

## Q4 2021

- **Revenue** increased to 175.3M€ (157.4)
- **EBITDA** excluding non-recurring items\* increased to 26.2M€ (23.7)
- **EBITDA margin** excluding non-recurring items amounted to 14.9% (15.1%)
- **Operating cash flow** amounted to 4.3M€ (8.5)
- **Net debt/EBITDA\*** amounted to 4.1 (3.3)

## Jan-Dec 2021

- **Revenue** increased to 623.1M€ (557.8)
- **EBITDA** excluding non-recurring items\* increased to 74.8M€ (70.8)
- **EBITDA margin** excluding non-recurring items amounted to 12.0% (12.7%)
- **Operating cash flow** amounted to 22.0M€ (50.3)

## Good ending of the year

Transcom ends the year with both solid growth and increased EBITDA. Revenue growth in the fourth quarter was 11%, while EBITDA increased to €26.2 million (23.7).

The growth in the fourth quarter is mainly driven by continued positive development in the eCommerce & Tech sector, amounting to 48% of total revenue (42%). The acquisition of City Connect contributed positively to revenue growth, while ramp down of temporary projects, including Covid hotlines, had a negative impact on organic growth.

The increase of EBITDA is mainly related to growth with attractive clients in profitable locations, compared to the same quarter 2020. After two quarters of weaker profitability, the fourth quarter marks a comeback, mainly driven by operational improvements and positive seasonal effects.

Our sales momentum continues to be strong. Annual revenue of new contracts closed in the quarter amounted to €21 million.

During the quarter we passed 30,000 employees and our employee satisfaction improved to an all-time high level. Labor markets are tight and we are continuously adjusting our employee value proposition to attract and retain the right team members. To mitigate the labor cost inflation, we have renegotiated pricing of clients representing more than 2/3<sup>rd</sup> of total revenue. The rate increases are expected to fully compensate the labor cost inflation during 2022.

We expect a continued good market for outsourced customer experience services, in particular to cost efficient near/offshore locations, as clients are facing increasing difficulties to recruit onshore and to handle the labor cost inflation. During the quarter, we opened new near/offshore locations in Slovenia, Serbia, Poland, Croatia and Albania, to meet the client demand. During the first half of 2022, we expect to open new near/offshore sites in North Macedonia, the Philippines, and Spain.

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're entering 2022 with a positive momentum and 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 Q4	2020 Q4	Change Y-o-Y	2021 Jan-Dec	2020 Jan-Dec	Change Y-o-Y
Revenue	175.3	157.4	11.4%	623.1	557.8	11.7%
EBITDA excl. non-recurring items*	26.2	23.7	2.5	74.8	70.8	4.0
EBITDA margin excl. non-recurring items*	14.9%	15.1%	-0.1pp	12.0%	12.7%	-0.7pp
EBITA excl. non-recurring items	18.2	15.9	2.3	44.4	44.8	-0.4
EBITA margin excl. non-recurring items	10.4%	10.1%	0.3pp	7.1%	8.0%	-0.9pp
Operating cash flow	4.3	8.5	-4.2	22.0	50.3	-28.3
Net debt*	307.3	233.3	74.0	307.3	233.3	74.0
Net debt/EBITDA excl. non-recurring items*	4.1	3.3	0.8	4.1	3.3	0.8

## October-December 2021

### Income and profit

Revenue amounted to €175.3 million (157.4) with a growth of 11.4%. Organic growth was 3.4%, where recurring contracts contributed positively with 9.2pp, while ramp down of temporary projects, such as Covid hotlines, impacted organic growth negatively with -5.7pp. Acquired growth was 6.5% and contribution from currency effects was 1.5%.

