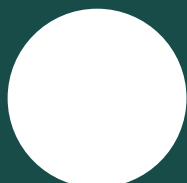
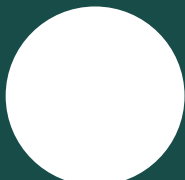
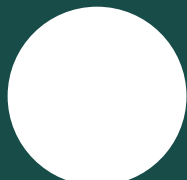


# Annual Report 2021



**Transcom**

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The formal annual accounts and the consolidated accounts comprise pages 1–44.

This is a translation of the original Swedish Annual Report. In the event of differences between the English translation and the Swedish original, the Swedish Annual Report shall prevail.

# Administration report

The Board of Directors and the CEO of Transcom Holding AB (publ), corporate registration number 556962-4108, hereby submit the Annual Report and Consolidated Financial Statements for the 2021 financial year.

Transcom is a global customer experience specialist, offering digitally enhanced customer experience (CX) services – CX advisory, customer care, technical support, customer retention, customer acquisition, cross-selling and upselling, content moderation, collections, and back office services through an extensive network of contact centers and work-at-home agents. Transcom’s mission is to positively impact customer loyalty and, thus, revenue through making service and support interactions as effortless and enjoyable as possible for our clients’ customers. Transcom’s customer experience specialists engage with customers in digital and traditional channels; chat, email, messaging, social media, voice, and video.

## Transcom’s clients

Transcom serves clients across Europe and North America in a variety of industries and areas of public service. Many of our clients compete in fast-moving consumer markets that demand extreme levels of responsiveness to shifting consumer needs and preferences. Transcom has deep know-how in a wide range of industries, including consumer tech, e-commerce, retail, financial services, utilities, logistics, telecommunications & media. Customer experience is a significant differentiator in all these sectors, and the quality of customer care service delivery continues to play a major role in influencing customer choice when deciding which brands to do business with.

## How Transcom adds value

Transcom adds value to clients’ businesses by supporting the creation of outstanding customer experiences, while reducing cost and helping drive growth.

Transcom does this by delivering multi-channel customer service and support in a cost-effective way. Transcom’s goal is also that our activities benefit other parts of clients’ businesses. For example, Transcom’s analytical capabilities can generate insights that ultimately contribute to differentiated customer experience, setting Transcom’s clients apart in an increasingly competitive marketplace.

To many of Transcom’s clients, the quality of their Customer care operations is fundamental to their ability to execute their service-based strategies to increase loyalty,

## Market definition – what business are we in?

**Customer management** comprises the process of managing a company’s relationship with potential and existing customers, and includes four sub categories: customer selection, customer acquisition, customer retention, and customer extension. Services are delivered via five primary channels:

- Telephony, including voice and interactive voice response (IVR) self-service
- Video
- Email response management
- Digital channels (social media, chat, messaging apps)
- Knowledge management for web-based self-service

**Help Desk outsourcing** involves first and second level help desk support for information technology services, both for internal stakeholders in an organization and external customers.

retention and customer sales. This is why they partner with Transcom, whose core business is to deliver excellent multi-channel customer service and support.

## Operational excellence

Transcom’s services are delivered through a structured and proven process with rigorous quality controls. Continuous improvement practices, focused on strengthening service quality and enhancing operational efficiency, are embedded into daily operations. The impact of Transcom’s service delivery on customer experience is constantly validated, e.g. through Customer Satisfaction, Customer Effort and Net Promoter indices.

In 2021, Transcom had some 30,000 customer experience specialists at 69 contact centers across 26 countries, delivering services in 33 languages to international brands in various industry verticals.

## Financial overview

### Income statement

Revenue for 2021 amounted to EUR 623.1 million (557.8) with a growth of 11.7%. Organic growth was 9.9%, inorganic was 2.5% and impact from currency was –0.7%.

Gross profit amounted to EUR 130.6 million (126.7) and Operating result to EUR 21.9 million (11.5). Operating result excluding non-recurring items amounted to EUR 31.8 million (33.9). Non-recurring items amounted to EUR –9.9 million (–22.4). In 2020, EUR –7.4 million of costs relating to Covid-19 were treated as Non-recurring items. From 2021, all Covid costs are taken as operational, EUR –4.7 million for FY 2021.

### **Cash flow**

Operating cash flow amounted to EUR 22.0 million (50.3). Cash flow from investing activities amounted to EUR –45.3 million (–21.1) and included earn-out payment for the Awesome acquisition and investments in new sites and Work at Home (WAH). Cash flow from financing activities amounted to EUR 49.6 million (–28.2) and includes EUR 315 million Senior Secured Floating Rate Notes issued on 18 June 2021. The proceeds of the Notes have, among other things, been applied towards early redemption in full of the EUR 180 million Senior Secured Fixed Rate Notes, EUR 10 million Senior Unsecured Fixed Rates Notes, the Senior Secured Term Loan Facility agreement of EUR 20 million and all amounts outstanding under the Super Senior Revolving Credit Facility Agreement (SSRCF) of EUR 45 million. Cash flow totaled EUR 26.4 million (0.4).

### **Debt & Financing**

Net debt amounted to EUR 308.8 million (233.3). Net debt/EBITDA excluding non-recurring items amounted to 4.1x (3.3x). Financing in the Group includes EUR 315 million Senior Secured Floating Rate Notes due in December 2026 and a New Super Senior Revolving Credit Facility Agreement of EUR 45 million with termination date in June 2026, that has replaced the EUR 180 million Senior Secured Fixed Rate Notes, EUR 10 million Senior Unsecured Fixed Rate Notes, the Senior Secured Term Loan Facility agreement of EUR 20 million and all amounts outstanding under the previous Super Senior Revolving Credit Facility Agreement (SSRCF) of EUR 45 million. As per December 31, 2021, the SSRCF was unutilized, excluding guarantees and overdraft facility usage. Unused credit facilities totaled EUR 40.6 million.

### **Significant events during the reporting period**

During the first quarter, the final payment was done (EUR 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 EUR 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 EUR 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 available. Financing in the Group includes EUR 315 million Senior Secured Floating Rate Notes due in December 2026 and a New Super Senior Revolving Credit Facility Agreement of EUR 45 million with termination date in June 2026. On 18 June 2021 Transcom issued EUR 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 EUR 180 million Senior Secured Fixed Rate Notes, EUR 10 million Senior Unsecured Fixed Rate Notes, the Senior Secured Term Loan Facility agreement of EUR 20 million and all amounts outstanding under the Super Senior Revolving Credit Facility Agreement (SSRCF) of EUR 45 million. On 18 June 2021 Transcom also entered into a new Super Senior Revolving Credit Facility Agreement (New SSRCF) of EUR 45 million with termination date in June 2026. The EUR 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.

### **Research & Development**

Transcom, being a service company, does not carry out any research activities as defined in IAS 38 Intangible assets. Development activities mainly consist of the development of IT solutions. The Company's service offering and solutions are continuously developed and refined in order to ensure that Transcom has the right capabilities to keep up with the rapid pace of change in its industry, bringing new and innovative service solutions to market quickly.

