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ibex Q1 FY2025 Earnings Call

Bob Dechant, CEO

Nov 7, 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.

Q1 FY2025: Record Quarter

Strong Financials

Returned to Growth

- Revenue Growth: \$129.7m **up >4%** from Prior Year
- Adjusted EBITDA: \$15.6m **up \$1.9m** from Prior Year
- Adjusted EBITDA: 12.0% **up 100 bps** from Prior Year
- Adjusted EPS: \$0.52- **up from \$0.40** from Prior Year

Continued Strengthen in the Pipeline

Impactful New Logo Wins

- Three Key New Logo Wins – signature win with leading global e-commerce company
- Great Deal flow with Strategic Prospects

Execution on Our 5-Year Digital 1st Strategy

Adj. EBITDA Margin Expansion in 9 of last 10 Quarters

- Expansion of High Margin Regions & Services (76% of total revenue)
- 80% of our Revenues are BPO 2.0 Clients

Acceleration of our AI Strategy

7 New Agreements in Contracting

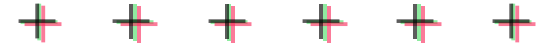
- Launched: first AI Automate client
- Won: second AI Automate client
- Won: first AI Translate client

Enviably Net Cash Position:

\$61m of Net Cash

- Strong FCF: \$4.1m
- Share Buy Back of \$4.7m in the quarter
- Prudent CapEx: \$3.6m (supporting offshore market growth)

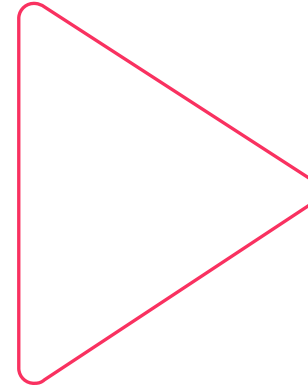
- ✓ Delivered record Q1 Revenue of \$129.7 million, up 4.1% from \$124.6 million in Prior year quarter
- ✓ Won 3 new client relationships in the Quarter
- ✓ Expanded year over year adjusted EBITDA margin for the ninth time in the past 10 quarters
- ✓ Achieved record Net Income and EPS of \$7.5m and \$0.43 per share, respectively
- ✓ Achieved record adjusted EPS of \$0.52, up 30% from \$0.40 in prior year
- ✓ Repurchased 282k+ shares at a cost of \$4.7 million



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AI FOR CX

ibex Wave iX
Translate Named
Generative AI
Product of the Year



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PRESS & MEDIA

ibex Ranked
#2 for America's
Best Employers for
Tech Workers



	<p>Strong Financial Profile Growth of Key Segments, Strong EBITDA, Net income, EPS</p>	<p>13.1% TTM Adj. EBITDA</p>	<p>\$2.23 TTM Adj. EPS</p>
	<p>Transformation to a leading Digital First business Continued growth in our Digital First integrated omni-channel business</p>	<p>3% TTM Growth</p>	<p>76% Q1 FY25 Revenue</p>
	<p>Growth in our High Margin Geographies Strength in our offshore offerings</p>	<p>10.3% TTM Growth</p>	<p><i>Offshore</i> 50% Q1 FY25 Revenue</p>
	<p>Ideal Client Diversification Highly Diversified with Top Clients and Strategic Verticals Proven Track record of Land & Expand</p>	<p><i>% of Q1 Revenue</i> 36% Top 5 Clients</p>	<p>77% Top 25 Clients</p>
	<p>Early Mover in Delivering AI Solutions Won first significant deal in Q4 FY24</p>	<p>40+ Pipeline Opportunities</p>	<p>20+ Deployments</p>
	<p>Employee NPS Score Industry leader; up 9 points from prior year</p>	<p>77 eNPS</p>	

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Financial Results

Taylor Greenwald
CFO



Q1 FY2025: Financial Highlights – US GAAP

Record Q1 Revenue, Net Income and EPS results

Revenue

\$129.7m Q1 FY25 vs.
\$124.6m Q1 FY24

- Growth in HealthTech (+23.4%), Retail & E-commerce (+8.6%), and Travel, Transportation & Logistics (+10.0%) verticals; partially offset by decline in FinTech (-13.0%) vertical
- Growth in higher margin offshore and nearshore regions to 76% of total revenue

Net Income

\$7.5m Q1 FY25 vs.
\$7.4m Q1 FY24

- Strong growth of >12% in our higher margin offshore regions
- Site and cost optimization efforts completed over the past year
- Partially offset by higher income tax expense

