



**Presentation of M+ Group's business  
results for 2020**

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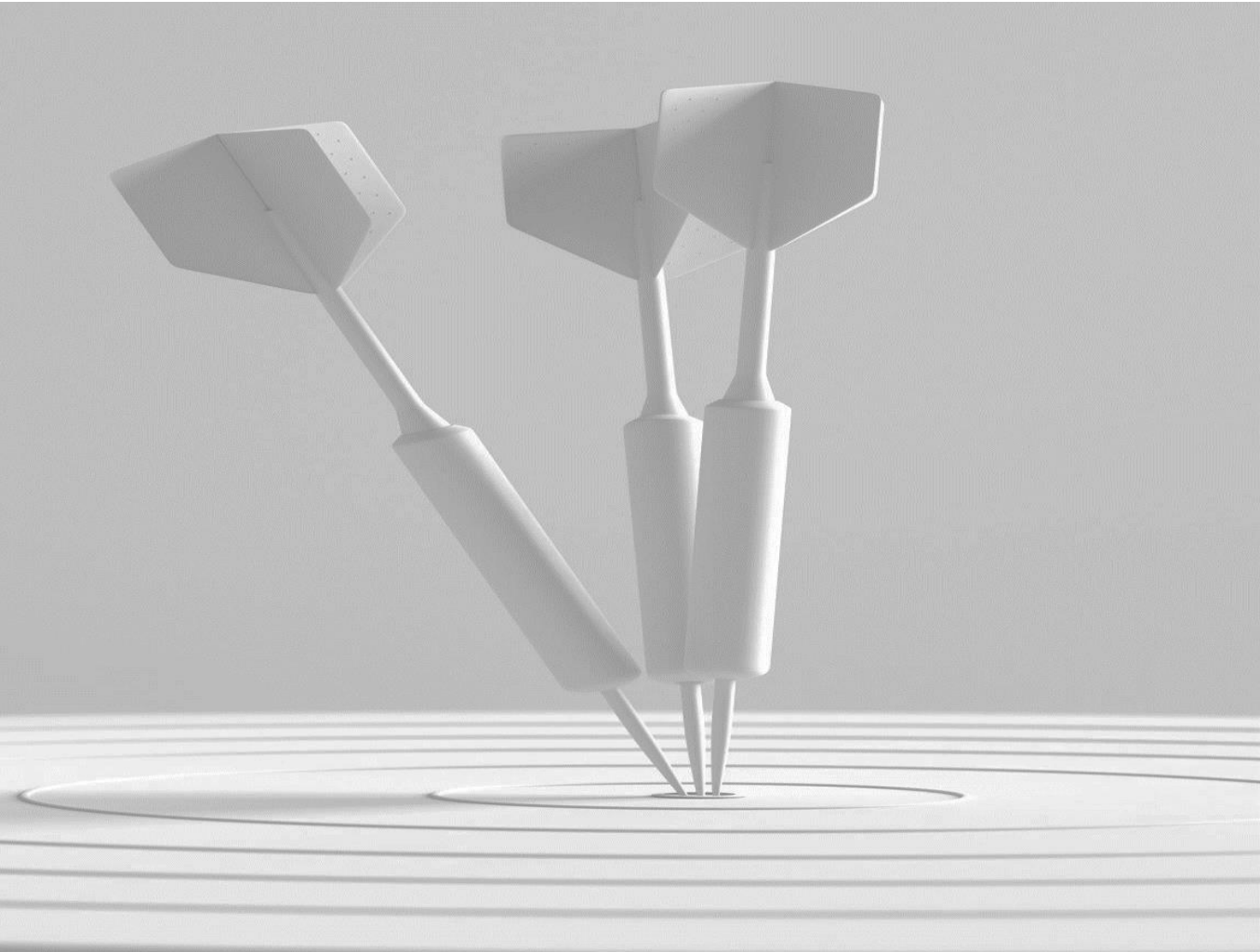
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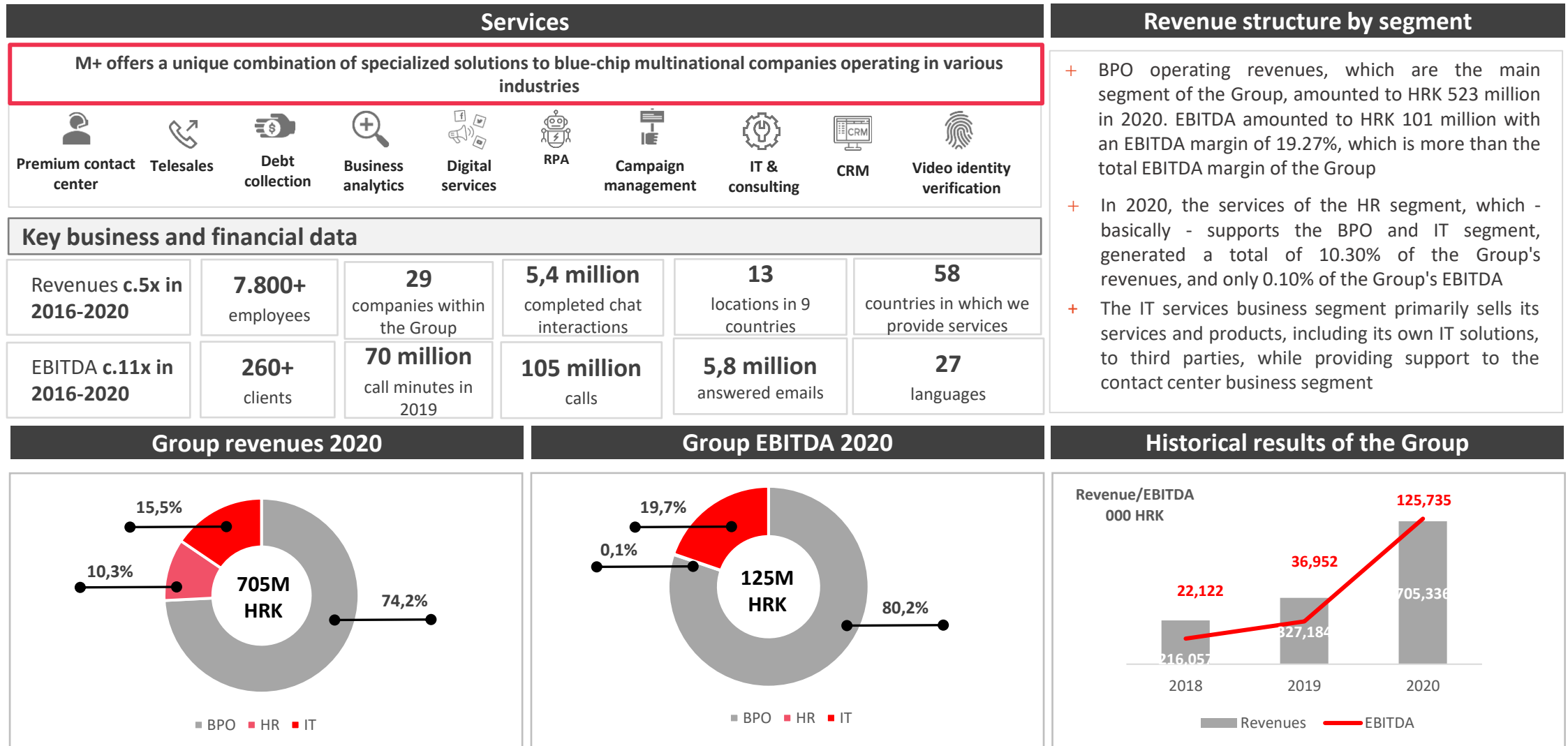


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# Overview of the M+ Group

In 2020, the Group generated revenues of HRK 705 million and EBITDA of HRK 125 million, generating 3.2 higher revenues and 5.7 times higher EBITDA than two years ago



# Overview of the M+ Group

The Group is the leading provider of BPO services in Central Europe, operating in 17 locations

