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# ibex Q1 FY2024 Earnings Call

Bob Dechant, CEO & Taylor Greenwald, CFO

November 09, 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, general economic uncertainty in global markets and unfavorable economic conditions, including inflation, rising interest rates, recession, foreign exchange fluctuations and supply-chain issues; geopolitical conditions, including developing or ongoing conflicts; 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; our ability to manage our international operations, particularly in the Philippines, Jamaica, Pakistan and Nicaragua; 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, 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 13, 2023 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 13, 2023 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).

# Q1 FY2024 Compelling Track Record of Transformation and Execution

<p><b>Strong EBITDA Growth</b></p>	<ul style="list-style-type: none"> <li>• 7 Consecutive quarters of Adjusted EBITDA growth YoY</li> <li>• 5 Consecutive quarters of Adjusted EBITDA Margin expansion YoY</li> </ul>
<p><b>Favorable Net Cash Position</b> <b>\$61.1m</b></p>	<ul style="list-style-type: none"> <li>• More than double net cash position vs \$28.2m as of June 2021</li> </ul>
<p><b>Record Q1 Free Cash Flow</b></p>	<ul style="list-style-type: none"> <li>• \$6.6m generated in Q1 FY24</li> <li>• ~50% Adjusted EBITDA to FCF conversion rate</li> </ul>
<p><b>Growth of Adjusted EPS to \$0.40</b></p>	<ul style="list-style-type: none"> <li>• Increase from \$0.36 in Q1 FY23</li> <li>• TTM Adjusted EPS of \$2.00</li> </ul>

# Q1 FY2024 Results & Highlights

## Strong Results Throughout the P&L

**\$124.6m**

Revenue

**\$13.7m**

Adj. EBITDA

**\$7.6m**

Adj. Net Income

**\$67.4m**

TTM Adj EBITDA

**11.0%**

Adj. EBITDA Margin

**\$6.6m**

FCF

**31%**

TTM Adj. EBITDA Growth  
(YoY)

**6%**

Adj. EBITDA Growth  
(YoY)