Fully Diluted EPS

\$0.43 Q1 FY25 vs.
\$0.39 Q1 FY24

- Fewer diluted shares outstanding as a result of ongoing share repurchase program (17.5m vs 18.9m)

Adjusted EBITDA

\$15.6m Q1 FY25 vs.
\$13.7m Q1 FY24

Adjusted Net Income

\$9.0m Q1 FY25 vs.
\$7.6m Q1 FY24

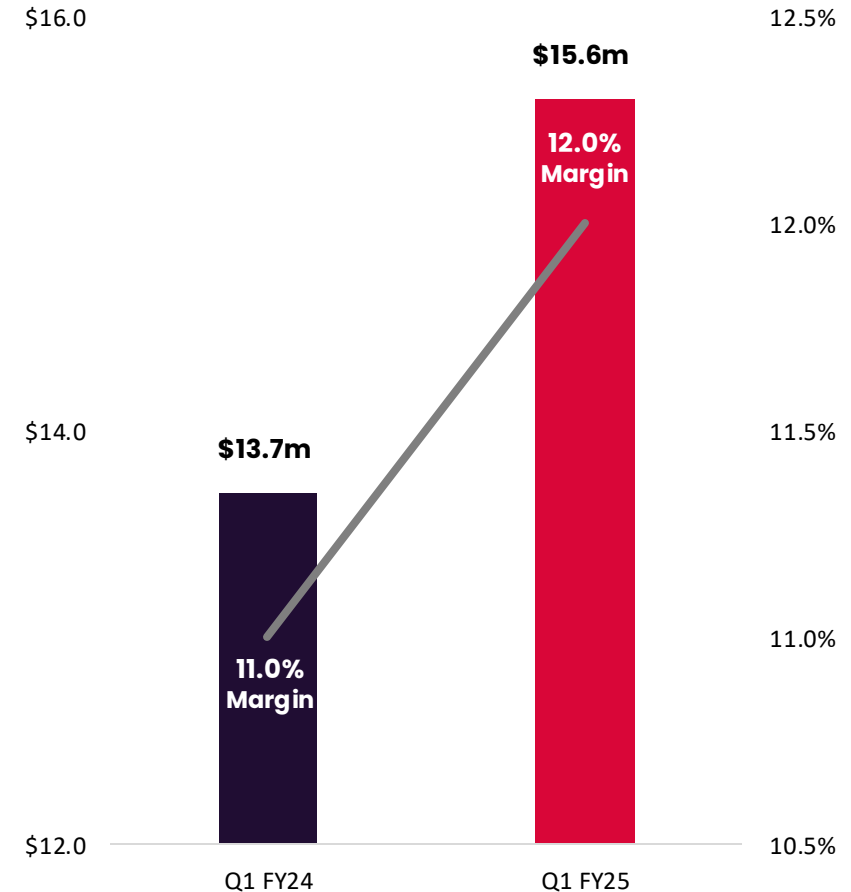
Adjusted EPS

\$0.52 per share Q1 FY25 vs.
\$0.40 per share Q1 FY24

Primarily driven by:

