

## Third Quarter 2021 Results

### Q3 2021

- **Revenue** increased to 153.5 M€ (140.4)
- **EBITDA** excluding non-recurring items\* amounted to 17.5M€ (18.5)
- **EBITDA margin** excluding non-recurring items amounted to 11.4% (13.2%)
- **Operating cash flow** amounted to -1.5M€ (20.9)
- **Net debt/EBITDA\*** amounted to 4.1 (3.4)

### Jan-Sep 2021

- **Revenue** increased to 447.8M€ (400.4)
- **EBITDA** excluding non-recurring items\* increased to 48.7M€ (47.1)
- **EBITDA margin** excluding non-recurring items amounted to 10.9% (11.8%)
- **Operating cash flow** amounted to 17.7€ (41.8)
- **Net debt/EBITDA\*** amounted to 4.1 (3.4)

### Continued solid growth and new contract wins

Transcom delivered 9% revenue growth in the quarter, of which 6%p organic. The organic growth is primarily driven by continued positive development in the eCommerce & Tech sector while the acquisition of City Connect and consolidation of TMS constitute the acquired growth.

EBITDA improved by 0.2 MEUR when adjusting for Covid mitigation cost of 1.2 MEUR (1.0 MEUR taken as NRI Q3 2020). Growth in eCommerce & Tech and improvement of operational performance contributed positively to EBITDA, while weak demand in Spain impacted profitability negatively. Transcom has performed a restructuring of the Spanish business involving 300 employees, at a cost of 6 MEUR recorded as NRI.

ECommerce & Tech is the main growth and profit engine for Transcom. During the third quarter, the sector grew 33% and amounted to 45% of total revenue. During the last 12 months, the eCommerce & Tech sector delivered EBITDA of 47.8 MEUR at 18.2% margin.

Our sales momentum continues to be strong. Annual revenue of new contracts closed in the third quarter amounted to €22 million. During the year, Transcom has secured new business with annual revenue of 168 MEUR. These contract wins provide a solid foundation for continued organic growth into 2022.

Transcom continues to receive recognition for our strong digital offering. In October, IDC named Transcom a "major player" in digital customer care. This adds to similar praise from analyst firms such as Everest Group, ISG and HFS.

We expect a good ending of the year, supported by recent contract wins and operational improvements. Our strategy is focused on client service and operational excellence, through strong culture and leadership. Moreover, we are continuing our shift towards digital services, eCommerce & Tech and increased near/offshore delivery. We stand committed to our long term targets of double digit organic growth and 16% EBITDA margin.

Jonas Dahlberg, President & CEO

\* EBITDA and Net debt including IFRS 16 Leases, please refer to note 13 for details of restated figures for comparison periods.

## Group financial overview

(€m)	2021 Q3	2020 Q3	Change Y-o-Y	2021 Jan-Sep	2020 Jan-Sep	Change Y-o-Y	2021 Q3 LTM	2020 Q3 LTM	Change Y-o-Y
Revenue	153.5	140.4	9.3%	447.8	400.4	11.8%	605.2	542.2	11.6%
EBITDA excl. non-recurring items*	17.5	18.5	-1.1	48.7	47.1	1.6	72.4	67.2	5.2
EBITDA margin excl. non-recurring items*	11.4%	13.2%	-1.8pp	10.9%	11.8%	-0.9pp	12.0%	12.4%	-0.4pp
EBITA excl. non-recurring items	9.7	12.1	-2.4	26.0	28.8	-2.8	42.1	41.6	0.5
EBITA margin excl. non-recurring items	6.3%	8.6%	-2.3pp	5.8%	7.2%	-1.4pp	7.0%	7.7%	-0.7pp
Operating cash flow	-1.5	20.9	-22.4	17.7	41.8	-24.1	26.2	63.0	-36.8
Net debt*	298.0	227.3	70.7	298.0	227.3	70.7	298.0	227.3	70.7
Net debt/EBITDA excl. non-recurring items*	4.1	3.4	0.7	4.1	3.4	0.7	4.1	3.4	0.7

## July-September 2021

### Income and profit

Revenue amounted to €153.5 million (140.4) with a growth of 9.3%. Organic growth was 6.5%, inorganic growth was 2.7% and impact from currency was 0.2%.

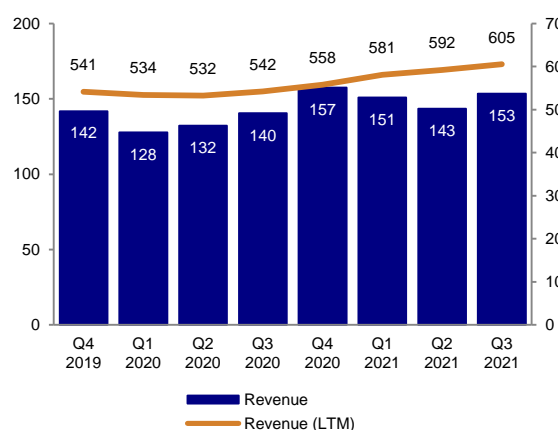
EBITDA excluding non-recurring items\* amounted to €17.5 million (18.5) with a margin of 11.4% (13.2%).