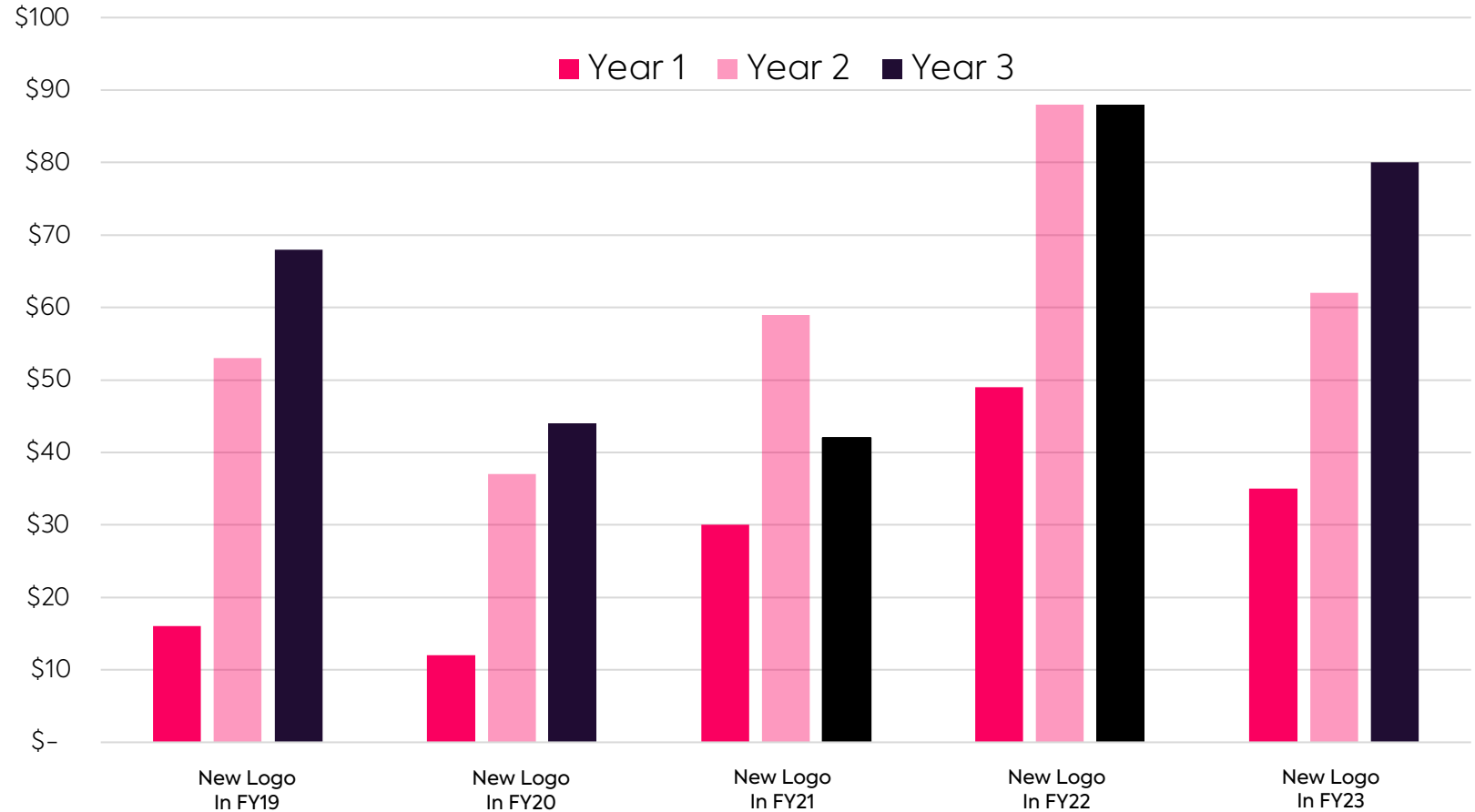
**\$0.40**

Adj. EPS

## Client Cohort Performance

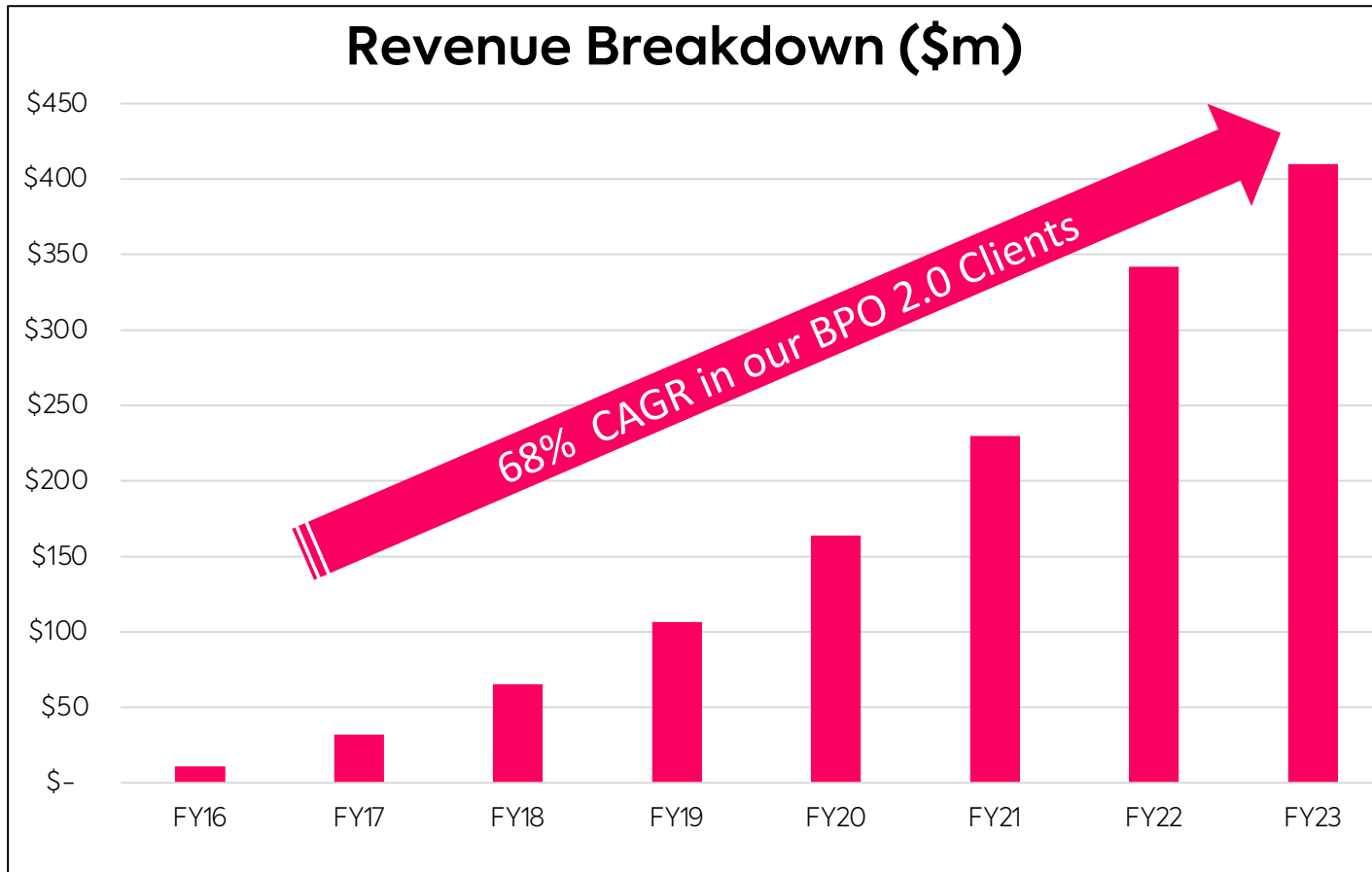
- **Strong Pipeline with high profile clients across key verticals**
- **~ \$35m of new logo revenue in FY23**
  - *10 new logos*
- **Four new logos won in Q1 FY24 in key verticals:**
  - *HealthTech*
  - *FinTech*
- **Q2 off to a fast start**
- **Rapid Land & Expand**
  - *2.0x growth in Year 2*
  - *1.5x growth in Year 3*
- **Extremely high win rates driven by differentiated BPO 2.0 solutions**

## New Client Cohort Data (\$m) FY19–FY23



Note: Year 3 For FY22 and year 2 for FY23 are based on estimates. FY23 based on estimates and historical increases in Year 3.