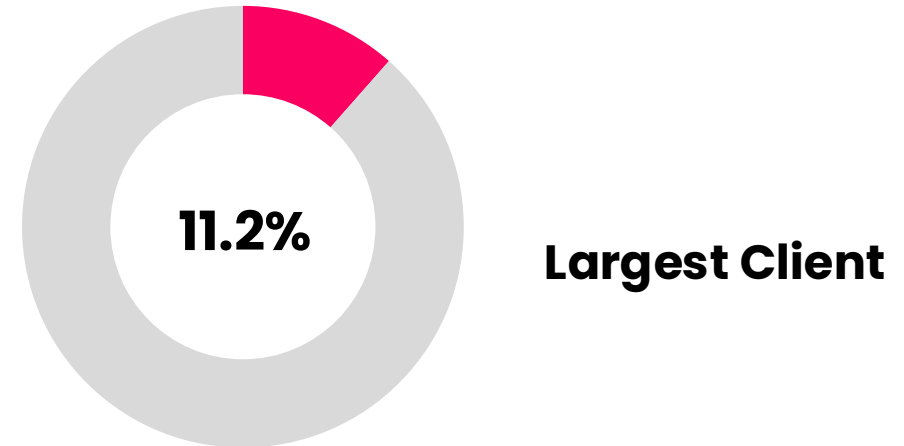
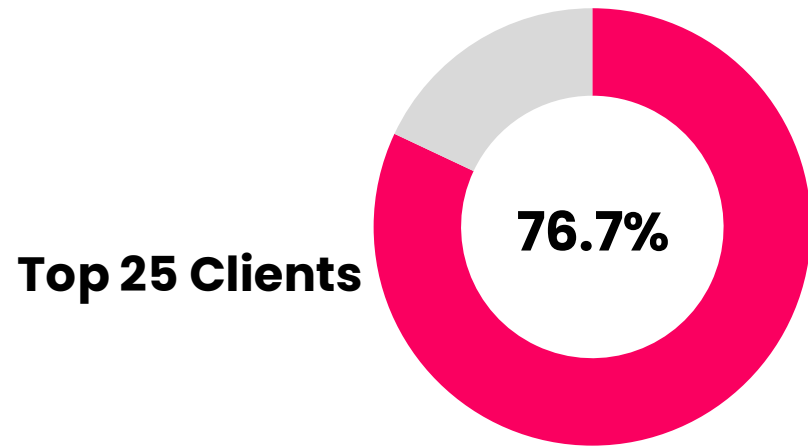
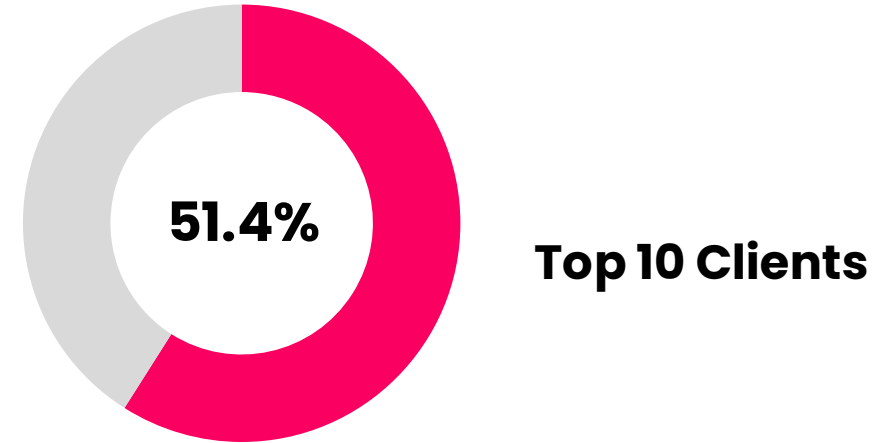
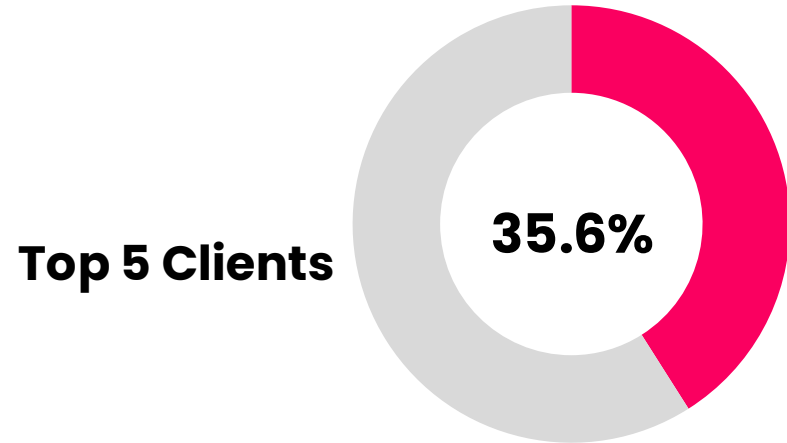
- Revenue growth in key verticals from existing and new clients launched throughout fiscal 2024 and first quarter of fiscal 2025
- Stronger operating results from growth in higher margin offshore regions + site optimization efforts