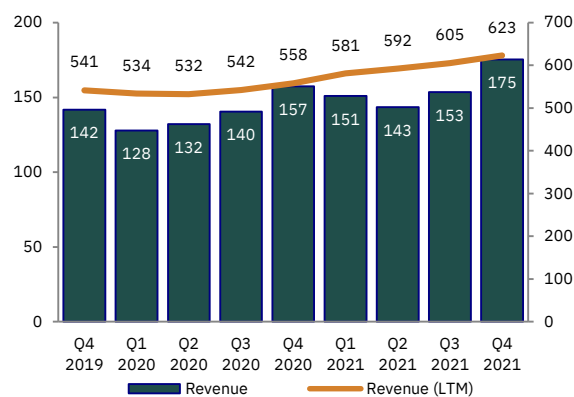
EBITDA excluding non-recurring business\* amounted to €26.2 million (23.7) with a margin of 14.9% (15.1%).

Covid-related costs for business continuity and protective measures amounted to €-0.5 and were reported as operating costs. In Q4 2020, such costs were reported as non-recurring items and amounted to €-2.0 million.

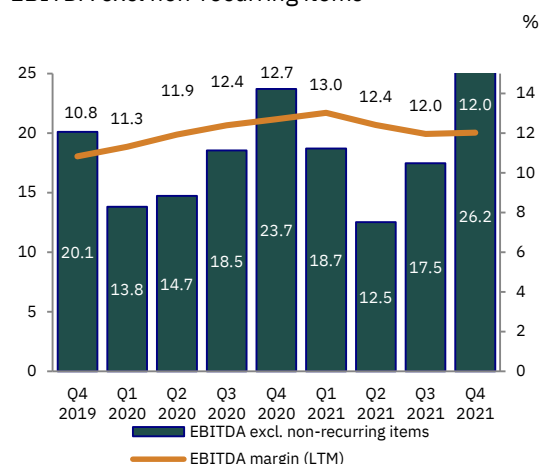
Net financial items amounted to €-6.2 million compared to €-4.5 million last year. Taxes amounted to €-0.2 million (-0.3).

Non-recurring items totalled €-3.1 million (-5.3). These include costs of onerous lease contracts as a consequence of migration to permanent work-at-home model, restructuring costs for overhead savings, and costs related to the impact of the typhoon Odette in December in the Philippines.

### Revenue



### EBITDA excl non-recurring items

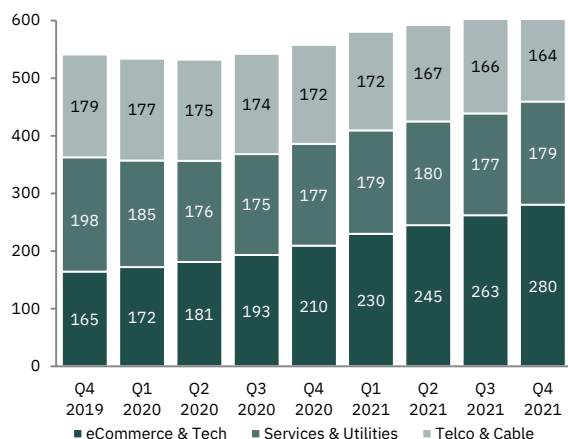


\* EBITDA and Net debt including IFRS 16 Leases, please refer to note 13 for details of restated figures for comparison periods.

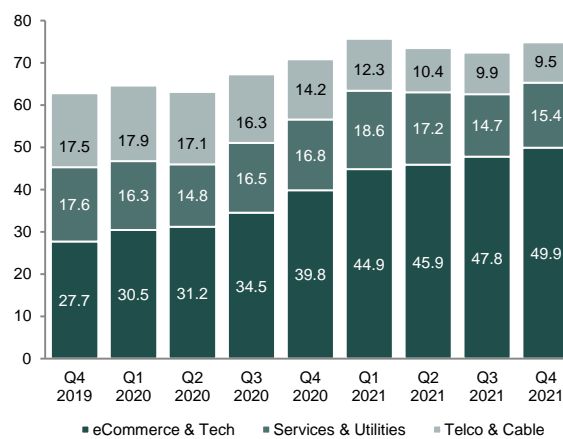
### Sector development

We continue to grow strongly in the eCommerce & Tech sector. EBITDA margin was slightly below last year LTM at 18% (19%) mainly due to the shortages of labor in the US market. The revenue growth in eCommerce & Tech amounted to 27% during the fourth quarter, compared to the same quarter 2020. eCommerce & Tech represents 48% (42%) of the total revenue in Q4 2021.