# Powerful Land & Expand with our Digital First Clients



### Leading Blue-Chips & Digital and Analytics-First Brands

- **77% Digital & Integrated Omni-Channel up from 71%**
- **75% of total revenue in High margin Nearshore and Offshore regions up from 70%**
- **Lower margin Onshore down 17% YoY to 25% of total business**
- **Bundled with ibex Wave X Business Analytics (90+ Deployments)**
- **Top 25 clients in ~2.5 geos**

# Generative AI – “the Next Wave” of Wave X

## AI-Powered Tech Stack



### AI across Agent Lifecycle

*Productivity Boost*

- Agent Assist
- AI Based Agent Training Simulators
- AI enabled Floor Management System



### AI Driven Insights

*Quality Boost*

- Quality Assurance on 100% of Interactions
- Real-time and Post Interactions Sentiment Analysis
- Customer Friction Analysis



### Digital Customer Experience

*Volume Boost*

- Human live Voice Bot and Chat Bot interactions
- Call Deflection with Chat Bots

**Expanding Digital Solution Portfolio to Reduce Cost to Serve and Elevate the Customer Experience**

# Capital Allocations

**Infrastructure positioned  
for continued growth**

- Upgrading ERP & HCM systems

**Share Repurchase\***

\* As of November 8, 2023

- 419,136 shares
- Totaling \$6.7m

**Further expansion into  
higher margin regions**

- Offshore
- New Geographies

**Targeted  
M&A**

- Enhancing our solutions & competitive moat
- Accelerate growth
- Tuck-in acquisitions



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# Financial Results

Taylor Greenwald  
CFO



## Revenue

\$124.6m  
-2.5% YoY

- Digital and Omni-Channel delivery represent 77% of total revenue (71% in Q1 FY23)
- Shift in Geo Mix and decline in FinTech vertical
- Growth in our strategic HealthTech and Retail & E-commerce verticals

## Net Income

\$7.4m Q1 FY24  
+13.8% YoY

Stronger operating results driven by movement to higher margin geographies, improved capacity utilization and higher interest income.