Covid-related costs for business continuity and protective measures amounted to €-1.2 million and were reported as operating costs. In Q3 2020 such costs were reported as non-recurring items and amounted to €-1.0 million.

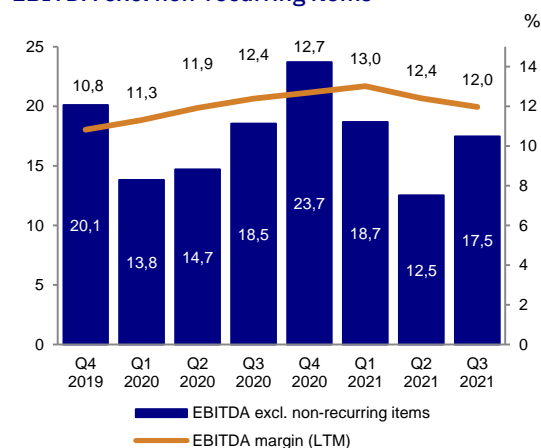
Net financial items amounted to €-5.5 million compared to €-4.6 million last year. Taxes amounted to €0.3 million (-0.7).

Non-recurring items totalled €-7.1 million (-8.3). These include restructuring costs for the program in Spain and transactional costs for the acquisition of City Connect and the consolidation of TMS.

### Revenue



### EBITDA excl non-recurring items

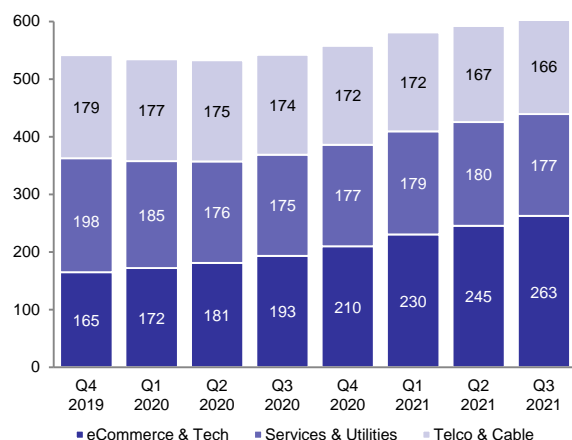


\* EBITDA and Net debt including IFRS 16 Leases, please refer to note 13 for details of restated figures for comparison periods.

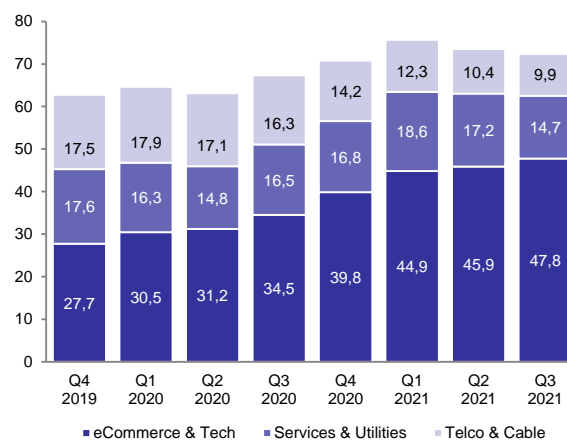
### Sector development

We continue to grow strongly in the eCommerce & Tech sector. The revenue growth in eCommerce & Tech amounted to 33.2% during the third quarter, compared to the same quarter 2020. Ecommerce & Tech represents 45% (37%) of the total revenue in Q3 2021.

Revenue by sector (LTM)



EBITDA excl. non-recurring items\* by sector (LTM)



### Development by geographical segment

#### English-speaking segment

Revenue amounted to €57.2 million (48.2) with a growth of 18.5%. Revenue growth is driven by the increase of Work-at-home business (WAH) in North America and within eCommerce & Tech.

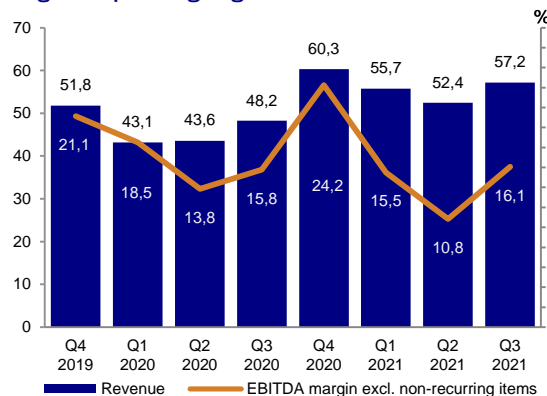
EBITDA excl. non-recurring items\* amounted to 9.2 million (7.6) with a margin of 16.1% (15.8%). The increased EBITDA margin is mainly driven by improved profitability in North American eCommerce & Tech which is partly offset by €1.2 million of direct Covid-related costs.

#### European segment

Revenue amounted to €96.3 million (92.2) with a growth of 4.5%. Growth continues with new and existing clients, mainly within eCommerce & Tech but is impacted negatively by ramp down on non-recurring business in Service & Utilities and lower volumes in our Spanish business. There is €3.7 million revenue contribution in the quarter from acquisitions of TMS and City Connect.

EBITDA excl. non-recurring items amounted to €8.3 million (10.9) with a margin of 8.6% (11.9%). The negative EBITDA development is mainly driven by ramp up costs for new clients, startup costs for new sites and lower margins as a result of ramp down of non-recurring business in Service & Utilities and volume decline in our Spanish business.