Revenue by sector (LTM)



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



### Development by geographical segment

#### English-speaking segment

Revenue amounted to €64.5 million (60.3) with a growth of 7%, driven by growth in eCommerce & Tech from Offshore locations and work-at-home delivery business (WAH) in North America.

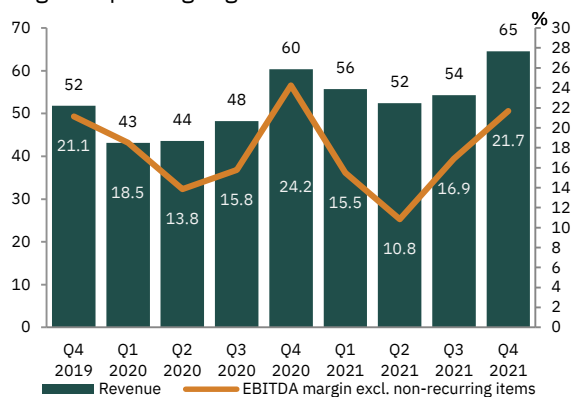
EBITDA excl. non-recurring items amounted to 14.0 million (14.6) with a margin of 21.7% (24.3%). The lower EBITDA margin is mainly driven by pandemic impacts including offshore business continuity cost, productivity loss and US labor shortage but also ramp up costs for new clients. In addition, there was adverse effect on productivity due to the typhoon Odette in the Philippines.

#### European segment

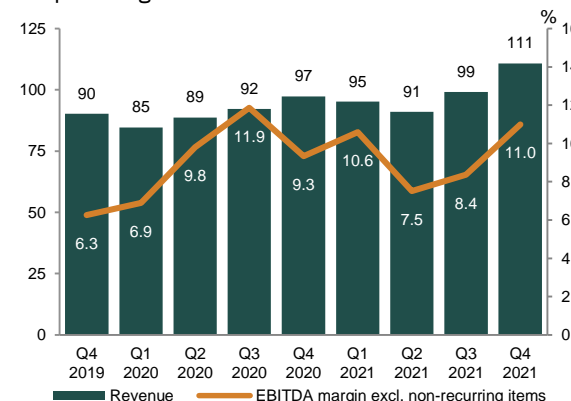
Revenue amounted to €110.8 million (97.2) with a growth of 14%. Growth continues with new and existing clients, mainly within eCommerce & Tech, but growth is impacted negatively by ramp down on non-recurring business in Service & Utilities and lower volumes in our Spanish business. There is €10.2 million revenue contribution in the quarter from acquisitions of TMS and City Connect.

EBITDA excl. non-recurring items amounted to €12.2 million (9.1) with a margin of 11.0% (9.3%). The positive EBITDA development is mainly driven by mix shift towards eCommerce & Tech although negatively impacted by ramp up costs for business and ramp down of non-recurring business in Service & Utilities and volume decline in our Spanish business.

English-Speaking segment



European segment



### Cash flow and financial position

Operating cash flow was €4.3 million (8.5). Lower cash flow from operations is primarily driven by increased working capital due to longer cash collection. Cash flow from operating activities before changes in the working capital improved vs last year.

Cash flow from investing activities amounted to €-5.9 million (-5.6) whereof €-5.8 million in acquisitions in tangible and intangible assets. Cash flow from financing activities amounted to €-7,9 million (-9.8). Cash flow totalled €-9.5 million (-6.9).

Net debt\* amounted to €307.3 million (233.3).

Net debt/EBITDA amounted to 4.1 (3.3). 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 SSRCF) of €45 million with termination date in June 2026. As per Q4 2021, the New SSRCF was unutilized, excluding guarantees and overdraft facility usage. Unused credit facilities totalled €40.6 million.