## Fully Diluted EPS

\$0.39 Q1 FY24  
+12.3% YoY

Higher income tax expense

## Adjusted EBITDA

\$13.7m Q1 FY24  
+6.2% YoY

## Adjusted Net Income

\$7.6m Q1 FY24  
+11.4% YoY

## Adjusted EPS

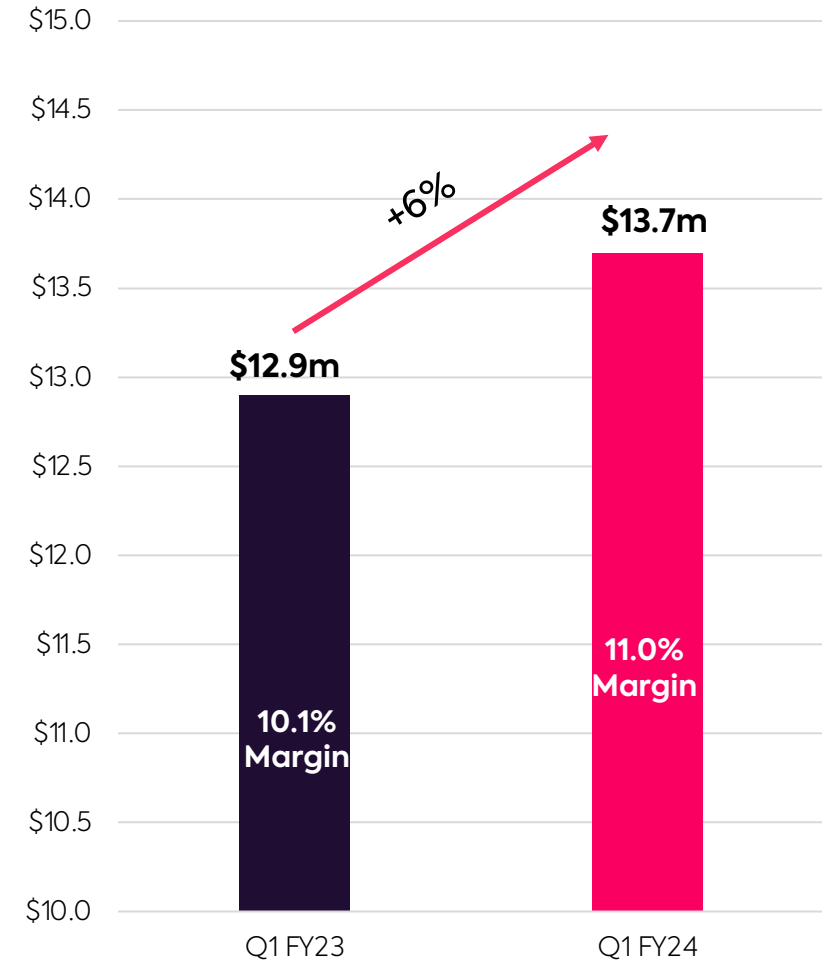
\$0.40 per share Q1 FY24  
+9.9% YoY

Stronger operating results driven by improved capacity utilization

Increased revenue from higher margin regions from 70% of total revenue to 75%

Partially offset by higher expenses driven by investment in Sales, Marketing and infrastructure

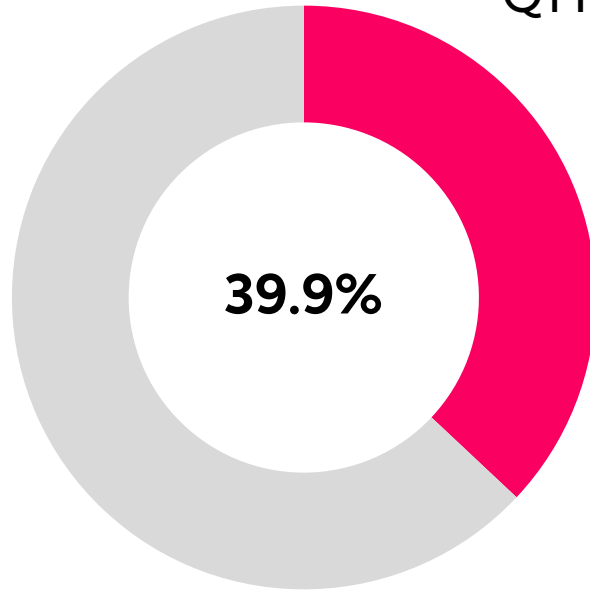
### Q1 Adjusted EBITDA



# Revenue: Model Client Diversification

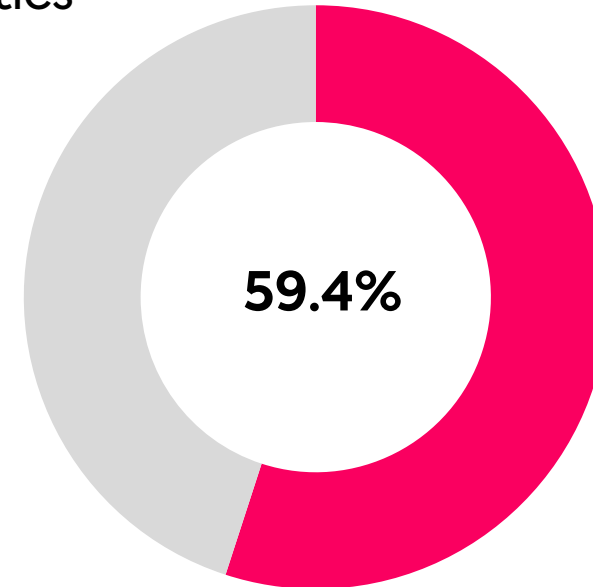
Q1 FY24 Client Statistics  
(% of Revenue)

