Atento Reports Fiscal 2022 First Quarter Results

Revenue decreased 2.3% to $356.6 million in seasonally slow first quarter, due to residual impact of cyberattack and absenteeism related to Omicron spike

Secured 19 high-quality new clients representing 58.2% of $53.3 million in Total Annual Value of sales and with 19.1% EBITDA margin, up 300bps

Sales in E-Commerce, Fintech and Travel sectors accounted for 67.1%, 9.8% and 13.4% of new wins in the quarter

Hard currency revenues expanded 310 bps to 28.1% of consolidated revenue

EBITDA decreased 10.1% to $35.0 million on lingering effects of cyberattack, one-time costs related to absenteeism and higher inflation, partially offset by accrued cyber insurance recovery in Brazil and inflation pass-through

Healthy exit rate in March, with sales, EBITDA and operating cash flow expected to accelerate in second half of year

High levels of inflation and interest rate hikes increased financing costs

Company enhances sales organization and advances cost-saving initiatives

2022 guidance reiterated

NEW YORK, May 11, 2022 – Atento S.A. (NYSE: ATTO) ("Atento" or the "Company"), one of the five largest providers of Customer Relationship Management and Business Process Outsourcing (CRM / BPO) services worldwide and sector leader in Latin America, announced today its first quarter operating and financial results for the period ending March 31, 2022. All comparisons in this announcement are year-over-year (YoY) and in constant-currency (CCY), unless otherwise noted.

"As previously announced, our first quarter was a challenging one. However, we saw month-to-month improvements and exited the quarter strongly. Current run-rate and sales trends have increased our confidence in our growth trajectory and meeting our year-end targets for sales, EBITDA margin and leverage," commented by Carlos Lopez-Abadía, Chief Executive Officer.

Residual impact of cyberattack and absenteeism lower volumes, while new client wins improve revenue mix

- Total Annual Value of sales (TAV) deceased 26% to $53.3 million, growing 59% in US, with 19 new clients carrying strong margins
- New In-Year revenue for new business down slightly to $100.0 million
- Revenue decreased 2.3% to $356.6 million, due to residual impact of October cyberattack and substantially higher absenteeism related to Omicron spike in January and February, both impacting volumes in Brazil and Americas
- Brazil Multisector sales declined 7.7% as some clients shifted volumes to other CX suppliers and Company declined to renew low margin contracts
- Telefónica (TEF) sales declined 1.5%, mainly due to global cost reduction program implemented by client, while previously announced consolidation of CX suppliers benefited Atento's TEF business in EMEA
- Sales in E-commerce, Fintech and Travel growth sectors accounted for 67.1%, 9.8% and 13.4% of new wins, respectively
- US revenues increased 0.4% to $35.8 million, excluding a in-time Covid-19 services contract signed in the first quarter of 2021
- Hard-currency revenues expanded 310 bps to 28.1% of total revenue

EBITDA impacted by cyber expenses, one-time costs related to elevated absenteeism and higher inflation

- EBITDA decreased 10.1% on aforementioned decreases in Multisector and TEF sales, coupled with one-time costs related to elevated absentee rates stemming from Omicron spike in region, severance costs, higher inflation, as well as residual impact of Q4 cyberattack

- Decrease in EBITDA and 70 bps margin contraction partially offset by accrued cyber insurance and improved inflation pass-through
- US EBITDA margin at 15.6%
- Hard currency EBITDA represented 23.0% of total EBITDA, down 900 bps, mainly due to one-time severance costs in EMEA and cyber insurance on Brazil
- Net loss of $70.6 million, or negative EPS of $4.99, mainly due to net financial expenses of $79.8 million, $63.3 million of which was non-cash items
- Negative Free cash flow of $65.4 million, stemming from negative operating cash flow of $39.6 million and net financial expenses of $25.8 million, which rose 16.7% due to higher interest expenses on new credit lines and to the impact of BRL fluctuation and higher CDI rate on Company's currency hedge
- Healthy exit rate at end of quarter, with revenue, EBITDA and operating cash flow forecasted to accelerate during second half of year

