

# CSG Q4 & Full-Year 2022 Earnings Presentation

# Safe Harbor

## Forward-Looking Statements + Disclaimers

This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. In this context, forward-looking statements often address expected future business and financial performance and financial condition, and often contain words such as “expect,” “anticipate,” “intend,” “plan,” “believe,” “seek,” “see,” “will,” “would,” “may,” “target,” and similar expressions and variations or negatives of these words. These forward-looking statements may include, among other things, statements with respect to our strategies and priorities, future growth prospects and opportunities, uses of cash, and other measures that may impact our financial performance; expectations regarding our share repurchase program; anticipated impacts of the COVID-19 pandemic; the strength of our balance sheet and tenor of our third-party debt; and other information and statements that are not historical fact. These forward-looking statements involve certain risks and uncertainties that could cause actual results to differ materially from those expressed or implied by these statements. These risks and uncertainties include events that are outside of our control, such as general economic, legislative, political and regulatory factors, and the impact of weather conditions, natural disasters, or any epidemic, pandemic or disease outbreak (including COVID-19); other factors detailed from time to time in our filings with the U.S. Securities and Exchange Commission; and management’s response to any of the aforementioned factors. For additional information on identifying factors that may cause actual results to vary materially from those stated in forward-looking statements, please see our filings with the U.S. Securities and Exchange Commission, including our most recently filed Form 10-Q and/or Form 10-K. These forward-looking statements speak only as of the date of this release. We expressly disclaim any obligation or undertaking to disseminate any updates or revisions to any forward-looking statement contained herein to reflect any change in our expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

## Use of Non-GAAP Financial Measures

To supplement our condensed consolidated financial statements presented in accordance with generally accepted accounting principles (GAAP), CSG uses non-GAAP adjusted revenue, non-GAAP operating income, non-GAAP adjusted operating margin percentage, non-GAAP Earnings per Share (EPS), non-GAAP adjusted EBITDA, and non-GAAP free cash flow. CSG believes that these non-GAAP financial measures, when reviewed in conjunction with its GAAP financial measures, provide investors with greater transparency to the information used by CSG’s management in its financial and operational decision making. CSG uses these non-GAAP financial measures for the following purposes: certain internal financial planning, reporting, and analysis; forecasting and budgeting; certain management compensation incentives; and communications with CSG’s Board of Directors, stockholders, financial analysts, and investors.

These non-GAAP financial measures are provided with the intent of providing investors with the following information: more complete understanding of CSG’s underlying operational results, trends, and cash generating capabilities; consistency and comparability with CSG’s historical financial results; and comparability to similar companies, many of which present similar non-GAAP financial measures to investors.

Non-GAAP financial measures are not measures of performance under GAAP, and therefore should not be considered in isolation or as a substitute for GAAP financial information. Limitations with the use of non-GAAP financial measures include the following items: non-GAAP financial measures are not based on any comprehensive set of accounting rules or principles; the way in which CSG calculates non-GAAP financial measures may differ from the way in which other companies calculate similar non-GAAP financial measures; non-GAAP financial measures do not include all items of income and expense that affect CSG’s operations and that are required by GAAP to be included in financial statements; certain adjustments to CSG’s non-GAAP financial measures result in the exclusion of items that are recurring and will be reflected in CSG’s financial statements in future periods; and certain charges excluded from CSG’s non-GAAP financial measures are cash expenses, and therefore do impact CSG’s cash position.

CSG compensates for these limitations by relying primarily on its GAAP results and using non-GAAP financial measures as a supplement only. Additionally, CSG provides specific information regarding the treatment of GAAP amounts considered in preparing the non-GAAP financial measures and reconciles each non-GAAP financial measure to the most directly comparable GAAP measure.

Please refer to the investor relations section of CSG’s website for disclosures related to non-GAAP financial measures and reconciliations.

# Business Results



# Q4 & Full-Year 2022 Business Highlights



## 2022 Achievements + 2023 Guidance

- Grew 2022 revenue **4.1% YoY** & Q4 revenue **6.1%** sequentially over Q3; non-GAAP EPS up **7.8%** year-over-year
- **Spent \$122M** on share buybacks & dividends in 2022; will increase 2023 dividend payout by **6%**
- Expect 2023 revenue to range from **\$1.13 to \$1.17 billion**



## Margin Improvement Plan Success

- Focusing every \$ we invest on revenue growth & customer commitments
- Timely implementation of meaningful margin improvement initiatives resulted in **strong H2 2022 profitability**
- H1 non-GAAP operating margin of 15.7% improved to **16.6% for FY2022**



## Success with Customers

- **Substantially completed** Charter subscriber **migration** as of year-end 2022
- Expanded relationship with a **leading U.K. connectivity provider** + big Asia Pacific telco win
- Landed first **global CSG Xponent deal win** in U.K.