Q1 YoY Adjusted EBITDA and margin



Revenue: Model Client Diversification

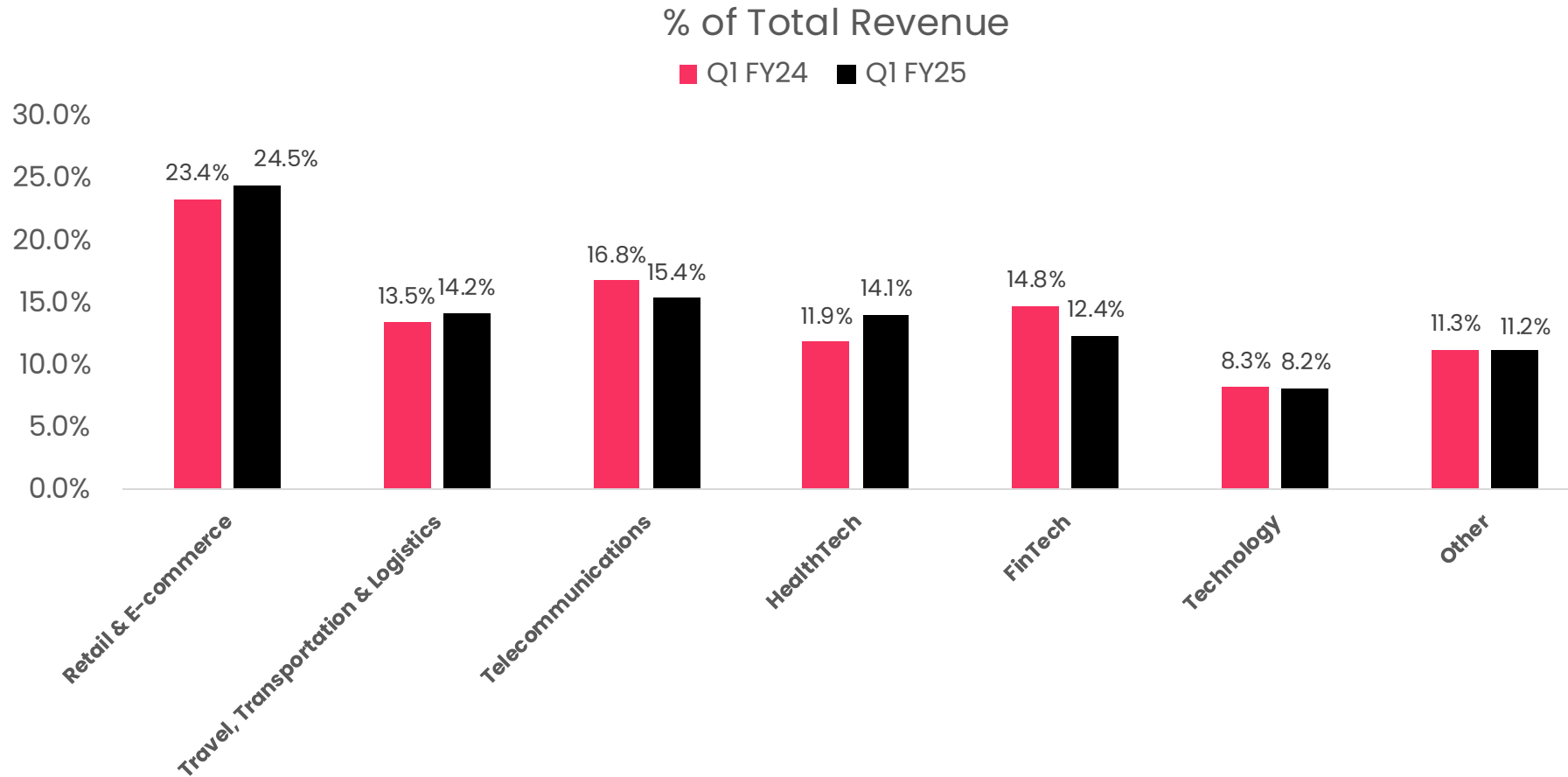
Q1 FY25 Client Statistics
(% of Revenue)



60 clients > \$1m annualized revenue
27 clients > \$5m annualized revenue

Winning in Strategic Verticals

Continued Growth in HealthTech and Retail & E-commerce



- HealthTech increased 23.4%
- Retail increased 8.6%
- Travel, Transportation & Logistics increased 10.0 %

Q1 FY2025: Cash Flow and CapEx

Net Cash Generated from Operations

\$7.8m Q1 FY25

\$8.7m Q1 FY24

Capital Expenditures

\$3.6m, 2.8% of Revenue Q1 FY25

\$2.1m, 1.6% of Revenue Q1 FY24

DSO

75 days Q1 FY25

72 days Q4 FY24

Non-GAAP Free Cash Flow

\$4.1m Q1 FY25

\$6.6m Q1 FY24

September 2024 Balance Sheet

Cash and Cash Equivalents

\$62.3m

June 30, 2024, \$62.7m

- Q1 FY25 share repurchases of \$4.7m (over 282k shares)
- \$22.2 million remaining to repurchase under our current share repurchase program