## January-December 2021

### Income and profit

Revenue amounted to €623.1 million (557.8) with a growth of 11.7%. Organic growth was 9.9%, inorganic growth was 2.5% and impact from currency was -0.7%.

EBITDA excluding non-recurring items\* amounted to €74.9 million (70.8) with a margin of 12.0% (12.7%). Non-recurring items totalled €-9.9 million (-22.4).

Net financial items amounted to €-27.1 million compared to €-19.4 million last year. Taxes amounted to €-1.5 million (-1.5).

### Cash flow

Operating cash flow was €22.0 million (50.3). Cash flow from investing activities amounted to €-45.3 million (-21.1). Cash flow from financing activities amounted to €49.6 million (-28.8). Cash flow totalled €26.4 million (0.4).

## 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.

## Other information

### Earnings call

Transcom will host a webcast at 9:00 CET on February 24, 2022. The webcast will be held in English. The presentation will be available on <https://www.transcom.com/global/about-us/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-q4-2021-results-presentation>

### Financial calendar

Transcom's Annual Report 2021 will be published on April 14, 2022

Transcom's Q1 2022 report will be published on May 12, 2022

Transcom's Q2 2022 report will be published on Aug 25, 2022

Transcom's Q3 2022 report will be published on Nov 17, 2022

### Other information

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

Transcom Holding AB  
P.O. Box 45033, 104 30 Stockholm  
Visiting address: Hälsingegatan 40, 15th floor  
SE-113 43 Stockholm  
Sweden  
[www.transcom.com](http://www.transcom.com)  
Company registration number: 556962-4108

For further information please contact:

Jonas Dahlberg, President and CEO	+46 70 347 23 83
Snejana Koleva, CFO	+46 70 508 38 30
Helene Ruda, Head of Group Communications	+46 70 311 75 60

## Transcom Group - Condensed consolidated income statement

(€ '000)	Notes	2021 Q4	2020 Q4	2021 Jan-Dec	2020 Jan-Dec
Revenue	4	175,322	157,414	623,132	557,800
Cost of sales	5	-134,536	-119,795	-492,471	-431,099
<b>Gross profit</b>		<b>40,786</b>	<b>37,619</b>	<b>130,661</b>	<b>126,701</b>
Sales and marketing expenses		-2,322	-2,357	-8,325	-5,643
Administrative expenses		-27,437	-27,111	-101,442	-108,622
Other operating income/expenses		315	-224	1,015	-940
<b>Operating profit/loss</b>	4,5	<b>11,342</b>	<b>7,928</b>	<b>21,910</b>	<b>11,496</b>
Net financial items		-6,156	-4,528	-27,113	-19,445
<b>Profit/loss before tax</b>		<b>5,187</b>	<b>3,399</b>	<b>-5,204</b>	<b>-7,949</b>
Income tax expense/income		-206	-268	-1,479	-1,481
<b>Profit/loss for the period attributable to equity holders of the parent</b>		<b>4,981</b>	<b>3,131</b>	<b>-6,683</b>	<b>-9,429</b>

## Transcom Group - Condensed consolidated statement of comprehensive income

(€ '000)	2021 Q4	2020 Q4	2021 Jan-Dec	2020 Jan-Dec
Profit/loss for the period attributable to equity holders of the parent	4,981	3,131	-6,683	-9,429
<b>Other comprehensive income:</b>				
Exchange differences on translation of foreign operations	-3,150	-593	-198	-3,237
Net gain/loss on cash flow hedges	281	-231	-1,149	-181
<b>Other comprehensive income to be reclassified to profit or loss in subsequent periods</b>	<b>-2,869</b>	<b>-824</b>	<b>-1,347</b>	<b>-3,418</b>
Actuarial profit/loss on post-employment benefit obligations	-514	-691	-514	-691
<b>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</b>	<b>-514</b>	<b>-691</b>	<b>-514</b>	<b>-691</b>
<b>Other comprehensive income for the period, net of tax</b>	<b>-3,383</b>	<b>-1,516</b>	<b>-1,861</b>	<b>-4,110</b>
<b>Total comprehensive income for the period, net of tax, attributable to equity holders of the parent</b>	<b>1,598</b>	<b>1,615</b>	<b>-8,544</b>	<b>-13,539</b>

