Cash</b>	(\$16m) <sup>1</sup>	\$61m	+\$77m
<b>Clients with &gt;\$1m in revenue per annum</b>	32	55	+23
<b>Digital First integrated omni-channel business</b>	65%	78%	+49%

<sup>1</sup> Unaudited, previously reported on an IFRS basis

## Strong Financials

- Revenues: \$124.5m up slightly from prior year (\$124.4m)
- Adjusted EBITDA: \$17.9m up from \$15.4 Prior Year
- Adjusted EBITDA margin: 14.4% up from 12.4%
- Adjusted EPS: \$0.58 up 76% from \$0.33

## Continued Progress on Expansion of our High Margin Regions & Services

- Digital First/ Integrated Omni Channel up to 77% from 75% Q4 FY23
- Offshore/ Nearshore up to 77% from 74% Q4 FY23
- Global Seat Utilization at 84% exiting Q4 FY24, up from 77% in June'23

## Continued Strengthening of Pipeline Impactful New Logo Wins

- 3 wins for Q4 FY24
- 18 wins for the Year (versus 10 in prior year)

## Enviably Net Cash Position: \$61m (up from \$49m in Q3)

- Strong FCF: \$15.2m
- Share Repurchase of \$3.1m in the quarter
- Tight CapEx: \$2.2m (only \$8.9m for the year)

## Acceleration in our AI Strategy

- Won our first AI Automate Solution with major Mobile carrier
- Growing Pipeline of opportunities – 40+
- Launched AI Automate, AI Translate, AI Authenticate



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# Financial Results

Taylor Greenwald  
CFO



# Q4 FY2024: Financial Highlights – US GAAP

## Record Q4 Revenue, Adj. EBITDA, Net Income and EPS results

### Revenue

\$124.5m Q4 FY24 vs.  
\$124.4m Q4 FY23

- Digital and Omni-Channel delivery represent 77% of total revenue (75% in Q4 FY23)
- Shift in Geo Mix - high margin regions represent 77% of total revenue (74% in Q4 FY23)

### Net Income

\$9.8m Q4 FY24 vs.  
\$4.5m Q4 FY23

- Site and cost optimization efforts completed over the past year
- Growth of work in higher margin offshore locations during 2024
- Lower income tax expense (Effective tax rate of 26% vs 46% in Q4 FY23)

### Fully Diluted EPS

\$0.56 Q4 FY24 vs.  
\$0.24 Q4 FY23

- Fewer diluted shares outstanding as a result of ongoing share repurchase program (17.6m vs 19.0m)