Total Debt

~\$1.5m

June 30, 2024, \$1.5m

- Net Cash position of \$60.8m from \$61.2m as of June 30, 2024

FY25



Revenue

\$515-525m

Up from \$510-\$525m



Adj. EBITDA

\$67-69m



CapEx

\$15-20m

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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-September		30-June	
	2024	2023	2024	2023
Net income	\$ 7,531	\$ 7,425	\$ 33,655	\$ 31,582
Net income margin	5.8%	6.0%	6.6%	6.0%
Non-recurring expenses	0	0	0	2,224
Severance Costs	0	0	1,621	0
Impairment losses	0	0	1,532	0
Warrant contra revenue	0	287	1,183	1,090
Foreign currency loss / (gains)	1,457	-797	-1,815	-801
Share-based compensation expense	670	848	3,765	4,606
Gain on sale of subsidiaries	0	0	0	-246
Loss on lease terminations	0	0	0	251
Total adjustments	\$ 2,127	\$ 338	\$ 6,286	\$ 7,124
Tax impact of adjustments	-626	-189	-1,590	-1,760
Adjusted net income	\$ 9,032	\$ 7,574	\$ 38,351	\$ 36,946
Adjusted Net Income Margin	7.0%	6.1%	7.5%	7.1%
Adj. earnings per share – diluted	\$ 0.52	\$ 0.40	\$ 2.10	\$ 1.96
Weighted average diluted shares outstanding	17,490	18,898	18,255	18,893

Reconciliation of Net Income to Adjusted EBITDA

	Three months ended		Twelve months ended	
	30-September		30-June	
	2024	2023	2024	2023
<i>US\$ in thousands, unaudited</i>				
Net income	\$ 7,531	\$ 7,425	\$ 33,655	\$ 31,582
Net income margin	5.8%	6.0%	6.6%	6.0%
Interest expense	162	103	514	792
Income tax expense	1,982	1,388	7,331	8,744
Depreciation and amortization	4,369	5,042	19,461	18,985
EBITDA	\$ 14,044	\$ 13,959	\$ 60,961	\$ 60,103
Non-recurring expenses	0	0	0	2,224
Severance Costs	0	0	1,621	0
Impairment losses	0	0	1,532	0
Interest Income	-583	-586	-2,071	-640
Warrant contra revenue	0	287	1,183	1,090
Foreign currency loss / (gains)	1,457	-797	-1,815	-801
Share-based compensation expense	670	848	3,765	4,606
Gain on sale of subsidiaries	0	0	0	-246
Loss on lease terminations	0	251	0	251
Adjusted EBITDA	\$ 15,588	\$ 13,711	\$ 65,176	\$ 66,587
Adjusted EBITDA Margin	12.0%	11.0%	12.8%	12.7%

Big Year for Industry Awards – 2023/24

2025 America's Most Admired Workplaces
Newsweek

2024 Ranked #2 in America's Best Employers for Tech Workers
Forbes

2024 Golden Bridge Business and Innovation Awards for Business Services
GLOBEE AWARDS

2024 Technology Excellence for Wave iX
THE STEVIE AWARDS
The World's Premier Business Award Competitions

2024, 2023 & 2022 Contact Center Technology Award
CUSTOMER

2024 Ranked #10 in North America Top 100 Inspiring Workplaces
INSPIRING WORKPLACES

2024 & 2023 CRM Excellence Award
CUSTOMER

2024 Business Award for Achievement in Technology Innovation
TITAN AWARDS

2024 Excellence in Customer Service Awards "Technology of the Year"
Business Intelligence GROUP

2024 Artificial Intelligence Excellence Award for Wave iX
Business Intelligence GROUP

2024, 2023 & 2022 Product of the Year Award
CUSTOMER

2024 Gold Award Top Pakistan BPO Services Exporter
PSEB
SOFTWARE EXPORT BOARD

2024 Technological Breakthrough of the Year – Artificial Intelligence
THE STEVIE AWARDS
The World's Premier Business Award Competitions

2024 Top Customer Outsourcing Service Provider
GLOBEE AWARDS

2024 American Business Awards for Innovation
THE STEVIE AWARDS
The World's Premier Business Award Competitions

2024 Best Employers for Diversity
Forbes

2024 Artificial Intelligence Excellence Award for Wave iX
Business Intelligence GROUP

2024, 2023 & 2022 Customer Experience Innovation Award
CUSTOMER

2023 Award for Women Helping Women – Julie Casteel
THE STEVIE AWARDS
The World's Premier Business Award Competitions

2023 America's Greatest Workplaces for Remote Work
Newsweek

2024 & 2023 Philippines Best Employers
PHILIPPINE DAILY INQUIRER

2023 Most Innovative Company
TITAN AWARDS

2023 Female Executive of the Year – Julie Casteel
TITAN AWARDS

2023 America's Greatest Workplaces for Parents & Families
Newsweek

2023 Customer Experience Outsourcing Services Leader in Latin America
FROST & SULLIVAN