## Transcom Group - Condensed consolidated statement of financial position

(€ '000)	Notes	<b>2021</b> <b>Dec 31</b>	<b>2020</b> <b>Dec 31</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill		220 646	203 502
Other intangible assets		107 178	89 977
Tangible assets		32 583	24 369
Right of use assets	10	30 382	26 553
Deferred tax assets		7 737	1 528
Other receivables		5 869	2 800
<b>Total non-current assets</b>		<b>404 395</b>	<b>348 730</b>
<b>Current assets</b>			
Trade receivables		93 233	73 088
Income tax receivables		2 538	3 474
Other receivables		12 056	11 960
Prepaid expenses and accrued income		50 799	37 887
Cash and cash equivalents		39 236	13 663
<b>Total current assets</b>		<b>197 861</b>	<b>140 071</b>
<b>TOTAL ASSETS</b>		<b>602 256</b>	<b>488 801</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the parent</b>		<b>89 348</b>	<b>91 581</b>
<b>Non-current liabilities</b>			
Interest-bearing liabilities	7	307 910	213 411
Employee benefit obligations		3 986	3 113
Leasing liabilities	10	16 900	16 775
Provisions	6	10 050	157
Deferred tax liabilities		18 157	16 637
<b>Total non-current liabilities</b>		<b>357 003</b>	<b>250 093</b>
<b>Current liabilities</b>			
Interest-bearing liabilities	7	2 535	1 632
Leasing liabilities	10	15 200	12 040
Provisions	6,8	19 769	24 659
Trade payables		17 638	20 120
Income tax payables	11	4 869	8 884
Other liabilities	12	42 234	33 177
Accrued expenses and prepaid income		53 661	46 615
<b>Total current liabilities</b>		<b>155 906</b>	<b>147 127</b>
<b>Total liabilities</b>		<b>512 908</b>	<b>397 219</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>602 256</b>	<b>488 801</b>

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

(€ '000)	Equity attributable to equity holders of the parent				
	Total number of shares ('000)	Share capital	Share premium reserve	Other reserves and Retained earnings	Total equity
<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	-	-	-	-9,429	-9,429
Other comprehensive income, net of tax	-	-	-	-4,110	-4,110
<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	-	-	-	-6,683	-6,683
Shareholder contribution, non cash	-	-	-	3,000	3,000
Effect of transaction under common control*	-	-	-	3,311	3,311
Other comprehensive income, net of tax	-	-	-	-1,861	-1,861
<b>Balance, Dec 31, 2021</b>	<b>11,938</b>	<b>55</b>	<b>20,501</b>	<b>68,793</b>	<b>89,348</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 Q4	2020 Q4	2021 Jan-Dec	2020 Jan-Dec
<b>Cash flows from operating activities</b>					
Profit/loss before tax		5,186	3,399	-5,204	-7,949
Adjustments to reconcile profit before tax to net cash:					
Adjustments for non cash items		9,117	10,126	43,384	38,599
Net financial items		6,155	4,528	27,113	19,445
Income taxes paid		-370	-1,776	-8,972	-4,881
<b>Cash flows from operating activities Before changes in working capital</b>		<b>20,089</b>	<b>16,279</b>	<b>56,321</b>	<b>45,214</b>
Changes in working capital		-15,754	-7,820	-34,292	5,040
<b>Cash flow from operating activities</b>		<b>4,335</b>	<b>8,459</b>	<b>22,029</b>	<b>50,255</b>
Investments and disposals of tangible assets		-4,143	-4,728	-18,659	-13,145
Investments and disposals of intangible assets		-1,624	-837	-2,227	-1,293
Acquisition of subsidiaries, net of cash	6	-	-	-23,694	-6,781
Changes in other non-current assets		-132	-29	-683	49
Interest received		-	-	-	49
<b>Cash flow from investing activities</b>		<b>-5,899</b>	<b>-5,593</b>	<b>-45,263</b>	<b>-21,121</b>
Proceeds from borrowings	7	-	-	335,757	27,881
Repayment of borrowings	7	-60	-444	-233,500	-27,990
Payment of lease liabilities	10	-3,961	-2,216	-15,801	-12,341
Interest and other financial costs paid		-3,898	-7,120	-34,654	-16,325
Other cash flow from financing activities		-	-	-2,199	-
<b>Cash flow from financing activities</b>		<b>-7,920</b>	<b>-9,779</b>	<b>49,603</b>	<b>-28,775</b>
<b>Cash flow for the period</b>		<b>-9,484</b>	<b>-6,914</b>	<b>26,369</b>	<b>359</b>
Cash and cash equivalents at beginning of the period		47,644	20,121	13,663	14,295
Cash flow for the period		-9,484	-6,914	26,369	359
Exchange rate differences in cash and cash equivalents		1,075	456	-797	-991
<b>Cash and cash equivalents at end of the period</b>		<b>39,236</b>	<b>13,663</b>	<b>39,236</b>	<b>13,663</b>