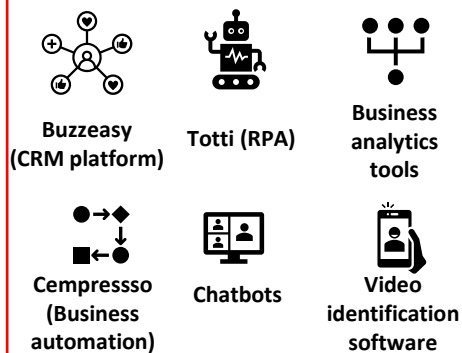
## Basic information

- + Founded in 2007 as a customer relations company, it has achieved significant organic growth and growth through M&A transactions in the past 5 years
- + M+ Group is a leading European provider of BPO services with a focus on BPO CRM, IT, and HR solutions. Within these segments, the company focuses on providing high value services through digital channels and technology solutions
- + The M + Group is among the industry leaders when it comes to the quality of delivering services. It provides its services through a network of 13 onshore and nearshore BPO sites, reinforced with 4 R&D centers
- + The Company serves clients from a diverse set of very attractive and resilient sectors, such as e-commerce, financial services, technology, and telecommunications
- + The Group went public on the Zagreb Stock Exchange in 2019, raising HRK 93 million of fresh capital. In 2020, it entered into a strategic partnership with Mid Europa Private Equity Partners by merging their BPO activities in Turkey (CMC)

## BPO CRM



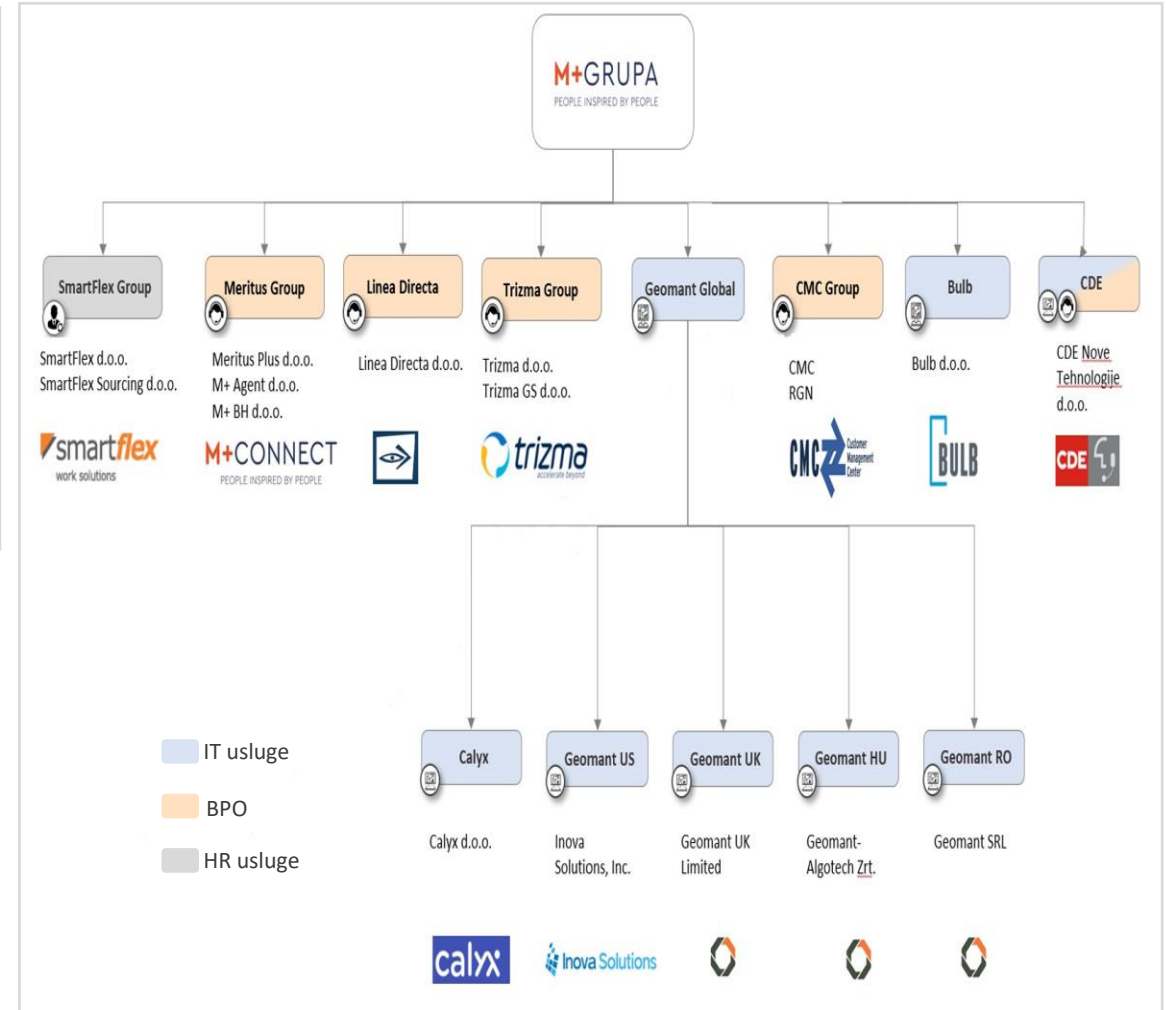
## IT services



## HR services



## Group structure

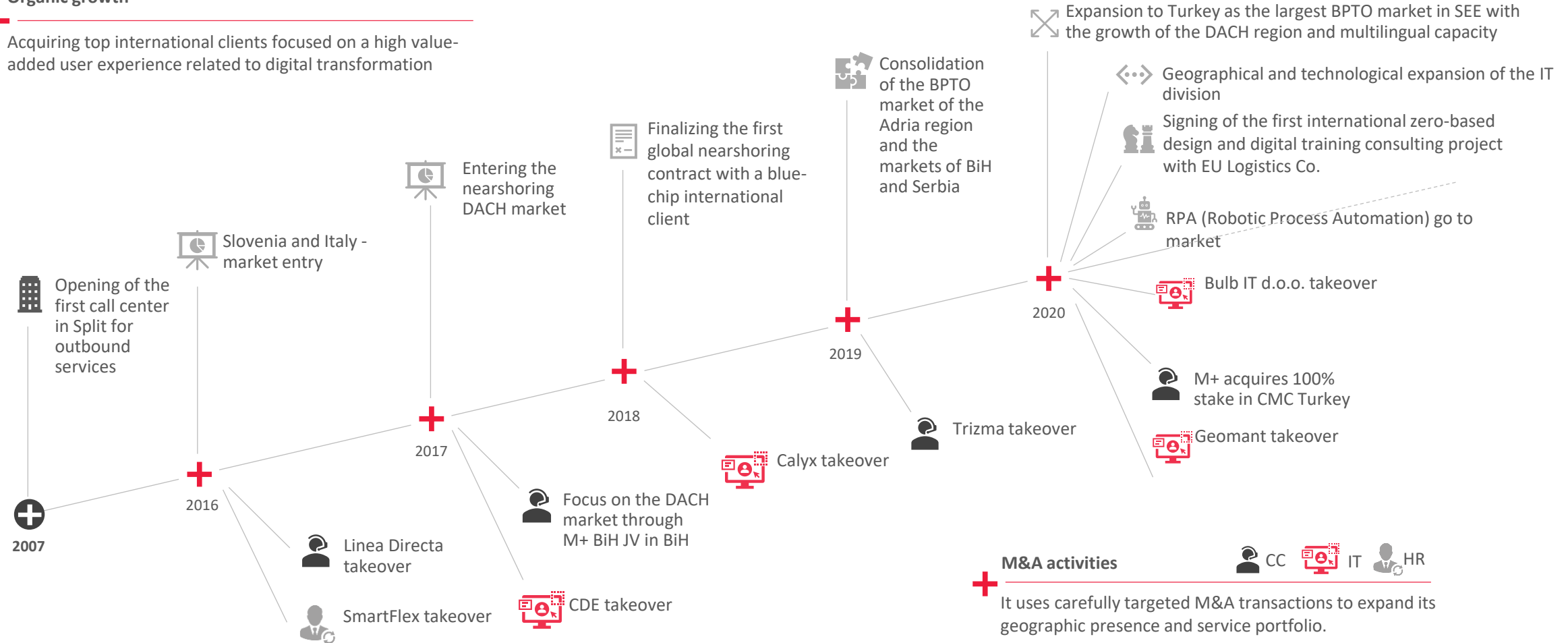


# Overview of the M+ Group

The M + Group has stimulated its growth in recent years through organic means, but also through an aggressive M&A strategy

## Organic growth

Acquiring top international clients focused on a high value-added user experience related to digital transformation



## M&A activities

It uses carefully targeted M&A transactions to expand its geographic presence and service portfolio.

