



# Q4 2022 Earnings Presentation

March 9, 2023

# Disclaimer

## Forward-Looking Statements

This document and any accompanying oral presentation by the Company contain forward-looking statements within the meaning of the federal securities laws. You can often identify forward-looking statements by the fact that they do not relate strictly to historical or current facts, or by their use of words such as “anticipate,” “estimate,” “expect,” “project,” “forecast,” “plan,” “intend,” “believe,” “seek,” “could,” “targets,” “potential,” “may,” “will,” “should,” “can have,” “likely,” “continue,” and other terms of similar meaning in connection with any discussion of the timing or nature of future operating or financial performance or other events. Forward-looking statements may include, but are not limited to, statements concerning our anticipated financial performance, including, without limitation, revenue, profitability, net income (loss), adjusted EBITDA, adjusted net income, earnings per share, adjusted diluted earnings per share, and cash flow; strategic objectives; investments in our business, including development of our technology and introduction of new offerings; sales growth and customer relationships; our competitive differentiation; our market share and leadership position in the industry; market conditions, trends, and opportunities; future operational performance; pending or threatened claims or regulatory proceedings; and factors that could affect these and other aspects of our business. Forward-looking statements are not guarantees. They reflect our current expectations and projections with respect to future events and are based on assumptions and estimates and subject to known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from expectations or results projected or implied by forward-looking statements. Factors that could affect the outcome of the forward-looking statements include, among other things, our vulnerability to adverse economic conditions, including without limitation, inflation and recession, which could increase our costs and suppress our labor market activity and our revenue; the aggressive competition we face; our heavy reliance on information management systems, vendors, and information sources that may not perform as we expect; the significant risk of liability we face in the services we perform; the fact that data security, data privacy and data protection laws, emerging restrictions on background reporting due to alleged discriminatory impacts and adverse social consequences, and other evolving regulations and cross-border data transfer restrictions may increase our costs, limit the use or value of our services and adversely affect our business; our ability to maintain our professional reputation and brand name; the impacts, direct and indirect, of the COVID-19 pandemic on our business, our personnel and vendors, and the overall economy; social, political, regulatory and legal risks in markets where we operate; the impact of foreign currency exchange rate fluctuations; unfavorable tax law changes and tax authority rulings; any impairment of our goodwill, other intangible assets and other long-lived assets; our ability to execute and integrate future acquisitions; our ability to access additional credit or other sources of financing; and the increased cybersecurity requirements, vulnerabilities, threats and more sophisticated and targeted cyber-related attacks that could pose a risk to our systems, networks, solutions, services and data. For more information on the business risks we face and factors that could affect the outcome of forward-looking statements, refer to our Annual Report on Form 10-K filed with the SEC on March 9, 2023, in particular the sections of that document entitled Cautionary Note Regarding Forward-Looking Statements and Risk Factor Summary in the 10-K. and "Management's Discussion and Analysis of Financial Condition and Results of Operations," and other filings we make from time to time with the SEC. We undertake no obligation to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

## Industry Information

Unless otherwise indicated, information contained in this document and any accompanying oral presentation concerning our industry, competitive position and the markets in which we operate is based on publicly available information and information from independent industry and research organizations, other third-party sources and management observations and estimates based upon such information, our internal research, and our experience in, and knowledge of, such industry and markets, which we believe to be reasonable. However, projections, assumptions and estimates related to the industry in which we operate and our future performance in the market and relative to competitors are necessarily subject to uncertainty and risk due to a variety of factors, which could cause results to differ materially from those expressed in the estimates made by the independent parties and by us.

## Non-GAAP Financial Measures

This document and any accompanying oral presentation contain financial measures that are not calculated pursuant to U.S. generally accepted accounting principles (“GAAP”), including adjusted EBITDA, adjusted EBITDA margin, adjusted net income, and adjusted diluted earnings per share. These non-GAAP financial measures are in addition to, and not a substitute for or superior to measures of financial performance prepared in accordance with GAAP. There are a number of limitations that could reduce the usefulness of our non-GAAP financial measures as tools for analysis compared to their nearest GAAP equivalents. For example, other companies may calculate non-GAAP financial measures differently or may use other measures to evaluate their performance.