## Sales Springboard for Future Growth

- Sales bookings as measured by Annual Contract Value (ACV) **grew strong double-digit YoY** in Q4 & 2022
- Strong, healthy sales pipeline driving growth in Telecom/Cable & accelerating **industry vertical revenue diversification**

# CSG's Key Strategic Priorities

1

## Strategic Revenue Acceleration

Consistently grow organic revenue **2% - 6% YoY** with further inorganic revenue growth coming from highly disciplined M&A

2

## >50% Business Growth by FY2025

Prove CSG will beat Base Goal of **\$1.5B** revenue by 2025 with EPS & margin expansion outpacing revenue growth

3

## #1 SaaS Provider for Global Telecom & Cable

Be easier to do business with & bring more value as the SaaS provider of choice for global Telecom & Cable

4

## Faster Growth Industry Diversification

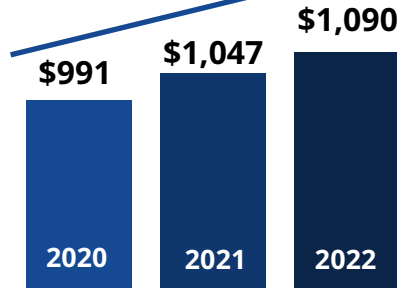
Win big in faster growth global industry verticals with digital CX & payments (higher % of total revenue)

# Accelerating Growth & Operating Scale

1

## Strategic Revenue Acceleration

- FY 2022 revenue up 4.1% YoY; Q4 revenue grew 6.1% sequentially
- Good market demand
- Sustained long-term organic revenue growth

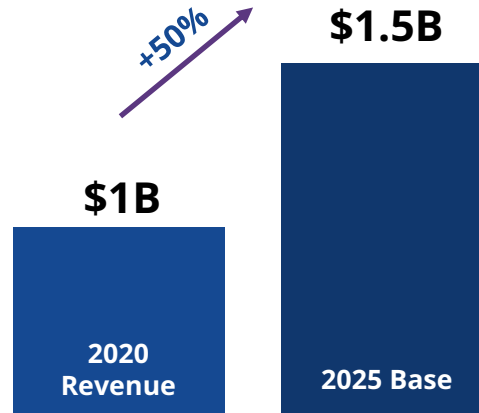


\* Revenue shown in millions of dollars

2

## >50% Business Growth by FY2025

### BASE CASE GOAL



### HOW DO WE GET THERE?

- Accelerate organic annual revenue growth
- Integrate highly disciplined, strategic, & accretive M&A
- Consistently expand operating leverage



# Continuing to Win Big with Global CSPs

3

#1 SaaS Technology Provider of Choice for Global CSPs



## Continued Growth with Charter

- Signed 6-year contract **extension and expansion** in November 2021
- **Substantially completed migration** of new Charter subscribers to CSG's systems as of year-end 2022



## Winning new North American CSP deals

- Signed a new deal with one of the **six largest cable providers in U.S.**
- Helping this customer streamline and modernize their operations, including field service technician management & customer engagement solutions

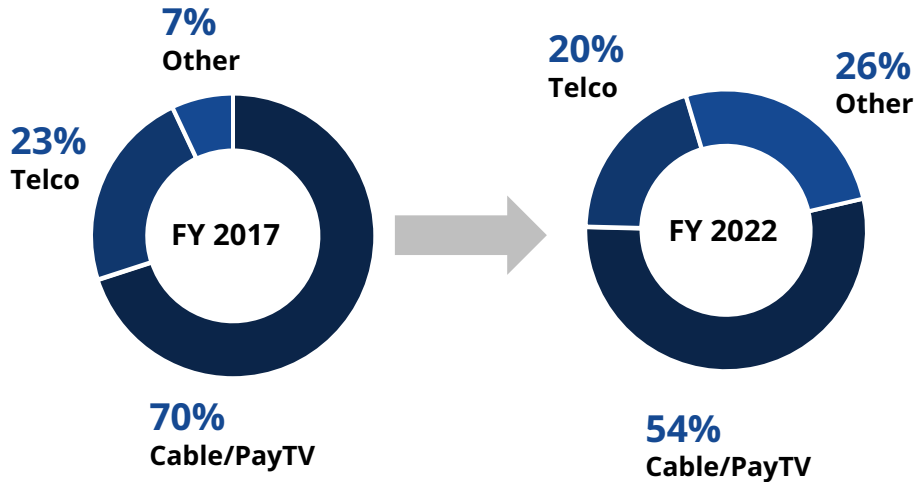


## Winning Big Global Telecom Deals

- Expanded deal with **leading U.K. connectivity provider**; simplifying and consolidating their BSS stack
- Landed new deals with a **leading telecommunications operators in Asia Pacific & West Africa**; deploying services to help them streamline and monetize revenue streams

# Winning Big in Large, Faster Growing Industries

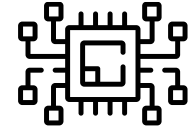
## 4 Diversifying Industry Vertical Revenue



## Targeting New Industry Verticals



**Financial Services**



**Technology**



**Retail**



**Government**



**Insurance**





## Foundation of CSG's Continued Success

### Purpose-Driven & Customer Obsessed

CSG will continue to be easier to do business with as we deliver more value to our customers & outperform competitors

### Laser-Focused SaaS Innovation

CSG will continue to innovate & develop category-defining, recurring revenue SaaS platforms to win big in the marketplace