\* Only a part of M&A transactions is listed



# Overview of the M+ Group

The best management team of top professionals with many years of experience

## People inspired by People

The Group brings together professionals who are industry leaders. They manage change successfully and ensure high value for their clients

An international management team that has the necessary knowledge and skills

An experienced operational team supports a strong sales team in all relevant Western European markets



**+ Sandi Češko**  
Chairman of the Supervisory Board

Successful entrepreneur with extensive business experience, known as the founder and chairman of the Supervisory Board of Studio Moderna Holdings - a leading multi-brand, omnichannel retailer company in Central and Eastern Europe



**+ Darko Horvat**  
Chairman of the Board

Over 10 years of executive experience in industry and professional companies (audit, consulting, and tax consulting companies). Former Senior Manager for Deloitte Croatia and Deloitte USA, in charge of risk assessment, financial planning for key clients, and corporate finance



**+ Tomislav Glavaš**  
Member of the Board - CEO

Prior to taking up the position of CEO, he was Head of Controlling and CEO of M+. BPTO and restructuring specialist. Five years of experience in Deloitte Croatia, and Hrvatski Telekom, where he was in charge of planning, reporting, and restructuring



**+ Banu Hızlı**  
COO Grupe

23 years of experience in the banking and customer sector, previously CEO and top director of CMC. Prior to joining CMC, she managed BPO procurement for Finansbank for 8 years. She graduated in business administration at METU

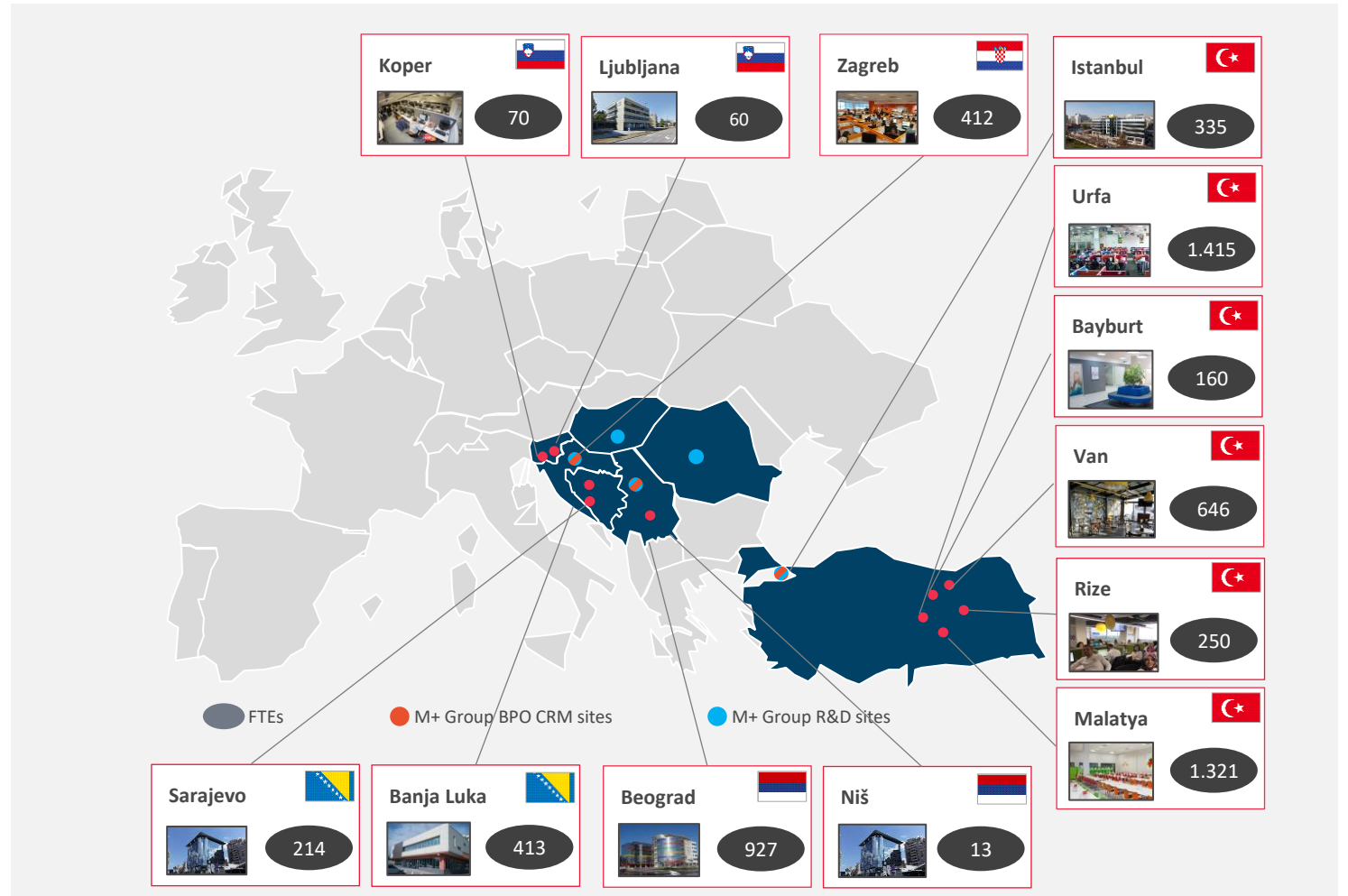
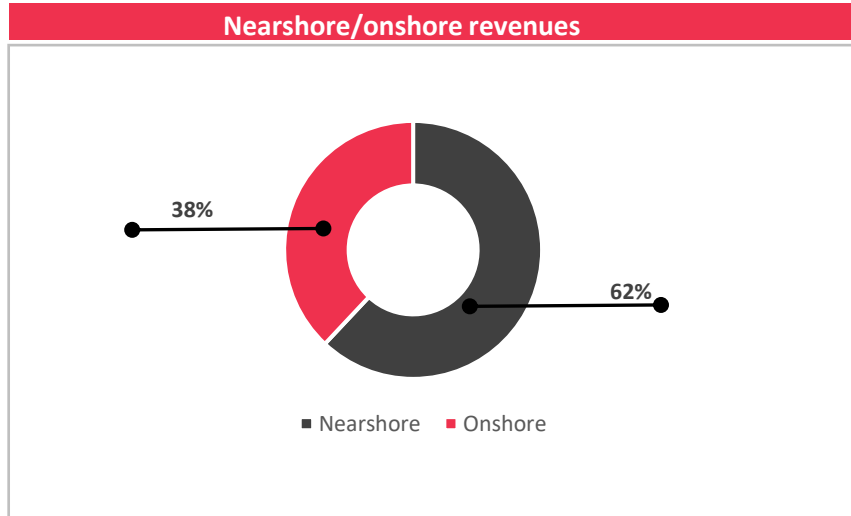
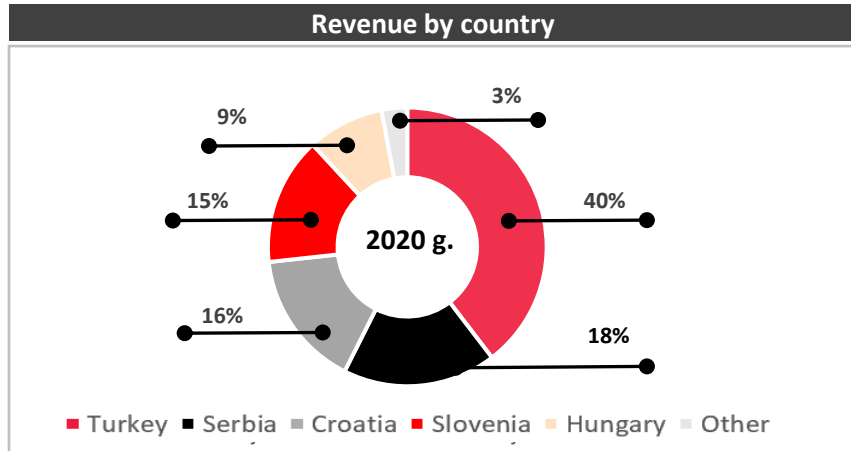


**+ Domagoj Karadjole**  
Group CFO

Over 18 years of professional experience in financial institutions in several Central and Eastern European countries (Erste Group, HPB). Specializes in business development, risk management, financial management, with years of C-level managerial experience