# Q4 2022 Highlights

**Revenue**  
**\$175.4 million**

- Decreased 12% versus prior year due to a slowing trend in hiring volumes and general nervousness on the economic outlook

**Gross Margin<sup>(1)</sup>**  
**47.3%**

- Improved over 300 bps driven by increased automation, offshore labor mix, data cost management and improved workforce productivity

**Adjusted EBITDA<sup>(1)</sup>**  
**\$38.9 million**

- Adjusted EBITDA Margin<sup>(1)</sup> improved 70 bps to 22.2% resulting from the increase in gross margin offset by higher public company costs (accounting/insurance)

**Adjusted NI<sup>(1)</sup>**  
**\$26.8 million**

- Higher operating income and lower interest expense (includes impact of tax valuation allowance release)

**Balance Sheet / Liquidity**

- Net leverage ratio improved nearly one turn to 2.85x from 3.73x
- Unrestricted cash increased to \$162 million from \$111 million year over year due to higher net income and improved working capital management

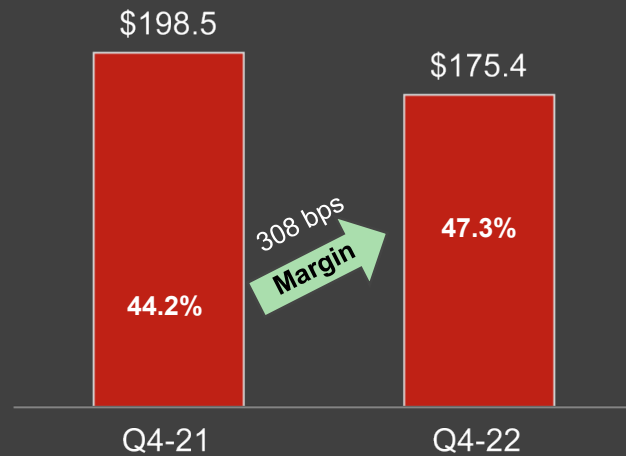
(1) See Reference / Definitions

# Q4 2022 Financial Highlights



## Revenue

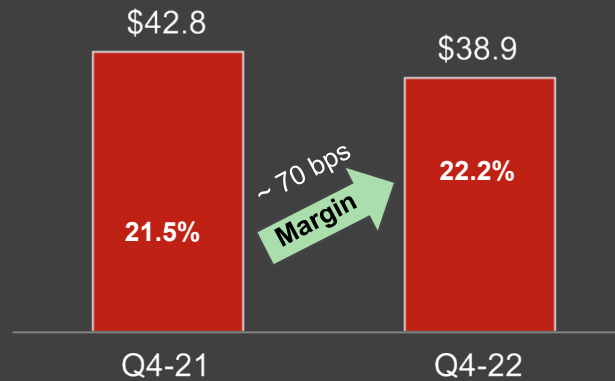
(in millions)



- Gross margin improved 308 bps on lower revenue (12%)
- Increased automation and offshoring of direct labor

## Adjusted EBITDA<sup>(1)</sup>

(in millions)



- Adjusted EBITDA Margin<sup>(1)</sup> improved 70 bps driven by gross margin improvement offset by higher public company costs

## Adjusted Net Income<sup>(1)</sup>

(in millions)



- Adjusted net income improved 15% largely driven by improved gross margin and lower interest expense

(1) See Reference / Definitions

# Full Year 2022 Highlights

**Revenue**  
**\$806.7 million**

- Increased 10.5% resulting from strong hiring demand and increase in new business and upsells
- Strong gross retention 95% - Net Retention was 108%

**Gross Margin**  
**46.0%**

- Improved almost 170 bps driven by our focus on managing data costs, optimization of onshore and offshore labor mix and multiple ongoing operating efficiency projects

**Adjusted EBITDA<sup>(1)</sup>**  
**\$188.3 million**

- Adjusted EBITDA Margin<sup>(1)</sup> improved 140 bps to 23.3% driven primarily by improved gross margin and some operating leverage