**Top 5 Clients**



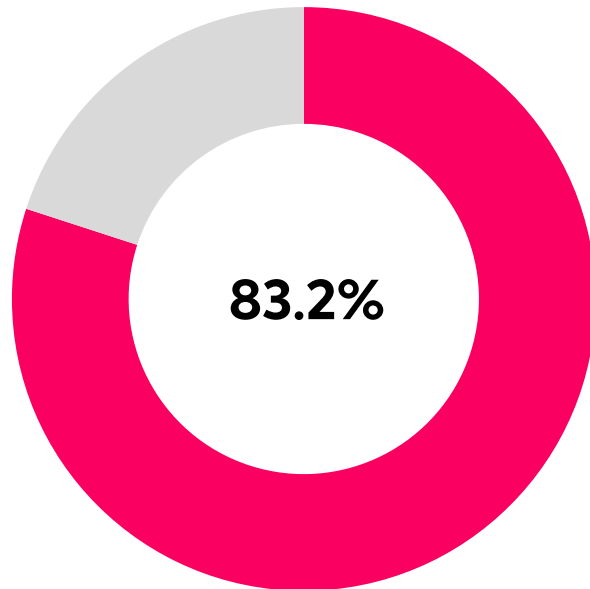
**39.9%**

**Top 10 Clients**



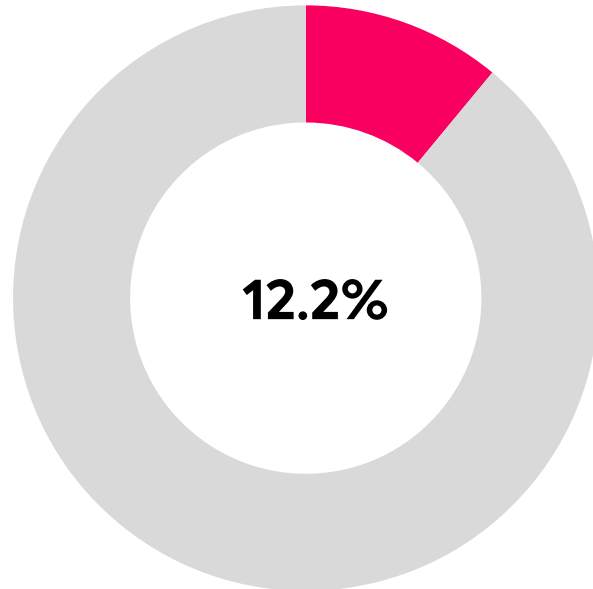
**59.4%**

**Top 25 Clients**



**83.2%**

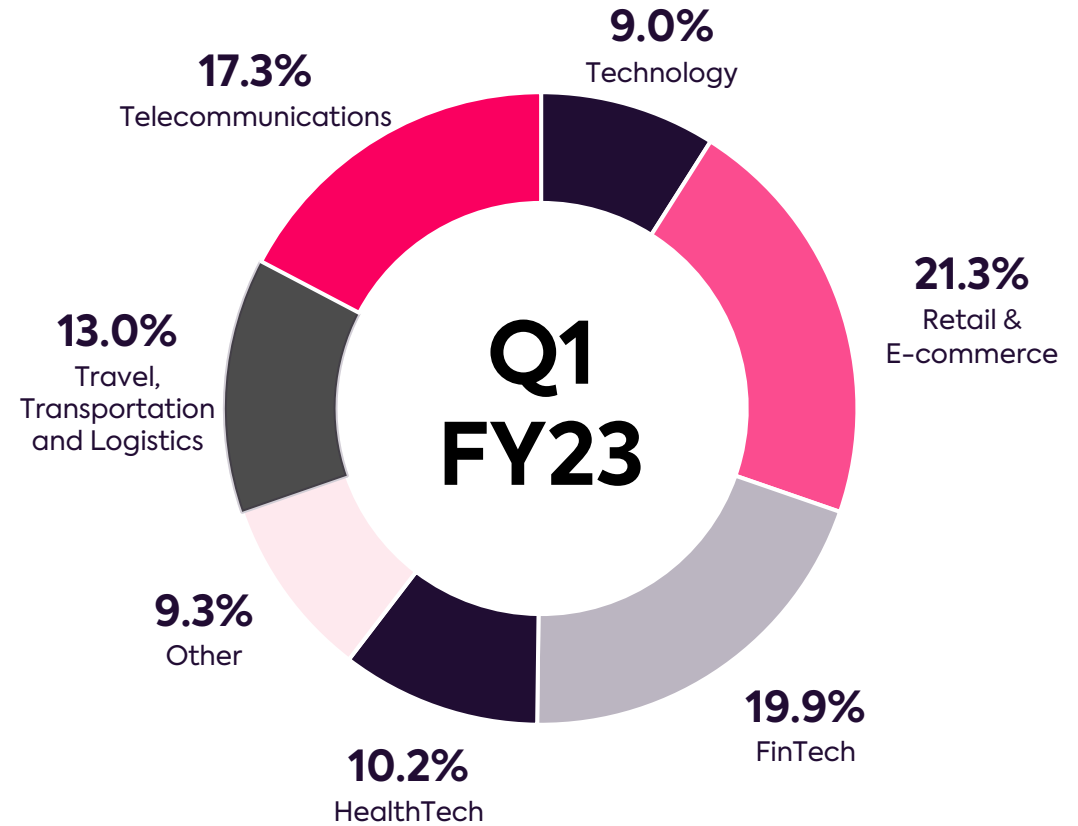
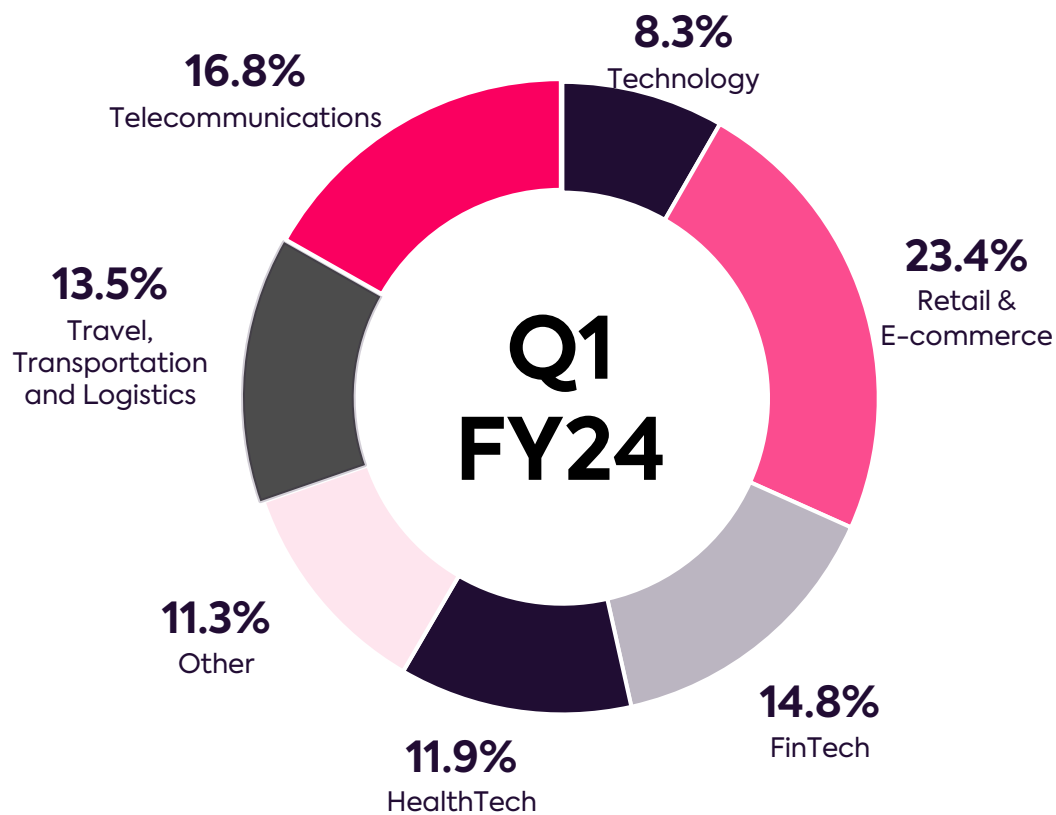
**Largest Client**