# Overview of the M+ Group

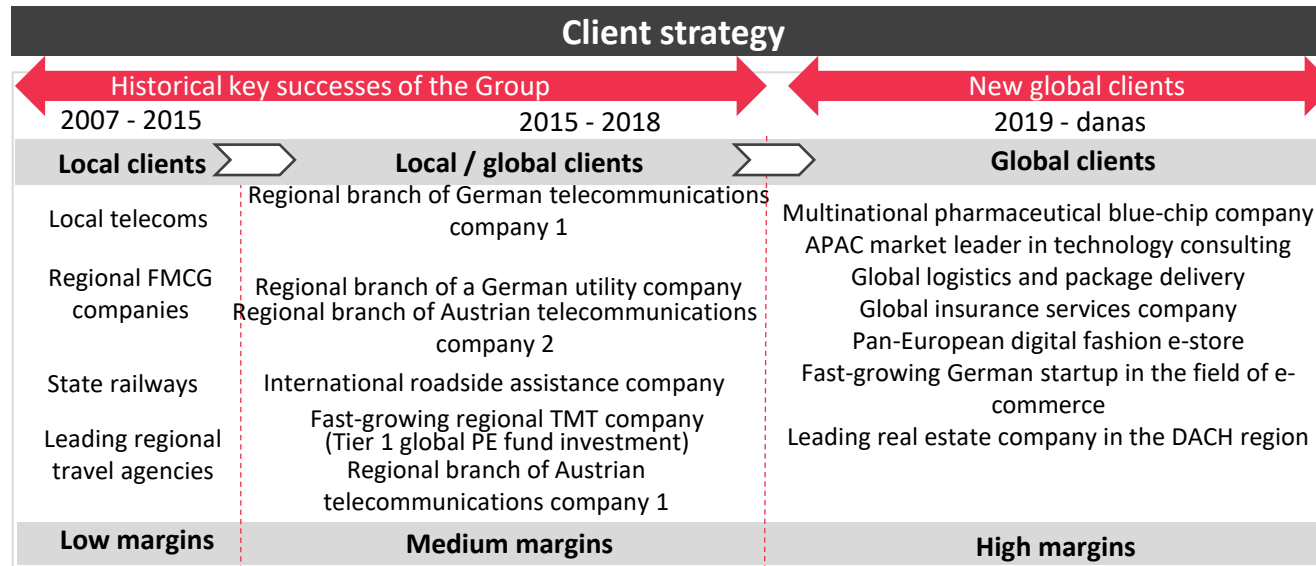
A widespread network of 13 onshore and nearshore BPO CRM sites strategically located across Europe





# Development strategy

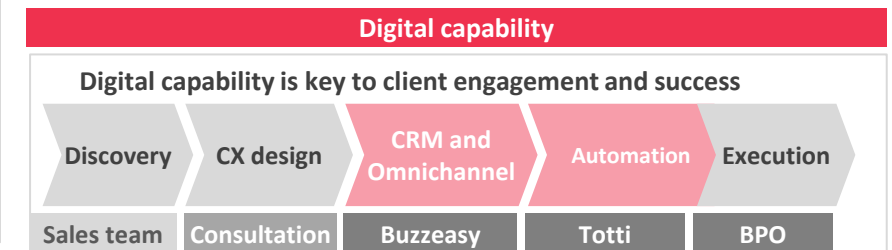
Through organic growth, the Group has increased its nearshoring segment with a focus on premium global clients



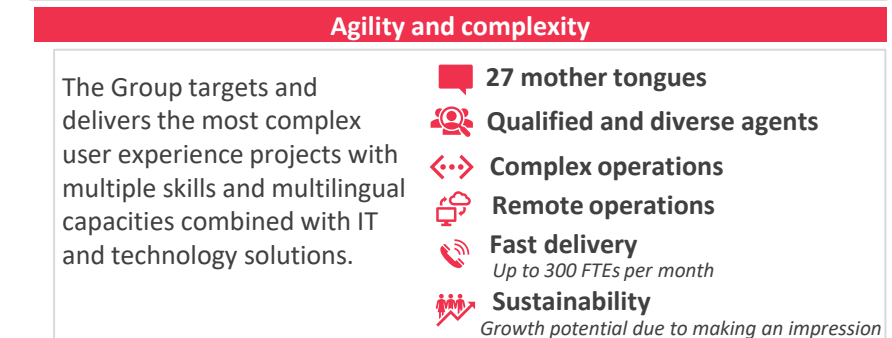
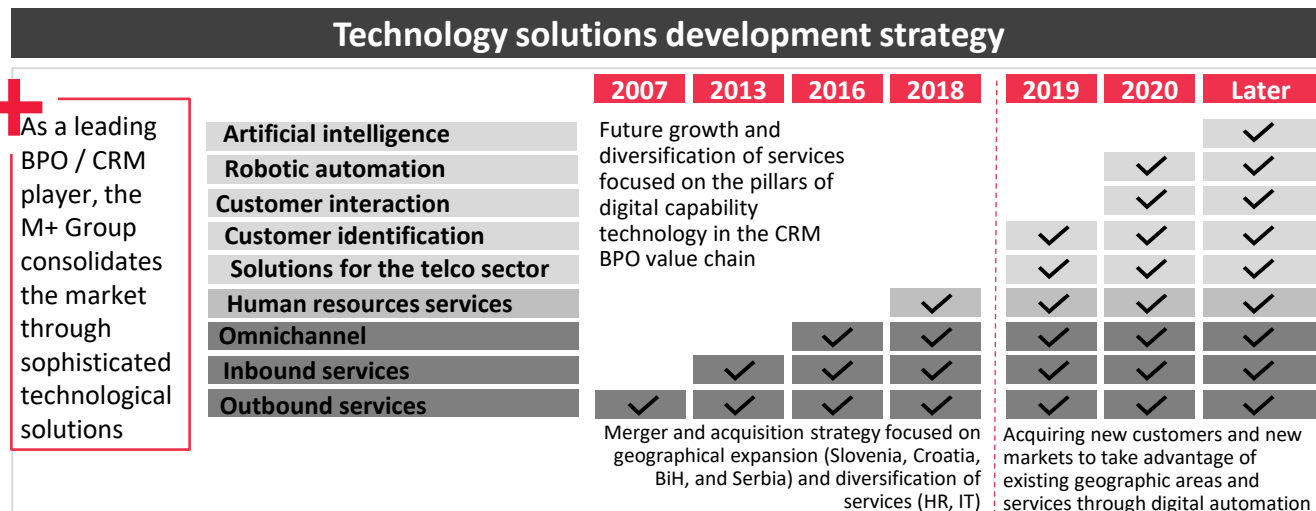
### Unique sales offers

#### Deep sectoral know-how

	% of revenue	Total FTE
Banking and financial services	23.2%	2.013
E-commerce and logistics	19.5%	982
Electronics	17.9%	841



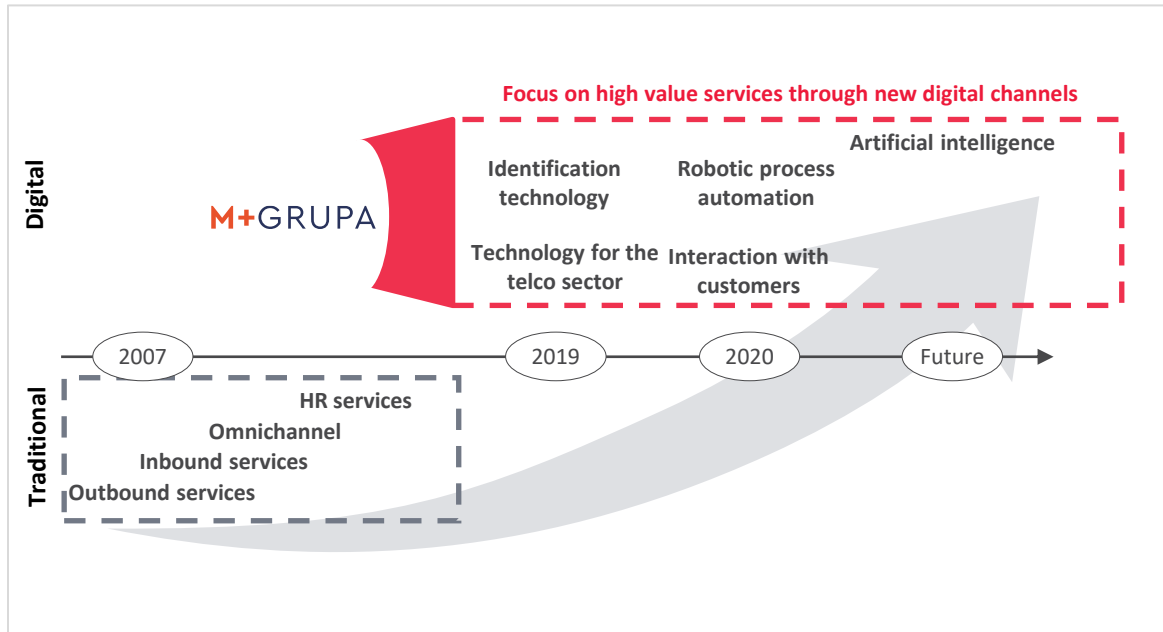
The complete delivery model begins with an analysis of the CX journey, where the CRM needs are covered by Buzzeasy, repetitive tasks are automated with Totti, and user experience management is performed by the BPO segment of the M+ Group.