### **Parent Company**

The Parent Company, Transcom Holding AB, does not perform CRM services, but employs part of the corporate management team. The Parent Company is a publicly registered limited company domiciled in Stockholm, Sweden. The address of the Company's headquarter is Hålsingegatan 40, 15th floor, SE-113 43 Stockholm.

Operating result amounted to EUR 0.1 million (–0.1). Loss for the year amounted to EUR –14.0 million (–9.3). Cash flow for the year amounted to EUR 1.8 million (–0.2).

## Significant events after the reporting period

Transcom does not have any sites or employees in Russia, Belarus or Ukraine, nor do we have Russian or Belarussian clients. Our exposure is limited to 11 consultants from a third-party provider in the Ukraine, and two international clients with minor support lines in Russian delivered from the Baltics and Serbia, paid for by the clients' local subsidiaries in Russia.

Transcom has not been significantly financially impacted by the situation, nor has there been any direct impact on the services we provide to our clients. However, it is difficult at this time to assess the full effects of the invasion and sanctions on the global economy.

## Outlook

Transcom has built a solid foundation with improved adjusted EBITDA margin from 5% to 12% between years 2015 and 2021. Transcom's long-term objectives is double-digit organic growth and 16% EBITDA margin – driven by continued shift towards growing customers in the eCommerce and Tech sector and further expansion into near- and offshore delivery locations. Transcom's priorities remain – profitable growth through client focus and operational excellence, driven by great culture and leadership.

## Risks and uncertainties

There are a number of risk factors that may affect Transcom's operations and the achievement of Transcom's business objectives. We follow the development in Russia and Ukraine carefully as mentioned above.

The Group's risk management and control framework is designed to support the identification, assessment, monitoring, management and control of the key risks that may have significant impact on the Group's results and providing reliable financial information. The key risks Transcom faces and manages are outlined in more details in Transcom's Corporate Governance Report. They include:

- Macroeconomic risks
- Disasters, disruption & hazard risks (including IT or network failure)
- Client & industry concentration risks
- Capacity utilization & productivity and efficiency risks
- Talent attraction and retention risks
- Significant increase in input costs
- Currency risks
- Impairment risks
- Breach of data privacy risks
- Information security, technology and cyber-attacks
- Employee misconduct risks
- Tax audits & litigation risks

In addition, the main risks arising from the Group's financial instruments are liquidity risk, credit/counterparty risk, foreign currency risk, and interest rate risk.

The Board of Directors reviews and agrees policies for managing each of these risks. Further information on financial risks is summarized in note 23.

## Corporate governance report

Corporate governance report has been reported on a voluntary basis. The report is separated from the annual report and is available at <https://www.transcom.com/global/about-us/transcom-corporate-governance-report-2021>.

## Personnel and sustainability

In accordance with Annual Accounts Act 6 Chapter 11§, Transcom Holding AB has chosen to establish the statutory sustainability report as a report separated from the annual report. The sustainability report is available at <https://www.transcom.com/global/about-us/transcom-sustainability-report-2021>.

## Proposed allocation of earnings

The statements of income and the balance sheets of the Parent Company and the Group are subject to adoption by the Annual General Meeting.

The following amounts in EUR are at the disposal of the Parent Company's Annual General Meeting:

|                           |                    |
|---------------------------|--------------------|
| Other capital contributed | 23,501,042         |
| Retained earnings         | 138,680,327        |
| Profit/loss for the year  | -14,012,089        |
| <b>Total</b>              | <b>148,169,280</b> |

The Board and the CEO propose that the unappropriated earnings at the disposal of the Annual General Meeting to be disposed of as follows:

|                           |                    |
|---------------------------|--------------------|
| Carried forward:          |                    |
| Other capital contributed | 23,501,042         |
| Retained earnings         | 124,668,238        |
| <b>Total</b>              | <b>148,169,280</b> |

# Consolidated financial overview

|                                                           | 2021   | 2020  |
|-----------------------------------------------------------|--------|-------|
| Revenue (EUR million)                                     | 623    | 558   |
| EBIT (EUR million)                                        | 21.9   | 11.5  |
| EBIT margin                                               | 3.5 %  | 2.0%  |
| EBITA excluding non-recurring items (EUR million)         | 44.4   | 44.8  |
| EBITA margin excluding non-recurring items                | 7.1 %  | 8.0%  |
| EBITDA (EUR million)                                      | 65.1   | 35.1  |
| EBITDA margin                                             | 10.4 % | 6.3%  |
| EBITDA excluding non-recurring items (EUR million)        | 74.8   | 56.6  |
| EBITDA margin excluding non-recurring items (EUR million) | 12.0 % | 10.2% |
| Profit/loss before tax (EUR million)                      | -5.2   | -7.9  |
| Profit/loss for the year (EUR million)                    | -6.7   | -9.4  |
| Net cash flow from operating activities (EUR million)     | 22.0   | 50.3  |
| Return on Equity                                          | -7.4 % | -8.1% |
| Equity ratio                                              | 15.1 % | 18.7% |
| Net debt/EBITDA excl non-recurring items                  | 4.1    | 3.6   |

(Alternative performance measures see page 45.)

# Consolidated income statement

January to December

| EUR thousand                    | Note              | 2021           | 2020           |
|---------------------------------|-------------------|----------------|----------------|
| Revenue                         | 3, 4              | 623,132        | 557,800        |
| Cost of sales                   | 5, 6, 7, 9, 25    | -492,471       | -431,099       |
| <b>Gross profit</b>             |                   | <b>130,661</b> | <b>126,701</b> |
| Marketing expenses              | 5, 6, 9, 25       | -8,325         | -5,643         |
| Administrative expenses         | 5, 6, 7, 8, 9, 25 | -101,442       | -108,622       |
| Other operating income/expenses | 25                | 1,015          | -940           |
| <b>Operating profit/loss</b>    |                   | <b>21,909</b>  | <b>11 497</b>  |
| Financial income                | 10                | 473            | 898            |
| Financial expenses              | 7, 10             | -27,585        | -20,343        |
| <b>Profit/loss before tax</b>   |                   | <b>-5,204</b>  | <b>-7,949</b>  |
| Income tax expense              | 11                | -1,479         | -1,481         |
| <b>Profit/loss for the year</b> |                   | <b>-6,683</b>  | <b>-9,429</b>  |
| <b>Attributable to:</b>         |                   |                |                |
| – equity holders of the parent  |                   | -6,683         | -9,429         |
| – non-controlling interests     |                   | -              | -              |

# Consolidated statement of comprehensive income

January to December

| EUR thousand                                                                                      | Note | 2021          | 2020           |
|---------------------------------------------------------------------------------------------------|------|---------------|----------------|
| Profit/loss for the year                                                                          |      | -6,683        | -9,429         |
| <b>Other comprehensive income</b>                                                                 |      |               |                |
| <i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>     |      |               |                |
| Exchange differences on translation of foreign operations                                         |      | 4,067         | -3,237         |
| Net gain on cash flow hedge                                                                       |      | -1,149        | -181           |
|                                                                                                   |      | <b>2,918</b>  | <b>-3,418</b>  |
| <i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i> |      |               |                |
| Actuarial profit/loss on post employment benefit obligations                                      | 18   | -2,042        | -691           |
|                                                                                                   |      | <b>-2,042</b> | <b>-691</b>    |
| <b>Other comprehensive income for the year</b>                                                    |      | <b>876</b>    | <b>-4,110</b>  |
| <b>Total comprehensive income for the year</b>                                                    |      | <b>-5,807</b> | <b>-13,539</b> |
| <b>Attributable to:</b>                                                                           |      |               |                |
| – equity holders of the parent                                                                    |      | -5,807        | -13,539        |
| – non-controlling interests                                                                       |      | -             | -              |