**12.2%**

# Winning in Strategic Verticals

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



**Net Cash Generated from Operations**

\$8.7m Q1 FY24  
 \$5.6m Q1 FY23

**Capital Expenditures**

\$2.1m, 1.6% of Revenue Q1 FY24  
 \$3.6m, 2.8% of Revenue Q1 FY23

**DSO**

67 days Q1 FY24  
 63 days Q4 FY23  
 59 days Q1 FY23

**Non-GAAP Free Cash Flow**

\$6.6m Q1 FY24  
 \$2.0m Q1 FY23

## Cash and Cash Equivalents

\$62.0m

*June 30, 2023: \$57.4m*

- Increase in borrowing availability under our revolving credit facilities to \$72.6m as of September 2023 v. \$71.9m as of June 2023

## Total Debt

~ \$1.0m

*June 30, 2023: \$1.0m*

- Net Cash position at September Quarter end improved to \$61.1 million from \$56.4 million as of June 30, 2023

# Reaffirming Full Year Guidance

FY24

Revenue

**\$525-535m**

Adj. EBITDA  
Margin

**~13%**

CapEx

**\$15-20m**

- Macro-economic environment pressuring client volumes
- Continue trend toward offshoring/nearshoring
- Efficient use of CapEx
- Investments in Sales & Marketing, Infrastructure, Compliance



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# Q & A










































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# Appendix



# Most Awarded BPO 2.0 Provider

 <p>2023 &amp; 2024 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 Customer Experience Innovation Awards - Wave X</p> 
 <p>2022 Top Exporter Award National IT Conference in Islamabad, Pakistan</p>	 <p>2022 &amp; 2023 Contact Center Technology Award</p> 	 <p>2023 Best Employer Brand Award</p> 	 <p>2023 CRM Excellence Award</p> 	 <p>2022 &amp; 2023 Product of the Year Awards</p> 
 <p>2022 &amp; 2023 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>2020, 2021 &amp; 2022 Great Place to Work in Nicaragua</p> 	 <p>2021 &amp; 2022 Great Place to Work for Women in Central America and Caribbean</p> 
 <p>2022 Gold Award Best BPO and Gender Diversity and Inclusivity in Pakistan</p> 	 <p>2022 Silver Award Top Exporter</p> 	 <p>2022 Female Executive of the Year, Business Products or Services for Julie Casteel</p> 	 <p>2022 Barani Award (Best COVID Response)</p> 	 <p>2022 Customer Experience Innovation Award for Wave X</p> 

# Differentiation with Technology & Analytics

<b>Wave X</b> <i>Purpose-built technology to outperform</i>	<b>Wave X Insights</b> <i>Advanced Analytics to provide customer insights</i>
<b>400+</b> Experienced IT Professionals	<b>250+</b> Data and Business Analysts
<b>16</b> Technology Platforms Supported	<b>70+</b> CX & Cost Optimization Case Studies
<b>50+</b> Solutions Developed	<b>90+</b> Client Base Deployments