English-Speaking segment



European segment



\* EBITDA and Net debt including IFRS 16 Leases, please refer to note 13 for details of restated figures for comparison periods.

### Cash flow and financial position

Operating cash flow was €-1.5 million (20.9). Lower cash flow from operations is primarily driven by an increase in Working capital due to a longer cash collection cycle and settlement of other liabilities during the quarter. Total working capital at period end was in line with the beginning of the quarter due to offsetting effects from acquired operations.

Cash flow from investing activities amounted to €-15,5 million (-1.8) whereof €-10.0 million in investing activities for the acquisitions of TMS, City Connect and the carve out from Telefonica. Cash flow from financing activities amounted to €-11.3 million (-6.9). Cash flow totalled €-28.3 million (12.2).

Net debt\* amounted to €298.0 million (227.3).

Net debt/EBITDA amounted to 4.1 (3.7 in Q2 2021). Financing in the Group includes €315 million Senior Secured Floating Rate Notes due in December 2026 and a New Super Senior Revolving Credit Facility Agreement (New SSRFC) of €45 million with termination date in June 2026. As per Q3 2021, the New SSRFC was unutilized, excluding guarantees and overdraft facility usage. Unused credit facilities totalled €40.7 million.

## January-September 2021

### Income and profit

Revenue amounted to €447.8 million (400.4) with a growth of 11.8%. Organic growth was 12.4%, inorganic growth was 0.9% and impact from currency was -1.5%.

EBITDA excluding non-recurring items\* amounted to €48.7 million (47.1) with a margin of 10.9% (11.8%). Non-recurring items totalled €-6.7 million (-17.1).

Net financial items amounted to €-21.0 million compared to €-14.9 million last year. Taxes amounted to €-1.3 million (-1.2).

### Cash flow

Operating cash flow was €17.7 million (41.8). Cash flow from investing activities amounted to €-39.4 million (-15.5). Cash flow from financing activities amounted to €57.5 million (-19.0). Cash flow totalled €35.9 million (7.3).

### Events after the end of the period

No events having a material effect of the Group's financial performance or financial position have taken place after the end of the interim period.

### Outlook

We expect a strong Q4 2021 driven by peak season and ramp ups of new clients and existing clients. The new contracts and rampups will provide a solid foundation entering into 2022.

## Other information

### Earnings call

Transcom will host a webcast at 9:00 CET on November 17, 2021. The webcast will be held in English. The presentation will be available on <https://www.transcom.com/en/investor-relations>.

Important note: Please register via the link above at least 5-10 minutes prior the webcast in order to obtain the webcast link. If you register in advance, you will be sent an email reminder an hour prior to the webcast.

Online registration link: <https://app.livestorm.co/transcom-holding/transcom-holding-ab-q3-2021-results-presentation>

### Financial calendar

Transcom's Q4 2021 report will be published on Feb 24, 2022.

### Other information

The interim report has not been reviewed by the company's auditor.

### Transcom Holding AB

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## Transcom Group - Condensed consolidated income statement

(€ '000)	Notes	2021 Q3	2020 Q3	2021 Jan-Sep	2020 Jan-Sep	2021 LTM	2020 Jan-Dec
Revenue	4	153,494	140,401	447,810	400,386	605,224	557,800
Cost of sales	5	-125,632	-108,878	-357,935	-311,304	-477,730	-431,099
<b>Gross profit</b>		<b>27,862</b>	<b>31,522</b>	<b>89,875</b>	<b>89,082</b>	<b>127,494</b>	<b>126,701</b>
Sales and marketing expenses		-2,259	-750	-6,003	-3,286	-8,360	-5,643
Administrative expenses		-26,792	-29,524	-74,004	-81,511	-101,115	-108,622
Other operating income/expenses		445	-123	699	-716	475	-940
<b>Operating profit/loss</b>	4,5	<b>-744</b>	<b>1,126</b>	<b>10,567</b>	<b>3,568</b>	<b>18,495</b>	<b>11,496</b>
Net financial items		-5,485	-4,619	-20,958	-14,917	-25,486	-19,445
<b>Profit/loss before tax</b>		<b>-6,230</b>	<b>-3,493</b>	<b>-10,390</b>	<b>-11,348</b>	<b>-6,991</b>	<b>-7,949</b>
Income tax expense/income		315	-666	-1,274	-1,212	-1,542	-1,481
<b>Profit/loss for the period attributable to equity holders of the parent</b>		<b>-5,915</b>	<b>-4,159</b>	<b>-11,664</b>	<b>-12,560</b>	<b>-8,533</b>	<b>-9,429</b>

