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ibex Q2 FY2023 Earnings Call

Bob Dechant, CEO

February 15, 2023



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, the effects of cyberattacks on our information technology systems; our ability to attract new business and retain key clients; our ability to enter into multi-year contracts with our clients at appropriate rates; the potential for our clients or potential clients to consolidate; our clients deciding to enter into or further expand their insourcing activities; our ability to manage portions of our business that have long sales cycles and long implementation cycles that require significant resources and working capital; our ability to manage our international operations, particularly in the Philippines, Jamaica, Pakistan and Nicaragua; our ability to comply with applicable laws and regulations, including those regarding privacy, data protection and information security; our ability to manage the inelasticity of our labor costs relative to short-term movements in client demand; our ability to realize the anticipated strategic and financial benefits of our relationship with Amazon; our ability to recruit, engage, motivate, manage and retain our global workforce; our ability to anticipate, develop and implement information technology solutions that keep pace with evolving industry standards and changing client demands; our ability to maintain and enhance our reputation and brand; developments relating to COVID-19, as well as other risks and uncertainties discussed in the “Risk Factors” section of our Annual Report on Form 20-F filed with the U.S. Securities and Exchange Commission (the “SEC”) on October 4, 2022.

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 IFRS. The non-GAAP measures as defined by us may not be comparable to similar non-GAAP measures presented by other companies. 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. See the IFRS to Non-GAAP Reconciliation section for a reconciliation of these non-GAAP financial measures to the most directly comparable IFRS financial measures.

We are not providing a quantitative reconciliation of forward-looking non-GAAP adjusted EBITDA to the most directly comparable IFRS 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 IFRS reported results for the guidance period.

For additional information about ibex's business, refer to our Annual Report on Form 20-F filed with the SEC on October 4, 2022 and other documents filed with the SEC from time to time, and relevant earnings press releases (including GAAP, Non-GAAP and other reconciliation 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.



Compelling Vision

- Mission-critical, omnichannel customer service experiences
- Clients seeking to maximize customer lifetime value & brand experience
- Differentiated BPO 2.0 capabilities and clients
- Land & expand strategy with additional customer value propositions, services & new geographies over time
- New clients average 2.5-4.5x revenue over year 2 & year 3



Large TAM & Competitive Moats

- \$100B TAM supported by growing CX outsourcing tailwinds
- Deeper integrations leading to stickier & mission critical customer relationships
- Clear & compelling ROI for clients
- Exceptional operational performance
- Wave X purpose-built technology driving differentiation



Track-Record & Transformation

- BPO 2.0 higher margin client base now represents 77% of revenues
- Record Q2 Performance
- Large global client base with exceptional customer & geographic diversification
- World-Class Client Retention (Top 25 clients)
- Strategic footprint



Strong Financials

- Accelerating BPO 2.0 top-line and overall bottom-line growth
- Additional margin growth opportunities with available capacity
- Existing footprint offers incremental revenue potential
- Very Strong Balance sheet
- Growth vectors = high margin drivers
- Positioned for robust FCF



Capital Allocation

- Less than 2-year payback on growth CAPEX
- Flexible, pragmatic, and opportunistic capital allocation mindset
- Reduced CAPEX spend over the next several years

Q2 FY2023 Results & Highlights

73% Omni-Channel & Digital-Only

\$139.4m

Revenue

\$25.1m

Adj EBITDA

\$11.7m

Adjusted Net Income

5.5%

Revenue Growth (YoY)

12.6%

Normalized Growth (YoY)

18.0%

Adj. EBITDA Margin

TTM

\$520.1m

Revenue – 13.4% Growth

16.9%

Growth of BPO 2.0 Clients
(77% of total revenues)