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

(€ '000)	2021 Q4	2020 Q4	2021 Jan-Dec	2020 Jan-Dec
Revenue	-308	800	1,846	3,303
Cost of sales	-	-	-	-
<b>Gross profit</b>	<b>-308</b>	<b>800</b>	<b>1,846</b>	<b>3,303</b>
Administrative expenses	453	-828	-1,719	-3,410
Other operating income/expenses	-4	-20	-3	-25
<b>Operating profit/loss</b>	<b>142</b>	<b>-48</b>	<b>146</b>	<b>-131</b>
Result from participations in Group companies	-	-	-	-
Net financial items	-1,824	-2,544	-14,158	-9,193
<b>Profit/loss before tax</b>	<b>-1,682</b>	<b>-2,592</b>	<b>-14,012</b>	<b>-9,324</b>
Income tax expense/income	-	-	-	-
<b>Profit/loss for the period*</b>	<b>-1,682</b>	<b>-2,592</b>	<b>-14,012</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 Dec 31	2020 Dec 31
<b>ASSETS</b>			
Non-current assets			
Investments in Group companies		281,919	278,919
Receivables from Group companies		170,489	91,809
<b>Total non-current assets</b>		<b>452,408</b>	<b>370,728</b>
<b>Current assets</b>			
Receivables from Group companies		3,185	2,431
Other receivables		23	60
Cash and cash equivalents		1,833	82
<b>Total current assets</b>		<b>5,041</b>	<b>2,573</b>
<b>TOTAL ASSETS</b>		<b>457,448</b>	<b>373,300</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Restricted equity		55	55
Unrestricted equity		148,169	159,181
<b>Total equity</b>		<b>148,224</b>	<b>159,236</b>
<b>Non-current liabilities</b>			
Interest-bearing liabilities	7	306,478	209,190
Liabilities to Group companies		-	1,196
<b>Total non-current liabilities</b>		<b>306,478</b>	<b>210,386</b>
<b>Current liabilities</b>			
Interest-bearing liabilities	7	779	-
Other liabilities		1,967	3,678
<b>Total current liabilities</b>		<b>2,746</b>	<b>3,678</b>
<b>Total liabilities</b>		<b>309,224</b>	<b>214,064</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>457,448</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

(€ '000) Q4	2021			2020		
	English speaking	Europe	Group	English speaking	Europe	Group
Revenue from external customers	64,516	110,806	175,322	60,256	97,158	157,414
EBITDA excl. non-recurring items*	13,994	12,174	26,168	14,627	9,076	23,738
Depreciation and amortization			-11,755			-10,508
Non-recurring items			-3,070			-5,302
<b>EBIT</b>			<b>11,343</b>			<b>7,928</b>
Net financial items			-6,156			-4,528
<b>Profit/loss before tax</b>			<b>5,187</b>			<b>-3,399</b>