# Consolidated statement of financial position

| EUR thousand                                               | Note          | December 31, 2021 | December 31, 2020 |
|------------------------------------------------------------|---------------|-------------------|-------------------|
| <b>ASSETS</b>                                              |               |                   |                   |
| <b>Non-current assets</b>                                  |               |                   |                   |
| Goodwill                                                   | 12            | 224,911           | 203,502           |
| Other intangible assets                                    | 12            | 107,178           | 89,977            |
| Tangible assets                                            | 13            | 32,583            | 24,369            |
| Right of use assets                                        | 7             | 30,382            | 26,553            |
| Deferred tax assets                                        | 11            | 7,737             | 1,528             |
| Other receivables                                          |               | 5,869             | 2,800             |
| <b>Total non-current assets</b>                            |               | <b>408,660</b>    | <b>348,730</b>    |
| <b>Current assets</b>                                      |               |                   |                   |
| Trade receivables                                          | 14            | 93,233            | 73,088            |
| Income tax receivables                                     |               | 2,538             | 3,474             |
| Other receivables                                          | 15            | 13,441            | 11,960            |
| Prepaid expenses and accrued income                        | 15            | 50,799            | 37,887            |
| Cash and cash equivalents                                  |               | 39,236            | 13,663            |
| <b>Total current assets</b>                                |               | <b>199,247</b>    | <b>140,071</b>    |
| <b>TOTAL ASSETS</b>                                        |               | <b>607,907</b>    | <b>488,801</b>    |
| <b>EQUITY AND LIABILITIES</b>                              |               |                   |                   |
| <b>Equity attributable to equity holders of the parent</b> |               |                   |                   |
| Share capital                                              | 16            | 55                | 55                |
| Other contributed capital                                  |               | 23,501            | 20,501            |
| Reserves                                                   | 16            | -6,680            | -7,557            |
| Retained earnings including net profit/loss for the year   |               | 75,210            | 78,582            |
| <b>Total equity</b>                                        |               | <b>92,085</b>     | <b>91,581</b>     |
| <b>Non-current liabilities</b>                             |               |                   |                   |
| Interest-bearing liabilities                               | 17, 23, 26    | 307,910           | 213,411           |
| Employee benefit obligations                               | 18            | 5,514             | 3,113             |
| Lease liabilities                                          | 7, 17, 23, 26 | 16,900            | 16,775            |
| Provisions                                                 | 19            | 10,050            | 157               |
| Deferred tax liabilities                                   | 11            | 18,157            | 16,637            |
| <b>Total non-current liabilities</b>                       |               | <b>358,531</b>    | <b>250,093</b>    |
| <b>Current liabilities</b>                                 |               |                   |                   |
| Interest-bearing liabilities                               | 17, 23, 26    | 2,535             | 1,632             |
| Lease liabilities                                          | 7, 17, 23, 26 | 15,200            | 12,040            |
| Provisions                                                 | 19            | 19,769            | 24,659            |
| Trade payables                                             |               | 17,638            | 20,120            |
| Income tax payables                                        |               | 4,869             | 8,884             |
| Other liabilities                                          | 20            | 43,619            | 33,177            |
| Accrued expenses and prepaid income                        | 21            | 53,661            | 46,615            |
| <b>Total current liabilities</b>                           |               | <b>157,291</b>    | <b>147,127</b>    |
| <b>Total liabilities</b>                                   | 23            | <b>515,822</b>    | <b>397,220</b>    |
| <b>TOTAL EQUITY AND LIABILITIES</b>                        |               | <b>607,907</b>    | <b>488,801</b>    |

# Consolidated statement of changes in equity

| EUR thousand                                               | Note | Equity attributable to equity holders of the parent |                           |                    |                             |                   | Total          |
|------------------------------------------------------------|------|-----------------------------------------------------|---------------------------|--------------------|-----------------------------|-------------------|----------------|
|                                                            |      | Share capital                                       | Other contributed capital | Fair value reserve | Foreign translation reserve | Retained earnings |                |
| <b>As at January 1, 2020</b>                               | 16   | <b>55</b>                                           | <b>20,501</b>             | <b>795</b>         | <b>-4,242</b>               | <b>88,011</b>     | <b>105,120</b> |
| Profit/loss for the year                                   |      | -                                                   | -                         | -                  | -                           | -9,429            | -9,429         |
| Other comprehensive income for the year, net of tax        |      | -                                                   | -                         | -872               | -3,237                      | -                 | -4,109         |
| <b>Total comprehensive income for the year, net of tax</b> |      | <b>55</b>                                           | <b>20,501</b>             | <b>-77</b>         | <b>-7,479</b>               | <b>78,582</b>     | <b>91,581</b>  |
| Shareholder contribution                                   |      | -                                                   | -                         | -                  | -                           | -                 | -              |
| <b>As at December 31, 2020</b>                             | 16   | <b>55</b>                                           | <b>20,501</b>             | <b>-77</b>         | <b>-7,479</b>               | <b>78,582</b>     | <b>91,581</b>  |
| <b>As at January 1, 2021</b>                               | 16   | <b>55</b>                                           | <b>20,501</b>             | <b>-77</b>         | <b>-7,479</b>               | <b>78,582</b>     | <b>91,581</b>  |
| Profit/loss for the year                                   |      | -                                                   | -                         | -                  | -                           | -6,683            | -6,683         |
| Other comprehensive income for the year, net of tax        |      | -                                                   | -                         | -3,191             | 4,067                       | -                 | 876            |
| <b>Total comprehensive income for the year, net of tax</b> |      | <b>-</b>                                            | <b>-</b>                  | <b>3,191</b>       | <b>4,067</b>                | <b>-6,683</b>     | <b>-5,807</b>  |
| Shareholder contribution, non-cash                         |      | -                                                   | 3,000                     | -                  | -                           | -                 | 3,000          |
| Effect of transaction under common control                 |      | -                                                   | -                         | -                  | -                           | 3,311             | 3,311          |
| <b>As at December 31, 2021</b>                             | 16   | <b>55</b>                                           | <b>23,501</b>             | <b>-3,268</b>      | <b>-3,412</b>               | <b>75,210</b>     | <b>92,085</b>  |