40%

Adjusted EBITDA Growth

TTM

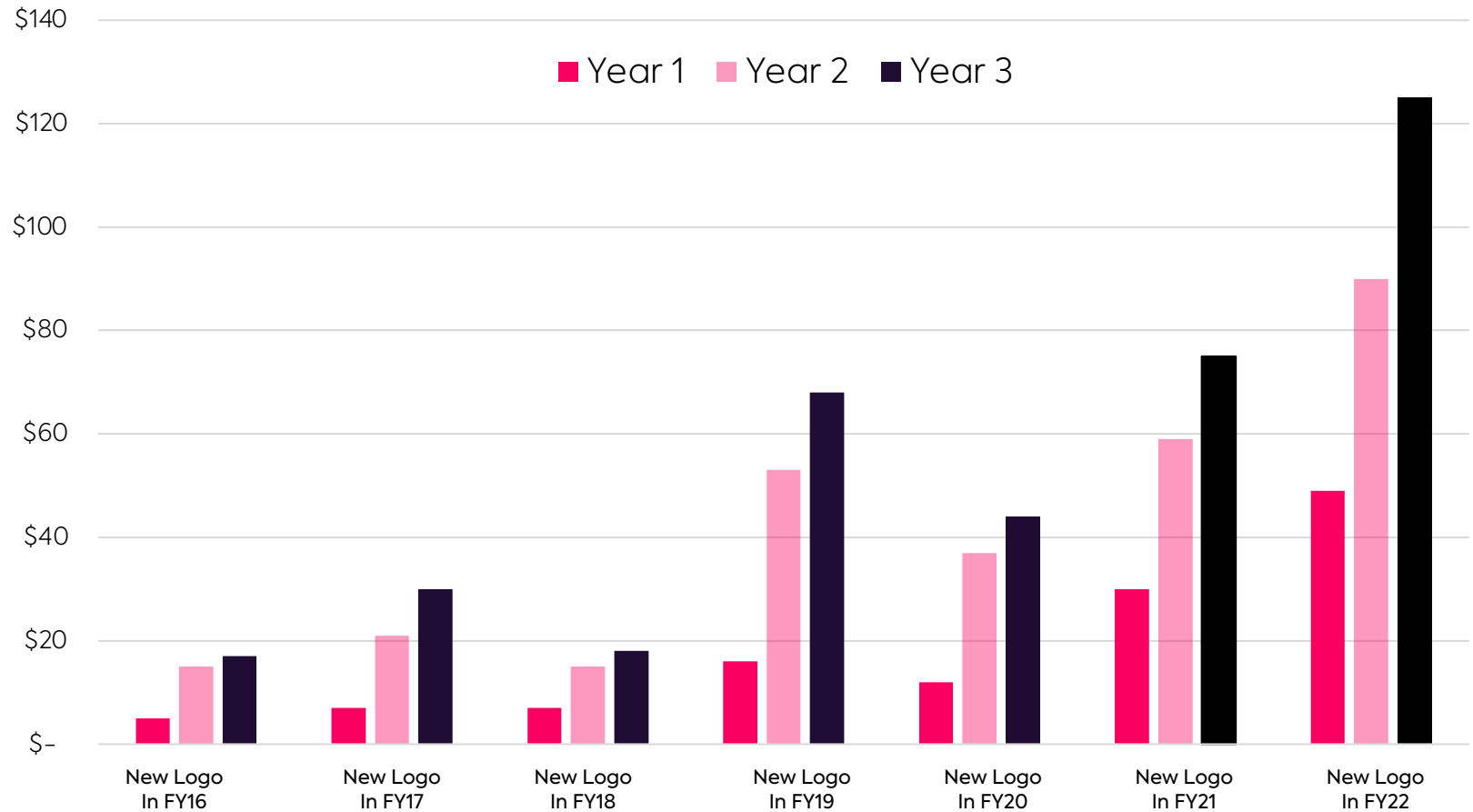
\$80.8m

Adjusted EBITDA- 15.5%

Client Cohort Performance:

- **4 New Logo Wins in the Quarter**
- **7 New Logo Wins YTD**
- **Strong Pipeline at ~\$400m**
 - *+40% from prior year*
- **Extremely high win rate, well above industry averages.**
- **New Logo record year in FY22**
- **Expected Strong Performance for FY23 New Logo Revenue**
- **Rapid Land & Expand**
 - *2.5x – 3.5x Growth in Year 2*