### Best Culture & Most Energized Global Team

CSG will have the best culture, best talent, & most diverse global team who is focused on making bigger ESG & community impacts

# Financial Results

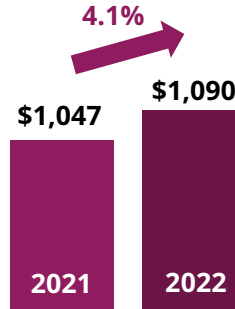


# Q4 & Full-Year 2022 Financial Summary

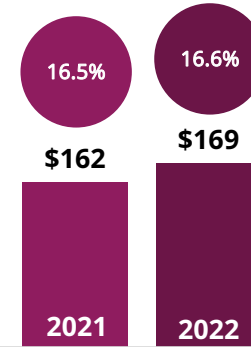
## Highlights:

- **Strong 2022 revenue performance** despite discount headwinds from Charter Communications and DISH renewals
- **Solid 2022 non-GAAP adjusted operating margin & non-GAAP adjusted EBITDA results;** both metrics benefited from **Operating Margin Improvement plan** success
- 2022 **non-GAAP EPS bottom-line outperformed** top-line revenue growth driven by increased profitability, FX and share repurchases

Revenue  
\$USD millions

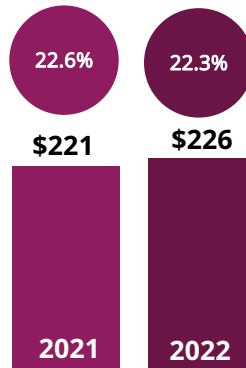


Non-GAAP Adjusted Operating Income  
\$USD millions & as a %



Non-GAAP Adjusted EBITDA

\$USD millions & as a %



Non-GAAP EPS

\$USD per share



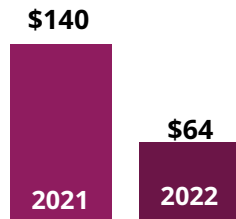
# Strong Balance Sheet & Substantial Shareholder Returns

## Highlights:

- Strong balance sheet with **significant flexibility and optionality**
- Continued shareholder remuneration via dividends & buybacks; **\$122 million returned to shareholders** in full-year 2022
- Repurchased approximately 1.5 million shares** during 2022; most shares repurchased in a year since 2015

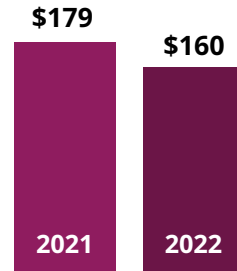
### Cash Flow from Ops

\$USD millions



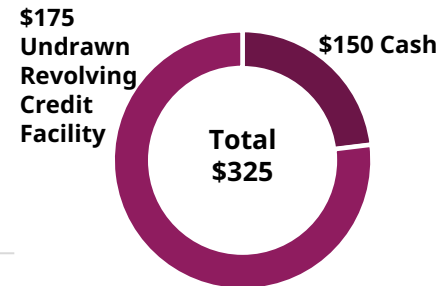
### Cash Flow From Ops before Working Capital

\$USD millions



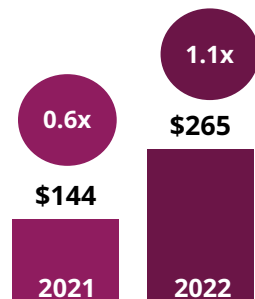
### Q4 2022 Liquidity

\$USD millions



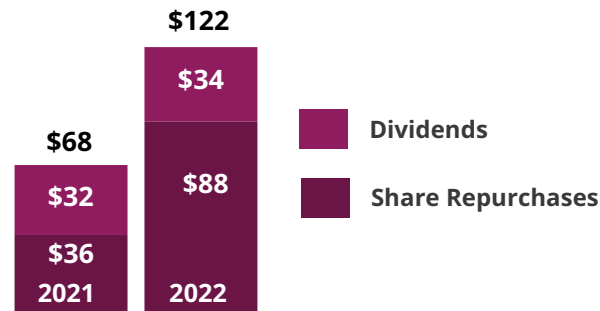
### Net Leverage<sup>(1)</sup>

\$USD millions & net leverage ratio



### Shareholder Remuneration

\$USD millions



(1) Net leverage ratio is defined as net debt divided by annualized last quarter adjusted EBITDA

## Q4 & Full-Year 2022 Conclusions

1

Excellent Q4 operating results with solid business momentum

2

Strong sales pipeline fueling ongoing future growth

3

Continued new business success in core CSPs & exciting new industry verticals

4

Good results from timely Q2 margin improvement initiatives

5

Committed to creating significant & sustained shareholder value

## 2023 Guidance Outlook

### GAAP MEASURES

2023

Revenue **\$1.13B – \$1.17B**

Transaction Fees **\$78M – \$82M**

Share Count **31 million**

### NON-GAAP MEASURES

2023

Adj. Operating Margin % **16.5% – 17.0%**

EPS **\$3.35 – \$3.65**

Adjusted EBITDA **\$231M – \$242M**

Free Cash Flow **\$80M – \$120M**

Capital Expenditures **\$22M – \$28M**

Tax Rate **28.5%**