# Consolidated statement of cash flows

January to December

| EUR thousand                                                                  | Note   | 2021           | 2020           |
|-------------------------------------------------------------------------------|--------|----------------|----------------|
| <b>Cash flows from operating activities</b>                                   |        |                |                |
| Profit/loss before tax                                                        |        | -5,204         | -7,949         |
| <b>Adjustments to reconcile profit before tax to net cash:</b>                |        |                |                |
| Depreciation and amortization                                                 | 9      | 43,226         | 36,870         |
| Change in provisions including employee benefit obligations                   |        | 4,917          | 2,186          |
| Other non-cash adjustments                                                    |        | -4,759         | -457           |
| Net financial items                                                           |        | 27,113         | 19,445         |
| Income taxes paid                                                             |        | -8,972         | -4,881         |
| <b>Cash flows from operating activities before changes in working capital</b> |        | <b>56,321</b>  | <b>45,214</b>  |
| <b>Changes in working capital</b>                                             |        |                |                |
| Change in operating receivables                                               |        | -24,856        | -17,718        |
| Change in operating liabilities                                               |        | -9,436         | 22,758         |
| <b>Changes in working capital</b>                                             |        | <b>-34,292</b> | <b>5,040</b>   |
| <b>Net cash flow from operating activities</b>                                |        | <b>22,029</b>  | <b>50,255</b>  |
| <b>Cash flows from investing activities</b>                                   |        |                |                |
| Investments in tangible assets                                                | 13     | -18,659        | -13,280        |
| Investments in intangible assets                                              | 12     | -2,227         | -1,293         |
| Acquisition of subsidiaries, net of cash acquired                             | 24     | -23,694        | -6,781         |
| Disposal of tangible assets                                                   | 13     | -              | 135            |
| Changes in other non-current assets                                           |        | -683           | 49             |
| Interest received                                                             |        | -              | 49             |
| <b>Net cash flow from investing activities</b>                                |        | <b>-45,263</b> | <b>-21,121</b> |
| <b>Cash flows from financing activities</b>                                   |        |                |                |
| Proceeds from borrowings                                                      | 17, 26 | 335,757        | 29,207         |
| Repayment of borrowings                                                       | 26     | -233,500       | -29,316        |
| Payment of lease liabilities                                                  | 26     | -15,801        | -12,341        |
| Interest paid and other borrowing related costs                               |        | -34,654        | -16,325        |
| Other cash flow from financing activities                                     |        | -2,199         | -              |
| <b>Net cash flow from financing activities</b>                                |        | <b>49,603</b>  | <b>-28,775</b> |
| <b>Net cash flow for the year</b>                                             |        | <b>26,369</b>  | <b>359</b>     |
| Cash and cash equivalents at beginning of the year                            |        | 13,663         | 14,295         |
| Net cash flow for the year                                                    |        | 26,369         | 359            |
| Exchange rate differences in cash and cash equivalents                        |        | -797           | -991           |
| <b>Cash and cash equivalents at end of the year</b>                           |        | <b>39,235</b>  | <b>13,663</b>  |

# Notes to the consolidated financial statements

## Note 1 Summary of significant accounting and valuation policies

### General

Transcom Holding AB (publ) (the “Company” or the “Parent Company”) and its Group companies (together, “Transcom” or the “Group”) is a global customer experience specialist, providing customer care, sales and technical support through our extensive network of contact centers and work-at-home agents. We are at year end 30,000 customer experience specialists at 69 contact centers across 26 countries. Transcom Holding AB is a privately held company. The Company is a registered company domiciled in Stockholm, Sweden. The address of the Company’s headquarter is Hälsingegatan 40, SE-113 43 Stockholm. Transcom Holding is owned by Transcom TopCo AB, organization number 559088-4499 and registered in Stockholm, which is the parent that prepares the largest consolidated accounts, in which Transcom Holding is part of. The significant owners of TopCo AB are Altor Fund IV (No.1) AB and Altor Fund IV (No. 2) AB. The consolidated financial statements were authorized for issue by the Board of Directors on April 13, 2022. These consolidated financial statements will be submitted for approval at the Annual General Meeting on May 11, 2022.

### Basis of preparation

Transcom Holding AB (publ) prepares its consolidated financial statements in accordance with IFRS issued by the International Accounting Standards Board (IASB) and interpretations of the IFRS Interpretations Committee (IFRIC) as adopted by the European Union (EU). The consolidated financial statements pertain to January 1–December 31 for income statement items and December 31 for balance sheet items. The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 2.

### Consolidation

The consolidated financial statements include the Group companies of which the Group has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. There is a presumption that a majority of voting rights result in control.

Intra-Group receivables and liabilities, revenue and expenses, and unrealized gains and losses that arise from transactions between Group companies are eliminated in the consolidated accounts.

### Foreign currency translation

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (“the functional currency”). The consolidated financial statements are presented in ‘EUR’, which is the Group’s presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

The results and financial position of all the Group companies (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the Group’s presentation currency are translated as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each income statement are translated at average exchange rates; and
- all resulting exchange differences are recognized in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are recognized directly in other comprehensive income. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in Other comprehensive income are recycled in Other comprehensive income and further recognized in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognized directly in other comprehensive income as the year’s change in the foreign translation reserve.

### Cash flow statement

The cash flow statement includes changes in the balance of liquid assets. The Group’s liquid assets consist of cash and bank balances with original maturities of three months or less.

Cash flow is presented according to the indirect method, and divided into cash flows from operating activities, investing activities and financing activities. Cash flow from investing activities includes only actual disbursements for investments during the year.

Foreign Group companies’ transactions are translated in the cash flow statement at the average exchange rate for the period. Acquired and divested Group companies are recognized as cash flow from investing activities, net, after deducting liquid assets in the acquired or divested company.

### Changes in accounting principles

As of January 1, 2021, the following amendments to standards and interpretation became applicable:

- Amendments to IFRS 4 – Deferral of IFRS9,
- Amendments to IFRS 9, IS 39, IFRS 7 etc, “Interest rate benchmark reform – Phase 2”,
- Amendments to IFRS 16 “Covid-19-related rent concessions beyond 30 June 2021”, and
- IFRIC Agenda Decision: Configuration or Customisation Costs in a Cloud Computing Arrangement (IAS 38 Intangible Assets), April 27, 2021.

The amended standards and interpretations have not been considered having any material implications of the Groups accounting policies.

Transcom have not pre-adopted any of the new or revised/amended standards effective from, or after, January 1, 2022:

- IFRS 17, replacing IFRS 4, effective from January 1, 2023
- Amendments to IFRS 3, effective from January 1, 2022
- Amendments to IAS 16, effective from January 1, 2022
- Amendments to IAS 37, effective from January 1, 2022
- Annual improvements 2018–2020, effective from January 1, 2022
- Amendments to IAS 1, “Classification of liabilities as current or non-current”, effective from January 1, 2023
- Amendments to IAS 1, “Classification of liabilities as current or non-current”, effective from January 1, 2023
- Amendments to IAS 1 and IFRS Practice Statement 2, effective January 1, 2023
- Amendments to IAS 12 “Deferred tax related to assets and liabilities arising from a single transaction”, effective January 1, 2023, and
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”, effective January 1, 2023

None of these new standards or amendments are expected to have any material effect on the Group’s financial reports in the future.

## Note 2 Critical accounting estimates and judgements

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are described below.