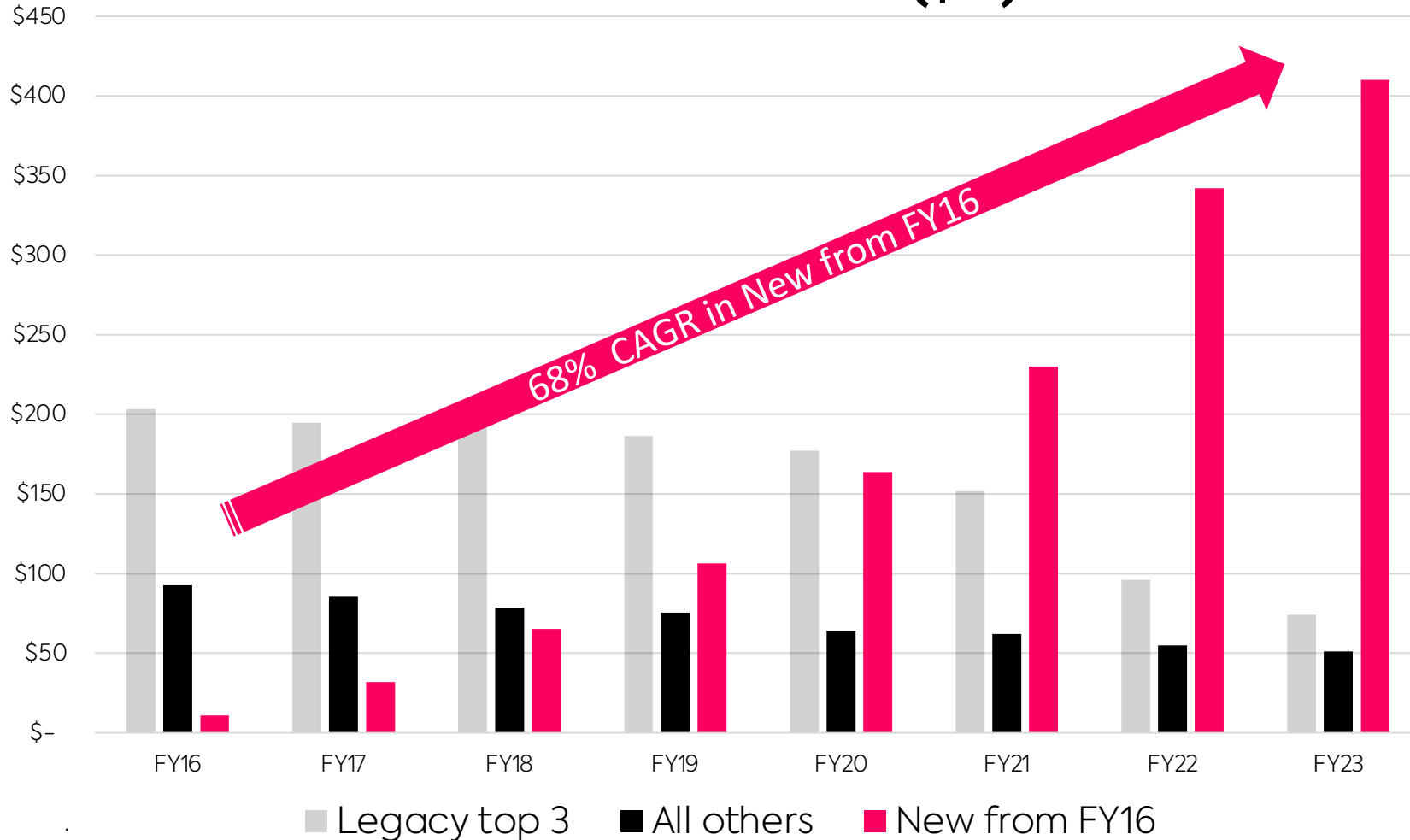
New Client Cohort Data (\$m) FY16-FY22



Note: Year 3 for FY21 and Years 2 & 3 For FY22 are based on historical increases in Year 2 & 3