## Adjusted EBITDA

\$17.9m Q4 FY24 vs.  
\$15.4m Q4 FY23

## Adjusted Net Income

\$10.2m Q4 FY24 vs.  
\$6.2m Q4 FY23

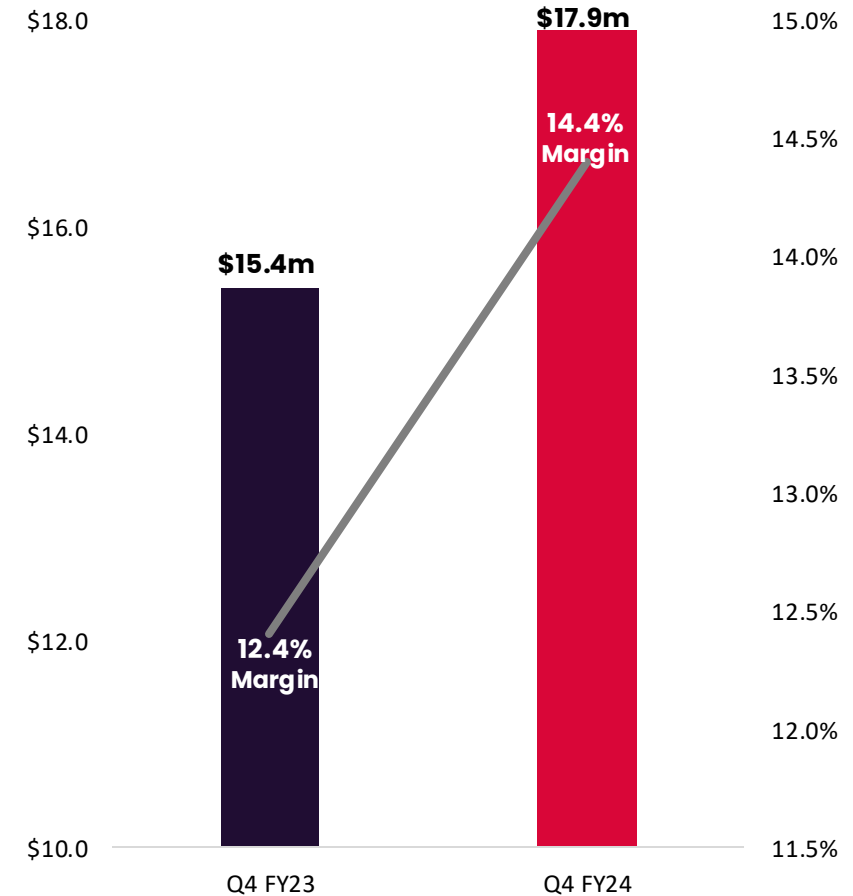
## Adjusted EPS

\$0.58 per share Q4 FY24 vs.  
\$0.33 per share Q4 FY23

Primarily driven by:

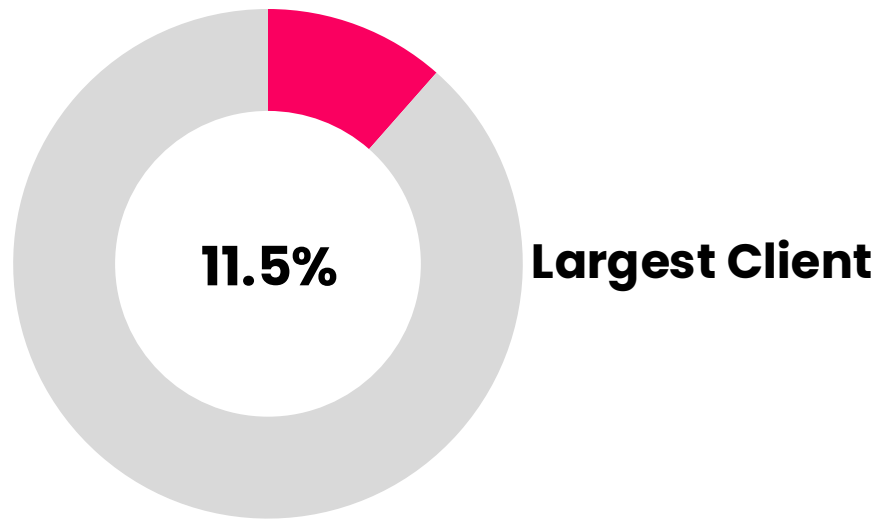
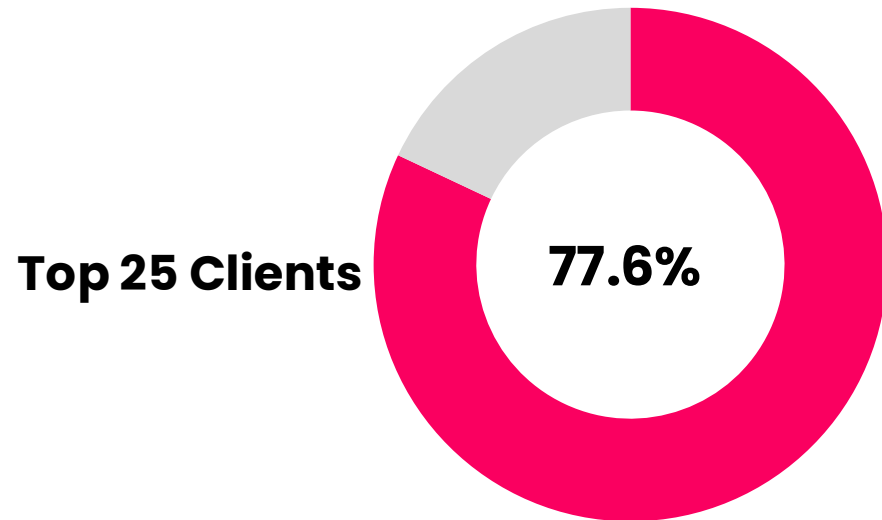
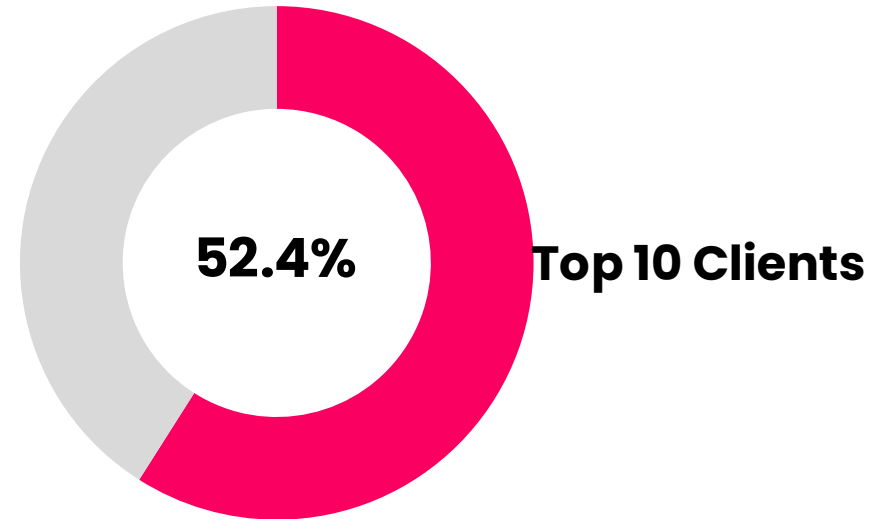
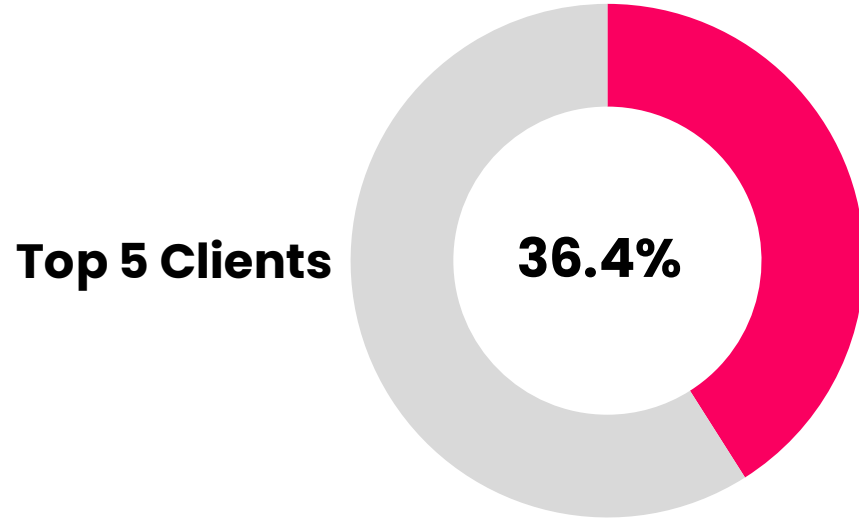
- Growth of work in higher margin offshore locations
- The site and cost optimization efforts completed over the past year