# Reconciliation of Net Income to Adjusted Net Income

	Three months ended		Twelve months ended	
	30-September		30-Jun	
	2023	2022	2023	2022
<i>US\$ in thousands, except per share amounts, unaudited</i>				
<b>Net income</b>	<b>\$ 7,425</b>	<b>\$ 6,523</b>	<b>\$ 31,582</b>	<b>\$ 21,456</b>
A Non-recurring expenses	0	0	2,224	3,256
B Warrant contra revenue	287	286	1,090	970
Foreign currency gains	-797	-849	-801	-57
C Share-based payments	848	1,122	4,606	1,851
D Loss on lease terminations	0	0	251	0
Gain on disposal of subsidiaries	0	0	-246	0
<b>Total adjustments</b>	<b>\$ 338</b>	<b>\$ 559</b>	<b>\$ 7,124</b>	<b>\$ 6,020</b>
Tax impact of adjustments	-189	-284	-1,760	-1,427
<b>Adjusted net income</b>	<b>\$ 7,574</b>	<b>\$ 6,798</b>	<b>\$ 36,946</b>	<b>\$ 26,049</b>
<b>Adjusted Net Income Margin</b>	<b>6.1%</b>	<b>5.3%</b>	<b>7.1%</b>	<b>5.3%</b>
Adj. earnings per share – diluted	0.40	0.36	1.96	1.39
Weighted average shares outstanding – diluted	18,898	18,641	18,893	18,724

**A** Represents US GAAP transition expense, severance expense, legal and settlement expenses, and/or costs related to COVID-19

**B** Represents contra revenue recognized in conjunction with the Amazon warrant

**C** Represents share-based payments expenses including RSA, LTIP, and phantom plans

**D** Represents the loss on termination of facility leases

# Reconciliation of Net Income to Adjusted EBITDA

	Three months ended		Twelve months ended		
	30-September		30-Jun		
	2023	2022	2023	2022	
<i>US\$ in thousands</i>					
<b>Net income</b>	\$ 7,425	\$ 6,523	\$ 31,582	\$ 21,456	<b>A</b> Represents US GAAP transition expense, severance expense, legal and settlement expenses, and/or costs related to COVID-19
Interest expense	104	148	792	1,289	
Income tax expense /(benefit)	1,388	1,047	8,744	-2,077	
Depreciation and amortization	5,042	4,677	18,985	18,100	
<b>EBITDA</b>	<b>\$ 13,959</b>	<b>\$ 12,395</b>	<b>\$ 60,103</b>	<b>\$ 38,768</b>	<b>B</b> Represents contra revenue recognized in conjunction with the Amazon warrant
Interest Income	-586	-48	-640	-43	
A Non-recurring expenses	0	0	2,224	3,256	<b>C</b> Represents share-based payments expenses including RSA, LTIP, and phantom plans
B Warrant contra revenue	287	286	1,090	970	
C Foreign currency gains	-797	-849	-801	-57	
C Share-based payments	848	1,122	4,606	1,851	<b>D</b> Represents the loss on termination of facility leases
D Loss on lease terminations	0	0	251	0	
Gain on disposal of subsidiaries	0	0	-246	0	
<b>Adjusted EBITDA</b>	<b>\$ 13,711</b>	<b>\$ 12,906</b>	<b>\$ 66,587</b>	<b>\$ 44,745</b>	
<b>Adjusted EBITDA Margin</b>	<b>11.0%</b>	<b>10.1%</b>	<b>12.7%</b>	<b>9.1%</b>	

# FY23 by Quarter: Income Statement

	Qtr Ended September 30, 2022	Qtr Ended December 31, 2022	Qtr Ended March 31, 2023	Qtr Ended June 30, 2023	Year Ended June 30, 2023
<i>US\$ in thousands, except per share amounts, unaudited</i>					
<b>Revenue</b>	<b>\$ 127,805</b>	<b>139,325</b>	<b>131,557</b>	<b>124,431</b>	<b>523,118</b>
Cost of services	96,153	99,790	91,693	87,356	374,992
Selling, general and administrative	19,305	23,502	22,139	23,717	88,663
Depreciation and amortization	4,677	4,582	4,674	5,052	18,985
<b>Total operating expenses</b>	<b>120,135</b>	<b>127,874</b>	<b>118,506</b>	<b>116,125</b>	<b>482,640</b>
<b>Income from operations</b>	<b>7,670</b>	<b>11,451</b>	<b>13,051</b>	<b>8,306</b>	<b>40,478</b>
Interest income	48	138	205	249	640
Interest expense	(148)	(300)	(105)	(239)	(792)
<b>Income before income taxes</b>	<b>7,570</b>	<b>11,289</b>	<b>13,151</b>	<b>8,316</b>	<b>40,326</b>
Provision for income tax expense	(1,047)	(2,019)	(1,872)	(3,806)	(8,744)
<b>Net income</b>	<b>\$ 6,523</b>	<b>9,270</b>	<b>11,279</b>	<b>4,510</b>	<b>31,582</b>
<b>Other comprehensive income</b>					
Foreign currency translation adjustments	\$ (1,677)	554	(1,039)	(72)	(2,234)
Unrealized (loss) / gain on cash flow hedging instruments, net of tax	(261)	814	216	(254)	515
Actuarial loss on defined benefit plan	-	-	-	(31)	(31)
<b>Total other comprehensive (loss) / income</b>	<b>(1,938)</b>	<b>1,368</b>	<b>(823)</b>	<b>(357)</b>	<b>(1,750)</b>
<b>Total comprehensive income</b>	<b>\$ 4,585</b>	<b>10,638</b>	<b>10,456</b>	<b>4,153</b>	<b>29,832</b>
<b>Net income per share</b>					
Basic	\$ 0.36	0.51	0.62	0.25	1.74
Diluted	\$ 0.35	0.49	0.59	0.24	1.67
<b>Weighted average common shares outstanding</b>					
Basic	18,141	18,149	18,230	18,259	18,200
Diluted	18,641	18,860	19,065	18,989	18,893