Powerful Growth with our BPO 2.0 Clients (New Clients since FY16)

Revenue Breakdown (\$m)

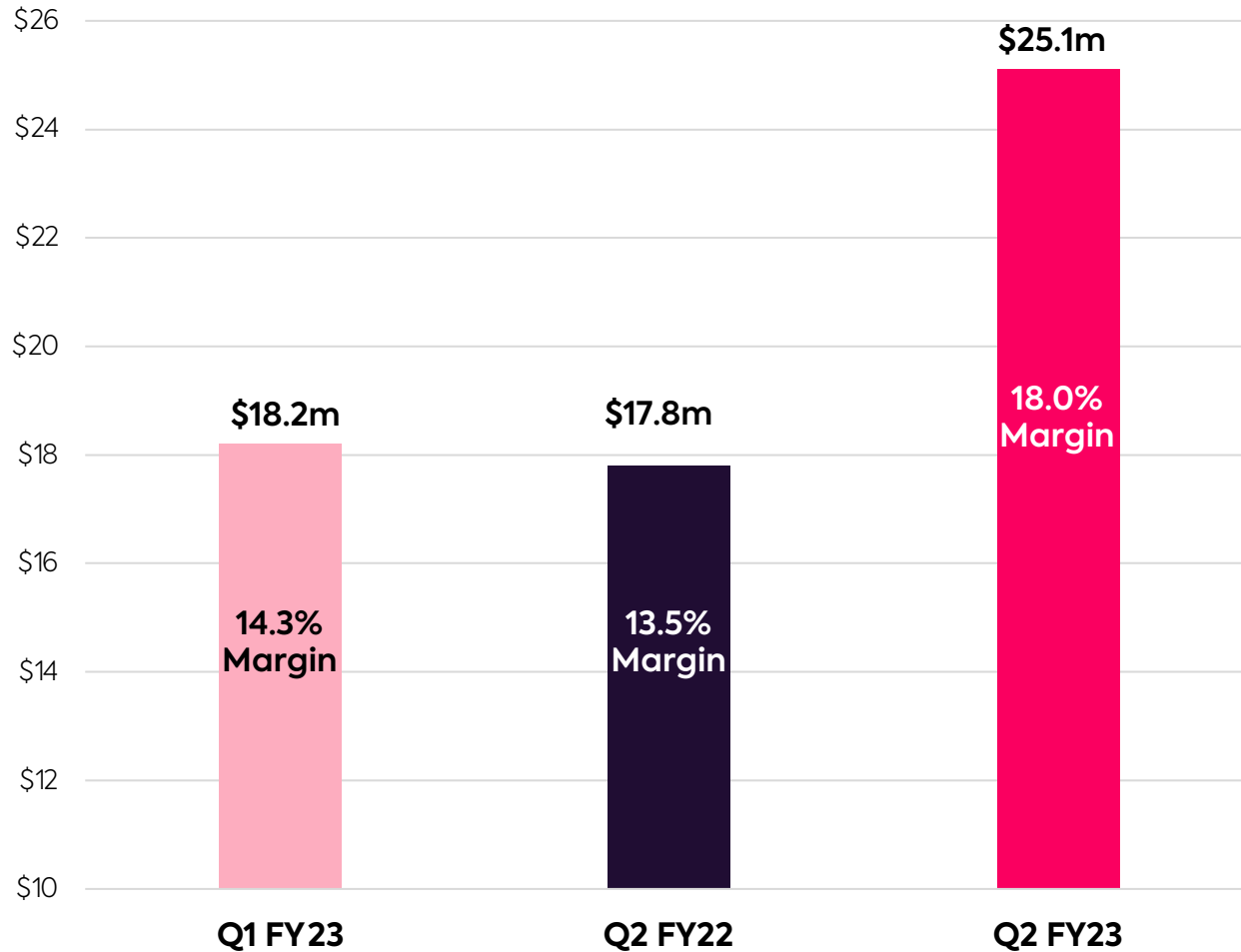


BPO 2.0 Clients

- **Leading Blue-chips & Digital-First brands**
- **68% CAGR**
- **17% growth in Q2'23 compared to prior year**
- **77% of Total Revenues**
- **73% Omni-Channel & Digital-Only**
- **Retail & E-commerce:**
 - ~29% Growth
 - 27% of Total Revenues
- **FinTech & HealthTech:**
 - ~32% Growth
 - 28% of Total Revenues
- **Legacy Clients have Stabilized**