**Adjusted NI<sup>(1)</sup>**  
**\$193.7 million**

- Includes release of tax valuation allowance of \$96.6 million

**Cash Flow**

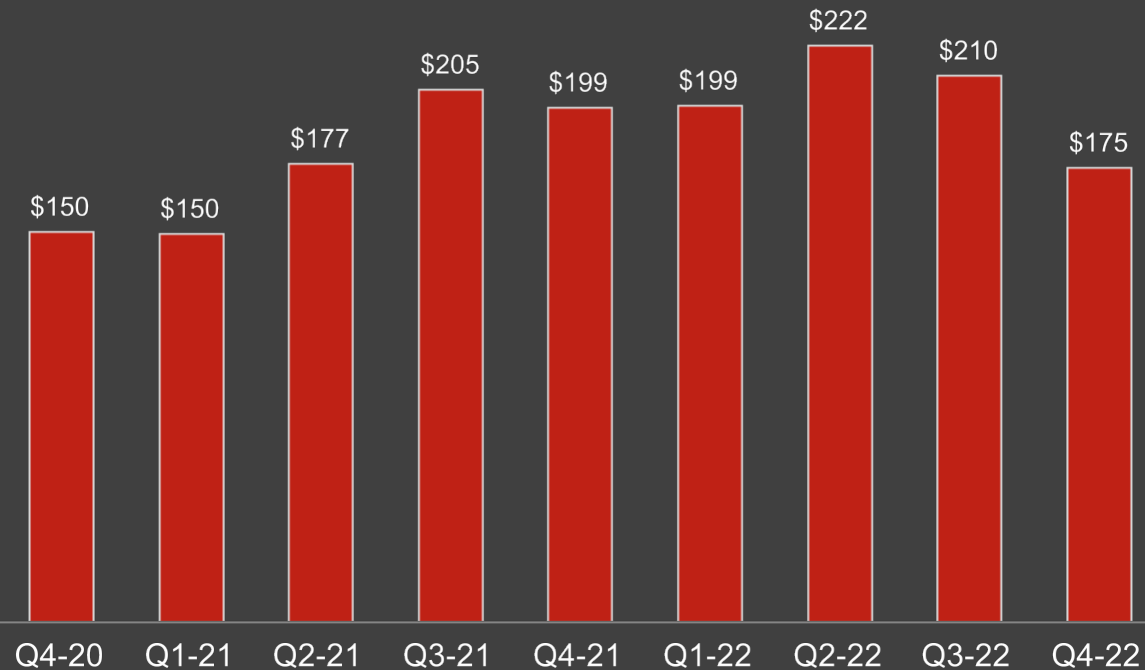
- Operating cash flow increased to \$108 million, an increase of 127% from 2021
- Free cash flow increased \$57 million to \$91 million supporting our capital allocation activities

(1) See Reference / Definitions

# Quarterly Revenue and Adjusted EBITDA <sup>(1)</sup>



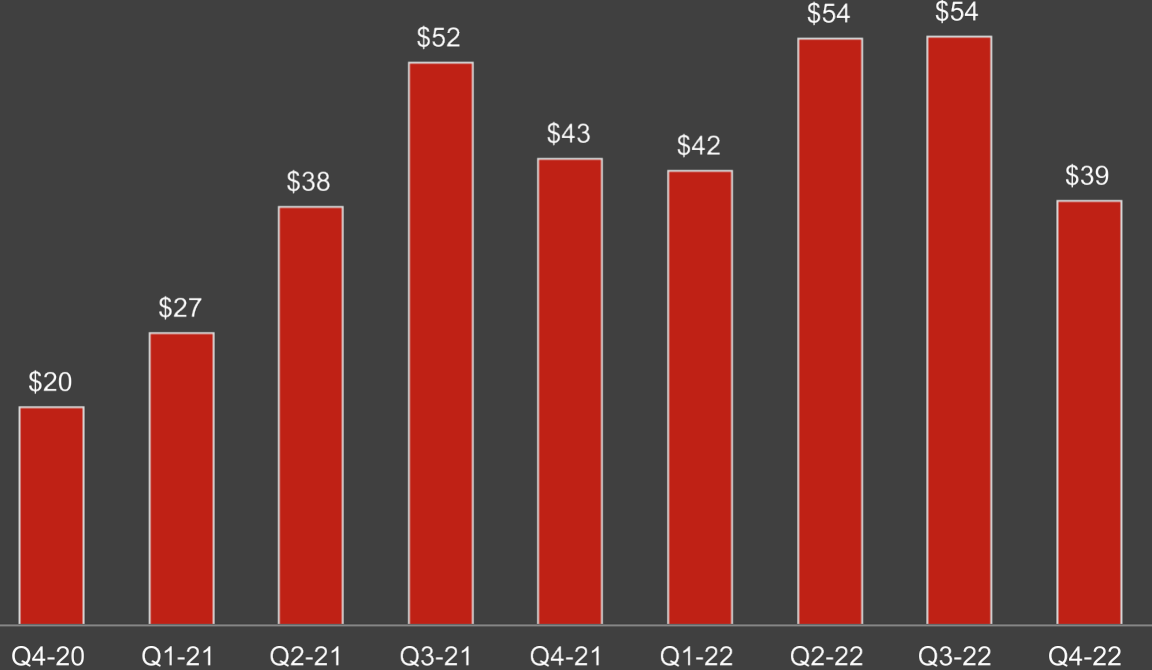
**Quarterly Revenue**  
(in millions)