## Transcom Group - Condensed consolidated statement of comprehensive income

(€ '000)	2021 Q3	2020 Q3	2021 Jan-Sep	2020 Jan-Sep	2021 LTM	2020 Jan-Dec
Profit/loss for the period attributable to equity holders of the parent	-5,915	-4,159	-11,664	-12,560	-8,533	-9,429
<b>Other comprehensive income:</b>						
Exchange differences on translation of foreign operations	1,399	-2,480	2,952	-2,644	2,359	-3,237
Net gain/loss on cash flow hedges	-1,057	119	-1,430	50	-1,661	-181
<b>Other comprehensive income to be reclassified to profit or loss in subsequent periods</b>	<b>342</b>	<b>-2,361</b>	<b>1,522</b>	<b>-2,594</b>	<b>698</b>	<b>-3,418</b>
Actuarial profit/loss on post-employment benefit obligations	-	-	-	-	-691	-691
<b>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-691</b>	<b>-691</b>
<b>Other comprehensive income for the period, net of tax</b>	<b>342</b>	<b>-2,361</b>	<b>1,522</b>	<b>-2,594</b>	<b>6</b>	<b>-4,110</b>
<b>Total comprehensive income for the period, net of tax, attributable to equity holders of the parent</b>	<b>-5,573</b>	<b>-6,520</b>	<b>-10,141</b>	<b>-15,154</b>	<b>-8,526</b>	<b>-13,539</b>

## Transcom Group - Condensed consolidated statement of financial position

(€ '000)	Notes	2021 Sep 30	2020 Sep 30	2020 Dec 31
<b>ASSETS</b>				
<b>Non-current assets</b>				
Goodwill		238,193	203,467	203,502
Other intangible assets		87,391	92,737	89,977
Tangible assets		31,648	23,855	24,369
Right of use assets	10	31,581	27,995	26,553
Deferred tax assets		3,276	2,030	1,528
Other receivables		5,653	2,840	2,800
<b>Total non-current assets</b>		<b>397,743</b>	<b>352,923</b>	<b>348,730</b>
<b>Current assets</b>				
Trade receivables		75,335	59,474	73,088
Income tax receivables		3,306	4,870	3,474
Other receivables		16,393	15,450	11,960
Prepaid expenses and accrued income		52,450	43,628	37,887
Cash and cash equivalents		47,644	20,121	13,663
<b>Total current assets</b>		<b>195,128</b>	<b>143,542</b>	<b>140,071</b>
<b>TOTAL ASSETS</b>		<b>592,870</b>	<b>496,465</b>	<b>488,801</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity attributable to equity holders of the parent</b>		<b>87,750</b>	<b>89,965</b>	<b>91,581</b>
<b>Non-current liabilities</b>				
Interest-bearing liabilities	7	308,466	204,886	213,411
Employee benefit obligations		3,018	2,125	3,113
Leasing liabilities	10	19,464	18,302	16,775
Provisions	6,11	4,714	141	157
Deferred tax liabilities		15,077	19,105	16,637
<b>Total non-current liabilities</b>		<b>350,739</b>	<b>244,560</b>	<b>250,093</b>
<b>Current liabilities</b>				
Interest-bearing liabilities	7	590	10,443	1,632
Leasing liabilities	10	14,154	11,681	12,040
Provisions	6,8	21,639	25,311	24,659
Trade payables		15,021	20,166	20,120
Income tax payables	11	5,232	10,116	8,884
Other liabilities	12	34,982	32,425	33,177
Accrued expenses and prepaid income		62,763	51,800	46,615
<b>Total current liabilities</b>		<b>154,382</b>	<b>161,941</b>	<b>147,127</b>
<b>Total liabilities</b>		<b>505,121</b>	<b>406,500</b>	<b>397,219</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>592,870</b>	<b>496,465</b>	<b>488,801</b>

## Transcom Group - Condensed consolidated statement of changes in equity

(€ '000)	Total number of shares ('000)	Equity attributable to equity holders of the parent			Total equity
		Share capital	Share premium reserve	Other reserves and Retained earnings	
<b>Balance, Jan 1, 2020</b>	<b>11,938</b>	<b>55</b>	<b>20,501</b>	<b>84,565</b>	<b>105,120</b>
Profit/loss for the period	-	-	-	-12,560	-12,560
Other comprehensive income, net of tax	-	-	-	-2,594	-2,594
<b>Balance, Sep 30, 2020</b>	<b>11,938</b>	<b>55</b>	<b>20,501</b>	<b>69,411</b>	<b>89,965</b>
Profit/loss for the period	-	-	-	3,131	3,131
Other comprehensive income, net of tax	-	-	-	-1,516	-1,516
<b>Balance, Dec 31, 2020</b>	<b>11,938</b>	<b>55</b>	<b>20,501</b>	<b>71,026</b>	<b>91,581</b>
Profit/loss for the period	-	-	-	-11,664	-11,664
Shareholder contribution, non cash	-	-	-	3,000	3,000
Effect of transaction under common control*	-	-	-	3,311	3,311
Other comprehensive income, net of tax	-	-	-	1,522	1,522
<b>Balance, Sep 30, 2021</b>	<b>11,938</b>	<b>55</b>	<b>20,501</b>	<b>67,196</b>	<b>87,750</b>

\*Related to the acquisition of TMS. Please see Note 6 for more information.