Adjusted EBITDA Margins Comparisons

Q2 Adjusted EBITDA (\$m)



- Adjusted EBITDA margin increased +450 bps to 18.0% from prior year quarter with 40.5% growth
- Partnering with clients on Price Increase and COLA to offset wage inflation pressures
- Significant Margin improvement opportunities by selling into our available capacity and rationalizing on-shore footprint

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Commitment to ESG

Leadership in Diversity & Inclusion



FY23 Outlook & Recap

Raise Adjusted EBITDA Guidance

12.6% Top-Line Growth on Normalized basis

18.0% Adjusted EBITDA

77% of Business Growing at 17%

Powerful New Logo Engine

Strong Balance Sheet

Top Performing Leadership Team

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Financial Results

Karl Gabel
CFO



Revenue

\$139.4m
+5.5% YoY

- Continue to experience high growth in our BPO 2.0 clients
- Growth in FinTech & HealthTech and Retail & Ecommerce verticals
- 12.6% growth on normalized basis excluding the exited legacy client

BPO 2.0 Client Revenue

+17% YoY

- Represents 77% of the total revenue (70% in Q2 FY22)

Net Income

\$1.9m
(\$8.5m Q2 FY22)

- Very strong operating results
- Decrease was primarily the result of the revaluation of the share warrants driven by improvement in the stock price

Annual Effective Tax Rate

~15%-17%

- Expected normalized annual effective tax rate

Adjusted EBITDA

\$25.1m or 18.0% Margin
(Q2 FY22 \$17.8 or 13.5%)