### Valuation of business acquisition

The valuation of identifiable assets and liabilities in connection with the acquisition of CityConnect was performed by revaluing items already recorded in the balance sheet, as well as items which have not previously been recorded in the balance sheet, such as customer relationships, to fair value. Customer relationships have been valued based on the expected future cash flows from the acquired business' present customer portfolio. In these valuation, significant management judgment is required to determine the amount that can be recognized.

### Impairment of goodwill and intangible assets

The Group annually evaluates the carrying value of goodwill for potential impairment by comparing projected discounted cash flows (using a suitable discount rate) associated with such assets to the related carrying value. An impairment test is also carried out should events or circumstances change which may indicate that there may be need for impairment. An impairment loss would be recognized when the estimated future discounted cash flow generated by the asset is less than the carrying amount of the asset. An impairment loss would be measured as the amount by which the carrying value of the asset exceeds the recoverable amount. The Group performed its annual impairment test of goodwill during the 4th quarter of 2021. Changes in the assumptions and estimates used may have a significant

effect on the income statement and statement of financial position. Please see note 12 for further details including a sensitivity analysis of some of the assumptions made.

### Provisions

The Group recognizes a provision where there is a present obligation from a past event, a transfer of economic benefits is probable and the amount of costs of the transfer can be estimated reliably. The Group reviews outstanding legal cases, including tax audits, following developments in the legal proceedings, in order to assess the need for provisions and disclosures in its financial statements. Among the factors considered in making decisions on provisions are the nature of litigation, claim or assessment, the legal process and potential level of damages in the jurisdiction in which the litigation, claim or assessment has been brought, the progress of the case (including the progress after the date of the financial statements but before those statements are issued), the opinions or views of legal advisers, experience on similar cases and any decision of the Group's management as to how it will respond to the litigation or claim.

### Contingent liabilities

The Group has contingent liabilities related to litigations and legal claims arising in the ordinary course of business. The integrated worldwide nature of Transcom's operations can give rise to complexity and delays in assessing the Group's tax position and can lead to the Group occasionally facing tax audits which in some cases result in disputes with tax authorities. During these tax audits, local tax authorities may question or challenge the Group's tax positions. Disputes with tax authorities can lead to litigations in front of several courts resulting in lengthy legal proceedings.

### Note 3 Revenues from contracts with customers

#### Accounting principle

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. Revenue mainly arises from call services operations.

- Revenues related to inbound teleservices are recognized at the time services are provided on a per-call basis.
- Revenues on outbound teleservices are recognized at the time services are provided on either a per-call, per-sale or per-collection basis under a fully executed contractual agreement and record reductions to revenues for contractual penalties and holdbacks for failure to meet specified minimum service levels and other performance based contingencies.

Cost to obtain contracts and initial startup-cost to fulfil contracts are capitalized and amortized over the contract period.

#### Performance obligations

The Group's client contractual term are normally 1–3 years, the contractual period according to IFRS 15 are shorter and correspond to the period covered in the specific volume request from the respective client, which is stipulated in each contract and is normally a shorter period, e.g. between 1–6 months. These are identified as the Group's performance obligations. Outstanding performance obligations as per December 2021 amounts to EUR 186,891 thousand (2020: EUR 50,699 thousand).

### Note 4 Segment information

#### Accounting principle

Operating segments are reported in a manner consistent with the internal reporting provided to, and is evaluated regularly by, the chief operating decision maker, i.e. the Group's CEO. No operating segments have been aggregated to form the reportable segments.

#### Operating segments

The Group reportable segments are composed as follows:

- English-speaking segment: services delivered to multinational clients.
- Europe segment: services delivered to clients based in Europe.

Revenues from the largest single customer amounted to EUR 82,700 thousand, referring to English-speaking segment and revenues from the second largest client amounted to EUR 41,737 thousand, referring to Europe segment (2020: EUR 61,267 thousand, English-speaking segment, EUR 43,766 thousand Europe segment). External revenue for Sweden amounted to EUR 141,921 thousand (2020: EUR 144,146 thousand) and total non-current assets in Sweden amounted to EUR 5,367 thousand (2020: EUR 5,788 thousand).

#### EUR thousand

|                                  | 2021             |         |               |
|----------------------------------|------------------|---------|---------------|
|                                  | English-speaking | Europe  | Total Group   |
| Revenue from external customers  | 229,892          | 393,240 | 623,132       |
| EBITDA excl. Non-recurring items | 37,494           | 37,384  | 74,878        |
| Depreciation and amortization    |                  |         | -43,226       |
| Non-recurring items              |                  |         | -9,743        |
| <b>EBIT</b>                      |                  |         | <b>21,909</b> |
| Net financial items              |                  |         | -27,113       |
| <b>Profit/loss before tax</b>    |                  |         | <b>-5,204</b> |

#### EUR thousand

|                                  | 2020             |         |               |
|----------------------------------|------------------|---------|---------------|
|                                  | English-speaking | Europe  | Total Group   |
| Revenue from external customers  | 195,293          | 362,507 | 557,800       |
| EBITDA excl. Non-recurring items | 30,320           | 26,319  | 56,639        |
| Depreciation and amortization    |                  |         | -22,736       |
| Non-recurring items              |                  |         | -22,406       |
| <b>EBIT</b>                      |                  |         | <b>11,496</b> |
| Net financial items              |                  |         | -19,445       |
| <b>Profit/loss before tax</b>    |                  |         | <b>-7,949</b> |

Goodwill and surplus values per segment is reflected in note 12.

#### Geographical area

| EUR thousand    | Revenues <sup>1</sup> |                | Non-current assets <sup>2</sup> |               |
|-----------------|-----------------------|----------------|---------------------------------|---------------|
|                 | 2021                  | 2020           | 2021                            | 2020          |
| Sweden          | 141,921               | 144,146        | 5,367                           | 5,788         |
| United States   | 115,898               | 88,716         | 9,168                           | 2,746         |
| Spain           | 80,255                | 85,854         | 4,717                           | 4,432         |
| Germany         | 78,026                | 57,399         | 4,837                           | 3,471         |
| Philippines     | 52,848                | 56,036         | 19,370                          | 19,802        |
| Italy           | 38,696                | 37,966         | 3,946                           | 1,088         |
| The Netherlands | 28,118                | 28,371         | 2,700                           | 2,563         |
| Other           | 87,370                | 59,312         | 22,427                          | 15,847        |
| <b>Total</b>    | <b>623,132</b>        | <b>557,800</b> | <b>77,563</b>                   | <b>55,736</b> |

1) Revenues are shown per country from which the billing company is domiciled.

2) Refers to tangible and intangible assets. Surplus values are not included.

### Note 5 Expenses by nature

| EUR thousand                                    | 2021            | 2020            |
|-------------------------------------------------|-----------------|-----------------|
| Production costs                                | -18,505         | -14,135         |
| Personnel expenses                              | -491,439        | -431,586        |
| Other                                           | -48,053         | -62,772         |
| Amortization and depreciation                   | -43,226         | -36,870         |
| <b>Expenses charged to the income statement</b> | <b>-601,223</b> | <b>-545,363</b> |

## Note 6 Employees

### Accounting principle

Short-term benefits to employees such as salaries, social security contribution and holiday pay are expensed in the period when the employees perform the services.