(€ '000) Jan-Dec	2021			2020		
	English speaking	Europe	Group	English speaking	Europe	Group
Revenue from external customers	229,892	393,240	623,132	195,293	362,507	557,800
EBITDA excl. non-recurring items*	37,494	37,384	74,878	36,250	34,522	70,772
Depreciation and amortization			-43,226			-36,870
Non-recurring items			-9,743			-22,406
<b>EBIT</b>			<b>21,910</b>			<b>11,496</b>
Net financial items			-27,113			-19,445
<b>Profit/loss before tax</b>			<b>-5,204</b>			<b>-7,949</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 Q4	2020 Q4	2021 Jan-Dec	2020 Jan-Dec
Operational non-recurring items	-3,163	-4,988	-9,512	-20,812
Transaction-related non-recurring items	-54	-313	-378	-1,595
<b>Total</b>	<b>-3,217</b>	<b>-5,302</b>	<b>-9,890</b>	<b>-22,406</b>
whereof depreciation and amortization	-147	-	-147	-
<b>Total excl. depreciation and amortization</b>	<b>-3,070</b>	<b>-5,302</b>	<b>-9,743</b>	<b>-22,406</b>

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

(€ '000)	2021 Q4	2020 Q4	2021 Jan-Dec	2020 Jan-Dec
Cost of sales	-853	-1,609	-6,471	-3,567
Administrative expenses	-1,781	-3,446	-2,752	-17,464
Other operating income/expenses	-583	-246	-667	-1,376
<b>Total</b>	<b>-3,217</b>	<b>-5,302</b>	<b>-9,890</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 Q4 2021, the New SSRCF was unutilized, excluding guarantees and overdraft facility usage. Unused credit facilities totalled €40.6 million.

There are share pledges in material companies to a value of €223.1 million (211.3) 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 December 31, 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 December 31, 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) Dec 31, 2021					
Total non-current assets	3,636	-	-	3,636	3,636
Total current assets	185,259	-	-1,385	183,875	183,875
<b>Total financial assets</b>	<b>188,895</b>	<b>-</b>	<b>-1,385</b>	<b>187,511</b>	<b>187,511</b>
Total non-current liabilities	330,248	4,611	-	334,860	400,350
Total current liabilities	104,004	4,854	-	108,858	123,887
<b>Total financial liabilities</b>	<b>434,252</b>	<b>9,465</b>	<b>-</b>	<b>443,717</b>	<b>524,236</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 Transcom's income statement and balance sheet:

(€ '000)	2021 Q4	2020 Q4	2021 Jan-Dec	2020 Jan-Dec
Reversed cost (EBITDA effect)	4,014	4,007	17,684	14,133
Depreciations	-3,625	-3,791	-15,763	-13,277
<b>Operating profit/loss</b>	<b>849</b>	<b>216</b>	<b>1,921</b>	<b>856</b>
Net financial items	-233	-371	-2,039	-1,792
Income tax expense	-26	36	24	126
<b>Profit/loss for the period</b>	<b>590</b>	<b>-119</b>	<b>-94</b>	<b>-810</b>
Right of use assets	30,382	26,553	30,382	26,553
Leasing liabilities, non-current	16,900	16,775	16,900	16,775
Leasing liabilities, current	15,200	12,040	15,200	12,040

## 11. Income tax payables

As per December 31, 2021, eleven 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 December 31, 2021 the tax liability related to uncertain tax positions amounted to €932 thousand (3,844).

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 €12,146 thousand (11,747).

## 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

## 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 provides digitally enhanced customer experience (CX) services to some of the world's most ambitious brands. More than 300 clients globally, including disruptive e-commerce players, category redefining fintechs, and technology legends rely on us for on-, off-, and nearshoring services. Transcom's over 30,000 employees work in 69 contact centers and work-at-home networks across 26 countries, creating brilliant experiences in customer care, sales, content moderation and backoffice services. We help our clients drive their brands forward, customer satisfaction up and operating costs down. For more information, visit [www.transcom.com](http://www.transcom.com).