## Q4 YoY Adjusted EBITDA and margin



# Revenue: Model Client Diversification

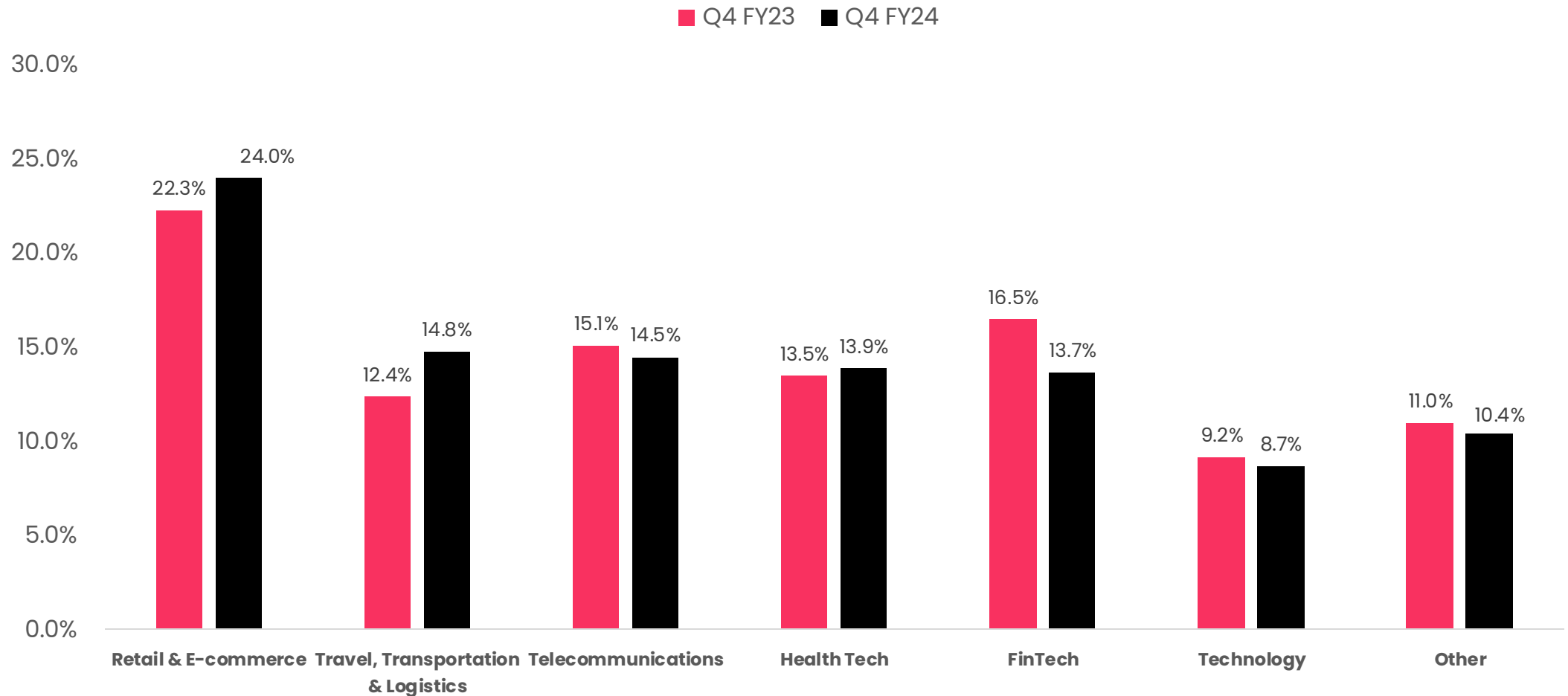
Q4 FY24 Client Statistics  
(% of Revenue)



**55 clients > \$1M in revenue per annum**  
**27 clients > \$5M in revenue per annum**

# Winning in Strategic Verticals

## Continued Growth in HealthTech and Retail & E-commerce



# FY2024: Financial Highlights – US GAAP

## Revenue

\$508.6m FY24 vs.  
\$523.1m FY23

- Shift in Geo Mix - high margin regions represent 76% of total revenue (72% in FY23)
- Macroeconomic conditions, and external factors impacting the FinTech and Telecommunication verticals, partially offset by growth in the Retail & E-commerce, HealthTech, and Travel, Transportation & Logistics
- Strength of our 18 new client wins across all our key verticals partially offset these headwinds

## Net Income

\$33.7m FY24 vs.  
\$31.6m FY23

- The continued growth in our higher margin services and geographies
- Lower Taxes (Tax rate for FY24 was 18% vs 22% for FY23)
- Higher interest income

## Fully Diluted EPS

\$1.84 FY24 vs.  
\$1.67 FY23

- Fewer diluted shares outstanding as a result of our ongoing share repurchase program (18.3m v 18.9m)