← FY 2022 Revenue: \$807 million →

FY Revenue Growth: 10.5%

**Quarterly Adjusted EBITDA**  
(in millions)



← FY 2022 Adjusted EBITDA<sup>(1)</sup>: \$188 million →

FY Adjusted EBITDA Margin<sup>(1)</sup>: 23.3%

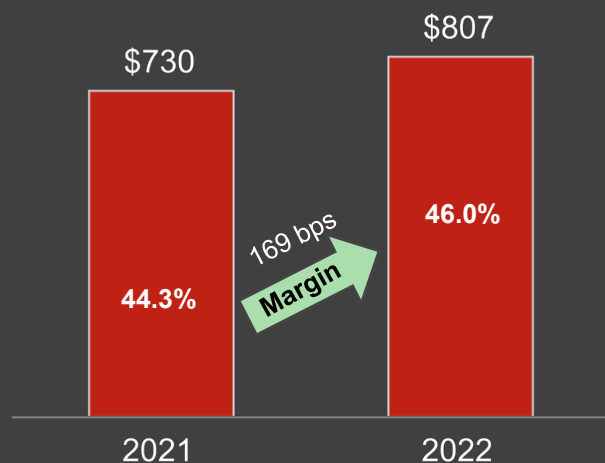
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# Full Year 2022 Financial Highlights



## Revenue

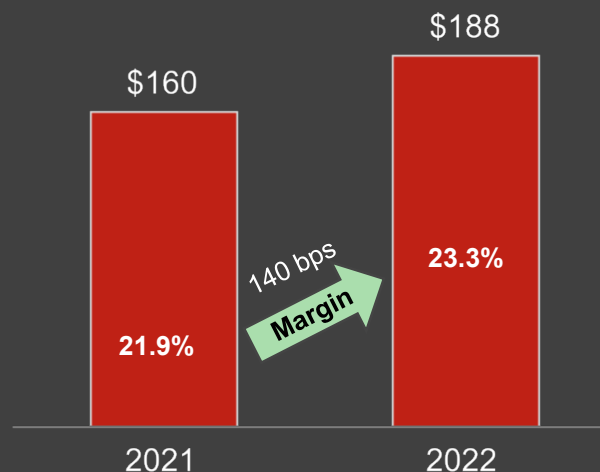
(in millions)



- Gross margin improved 169 bps driven by higher efficiency, maximization of labor mix and focused data cost management
- Continued focus on delivering solutions at a lower cost

## Adjusted EBITDA<sup>(1)</sup>

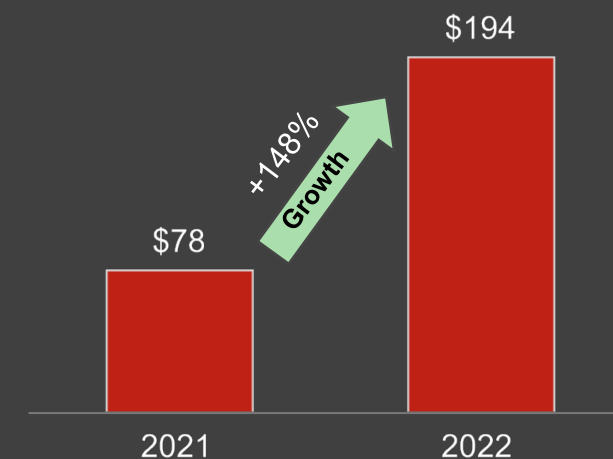
(in millions)