Adjusted Net Income \$11.7m

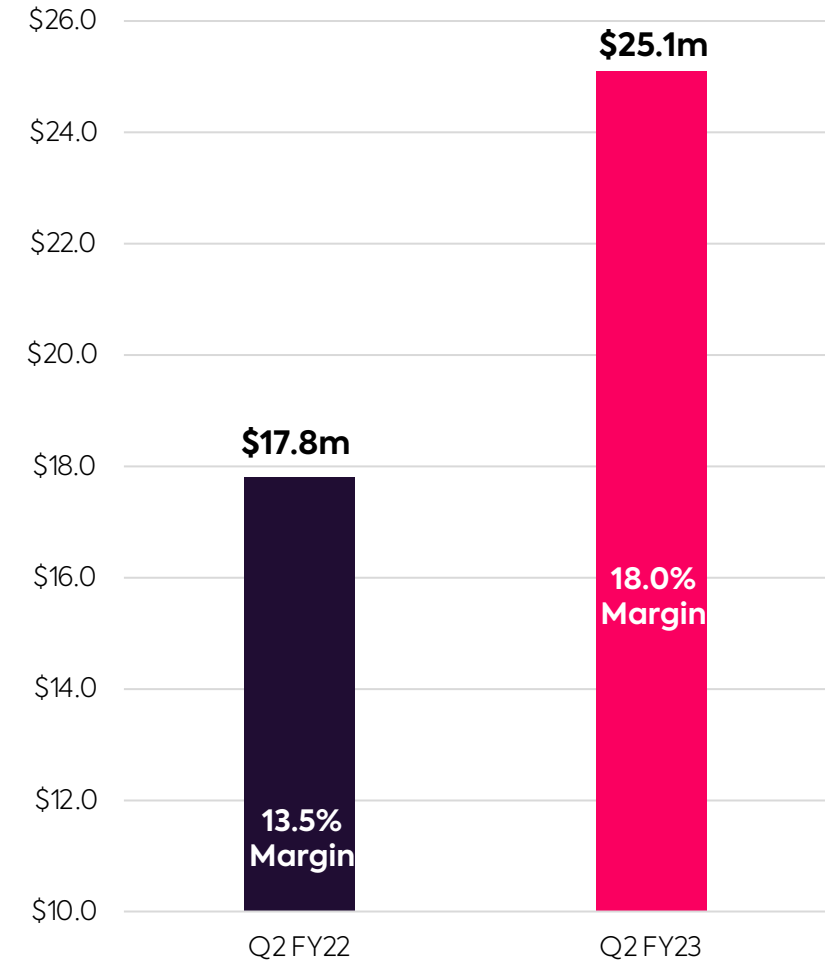
Q2 FY22 \$5.2m
+127% YoY

Adjusted Fully Diluted Earnings per Share

Q2 FY23 \$0.62 per share
Q2 FY22 \$0.27 per share
+130% YoY

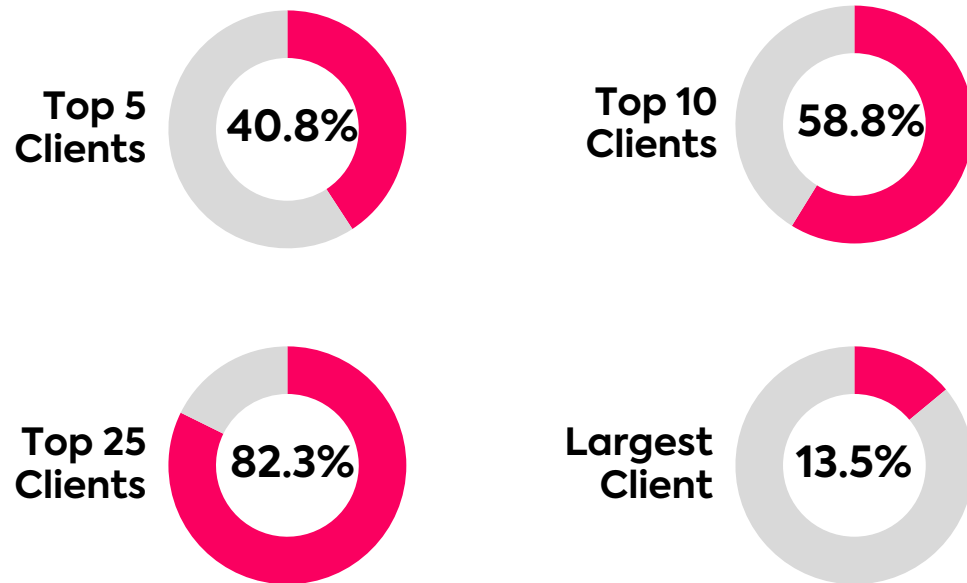
- Stronger operating performance in the business
- Growth and profitability in our BPO 2.0 Clients
- Growth in higher margin offshore regions