## Transcom Group - Condensed consolidated statement of cash flows

(€ '000)	Notes	2021 Q3	2020 Q3	2021 Jan-Sep	2020 Jan-Sep	2020 Jan-Dec
<b>Cash flows from operating activities</b>						
Profit/loss before tax		-6,230	-3,493	-10,390	-11,348	-7,949
Adjustments to reconcile profit before tax to net cash:						
Adjustments for non cash items		14,531	11,585	34,267	28,472	38,599
Net financial items		5,485	4,543	20,958	14,917	19,445
Income taxes paid		-3,623	-2,463	-8,602	-3,105	-4,881
<b>Cash flows from operating activities before changes in working capital</b>		<b>10,164</b>	<b>10,172</b>	<b>36,232</b>	<b>28,936</b>	<b>45,214</b>
Changes in working capital		-11,683	10,700	-18,538	12,860	5,040
<b>Cash flow from operating activities</b>		<b>-1,520</b>	<b>20,872</b>	<b>17,694</b>	<b>41,796</b>	<b>50,255</b>
Investments and disposals of tangible assets		-5,318	-1,891	-14,516	-8,417	-13,145
Investments and disposals of intangible assets		-	-32	-603	-457	-1,293
Acquisition of subsidiaries, net of cash	6	-10,020	-	-23,694	-6,781	-6,781
Changes in other non-current assets		-165	130	-551	78	49
Interest received		-	-	-	49	49
<b>Cash flow from investing activities</b>		<b>-15,503</b>	<b>-1,794</b>	<b>-39,364</b>	<b>-15,528</b>	<b>-21,121</b>
Proceeds from borrowings	7	1,000	-	335,757	48,165	27,881
Repayment of borrowings	7	-1,293	-1,718	-233,440	-47,830	-27,990
Payment of lease liabilities	10	-4,031	-4,240	-11,840	-10,126	-12,341
Interest and other financial costs paid		-4,760	-914	-30,756	-9,206	-16,325
Other cash flow from financing activities		-2,199	-	-2,199	-	-
<b>Cash flow from financing activities</b>		<b>-11,284</b>	<b>-6,872</b>	<b>57,523</b>	<b>-18,995</b>	<b>-28,775</b>
<b>Cash flow for the period</b>		<b>-28,306</b>	<b>12,206</b>	<b>35,853</b>	<b>7,273</b>	<b>359</b>
Cash and cash equivalents at beginning of the period		76,936	9,544	13,663	14,295	14,296
Cash flow for the period		-28,306	12,206	35,853	7,273	359
Exchange rate differences in cash and cash equivalents		-985	-1,628	-1,872	-1,447	-991
<b>Cash and cash equivalents at end of the period</b>		<b>47,644</b>	<b>20,121</b>	<b>47,644</b>	<b>20,121</b>	<b>13,663</b>



## Transcom Holding AB (publ) - Condensed income statement

(€ '000)	2021 Q3	2020 Q3	2021 Jan-Sep	2020 Jan-Sep	2020 Jan-Dec
Revenue	-308	759	1,846	2,503	3,303
Cost of sales	-	-	-	-	-
<b>Gross profit</b>	<b>-308</b>	<b>759</b>	<b>1,846</b>	<b>2,503</b>	<b>3,303</b>
Administrative expenses	357	-819	-1,871	-2,582	-3,410
Other operating income/expenses	0	1	1	-4	-25
<b>Operating profit/loss</b>	<b>71</b>	<b>-59</b>	<b>-2</b>	<b>-84</b>	<b>-131</b>
Result from participations in Group companies	-	-	-	-	-
Net financial items	-2,225	-1,938	-12,328	-6,649	-9,193
<b>Profit/loss before tax</b>	<b>-2,154</b>	<b>-1,997</b>	<b>-12,330</b>	<b>-6,733</b>	<b>-9,324</b>
Income tax expense/income	-	-	-	-	-
<b>Profit/loss for the period*</b>	<b>-2,154</b>	<b>-1,997</b>	<b>-12,330</b>	<b>-6,733</b>	<b>-9,324</b>

\*Profit/loss for the period corresponds with total comprehensive income.

## Transcom Holding AB (publ) - Condensed balance sheet

(€ '000)	Notes	2021 Sep 30	2020 Sep 30	2020 Dec 31
<b>ASSETS</b>				
<b>Non-current assets</b>				
Investments in Group companies		281,919	278,919	278,919
Receivables from Group companies		164,777	94,048	91,809
<b>Total non-current assets</b>		<b>446,696</b>	<b>372,967</b>	<b>370,728</b>
<b>Current assets</b>				
Receivables from Group companies		2,804	5,303	2,431
Other receivables		131	350	60
Cash and cash equivalents		9,399	118	82
<b>Total current assets</b>		<b>12,334</b>	<b>5,771</b>	<b>2,573</b>
<b>TOTAL ASSETS</b>		<b>459,030</b>	<b>378,737</b>	<b>373,300</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Restricted equity		55	55	55
Unrestricted equity		149,852	161,773	159,181
<b>Total equity</b>		<b>149,907</b>	<b>161,828</b>	<b>159,236</b>
<b>Non-current liabilities</b>				
Interest-bearing liabilities	7	305,493	199,098	209,190
Liabilities to Group companies		-	1,135	1,196
<b>Total non-current liabilities</b>		<b>305,493</b>	<b>200,233</b>	<b>210,386</b>
<b>Current liabilities</b>				
Interest-bearing liabilities	7	-	10,000	-
Other liabilities		3,630	6,676	3,678
<b>Total current liabilities</b>		<b>3,630</b>	<b>16,676</b>	<b>3,678</b>
<b>Total liabilities</b>		<b>309,123</b>	<b>216,909</b>	<b>214,064</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>459,030</b>	<b>378,737</b>	<b>373,300</b>

# Notes to the condensed financial statements

The accompanying notes are an integrated part of the interim condensed consolidated financial statements. Amounts are in thousands of Euro, unless otherwise stated.