- Adjusted EBITDA Margin<sup>(1)</sup> improved 140 bps to 23.3% reflecting higher gross margins and SG&A management

## Adjusted Net Income<sup>(1)</sup>

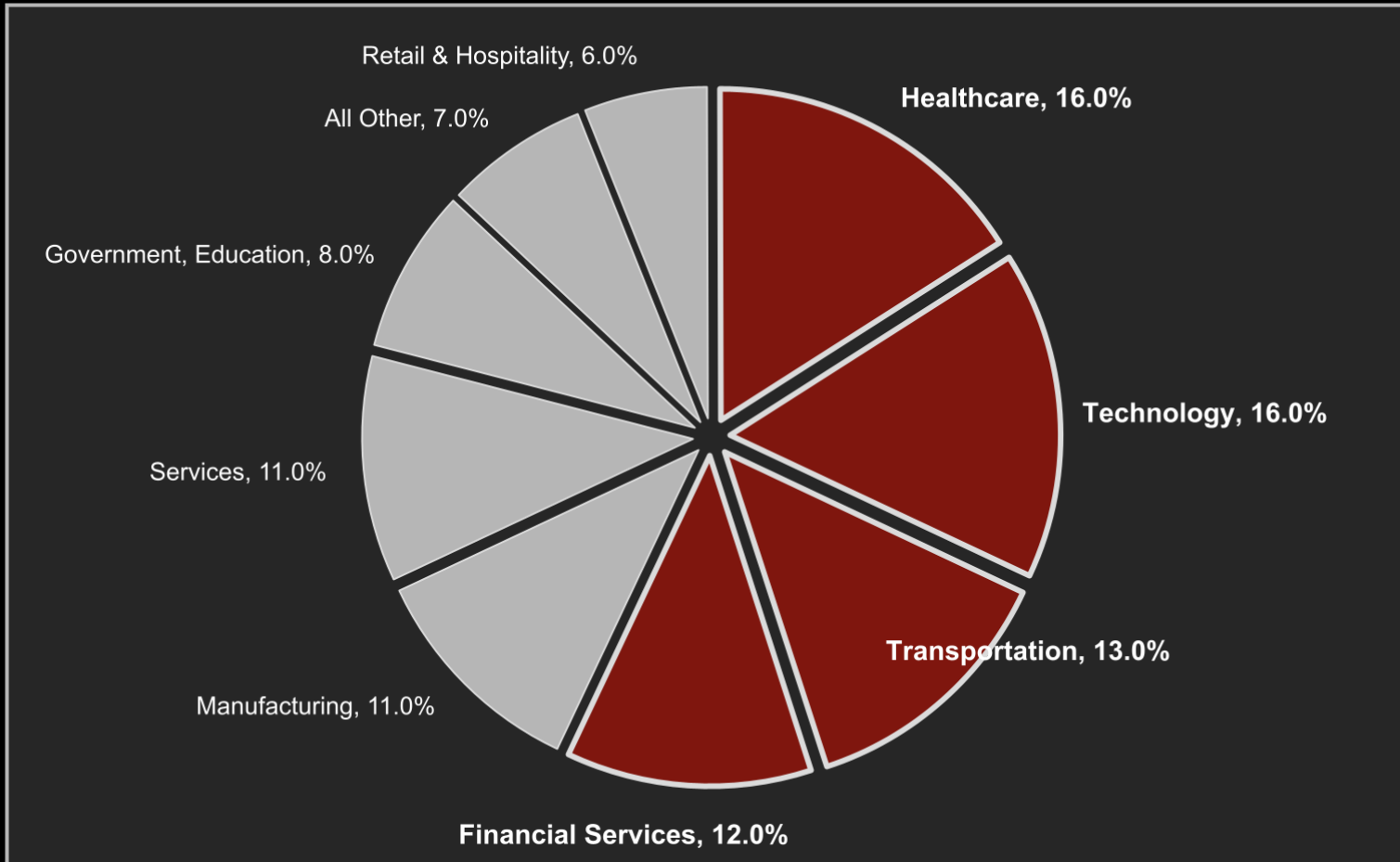
(in millions)



- Adjusted Net Income including the release of the tax valuation allowance improved due to gross margin gains, lower interest expense and management of SG&A