Q2 Adjusted EBITDA

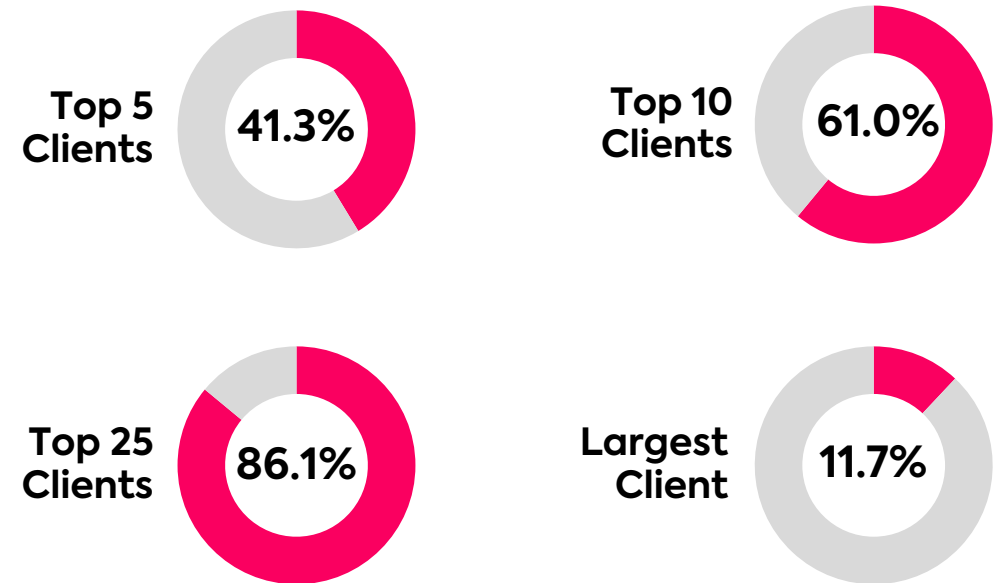


Revenue: Model Client Diversification

Q2 FY23 Client Statistics (% of Revenue)

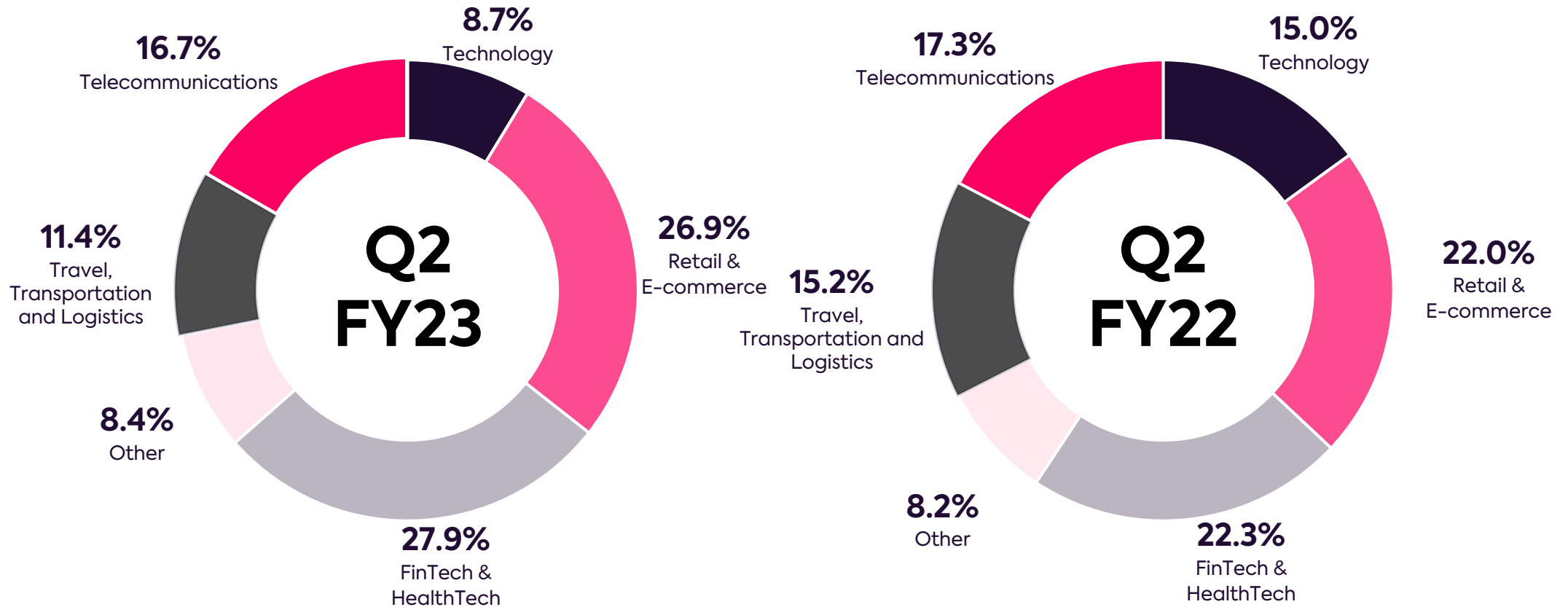


Q2 FY22 Client Statistics (% of Revenue)