For pensions, please see note 18.

### Salaries, other remuneration and social security charges

| EUR thousand                     | 2021            | 2020            |
|----------------------------------|-----------------|-----------------|
| Salaries and other remunerations | -414,043        | -361,249        |
| Social security charges          | -64,672         | -56,933         |
| Pension expenses                 | -12,336         | -10,642         |
| <b>Total</b>                     | <b>-491,051</b> | <b>-428,824</b> |

### Salaries, other remuneration and social security charges are recognized in the following line items in the income statement

| EUR thousand            | 2021            | 2020            |
|-------------------------|-----------------|-----------------|
| Cost of sales           | -438,092        | -384,716        |
| Marketing expenses      | -5,179          | -3,489          |
| Administrative expenses | -47,780         | -40,619         |
| <b>Total</b>            | <b>-491,051</b> | <b>-428,824</b> |

### Average number of employees

|                             | 2021          |               |               | 2020          |               |               |
|-----------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
|                             | Women         | Men           | Total         | Women         | Men           | Total         |
| Albania                     | 238           | 139           | 377           | 170           | 252           | 422           |
| Bosnia                      | 112           | 125           | 237           | 53            | 75            | 128           |
| Estonia                     | 154           | 141           | 295           | 132           | 118           | 250           |
| Philippines                 | 6,348         | 4,454         | 10,802        | 5,830         | 4,663         | 10,493        |
| Italy                       | 852           | 251           | 1,103         | 182           | 52            | 234           |
| Canada                      | 218           | 238           | 456           | 260           | 358           | 618           |
| Columbia                    | 174           | 208           | 382           | -             | -             | -             |
| Croatia                     | 1,339         | 773           | 2,112         | 912           | 511           | 1,423         |
| Latvia                      | 330           | 151           | 481           | 215           | 144           | 359           |
| Lithuania                   | 549           | 257           | 806           | 533           | 278           | 811           |
| The Netherlands             | 386           | 470           | 856           | 203           | 332           | 535           |
| Norway                      | 119           | 151           | 270           | 92            | 111           | 203           |
| Poland                      | 728           | 358           | 1,086         | 563           | 291           | 854           |
| Portugal                    | 337           | 113           | 450           | 236           | 93            | 329           |
| Republic of North Macedonia | 142           | 121           | 263           | -             | -             | -             |
| Switzerland                 | -             | -             | -             | -             | 1             | 1             |
| Serbia                      | 469           | 182           | 651           | 446           | 190           | 636           |
| Slovenia                    | 178           | 48            | 226           | -             | -             | -             |
| Spain                       | 2,784         | 901           | 3,685         | 2,432         | 781           | 3,213         |
| United Kingdom              | 7             | 20            | 27            | 6             | 11            | 17            |
| Sweden                      | 744           | 925           | 1,669         | 577           | 778           | 1,355         |
| Tunisia                     | 913           | 767           | 1,680         | 710           | 544           | 1,254         |
| Germany                     | 787           | 713           | 1,500         | 379           | 309           | 668           |
| Hungary                     | 151           | 107           | 258           | 118           | 90            | 208           |
| United States               | 1,135         | 664           | 1,799         | 929           | 641           | 1,570         |
|                             | <b>19,194</b> | <b>12,277</b> | <b>31,471</b> | <b>14,978</b> | <b>10,623</b> | <b>25,601</b> |

1) Total average number of employees excludes agency staff.

### Women in Board and Executive management, %

|                      | 2021 | 2020 |
|----------------------|------|------|
| Board of Directors   | 14 % | -    |
| Executive management | 29 % | 33 % |

### Remuneration to the Board

| EUR thousand                       | 2021       | 2020       |
|------------------------------------|------------|------------|
| <b>Chairman of the Board:</b>      |            |            |
| Fredrik Cappelen                   | 50         | 50         |
| <b>Other members of the Board:</b> |            |            |
| Alfred von Platen                  | 30         | 30         |
| Donald Hicks <sup>1</sup>          | 25         | -          |
| Lisa Stoner <sup>1</sup>           | 25         | -          |
| Eivind Roald                       | -          | 30         |
| Mattias Holmström                  | 30         | 30         |
| Klas Johansson                     | 30         | 30         |
| Brent J Welch <sup>1</sup>         | 25         | 30         |
| <b>Total</b>                       | <b>215</b> | <b>200</b> |

1) 30 USD thousand paid. Converted to EUR using average rate.

## Note 6 Employees, cont.

### Remuneration and other benefits to Executive management

| EUR thousand                                  | 2021         |                       |                             |              |              |
|-----------------------------------------------|--------------|-----------------------|-----------------------------|--------------|--------------|
|                                               | Base salary  | Variable compensation | Other benefits <sup>1</sup> | Pension fees | Total        |
| <b>President and CEO:</b>                     |              |                       |                             |              |              |
| Jonas Dahlberg                                | 434          | 85                    | 13                          | 219          | <b>751</b>   |
| <b>Other members of Executive management:</b> |              |                       |                             |              |              |
| 13 positions                                  | 3,061        | 730                   | 188                         | 466          | <b>4,445</b> |
| <b>Total</b>                                  | <b>3,494</b> | <b>815</b>            | <b>201</b>                  | <b>685</b>   | <b>5,196</b> |

1) Refers to allowances, company car, medical insurance etc.

| EUR thousand                                  | 2020         |                       |                             |              |              |
|-----------------------------------------------|--------------|-----------------------|-----------------------------|--------------|--------------|
|                                               | Base salary  | Variable compensation | Other benefits <sup>1</sup> | Pension fees | Total        |
| <b>President and CEO:</b>                     |              |                       |                             |              |              |
| Jonas Dahlberg                                | 394          | 245                   | 17                          | 156          | <b>811</b>   |
| <b>Other members of Executive management:</b> |              |                       |                             |              |              |
| 14 positions                                  | 2,719        | 1,363                 | 348                         | 441          | <b>4,871</b> |
| <b>Total</b>                                  | <b>3,113</b> | <b>1,608</b>          | <b>364</b>                  | <b>597</b>   | <b>5,682</b> |

1) Refers to allowances, company car, medical insurance etc.

During 2021 the Executive management consisted of the following persons: Jonas Dahlberg, Stefan Berg, Steffen Bagge, Eva Wikmark Walin, Snezana Koleva, Marie Wedin (from March), Donald Berryman, Pernilla Oldmark, Gianluca Gemma, Juan Brun (January until November), Robert Kresing, Mark Lyndsell, Oliver Cook, Aaron Favara (January until May).

The following guidelines were applied on remuneration for senior executives within the Group which currently include members of the Executive management of Transcom ("Executive Managers"), as well as members of the Board of Directors to the extent they are remunerated outside their directorship. The remuneration to the Executive Managers consists of fixed salary and variable salary. The fixed salary and the bonus percentage may vary amongst Executive Managers according to their level of responsibility or seniority. The level of variable salary is in accordance with market practice and depends on the level of responsibility and seniority and calculated according to a combination of results achieved and individual performances. Other benefit constitutes of a limited amount in relation to the total remuneration and corresponds to the local practice. In the event of notice of termination of employment being served by Transcom, there is entitlement to salary during such notice period according to law governing in respective employment relationship.