# Development strategy

The M+ Group offers a wide range of services focused on highly complex BPO CRM solutions

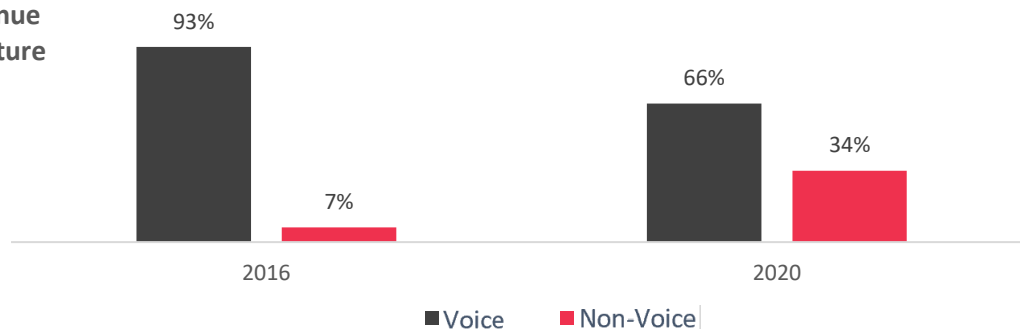
## Solution strategy and service development



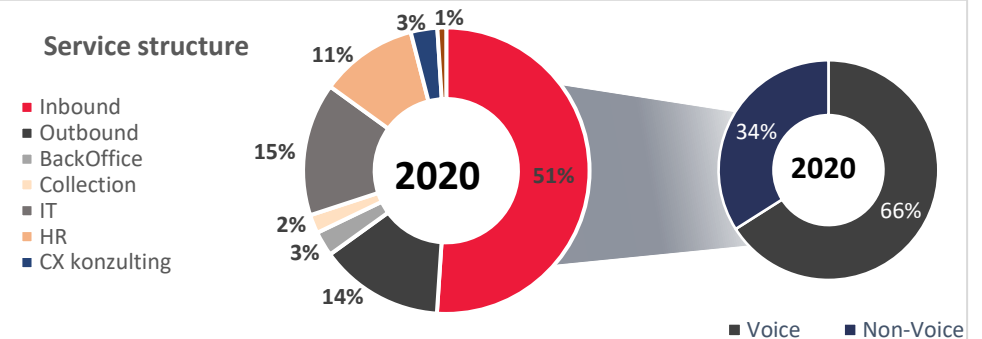
## Products and services

- + The Group offers its clients a wide range of services aimed at providing the most complex user experience projects
- + Service delivery is based on the capabilities of multiple skills and multiple languages combined with IT and technology solutions
- + The Group focuses on providing high quality technology services through digital channels, including augmented reality and artificial intelligence
- + In the future, the Group plans to accelerate the transition from voice to non-voice services
- + It delivers the most complex user experience projects with multiple capabilities and multilingual resources combined with IT and technology solutions
- + Its strong research and development team made up of over 150 dedicated people enables the Group to be at the forefront of all technological advances in the market

### Revenue structure



### Service structure

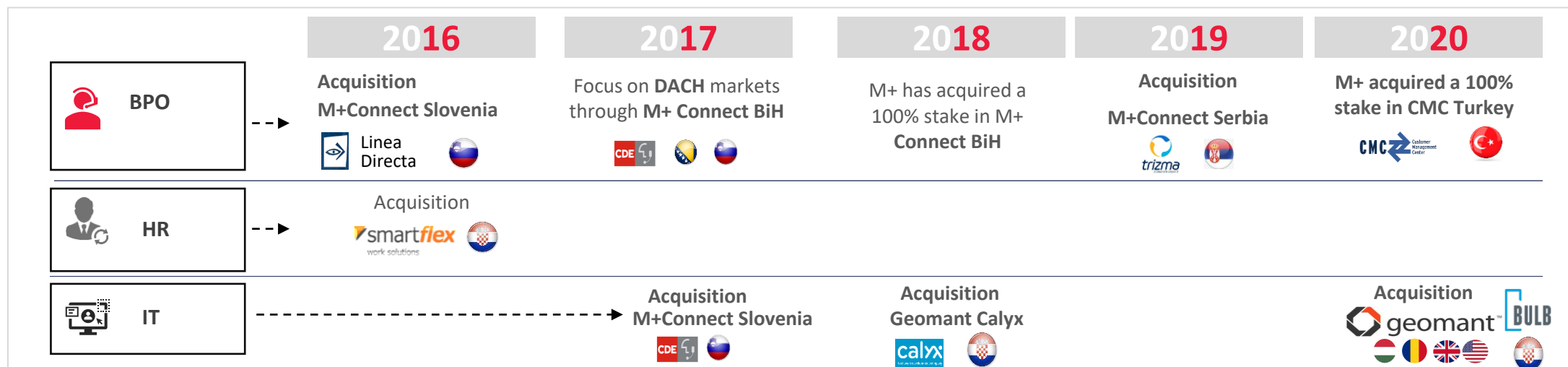


# Development strategy

A proven M&A platform based on a buy and build strategy significantly influenced the growth of the Group in the previous period

M&A focus	13 M&A transaction in the period from 2017 to 2020	3 M&A acquisitions in 2020	187% average revenue increase of companies after acquisition	192% average EBITDA increase of companies after acquisition
<ul style="list-style-type: none"> <li>+ The Group has established a platform for the acquisition and further development of companies.</li> <li>+ The Group has an internal M&amp;A team with significant experience that continuously works on potential transactions.</li> <li>+ In addition, the Group has shown strong business integration results, showing that it can significantly affect the increase in operating revenues and EBITDA of acquired companies.</li> <li>+ Central, Eastern, and Western European markets have been consolidated through M&amp;A activities.</li> <li>+ The offer of products and services has been expanded through acquisitions of companies in Croatia and abroad.</li> <li>+ M&amp;A activities were focused on markets that were strategic for the further development of the Group.</li> </ul>				

## M+ Group has successfully integrated new acquisitions with significant synergies



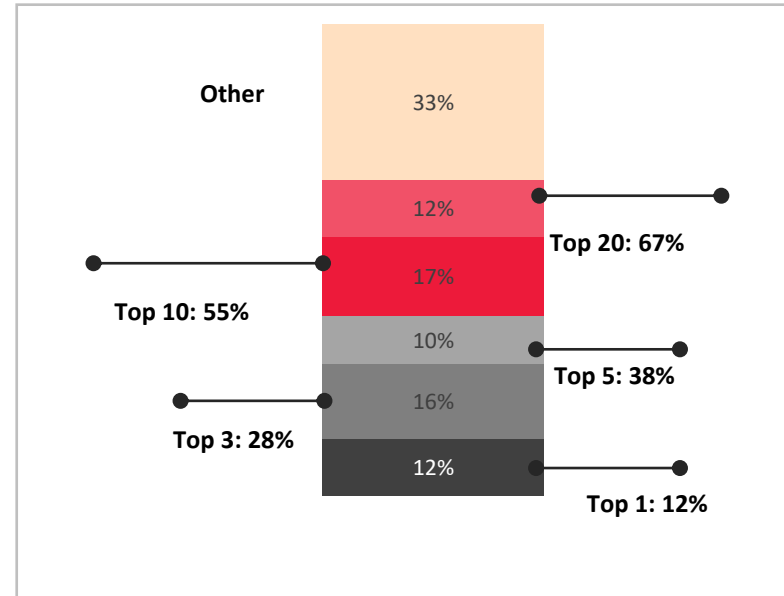
# Group clients and industries

A diverse customer base from attractive industries ensures the Group's high level of resilience in times of crisis