## 1. General

The Group's parent company, Transcom Holding AB (publ), is a registered company domiciled in Stockholm, Sweden. The address of the Company's headquarter is Hälsingegatan 40, 15th floor, SE-113 43 Stockholm. The parent company is responsible for corporate management and administration and holding functions.

## 2. Accounting principles

The interim report for the Group has been prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. Application of IFRS complies with the accounting principles set out in the Group's annual financial statements as at December 31, 2020.

## 3. Risk management

The Group's activities expose it to a variety of business and financial risks, market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Group's risk management and control framework is designed to support the identification, assessment, monitoring, management and control of risks that are significant to the achievement of the Group's business objectives. The condensed consolidated financial statements do not include all risk management information and should be read in conjunction with the Group's annual financial statements as at December 31, 2020. There have been no material changes in risks, the risk management policy and procedures during the period compared to what was presented in the annual financial statements as at December 31, 2020.

## 4. Segment information

	2021			2020		
	English speaking	Europe	Group	English speaking	Europe	Group
(€ '000) Q3						
Revenue from external customers	57,183	96,311	153,494	48,239	92,162	140,401
EBITDA excl. non-recurring items*	9,185	8,303	17,488	7,608	10,931	18,538
Depreciation and amortization			-11,147			-9,131
Non-recurring items			-7,085			-8,283
<b>EBIT</b>			<b>-745</b>			<b>1,125</b>
Net financial items			-5,486			-4,620
<b>Profit/loss before tax</b>			<b>-6,230</b>			<b>-3,493</b>

	2021			2020		
	English speaking	Europe	Group	English speaking	Europe	Group
(€ '000) Jan-Sep						
Revenue from external customers	165,376	282,434	447,810	134,961	265,425	400,386
EBITDA excl. non-recurring items*	23,499	25,212	48,711	21,623	25,446	47,068
Depreciation and amortization			-31,470			-26,396
Non-recurring items			-6,673			-17,105
<b>EBIT</b>			<b>10,567</b>			<b>3,568</b>
Net financial items			-20,958			-14,917
<b>Profit/loss before tax</b>			<b>-10,390</b>			<b>-11,348</b>

\*EBITDA including IFRS 16 Leases, please refer to note 13 for details of restated figures for comparison periods.

## 5. Items affecting comparability

Items affecting comparability are reported as Non-recurring items for the purposes of calculated EBITDA, excl. Non-recurring items.

(€ '000)	2021 Q3	2020 Q3	2021 Jan-Sep	2020 Jan-Sep	2020 Jan-Dec
Operational non-recurring items	-7,109	-7,941	-6,349	-15,823	-20,812
Transaction-related non-recurring items	24	-342	-324	-1,282	-1,595
<b>Total</b>	<b>-7,085</b>	<b>-8,283</b>	<b>-6,673</b>	<b>-17,105</b>	<b>-22,406</b>

The table below shows where the items effecting comparability is presented in the Group's income statement.

(€ '000)	2021 Q3	2020 Q3	2021 Jan-Sep	2020 Jan-Sep	2020 Jan-Dec
Cost of sales	-5,618	-402	-5,618	-1,958	-3,567
Administrative expenses	-1,467	-7,638	-971	-14,017	-17,464
Other operating income/expenses	-	-242	-84	-1,129	-1,376
<b>Total</b>	<b>-7,085</b>	<b>-8,283</b>	<b>-6,673</b>	<b>-17,105</b>	<b>-22,406</b>

## 6. Acquisitions

During the first quarter, the final payment was done (€13.7 million) relating to the acquisition of Awesome OS in 2018.

On 1 July, Transcom took over two contact centers in Essen and Berlin with 600 employees as per the signed agreement with Telefónica Deutschland / O2. The transaction also includes an agreement to continue to provide services to Telefónica from the two sites for the next three years.

On 29 July, Transcom signed and closed the acquisition of City Connect, primarily targeting the German market with delivery from the Balkans. City Connect has an annual revenue of €15 million with double-digit profitability and strong growth.

In September Transcom closed the acquisition of TMS Connected GmbH and TMS Connected Verwaltung GmbH adding annual revenues of €20 million. The companies were acquired from Transcom's sister company Transcom DACH Holding AB. Since all companies are ultimately controlled by the same parent company, Transcom TopCo AB, the acquisition is considered as a business combination under common control, whereby IFRS 3 Business Combination is not applicable.