# FY2024: Financial Highlights – Non-GAAP

## Adjusted EBITDA

\$65.2m FY24 vs.  
\$66.6m FY23

## Adjusted Net Income

\$38.4m FY24 vs.  
\$36.9m FY23

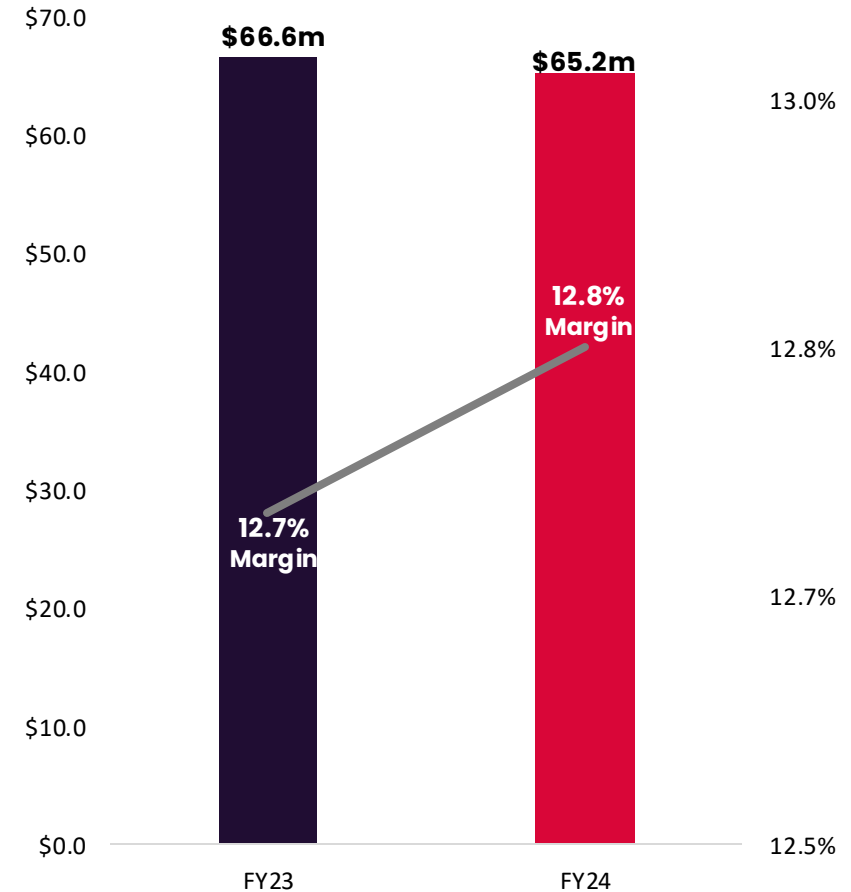
## Adjusted EPS

\$2.10 per share FY24 vs.  
\$1.96 per share FY23

Primarily driven by:

- The site optimization efforts completed in the fourth quarter of fiscal 2024
- Growth of clients in higher margin offshore locations
- Record second half Adj. EBITDA margin of 14.8%

**FY YoY Adjusted EBITDA and margin**



# FY 2024: Cash Flow and CapEx

## **Net Cash Generated from Operations**

\$35.9m FY24

\$41.9m FY23

## **Capital Expenditures**

\$8.9m, 1.7% of Revenue FY24

\$19.0m, 3.6% of Revenue FY23

## **DSO**

72 days Q4 FY24

74 days Q3 FY24

63 days Q4 FY23

## **Non-GAAP Free Cash Flow**

\$27.0m FY24

\$22.9m FY23

**Cash and Cash Equivalents**

\$62.7m

June 30, 2023, \$57.4m

- FY24 share repurchases of \$21.7m (1.3m shares)
- Q4 share repurchases of \$3.1m (0.2m shares)




**Total Debt**

~\$1.5m

June 30, 2023, \$1.0m

- Net Cash position of \$61.2m from \$56.4m as of June 30, 2023

# Q1 & Full Year 2025 Guidance

	Q1 FY25	FY25
 Revenue	\$124-126m	\$510-525m
 Adj. EBITDA	\$14.5-15.5m	\$67-69m
 CapEx	Guidance not provided	\$15-20m



	<p><b>Strong Financial Profile</b> Growth of Key Segments, Strong EBITDA, Net income, FCF, EPS</p>	<p><b>12.8%</b> FY24 Adj. EBITDA</p>	<p><b>\$2.10</b> FY24 Adj. EPS</p>
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# Q & A