In the event of notice of termination of employment being served by the Company, Executive Managers are entitled to salary during a period in a range of maximum 12 months. The Executive Managers is entitled to pension commitments based on those that are customary in the country in which they are employed. The Executive Managers are offered defined contribution pension plans, with premiums amounting in a range to a maximum of 30 percent of the fixed salary that are paid to insurance companies. Members of the Board of Directors, may in certain cases receive a fee for services performed within their respective areas of expertise, outside of their duties on the Board of Directors. Compensation for these services shall be paid at market terms and be approved by the Board of Directors. In special circumstances, the Board of Directors may deviate from the above guidelines. In such case, the Board of Directors is obligated to give account for the reason for the deviation on the following annual general meeting of shareholders. The Board of Directors' view is that the remuneration to the CEO and the other members in the Executive management strikes an appropriate balance between motivating the members of the Executive management and achieving a well-balanced competitive compensation that aligns the members' incentives with the interests of Transcom and the owners.

## Note 7 Leases

### Accounting principle

Leases are recognized as a right-of-use asset and a corresponding liability at the commencement date of the lease. Each lease payment is allocated between the liability and finance cost which is charged to profit and loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

The lease liability is measured at a net present value based on the fixed lease payments less any lease incentives received, variable lease payments based on an index or a rate, amounts expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and payments of penalties for termination the lease, if the lease term reflects the lessee exercising that option.

In calculating the present value of lease payments the Group uses its incremental borrowing rate at the lease commencement date as the interest rate implicit in the lease is not readily determinable.

The right of use asset is measured at cost less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost includes the initial measurement of the lease liability, lease payments made at or before the commencement date less any lease incentives received, initial direct costs incurred and restoration costs.

The Group is using the recognition exemption for short-term leases and low-value leases, e.g. office equipment are classified as low-value assets and hence not included them in the balance sheet. The payments are recognized on a straight-line basis as an expense in the income statement.

### Amounts recognised in the balance sheet

| Right-of-use asset                            | Premises      | IT equipment | Total          |
|-----------------------------------------------|---------------|--------------|----------------|
| <b>As at January 1, 2021</b>                  | <b>25,957</b> | <b>596</b>   | <b>26,553</b>  |
| Additions                                     | 19,028        | 206          | <b>19,234</b>  |
| Acquisition of subsidiaries                   | 1,300         | –            | <b>1,300</b>   |
| Extensions                                    | 332           | 3            | <b>335</b>     |
| Terminations                                  | –2,005        | –8           | <b>–2,013</b>  |
| Depreciation                                  | –15,526       | –237         | <b>–15,763</b> |
| Translation differences                       | 705           | 29           | <b>734</b>     |
| <b>Carrying value as at December 31, 2021</b> | <b>29,792</b> | <b>590</b>   | <b>30,382</b>  |

| Right-of-use asset                            | Premises      | IT equipment | Total          |
|-----------------------------------------------|---------------|--------------|----------------|
| <b>As at January 1, 2020</b>                  | <b>25,358</b> | <b>558</b>   | <b>25,916</b>  |
| Additions                                     | 15,379        | 309          | <b>15,688</b>  |
| Extensions                                    | 172           | –            | <b>172</b>     |
| Terminations                                  | –910          | –            | <b>–910</b>    |
| Depreciation                                  | –13,029       | –248         | <b>–13,277</b> |
| Translation differences                       | –1,012        | –23          | <b>–1,035</b>  |
| <b>Carrying value as at December 31, 2020</b> | <b>25,957</b> | <b>596</b>   | <b>26,553</b>  |

| Lease liability                               | Premises      | IT equipment | Total          |
|-----------------------------------------------|---------------|--------------|----------------|
| <b>As at January 1, 2021</b>                  | <b>28,199</b> | <b>617</b>   | <b>28,816</b>  |
| Additions                                     | 19,028        | 206          | <b>19,234</b>  |
| Acquisition of subsidiaries                   | 1,300         | –            | <b>1,300</b>   |
| Extensions                                    | 332           | 3            | <b>335</b>     |
| Terminations                                  | –2,044        | –8           | <b>–2,052</b>  |
| Accretion of interest                         | 1,996         | 43           | <b>2,038</b>   |
| Payments                                      | –17,415       | –270         | <b>–17,685</b> |
| Translate differences                         | 91            | 20           | <b>111</b>     |
| <b>Carrying value as at December 31, 2021</b> | <b>31,487</b> | <b>612</b>   | <b>32,099</b>  |
| Non-current lease liability                   | 16,487        | 412          | <b>16,900</b>  |
| Current lease liability                       | 15,000        | 200          | <b>15,200</b>  |



## Note 7 Leases, cont.

| Lease liability                               | Premises      | IT equipment | Total          |
|-----------------------------------------------|---------------|--------------|----------------|
| <b>As at January 1, 2020</b>                  | <b>26,891</b> | <b>574</b>   | <b>27,465</b>  |
| Additions                                     | 15,379        | 309          | <b>15,688</b>  |
| Extensions                                    | 123           | –            | <b>123</b>     |
| Terminations                                  | –485          | –            | <b>–485</b>    |
| Accretion of interest                         | 1,753         | 39           | <b>1,792</b>   |
| Payments                                      | –13,879       | –254         | <b>–14,133</b> |
| Translate differences                         | –1,583        | –52          | <b>–1,635</b>  |
| <b>Carrying value as at December 31, 2020</b> | <b>28,199</b> | <b>617</b>   | <b>28,815</b>  |
| Non-current lease liability                   | 16,338        | 437          | <b>16,775</b>  |
| Current lease liability                       | 11,861        | 179          | <b>12,040</b>  |

The maturity analysis of lease liabilities disclosed in note 23.

### Amounts recognised in the income statement

|                                                | 2021           | 2020           |
|------------------------------------------------|----------------|----------------|
| Depreciation right of use assets, Premises     | –15,526        | –13,029        |
| Depreciation right of use assets, IT equipment | –237           | –248           |
| Interest expense on lease liability            | –2,039         | –1,792         |
| Expense relating to short-term leases          | –2,451         | –1,155         |
| Expense relating to leases of low-value        | –502           | –775           |
| Variable lease payments                        | –1,927         | –1,118         |
| <b>Total</b>                                   | <b>–22,682</b> | <b>–18,117</b> |

### Cash flow from IFRS 16 contracts

|                                  | 2021   | 2020   |
|----------------------------------|--------|--------|
| Cash flow from IFRS 16 contracts | 15,801 | 14,133 |

## Note 8 Remuneration to auditors

| EUR thousand                          | 2021          | 2020        |
|---------------------------------------|---------------|-------------|
| <b>Ernst &amp; Young</b>              |               |             |
| Audit services                        | –795          | –681        |
| Audit services outside the assignment | –284          | –21         |
| Tax advice                            | –6            | –63         |
| Other                                 | –             | –           |
| <b>Other audit firms</b>              |               |             |
| Audit services                        | –17           | –31         |
| <b>Total</b>                          | <b>–1,102</b> | <b>–796</b> |

Audit services refer to the statutory audit, i.e. the reviewing of the annual report, the accounts and the administration by the Board of Directors and Managing Director.