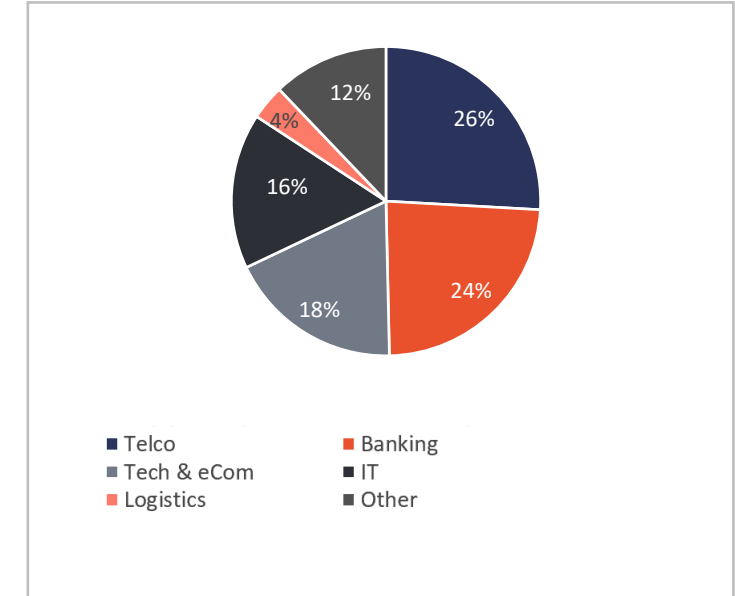
## Group clients

- + M + Group services fast-growing, highly profitable, and stable industries, including technology, e-commerce, financial services, banking, and IT
- + The Group offers high quality services and maintains long-term relationships with clients, which is highlighted in an average relationship duration of over 9 years for the Top 10 clients
- + The company serves over 260 clients in a variety of attractive markets
- + In the circumstances of the COVID-19 pandemic, the Group managed to significantly increase its presence in the logistics, technology, and e-commerce industry and gain new blue-chip customers
- + The diversification of the customer base and the low concentration of the largest customers strongly contribute to stability and profitability

## Client diversification



## Distribution of income by industry



### Telecommunications

### Banking

### Technology and e-commerce

### IT

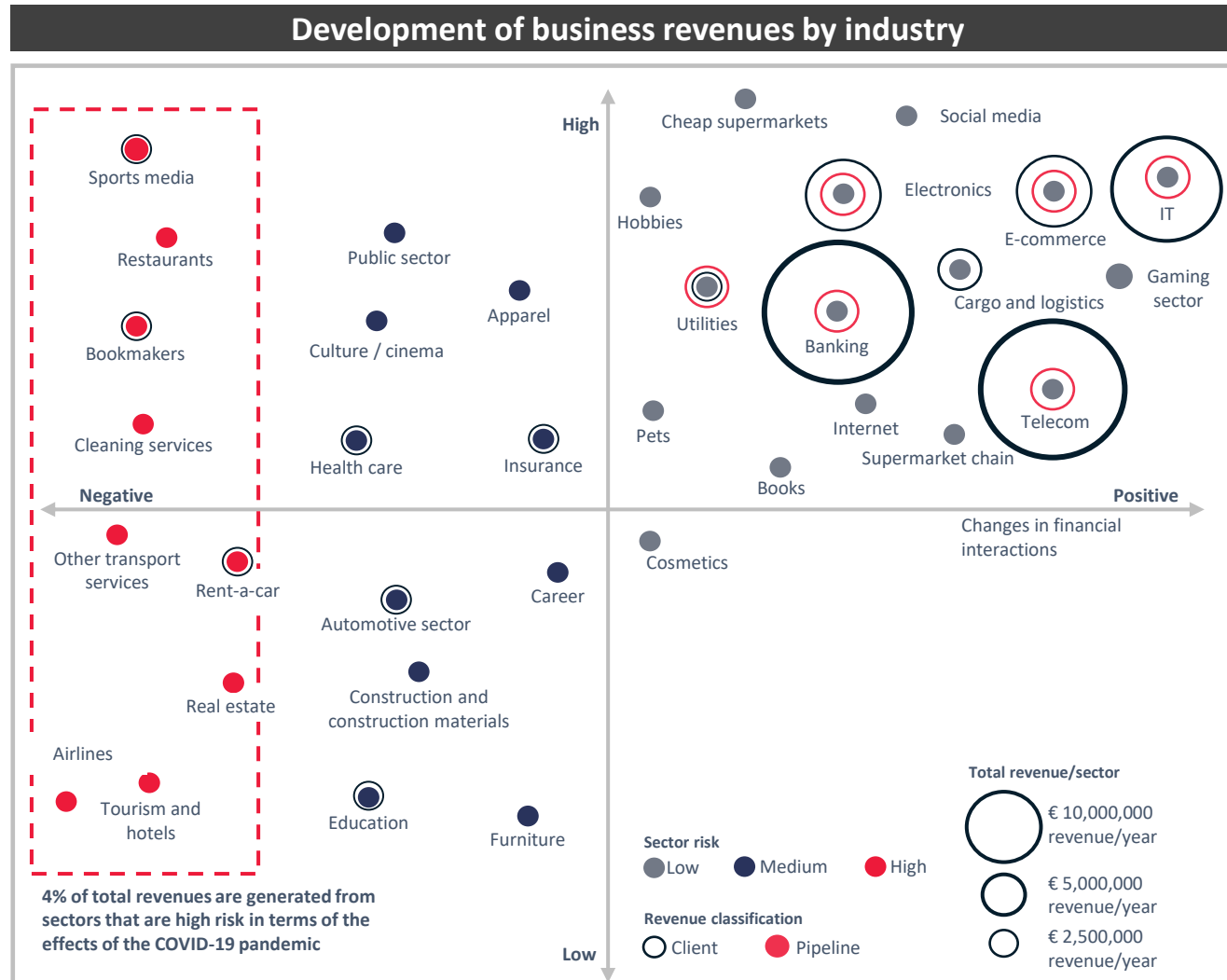
### Logistics

### Other



# Group clients and industries

The Group does business with clients in industries that show high resilience and low business risk even in times of pandemic



- ### COVID-19
- + The combination of the Group's customers and activities has shown significant resilience to the crisis as major industry segments have not experienced a decline in volume
  - + The Group implemented concrete short-term measures to address the challenges posed by the February 2020 pandemic, including the migration of services and employees to a work-from-home model. In all entities and countries, it functioned smoothly and was completed in less than three weeks
  - + As a result, the pandemic has led to new opportunities due to the increased willingness of the client to outsource and the overall cost benefits of the model of working from home

### The Group's main verticals

<b>Telecommunications</b> Low risk	<b>Financial industry</b> Low risk
<b>Technology sector</b> Low risk	<b>E-commerce</b> Low risk
<b>IT</b> Low risk	<b>Logistics</b> Low risk

Source: Internal analysis of the Issuer

# COVID-19 impact

The Group demonstrated significant resilience during the COVID 19 crisis, as well as the ability to adjust its operations in a short period of time

## Significant crisis resilience

The mix of industries within the Group's portfolio showed significant resilience to the crisis as major industry segments did not experience a decline in business volume. The M+ Group has demonstrated the ability to quickly adjust its operations, applying a model of working from home wherever possible. After the first few weeks, the Group was able to increase the volume of its business, which ultimately resulted in better financial results

### Implemented short-term measures

- Implementation of all preventive health measures to ensure the safe return of agents and other employees to offices
- Rigorous monitoring of all preventive health measures is carried out
- Full implementation of the business model of working from home
- Development of a business continuity plan for the next waves of COVID-19



In just nine days, after the so-called lockdown, 100% of agents moved to work from home during the first wave and the start of COVID-19



Response time to work from home (100%)

CROATIA	6 days
SLOVENIA	8 days
SERBIA	4 days
B&H	9 days
TURKEY	9 days

## The so-called "new normal"

### Remote interaction

Businesses and customers need to adapt to work on remote locations in the future

### Digitalization

Impact on CX, but also cost reduction and increased profitability

### Market consolidation

Weaker players will consolidate or go bankrupt and disappear

### Virtual locations

Companies need to change from physical locations to virtual ones

### Communication

Changing user channel communication from traditional to digital

### Price volatility

More volatile changes in customer expectations and market conditions

### Flexibility

Focus on flexibility to protect margins in future challenging periods

### AI

Development of AI and other IT solutions dealing with the new CX

### Focus on competencies

Concentrating on high margin segments, making them core organizational competencies



COVID-19 has changed the way companies operate in all industries and has also affected the CRM industry. Adapting to these changes is not only a challenge, but also an opportunity

### TOP 5 factors in the medium and long term



Designing a fully digital user experience



Implementation of AI process solutions



Development of BCM for the next crisis



Market Consolidation (M&A)