(1) See Reference / Definitions

# Global Vertical Distribution



Core verticals highlighted in red

Approximately 38,000 customers  
~50% of Fortune 100 Companies

No single customer represents  
greater than 3% of revenue

No single industry represents  
greater than 16% of revenue

Average customer tenure 9 years





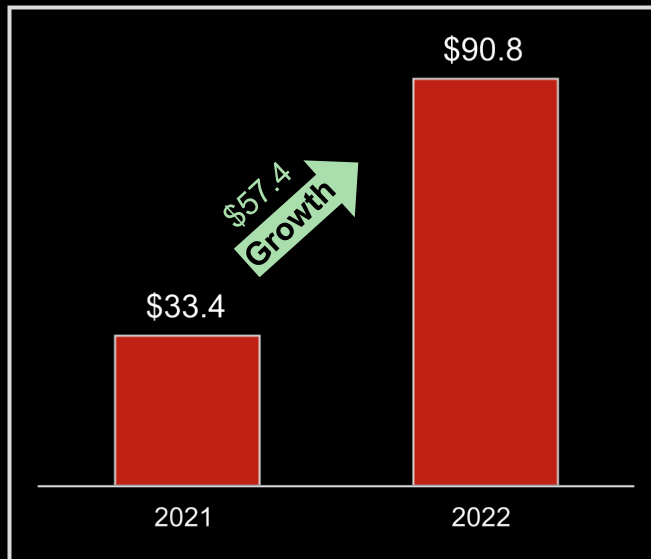
# Operating Performance Driving Improved Cash Flow and Leverage

Strong and improving cash flow provides opportunity to pursue multiple growth opportunities

## Free Cash Flow<sup>(3)</sup>

12 months ending 12/31/22 and 12/31/21

(USD in millions)



## Net Leverage

at December 31, 2022

(USD in millions)

Total Debt	\$700
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Cash & Cash Equivalents <sup>(4)</sup>	\$162
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LTM Adjusted EBITDA <sup>(1)</sup>	\$188
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<b>Net Leverage Ratio</b>	<b>2.85x</b>
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Net Leverage Ratio down from 3.73x as of Q4-21

## Capital Allocation

### Share Repurchase Program

- Initiated Program - November 2022
- Authorized purchases up to \$100 Million through November 2024
- Repurchased over 1.5 million shares for \$16.8 million through 12/31/22
- As of December 31, 2022, approximately \$83.2 million remained available for future purchase under the program

(3) Free Cash Flow defined as cash flow from operations less capital expenditures

(4) Excludes restricted cash



# Full Year 2023 Guidance

Based on current macro-economic outlook, we are providing the following guidance for full year 2023