## 7. Interest-bearing liabilities

Financing in the Group includes €315 million Senior Secured Floating Rate Notes due in December 2026 and a New Super Senior Revolving Credit Facility Agreement of €45 million with termination date in June 2026. On 18 June 2021 Transcom issued €315 million Senior Secured Floating Rate Notes due in December 2026 (the Notes). The Notes are listed on The International Stock Exchange. The proceeds of the Notes have, among other things, been applied towards early redemption in full of the €180 million Senior Secured Fixed Rate Notes, €10 million Senior Unsecured Fixed Rate Notes, the Senior Secured Term Loan Facility agreement of €20 million and all amounts outstanding under the Super Senior Revolving Credit Facility Agreement (SSRCF) of €45 million. On 18 June 2021 Transcom also entered into a new Super Senior Revolving Credit Facility Agreement (New SSRCF) of €45 million with termination date in June 2026. The €180 million Senior Secured Fixed Rate Notes has in connection with the redemption been delisted from Nasdaq Stockholm. The Notes and the New SSRCF shares security and guarantees in accordance with the provisions of an intercreditor agreement.

As per Q3 2021, the New SSRCF was unutilized, excluding guarantees and overdraft facility usage. Unused credit facilities totalled €40.7 million.

There are share pledges in material companies (€216.8 million) used as security for the financing. Part of the SSRCF is used to cover bank guarantees and cash pool limits.

## 8. Contingent liabilities and provisions

The Group has no material contingent liabilities as at September 30, 2021.

In Q2 2018, a provision of €8.0 million was recorded in the capture Cost of Sales relating to that the Group has an ongoing dispute in Spain with legal professionals hired as consultants where the social security inspection claims that they should be considered as employees. Subsequently, Transcom appealed the case to court. On July 14, 2020, the court ruled in favor of the social security inspection. Transcom has appealed the verdict. As per September 30, 2021 the total provision amounted to €10.4 million.

## 9. Financial instruments

Classification of the Group's financial assets and liabilities:

	Financial instruments at amortized cost	Financial instruments at fair value to the P&L	Derivatives for cashflow hedges	Carrying amount	Fair value
(€ '000) Sep 30, 2021					
Total non-current assets	3,458	-	-	3,458	3,458
Total current assets	183,313	-	-1,694	181,619	181,619
<b>Total financial assets</b>	<b>186,772</b>	<b>-</b>	<b>-1,694</b>	<b>185,078</b>	<b>185,078</b>
Total non-current liabilities	328,091	4,552	-	332,644	402,990
Total current liabilities	104,565	4,791	-	109,357	125,952
<b>Total financial liabilities</b>	<b>432,657</b>	<b>9,344</b>	<b>-</b>	<b>442,000</b>	<b>528,941</b>
(€ '000) Dec 31, 2020					
Total non-current assets	2,801	-	-	2,801	2,801
Total current assets	127,944	-	692	128,636	128,636
<b>Total financial assets</b>	<b>130,744</b>	<b>-</b>	<b>692</b>	<b>131,437</b>	<b>131,437</b>
Total non-current liabilities	230,343	-	-	230,343	251,417
Total current liabilities	97,526	13,400	-	110,926	125,766
<b>Total financial liabilities</b>	<b>327,869</b>	<b>13,400</b>	<b>-</b>	<b>341,269</b>	<b>377,183</b>

## 10. Leasing

The following table shows the effect of IFRS 16 on Transcoms income statement and balance sheet:

(€ '000)	2021 Q3	2020 Q3	2021 Jan-Sep	2020 Jan-Sep	2020 Jan-Dec
Reversed cost (EBITDA effect)	4,579	3,243	13,670	10,126	14,133
Depreciations	-4,119	-3,381	-12,138	-9,486	-13,277
<b>Operating profit/loss</b>	<b>460</b>	<b>-139</b>	<b>1,532</b>	<b>640</b>	<b>856</b>
Net financial items	-524	-423	-1,806	-1,421	-1,792
Income tax expense	15	55	50	90	126
<b>Profit/loss for the period</b>	<b>-49</b>	<b>-507</b>	<b>-224</b>	<b>-691</b>	<b>-810</b>
Right of use assets	31,581	27,995	31,581	27,995	26,553
Leasing liabilities, non-current	19,464	18,302	19,464	18,302	16,775
Leasing liabilities, current	14,154	11,681	14,154	11,681	12,040

## 11. Income tax payables

As per September 30, 2021, twelve Group entities were subject to tax audits. Some of these have resulted in reassessments, while others are still at an early stage and no reassessments have yet been raised. As per September 30, 2021 the tax liability related to uncertain tax positions amounted to €909 thousand.

In addition to the above tax risks, the Group may be subject to other tax claims for which the risk of future economic outflows is currently evaluated to be remote.

## 12. Other liabilities

Transcom has deferred some tax payments (VAT and social contribution), mainly in Sweden, enabled by government programs instated during the COVID-19 pandemic. These deferrals amount to €12,067 thousand.

## 13. EBITDA and Net debt change of definition

As of 1 January 2021 Transcom has changed the definition of EBITDA and net debt to fully include IFRS 16 Leases standard. The comparison figures from previous years have been restated, see details below.