Winning in Strategic Verticals

Significant Growth in Key Strategic Verticals
Telco Concentration under 20%



Technology decline includes exit of legacy client

Net Cash Generated from Operations

\$8.3m
Q2 FY22 \$3.4m

- Expanded Adjusted EBITDA
- Partially offset by an increased use of working capital

DSO

61 Days
Q2 FY22 62 days
Q1 FY23 59 days

- DSO's well below industry average

Capital Expenditures

\$7.9m, 5.7% of Revenue
Q2 FY22 \$11.8m, 8.9% of Revenue

- Capex down as we utilize our available capacity built out over the last two years
- Expect this trend to continue

Non-GAAP Free Cash Flow

\$0.3m
Q2 FY22 **-\$8.4m**

- Increased net operating cash along with lower Capex

Cash and Cash Equivalents

\$38.1m

June 30, 2022 \$48.8m

- Decrease driven by paying down debt
- Increase in borrowing availability under our revolving credit facilities to \$71.1m as of December 2022 v. \$50.5m as of June 2022

Borrowing and Lease Liabilities

\$90.5m

June 30, 2022 \$104.7m

- Borrowings down to \$4.5m (\$15.0m as of June 2022)
- Lease liabilities down to \$86.0m (\$89.7m as of June 2022)

Adjusted EBITDA - **Raised**

\$82m - \$84m

15.1% Margin at Midpoint

Revenue - Reaffirmed

\$545m - \$555m

11.4% Growth at Midpoint

Capex - Reaffirmed

\$18m - \$22m



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Q & A



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Appendix



Reconciliation of Net Income/(Loss) to Adjusted Net Income

	Three months ended		Twelve months ended	
	December 31		June 30	
<i>US\$ in thousands, except share and per share amounts</i>	2022	2021	2022	2021
Net income/ (loss)	\$ 1,865	\$ 8,465	\$ 22,990	\$ 2,847
A Non-recurring expenses	792	850	3,256	10,203
B Amortization of warrant asset	244	237	250	517
Foreign currency translation (gain) / loss	752	16	(40)	198
C Fair value measurement of share warrants	6,971	(4,187)	(2,310)	9,732
D Share-based payments	1,533	144	1,851	4,521
E Gain on lease terminations	(1)	(5)	(150)	(923)
Total adjustments	\$ 10,291	(2,945)	\$ 2,857	\$ 24,248
Tax impact of adjustments	(414)	(346)	(1,226)	(3,519)
Adjusted net income	\$ 11,742	\$ 5,174	\$ 24,621	\$ 23,576
Net Income Margin	8.4%	3.9%	5.0%	5.3%

- A** FY21 primarily includes the COVID-19 transportation related expenses
FY22 includes COVID-19 transportation, severance and settlement expense
- B** Represents the amortization of Amazon warrant asset based on the revenue
- C** Recorded a revaluation associated with the Amazon warrants
- D** Represents share-based payments expenses including RSA, LTIP, and phantom plans
- E** Represents the gain on termination of facility leases

Reconciliation of Net Income / (Loss) to Adjusted EBITDA

	Three months ended		Twelve months ended	
	December 31		June 30	
	2022	2021	2022	2021
<i>US\$ in thousands</i>				
Net income / (loss)	\$ 1,865	\$ 8,465	\$ 22,990	\$ 2,847
Finance expenses	2,085	2,310	8,797	9,034
Income tax expense	2,065	1,340	(1,987)	1,918
Depreciation and amortization	8,755	8,669	34,179	28,197
EBITDA	\$ 14,770	\$ 20,784	\$ 63,979	\$ 41,996
A Non-recurring expenses	792	850	3,256	10,203
B Amortization of warrant asset	244	237	250	517
Foreign currency translation (gain) / loss	752	16	(40)	198
C Fair value measurement of share warrants	6,971	(4,187)	(2,310)	9,732
D Share-based payments	1,533	144	1,851	4,521
E Gain on lease terminations	(1)	(5)	(150)	(923)
Adjusted EBITDA	\$ 25,061	\$ 17,839	\$ 66,836	\$ 66,244
Adjusted EBITDA Margin	18.0%	13.5%	13.5%	14.9%

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