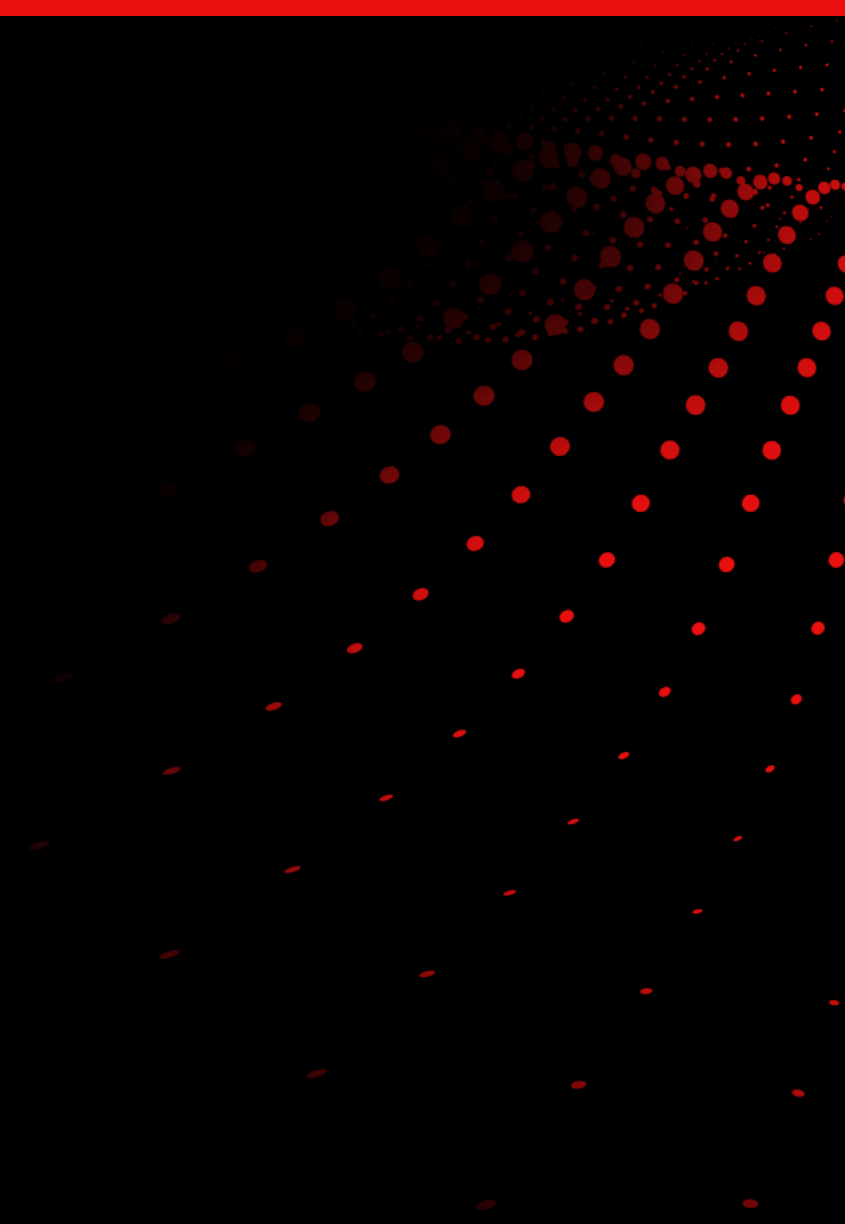
	Guidance	Y-o-Y Growth
Total Revenue	\$720 - \$745 <i>million</i>	(11%) - (8%)
Adjusted EBITDA <sup>(1)</sup>	\$165 - \$175 <i>million</i>	(12%) - (7%)
Adjusted Net Income <sup>(1)</sup>	\$100 - \$110 <i>million</i>	(48%) - (43%)
Adjusted Diluted EPS	\$1.30 - \$1.43 / <i>Share</i>	(47%) - (41%)

Note: These are not projections; they are targets/goals and are forward-looking, subject to significant business, economic, regulatory and competitive uncertainties and contingencies many of which are beyond the control of the Company and its management, and are based upon assumptions with respect to future circumstances and decisions, which are subject to change. Actual results will vary and those variations may be material. For discussion of some of the important factors that could cause these variations, please consult the Cautionary Note Regarding Forward-Looking Statements and Risk Factor Summary in the 10-K, filed with the SEC on March 9, 2023. Nothing in this presentation should be regarded as a representation by any person that these goals will be achieved and the Company undertakes no duty to update its goals.

(1) See Reference / Definitions

# Questions





# Full Year 2023 Modeling Assumptions

Line Item	Assumption
Capital Expenditures	\$17 million
Interest Expense	\$55 million
Stock based compensation	\$22.9 million
D&A net of intangible amortization	\$ 62 million
Adjusted effective tax rate <sup>(1)</sup>	~5%
Diluted shares outstanding	77 million

(1) Tax rate is based primarily on our international revenues and is subject to change based on revenue mix

# Reference / Definitions

A reconciliation of the guidance for the Non-GAAP financial measures of Adjusted Net Income, Adjusted EBITDA, and Adjusted Diluted EPS in the table above cannot be provided without unreasonable effort because of the inherent difficulty of accurately forecasting the occurrence and financial impact of the various adjusting items necessary for such reconciliation that have not yet occurred, are out of our control, or cannot be reasonably predicted. For the same reasons, the Company is unable to assess the probable significance of the unavailable information, which could have a material impact on the Company's future Non-GAAP financial measures.

Adjusted EBITDA Margin is calculated as adjusted EBITDA as a percentage of total revenue

Adjusted Net Income is calculated as net income (loss) adjusted for amortization of acquired intangible assets, stock-based compensation, realized and unrealized gain (loss) on foreign exchange, merger integration expenses, amortization of cloud computing software costs, legal settlement costs deemed by management to be outside the normal course of business