(€ Million)	2019 Q1	2019 Q2	2019 Q3	2019 Q4	2019 FY	2020 Q1	2020 Q2	2020 Q3	2020 Q4	2020 FY
<b>Operating profit/loss (EBIT)</b>	<b>3.1</b>	<b>2.0</b>	<b>5.2</b>	<b>9.5</b>	<b>19.7</b>	<b>3.4</b>	<b>-0.9</b>	<b>1.1</b>	<b>7.9</b>	<b>11.5</b>
Amortization, transaction-related	2.7	2.7	2.7	2.7	10.9	2.7	2.7	2.7	2.7	10.9
Non-recurring items	4.0	3.1	0.8	0.5	8.4	1.6	7.2	8.3	5.3	22.4
<b>EBITDA excl. non-recurring items</b>	<b>9.9</b>	<b>7.8</b>	<b>8.7</b>	<b>12.7</b>	<b>39.0</b>	<b>7.7</b>	<b>9.0</b>	<b>12.1</b>	<b>15.9</b>	<b>44.8</b>
Depreciation IFRS 16	4.0	2.2	3.3	3.4	12.6	3.2	2.9	3.4	3.8	13.3
Depreciation/Amortization	2.2	2.2	2.4	4.1	10.9	2.9	2.8	3.0	4.0	12.7
<b>EBITDA excl. non-recurring items*</b>	<b>16.0</b>	<b>12.2</b>	<b>14.4</b>	<b>20.2</b>	<b>62.8</b>	<b>13.8</b>	<b>14.7</b>	<b>18.5</b>	<b>23.7</b>	<b>70.8</b>
<i>EBITDA margin excl. non-recurring items*</i>	<i>11.8%</i>	<i>9.1%</i>	<i>11.0%</i>	<i>14.3%</i>	<i>11.6%</i>	<i>10.8%</i>	<i>11.1%</i>	<i>13.2%</i>	<i>15.1%</i>	<i>12.7%</i>
EBITDA excl. non-recurring items (previously reported)	11.9	9.7	10.6	16.6	48.8	10.1	11.5	15.3	19.7	56.6
<i>EBITDA margin excl. non-recurring items (previously reported)</i>	<i>8.8%</i>	<i>7.2%</i>	<i>8.1%</i>	<i>11.7%</i>	<i>9.0%</i>	<i>7.9%</i>	<i>8.7%</i>	<i>10.9%</i>	<i>12.5%</i>	<i>10.2%</i>
Net debt (previously reported)	198.1	202.9	206.0	203.7	203.7	202.1	209.4	197.3	204.5	204.5
Leasing liabilities IFRS 16	31.7	29.6	30.5	27.5	27.5	28.9	26.2	30.0	28.8	28.8
<b>Net debt*</b>	<b>229.8</b>	<b>232.5</b>	<b>236.5</b>	<b>231.2</b>	<b>231.2</b>	<b>231.0</b>	<b>235.7</b>	<b>227.3</b>	<b>233.3</b>	<b>233.3</b>
<b>Leverage Net debt/EBITDA (LTM)*</b>	<b>5.0</b>	<b>4.5</b>	<b>4.1</b>	<b>3.7</b>	<b>3.7</b>	<b>3.8</b>	<b>3.7</b>	<b>3.4</b>	<b>3.3</b>	<b>3.3</b>

\* Recalculated to include IFRS 16 Leases

## 14. Events after the reporting period

No events having a material effect of the Group's financial performance or financial position have taken place after the end of the interim period.

## ALTERNATIVE PERFORMANCE MEASURES

The purpose of Transcom's alternative performance measurements is to disclose additional information to support a more comprehensive year-on-year comparison and provide an indication of the Group's performance and financial position. These alternative performance measurements defined below are considered to be widely accepted.

EBIT: corresponds to the Operating profit/loss presented in the Condensed Consolidated Income Statement.

EBITA: is defined as Operating profit/loss, adding back the recorded transaction-related amortization.

Non-recurring items: are defined as rare events or activities that are not part of normal business operations, mainly restructuring activities.

EBITA excluding non-recurring items: is calculated by excluding the non-recurring items and the recorded transaction-related amortization from Transcom's Operating profit/loss. The purpose of disclosing Transcom's EBITA excluding non-recurring items is to provide more transparent year-on-year comparison excluding events that are not considered part of Transcom's normal business, such as restructuring cost and net gain or loss from disposed business.

EBITDA: is defined as Operating profit/loss, adding back the recorded depreciation on fixed assets and depreciation on leases according to IFRS 16 and amortization.

EBITDA excluding non-recurring items: is defined as EBITDA excluding the non-recurring items as defined above. The purpose of disclosing Transcom's EBITDA excluding non-recurring items is to provide more transparent year-on-year comparison excluding events that are not considered part of Transcom's normal business, such as restructuring cost and net gain or loss from disposed business.

Net debt: is defined as interest-bearing liabilities, lease liabilities and employee benefit obligations less cash and cash equivalents per balance sheet day.

Net debt/EBITDA excl non-recurring items: is defined as Net debt, as defined above, divided by EBITDA excl non-recurring items (LTM).

LTM: refers to the timeframe of the immediately preceding last twelve months.

Organic growth: Is defined as growth, excluding impact from currency changes versus the previous period and acquired or discontinued operations.

## Other definitions

English speaking segment: services delivered to multinational clients predominantly domiciled in US and UK.

European segment: services delivered to clients based in Europe.

## ABOUT TRANSCOM

Transcom is a global customer experience specialist, providing customer care, sales, technical support and collections services through our extensive network of contact centers and work-at-home agents. We are over 28,000 customer experience specialists at over 60 contact centers across 25 countries, delivering services in 33 languages to international brands in various industry verticals.