Healthy cash position

- Healthy cash position of $97.0 million, including $89.4 million from existing credit revolvers
- At the end of 1Q22, LTM net debt-to-EBITDA was 4.5x, up sequentially due to seasonally low EBITDA and impact of cyberattack in 4Q21 and 1Q22, and expected to reach target level by year-end
- Shareholders' equity was negative $78.8 million at March 31, 2022, principally due to balance sheet and P&L conversions as well as changes in fair value of derivatives

New revenue growth initiatives implemented

- Commercial team reorganized, including formation of dedicated local and global account teams
- Inflation pass-through adjustments ahead of internal plan and on track to reach 80% target level

Update on cybersecurity measures

- Investments in improved cyber defenses completed

Summarized Consolidated Financials

($ in millions except EPS)	Q1 2022	Q1 2021	*CCY Growth* (1)
Income Statement (6)			
Revenue	**356.6**	**370.6**	**-2.3%**
EBITDA (2)	**35.0**	**39.1**	**-10.1%**
EBITDA Margin	***9.8%***	***10.5%***	***-0.7 p.p.***
Net Loss (3)	(70.6)	(20.2)	*N.M.*
Earnings Per Share on the reverse split basis (2) (3) (5)	($4.99)	($1.44)	*N.M.*
Cash Flow, Debt and Leverage			
Net Cash Used in Operating Activities	**(31.0)**	**(0.5)**	
Cash and Cash Equivalents	**97.0**	**176.0**	
Net Debt (4)	**650.7**	**589.5**	
Net Leverage (4)	**4.5x**	**4.0x**	

(1) Unless otherwise noted, all results are for Q4; all revenue growth rates are on a constant currency basis, year-over-year; (2) Recurring EBITDA, Recurring Net Income/Recurring Earnings per Share (EPS) are Non-GAAP measures adjusted only for the cyberattack impact; (3) Reported Net Income and Earnings per Share (EPS) include the impact of non-cash foreign exchange gains/losses on intercompany balances; (4) Includes IFRS 16 impact in Net Debt and Leverage; (5) Earnings per share and Recurring Earnings per share in the reverse split basis is calculated with weighted average number of ordinary shares outstanding. (6) The following selected financial information are unaudited.

Message from Management

With the passing of the first quarter, we are pleased to report that the adverse effects of the pandemic and the recent cyberattack are largely behind us, and that we now look ahead with greater optimism.

In January and February, which are seasonally slow months, Covid-related illnesses spiked and drove absenteeism substantially higher in many markets, affecting our ability to serve clients and raising costs temporarily. Also, some clients chose to diversify and shift portions of their business to other CX providers, following the disruptions caused by the cyberattack, although the shifts were less pronounced than expected and some volume is recovering. This also impacted our profitability, with the decrease in first quarter EBITDA partially offset by accrued cyber insurance as well as improved inflation pass-through, which is well ahead of plan and expected to reach our target level of 80% this year.

Atento's client base remains solid and our exit rate at the end of the quarter was healthy, both of which speak once again to the strength of our client relationships and the trust we have built through consistently improving service levels. Atento's strong reputation is also why our pipeline is growing in key markets and in the sectors that are improving our revenue mix.

During the quarter we continued transforming the core of our business and recently took steps to improve the effectiveness of our sales organization. With the aim of capturing greater share of wallet, we have established local and global account teams that will enable us stay closer to our clients and better understand their evolving CX needs. This new structure will also help us further penetrate the US market as well as the higher growth, higher margin verticals that we continue targeting across our markets. On the cost front, we have consolidated some facilities to reduce structural costs and we are extending zero-based budgeting to other areas of the business to achieve additional annual savings.

As we regain the momentum built during most of last year, we expect revenues and margins to improve and to meet our performance targets for this year, which we still plan to exit with strength. Soon we will communicate a date for our postponed Investor Day, when we will have the opportunity to provide greater details about the various growth initiatives under our Three Horizon Plan and to unveil our strategy for the next phase of Atento's growth.

Carlos López-Abadía
Chief Executive Officer

José Azevedo
Chief Financial Officer