# Reconciliation of FY23 by Quarter: Net Income to Adjusted Net Income

	Qtr Ended September 30, 2022	Qtr Ended December 31, 2022	Qtr Ended March 31, 2023	Qtr Ended June 30, 2023	Year Ended June 30, 2023
<i>US\$ in thousands, except per share amounts, unaudited</i>					
<b>Net income</b>	6,523	9,270	11,279	4,510	31,582
<b>Net income margin</b>	5.1%	6.7%	8.6%	3.6%	6.0%
Non-recurring expenses	-	792	84	1,348	2,224
Warrant contra revenue	286	310	260	234	1,090
Foreign currency (gains) / losses	(849)	752	(325)	(379)	(801)
Gain on sale of subsidiaries	-	-	(246)	-	(246)
Share-based compensation expense	1,122	1,533	1,318	633	4,606
Loss on lease terminations	-	-	-	251	251
<b>Total adjustments</b>	<b>559</b>	<b>3,387</b>	<b>1,091</b>	<b>2,087</b>	<b>7,124</b>
Tax impact of adjustments	(284)	(425)	(681)	(370)	(1,760)
<b>Adjusted net income</b>	<b>6,798</b>	<b>12,232</b>	<b>11,689</b>	<b>6,227</b>	<b>36,946</b>
<b>Adjusted net income margin</b>	<b>5.3%</b>	<b>8.8%</b>	<b>8.9%</b>	<b>5.0%</b>	<b>7.1%</b>
Diluted earnings per share	0.35	0.49	0.59	0.24	1.67
Per share impact of adjustments to net income	0.01	0.16	0.02	0.09	0.28
<b>Adjusted earnings per share</b>	<b>0.36</b>	<b>0.65</b>	<b>0.61</b>	<b>0.33</b>	<b>1.96</b>
<b>Weighted average diluted shares outstanding</b>	<b>18,641</b>	<b>18,860</b>	<b>19,065</b>	<b>18,989</b>	<b>18,893</b>



# Reconciliation of FY23 by Quarter: Net Income to Adjusted EBITDA

	Qtr Ended September 30, 2022	Qtr Ended December 31, 2022	Qtr Ended March 31, 2023	Qtr Ended June 30, 2023	Year Ended June 30, 2023
<i>US\$ in thousands, unaudited</i>					
<b>Net income</b>	<b>\$ 6,523</b>	<b>\$ 9,270</b>	<b>\$ 11,279</b>	<b>\$ 4,510</b>	<b>\$ 31,582</b>
Interest expense	148	300	105	239	792
Income tax expense	1,047	2,019	1,872	3,806	8,744
Depreciation and amortization	4,677	4,582	4,674	5,052	18,985
<b>EBITDA</b>	<b>\$ 12,395</b>	<b>\$ 16,171</b>	<b>\$ 17,930</b>	<b>\$ 13,607</b>	<b>\$ 60,103</b>
Interest income	(48)	(138)	(205)	(249)	(640)
Non-recurring expenses	-	792	84	1,348	2,224
Warrant contra revenue	286	310	260	234	1,090
Foreign currency (gains) / losses	(849)	752	(325)	(379)	(801)
Gain on sale of subsidiaries	-	-	(246)	-	(246)
Share-based compensation expense	1,122	1,533	1,318	633	4,606
Loss on lease terminations	-	-	-	251	251
<b>Adjusted EBITDA</b>	<b>\$ 12,906</b>	<b>\$ 19,420</b>	<b>\$ 18,816</b>	<b>\$ 15,445</b>	<b>\$ 66,587</b>
<b>Adjusted EBITDA margin</b>	<b>10.1%</b>	<b>13.9%</b>	<b>14.3%</b>	<b>12.4%</b>	<b>12.7%</b>