Development of alternative operating models

# Financial results of the Group

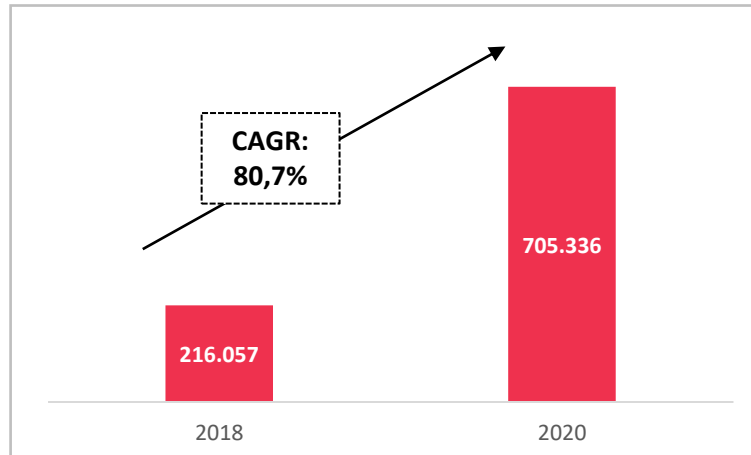
Strong financial position and growing profitability based on economies of scale

## Financial data

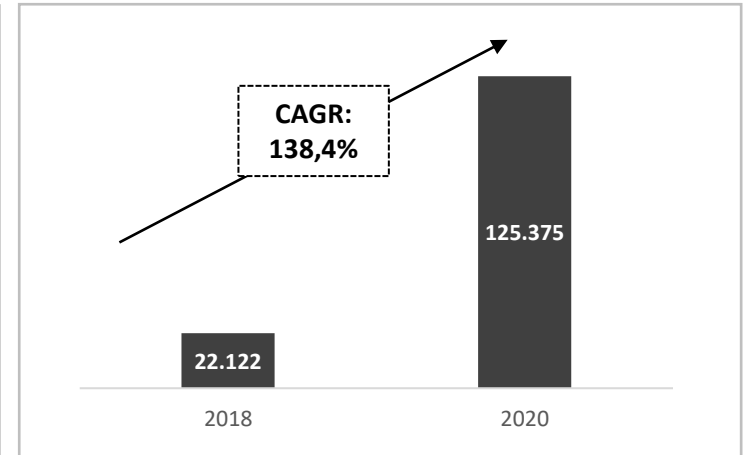
000 HRK	2018	2019	2020
Revenues	216.057	327.184	705.336
EBITDA	22.122	36.952	125.735
<i>EBITDA margin</i>	10,24%	11,29%	17,83%
Net profit	8.465	7.621	43.150
Net money / (net debt)	(52.589)	30.602	12.975

Source: Group financial statement

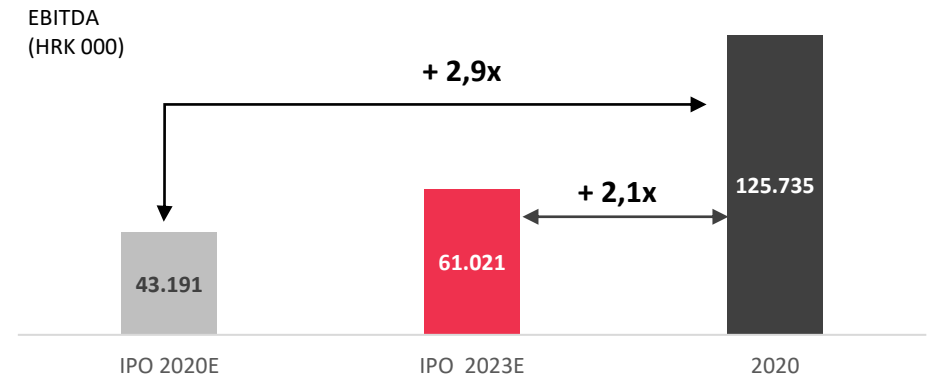
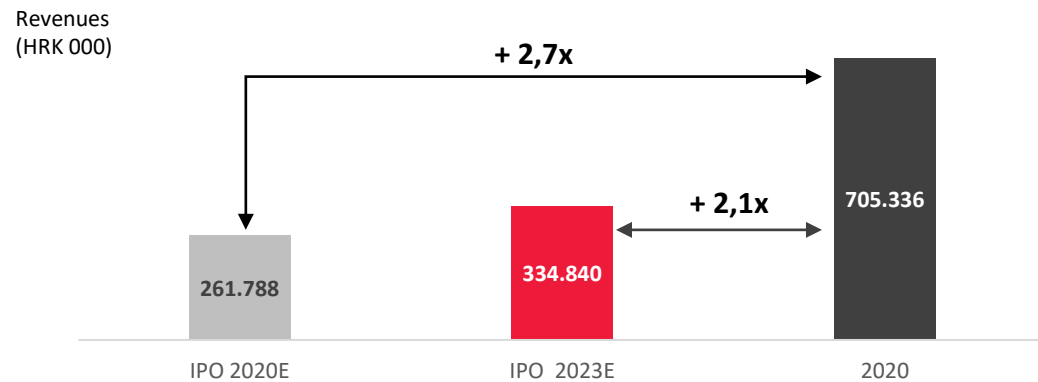
## Revenues (000 HRK)



## EBITDA (000 HRK)



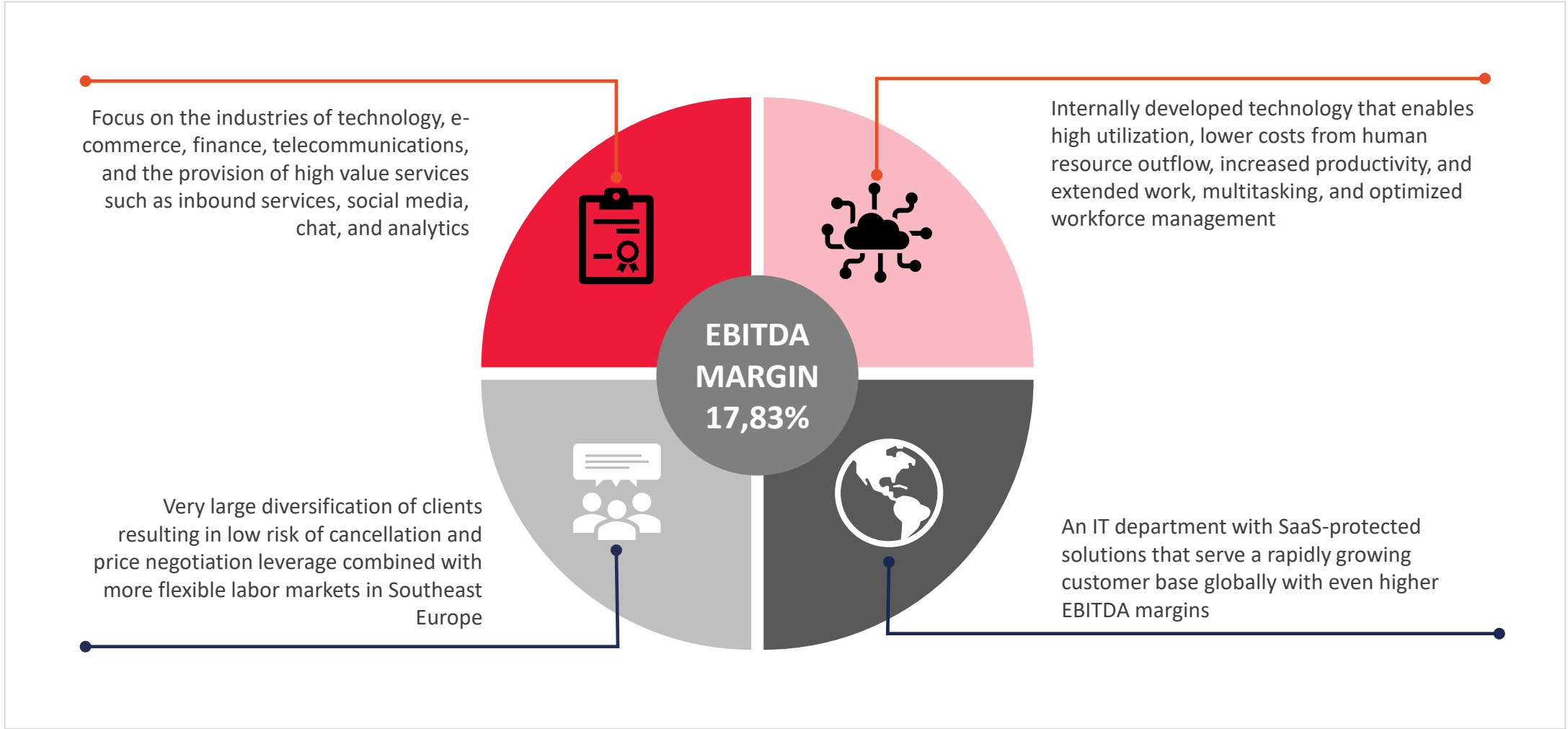
## Realization / IPO



Source: Group Financial Statement, Prospectus 2018 (IPO)