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# Appendix



# Reconciliation of Net Income to Adjusted Net Income

<i>US\$ in thousands, except per share amounts, unaudited</i>	Three months ended		Twelve months ended	
	30-June		30-June	
	2024	2023	2024	2023
<b>Net income</b>	<b>\$ 9,845</b>	<b>\$ 4,510</b>	<b>\$ 33,655</b>	<b>\$ 31,582</b>
<b>Net income margin</b>	<b>7.9%</b>	<b>3.6%</b>	<b>6.6%</b>	<b>6.0%</b>
Non-recurring expenses	0	1,348	0	2,224
Severance Costs	115	0	1,621	0
Impairment losses	275	0	1,532	0
Warrant contra revenue	290	234	1,183	1,090
Foreign currency gains	-1,244	-379	-1,815	-801
Share-based compensation expense	1,024	633	3,765	4,606
Gain on sale of subsidiaries	0	0	0	-246
Loss on lease terminations	0	251	0	251
<b>Total adjustments</b>	<b>\$ 460</b>	<b>\$ 2,087</b>	<b>\$ 6,286</b>	<b>\$ 7,124</b>
Tax impact of adjustments	-110	-370	-1,590	-1,760
<b>Adjusted net income</b>	<b>\$ 10,195</b>	<b>\$ 6,227</b>	<b>\$ 38,351</b>	<b>\$ 36,946</b>
<b>Adjusted Net Income Margin</b>	<b>8.2%</b>	<b>5.0%</b>	<b>7.5%</b>	<b>7.1%</b>
Adj. earnings per share – diluted	\$ 0.58	\$ 0.33	\$ 2.10	\$ 1.96
Weighted average diluted shares outstanding	17,639	18,989	18,255	18,893



# Reconciliation of Net Income to Adjusted EBITDA

<i>US\$ in thousands</i>	Three months ended		Twelve months ended	
	30-June		30-June	
	2024	2023	2024	2023
<b>Net income</b>	\$ 9,845	\$ 4,510	\$ 33,655	\$ 31,582
<b>Net income margin</b>	7.9%	3.6%	6.6%	6.0%
Interest expense	175	239	514	792
Income tax expense	3,391	3,806	7,331	8,744
Depreciation and amortization	4,608	5,052	19,461	18,985
<b>EBITDA</b>	<b>\$ 18,019</b>	<b>\$ 13,607</b>	<b>\$ 60,961</b>	<b>\$ 60,103</b>
Non-recurring expenses	0	1,348	0	2,224
Severance Costs	115	0	1,621	0
Impairment losses	275	0	1,532	0
Interest Income	-542	-249	-2,071	-640
Warrant contra revenue	290	234	1,183	1,090
Foreign currency gains	-1,244	-379	-1,815	-801
Share-based compensation expense	1,024	633	3,765	4,606
Gain on sale of subsidiaries	0	0	0	-246
Loss on lease terminations	0	251	0	251
<b>Adjusted EBITDA</b>	<b>\$ 17,937</b>	<b>\$ 15,445</b>	<b>\$ 65,176</b>	<b>\$ 66,587</b>
<b>Adjusted EBITDA Margin</b>	<b>14.4%</b>	<b>12.4%</b>	<b>12.8%</b>	<b>12.7%</b>

# Big Year for Industry Awards – 2023/24

 <p>2024 Technological Breakthrough of the Year – Artificial Intelligence</p> 	 <p>2024 Golden Bridge Business and Innovation Awards for Business Services</p> 	 <p>2024 North America Top 100 Inspiring Workplace (Ranked #10)</p> 	 <p>2024, 2023 &amp; 2022 Contact Center Technology Award</p> 	 <p>2024 Top Customer Service Outsourcing Provider for Customer Excellence</p> 
 <p>2024, 2023 &amp; 2022 Product of the Year Award</p> 	 <p>2024 Business Award for Achievement in Technology Innovation</p> 	 <p>2024 American Business Awards for Innovation</p> 	 <p>2024 Excellence in Customer Service Awards "Technology of the Year"</p> 	 <p>2024 &amp; 2023 CRM Excellence Award</p> 
 <p>2024 Artificial Intelligence Excellence Award for Wave iX</p> 	 <p>2024, 2023 &amp; 2022 Customer Experience Innovation Award for Wave X</p> 	 <p>2024 Gold Award Top BPO Services Exporter</p> 	 <p>2023 Award for Women Helping Women - Julie Casteel</p> 	 <p>2024 Best Employers for Diversity</p> 
 <p>2024 &amp; 2023 Philippines Best Employers</p> 	 <p>2023 Most Innovative Company</p> 	 <p>2023 Female Executive of the Year - Julie Casteel</p> 	 <p>2023 America's Greatest Workplaces for Parents &amp; Families</p> 	 <p>2023 America's Greatest Workplaces for Remote Work</p> 
 <p>2023 &amp; 2022 Contact Center/Customer Service Outsourcing Provider</p> 	 <p>2023 Customer Experience Outsourcing Services Leader in Latin America</p> 	 <p>2023 America's Greatest Workplaces for Diversity</p> 	 <p>2023 Best Employer Brand Award</p> 	