# Financial results of the Group

Above-average profitability as a result of a diversified customer base, nearshoring strategy, and IT segment within the Group





# Key elements of the Group's successful business performance

- + Leading European BPO platform with a highly developed nearshoring model of operational business**
- + Strategy focused on digital transformation and migration to non-voice services ensures growth above market averages**
- + A diversified customer base from different industries ensures resilience and stability in business**
- + Proven M&A platform based on buy and build strategy**
- + Strong financial results characterized by rapid revenue growth, high EBTIDA margins, and low debt level**
- + A management team with years of experience in the industry**

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# Annex



# Consolidated balance sheet

In HRK	on December 31, 2018 (revised, consolidated)	on December 31, 2019 (revised, consolidated)	on December 31, 2020 (unrevised, unconsolidated)
<b>ASSETS</b>	<b>107.034.080</b>	<b>283.007.007</b>	<b>801.337.683</b>
<b>FIXED ASSETS</b>	<b>57.567.376</b>	<b>116.157.015</b>	<b>498.612.481</b>
Intangible assets	33.497.685	90.401.785	464.199.128
Tangible assets	18.903.649	21.684.287	26.880.263
Long-term financial assets	1.634.333	367.446	267.767
Receivables	0	0	3.824.178
Deferred tax assets	3.531.709	3.703.497	3.441.145
<b>CURRENT ASSETS</b>	<b>46.571.829</b>	<b>161.028.195</b>	<b>282.982.016</b>
Supplies	127.221	87.735	1.147.519
Receivables	35.058.968	47.625.949	115.719.322
Current financial assets	2.986.847	3.010.551	7.959.095
Money in the bank and the cash register	8.398.793	110.303.960	158.156.080
Deferred expenses paid and uncollected income	2.894.875	5.821.797	19.743.186
<b>LIABILITIES</b>	<b>107.034.080</b>	<b>283.007.007</b>	<b>801.337.683</b>
<b>CAPITAL AND RESERVES</b>	<b>15.577.917</b>	<b>115.600.000</b>	<b>425.844.060</b>
<b>RESERVATIONS</b>	<b>0</b>	<b>0</b>	<b>10.391.273</b>
<b>LONG-TERM LIABILITIES</b>	<b>43.871.885</b>	<b>70.655.459</b>	<b>200.070.444</b>
Liabilities for loans, deposits and the like	0	0	41.452.939
Liabilities to banks and other financial institutions	43.871.885	45.446.515	108.031.564
Liabilities for advances	0	0	7.239.071
Other long-term liabilities	0	24.688.823	26.859.640
Deferred tax liability	0	520.121	16.487.230
<b>CURRENT LIABILITIES</b>	<b>47.130.879</b>	<b>94.131.137</b>	<b>130.266.039</b>
Liabilities to companies connected by participating interest	0	0	406.591
Liabilities for loans, deposits and the like	10.854.845	10.987.022	0
Liabilities to banks and other financial institutions	6.261.002	23.262.192	37.150.266
Liabilities for advances	0	0	197.704
Liabilities towards suppliers	5.275.035	10.655.798	25.829.786
Liabilities towards employees	13.821.005	14.630.258	21.582.777
Liabilities for taxes, contributions and similar benefits	3.490.011	8.265.307	30.833.666
Other current liabilities	7.428.981	26.330.560	14.265.249
Deferred payment of expenses and future income	453.399	2.620.411	34.765.867

# Profit and loss account

In HRK	2018 (revised, consolidated)	2019 (revised, consolidated)	2019/2018	2020 (unrevised, consolidated)	2020/2019
<b>OPERATING REVENUE</b>	<b>216.057.420</b>	<b>327.183.645</b>	<b>51,4%</b>	<b>705.335.838</b>	<b>116%</b>
Sales revenue	213.776.998	325.276.661	52%	685.398.641	111%
Revenues based on the use of own products, goods, and services	0	0	-	14.824	-
Other operating revenue	2.280.422	1.906.984	-16%	19.922.373	945%
<b>OPERATING EXPENSES</b>	<b>210.604.967</b>	<b>311.642.698</b>	<b>48%</b>	<b>648.241.041</b>	<b>108%</b>
Material costs	24.513.975	28.188.583	15%	94.799.776	236%
Staff costs	161.613.247	243.370.929	51%	447.626.493	84%
Depreciation	4.488.746	21.408.264	377%	68.640.678	221%
Other costs	7.808.001	18.674.922	139%	28.395.850	52%
Value adjustments	12.180.998	0	-100%	0	-
Reservations	0	0	-	325.446	-
Other business expenses	0	0	-	8.452.798	-
<b>FINANCIAL REVENUE</b>	<b>6.187.726</b>	<b>1.150.651</b>	<b>-81%</b>	<b>32.924.515</b>	<b>2761%</b>
<b>FINANCIAL EXPENSES</b>	<b>3.063.171</b>	<b>5.503.484</b>	<b>80%</b>	<b>41.459.073</b>	<b>653%</b>
<b>PROFIT BEFORE TAX</b>	<b>8.577.008</b>	<b>11.188.114</b>	<b>30%</b>	<b>48.560.239</b>	<b>334%</b>
<b>PROFIT TAX</b>	<b>1.964.498</b>	<b>3.567.566</b>	<b>82%</b>	<b>5.410.315</b>	<b>52%</b>
<b>NET PROFIT</b>	<b>6.612.510</b>	<b>7.620.548</b>	<b>15%</b>	<b>43.149.924</b>	<b>466%</b>

# Cash flow

In HRK	2018 (revised, consolidated)	2019 (revised, consolidated)	2020 (unrevised, consolidated)
Money from business operations	23.185.735	29.365.031	102.254.824
Cash interest expenses	0	0	-21.642.862
Paid income taxes	-2.086.896	-3.567.387	-5.410.315
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>21.098.839</b>	<b>25.797.644</b>	<b>75.201.647</b>
Cash inflows from sale of financial instruments	0	541.221	0
Other cash inflows from investing activities	1.280.332	1.780.324	0
Cash outflows for the purchase of tangible and intangible fixed assets	-9.134.287	-20.994.887	-26.093.300
Cash outflows for the acquisition of financial instruments	-229.223	0	0
Cash outflows from loans and savings deposits for the period	0	0	-4.516.679
Other cash outflows from investing activities	0	0	-329.686
<b>CASH FLOW FROM INVESTMENT ACTIVITIES</b>	<b>-8.083.178</b>	<b>-18.673.342</b>	<b>-30.939.665</b>
Cash receipts from increase of share capital	0	93.029.300	0
Cash receipts from principal of loans, borrowings, and other borrowings	18.596.443	59.035.262	72.926.062
Other cash inflows from financing activities	0	103.494	0
Cash outflows for repayment of principal of loans, borrowings, and other borrowings and debt financial instruments	-25.389.433	-44.043.223	-49.762.000
Cash outflows for dividend payment	-10.122.230	-1.689.636	0
Other cash outflows from financial activities	0	-11.654.332	-19.573.924
<b>CASH FLOW FROM FINANCIAL ACTIVITIES</b>	<b>-16.915.220</b>	<b>94.780.865</b>	<b>3.590.138</b>
<b>NET INCREASE OR DECREASE IN CASH FLOWS</b>	<b>-3.899.559</b>	<b>101.905.167</b>	<b>47.852.120</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>12.298.352</b>	<b>8.398.793</b>	<b>110.303.960</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>8.398.793</b>	<b>110.303.960</b>	<b>158.156.080</b>

# Definitions and abbreviations

AI	Artificial Intelligence	ESG	Environmental, Social and Governance
APAC	Asia-Pacific	FMCG	Fast Moving Consumer Goods
BCM	Business Continuity Management	FTE	Full-time employee
BiH	Bosnia and Herzegovina	HR	Human Resources
BPO	Business Process Outsourcing	HRK	Croatian kuna
BPTO	Business Process and Information Technology Outsourcing	IT	Information technology
CAGR	Compound Annual Growth Rate	SEE	Southeast Europe
CC	Call center	JV	Joint venture
CEO	Chief Executive Officer	M&A	Merger & acquisitions
CFO	Chief Financial Officer	RPA	Robotic Process Automation
CRM	Customer Relationship Management	R&D	Research and Development
CX	Customer Experience	SaaS	Software as a Service
DACH	Germany (D), Austria (A), Switzerland (CH)		
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortization		

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Thank you for your  
attention!