Audit services also include any other tasks that the company's auditor is required to perform.

Audit services outside the assignment involve quality assurance measures, that is to say, in part, any review of management, the Articles of Association, statutes or agreements intended to result in a report, certificate or other document addressed to a party other than the principal and, in part, advice or other assistance occasioned by observations made during an audit. Tax advice includes advice on income taxes and VAT.

## Note 9 Amortization, depreciation and impairment

### Amortization and depreciation

| EUR thousand                                           | Item in the statement of financial position | 2021           | 2020           |
|--------------------------------------------------------|---------------------------------------------|----------------|----------------|
| Development cost                                       | Other intangible assets                     | –877           | –1,211         |
| Other intangibles                                      | Other intangible assets                     | –2,151         | –1,947         |
| Telephone switch                                       | Tangible assets                             | –609           | –648           |
| Fixture and fittings                                   | Tangible assets                             | –1,395         | –1,211         |
| Computer hardware and software                         | Tangible assets                             | –6,835         | –4,754         |
| Office improvements                                    | Tangible assets                             | –3,043         | –2,944         |
| Right-of-use assets                                    | Right-of-use assets                         | –15,763        | –13,277        |
| <b>Total operational depreciation and amortization</b> |                                             | <b>–30,674</b> | <b>–25,992</b> |
| Customer relationships*                                | Other intangible assets                     | –12,552        | –10,878        |
| <b>Total</b>                                           |                                             | <b>–43,226</b> | <b>–36,870</b> |

\*) Refers to amortizations of surplus values.

Amortization, depreciation and impairment are recognized in the following line items in the income statement:

| EUR thousand                 | 2021           | 2020           |
|------------------------------|----------------|----------------|
| Cost of sales                | –25,979        | –22,911        |
| Sales and marketing expenses | –1,703         | –930           |
| Administrative expenses      | –15,544        | –13,029        |
| <b>Total</b>                 | <b>–43,226</b> | <b>–36,870</b> |

## Note 10 Financial income and expenses

### Accounting principle

Financial income and expenses consist of interest income on bank balances and receivables and interest-bearing securities, bank fees, interest expenses on loans, dividend income, exchange rate differences, realized and unrealized gains on financial investments, and derivatives used in financial operations.

Interest expenses are recognized in accordance with the effective interest method. Interest expenses are recognized in the period to which they pertain.

### Financial income

| EUR thousand                     | 2021       | 2020       |
|----------------------------------|------------|------------|
| Interest income on bank deposits | 16         | 69         |
| Other financial income           | 457        | 829        |
| <b>Total</b>                     | <b>473</b> | <b>898</b> |

### Financial expenses

| EUR thousand                          | 2021           | 2020           |
|---------------------------------------|----------------|----------------|
| Interest expense on bank borrowings   | –16,750        | –14,899        |
| Interest expense on lease liabilities | –2,038         | –1,792         |
| Other financing costs                 | –7,585         | –2,180         |
| Bank fees                             | –151           | –218           |
| Foreign exchange loss                 | –1,061         | –1,254         |
| <b>Total</b>                          | <b>–27,585</b> | <b>–20,343</b> |

## Note 11 Taxes

### Accounting principle

The tax expense for the period comprises current and deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where the Company and its Group companies operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets and liabilities have been measured at the tax rate that are expected to apply during the period when the asset is realized or the liability is settled, according to the tax rates and tax regulations that have been resolved or enacted at the balance-sheet date.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax is provided on temporary differences arising on investments in Group companies and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

### Income tax expense

| EUR thousand                                                   | 2021          | 2020          |
|----------------------------------------------------------------|---------------|---------------|
| Current income tax on profit/loss for the year                 | -7,303        | -6,279        |
| Adjustments in respect of prior years                          | 750           | 35            |
| <b>Current taxes</b>                                           | <b>-6,553</b> | <b>-6,244</b> |
| Current year origination and reversal of temporary differences | 5,527         | 4,719         |
| Adjustments in respect of prior years                          | -454          | 44            |
| <b>Deferred taxes</b>                                          | <b>5,073</b>  | <b>4,763</b>  |
| <b>Income tax expense</b>                                      | <b>-1,479</b> | <b>-1,481</b> |

### Effective tax rate

A reconciliation of the statutory tax rate to the Company's effective tax rate applicable to income from continuous operations was:

| EUR thousand                                             | 2021          | %           | 2020          | %           |
|----------------------------------------------------------|---------------|-------------|---------------|-------------|
| <b>Profit/loss before tax</b>                            | <b>-5,204</b> |             | <b>-7,949</b> |             |
| Calculated tax based on tax rate in Sweden 20.6% / 21.4% | 1,072         | -20.6       | 1,701         | -21.4       |
| Foreign tax rate differential                            | 2,231         | -42.9       | 862           | -10.8       |
| Tax exempt income                                        | 223           | -4.3        | 84            | -1.1        |
| Non-deductible expenses                                  | -859          | 16.5        | -1,687        | 21.2        |
| Prior year losses recognized this year                   | 1,320         | -25.4       | 2,102         | -26.4       |
| Losses for which no tax benefit is recognized            | -4,729        | 90.9        | -2,845        | 35.8        |
| Adjustments in respect of prior years                    | 296           | -5.7        | 79            | -1.0        |
| Withholding tax                                          | -             | -           | -326          | 4.1         |
| Other tax not at standard rate <sup>1</sup>              | -1,015        | 19.5        | -1,141        | 14.4        |
| Other tax                                                | -19           | 0.4         | -310          | 3.9         |
| <b>Income tax expense</b>                                | <b>-1,479</b> | <b>28.4</b> | <b>-1,481</b> | <b>18.6</b> |

1) Other tax not at standard rate mainly relates to other corporate income tax.

**Note 11 Taxes, cont.****Deferred tax assets**

| EUR thousand                   | Tangible assets | Tax losses    | Other        | Netting       | Total        |
|--------------------------------|-----------------|---------------|--------------|---------------|--------------|
| <b>As at January 1, 2021</b>   | <b>375</b>      | <b>8,593</b>  | <b>900</b>   | <b>-8,340</b> | <b>1,528</b> |
| Opening balance adjustments    | -               | 7             | 416          | -             | 423          |
| Income statement movements     | -16             | 3,504         | -1,204       | -             | 2,284        |
| Acquisition of subsidiaries    | -               | -             | 3,545        | -             | 3,545        |
| Reclassification               | -               | 507           | 14           | -             | 518          |
| Netting of assets/liabilities  | -               | -             | -            | -564          | -564         |
| <b>As at December 31, 2021</b> | <b>359</b>      | <b>12,611</b> | <b>3,671</b> | <b>-8,904</b> | <b>7,737</b> |

| EUR thousand                   | Tangible assets | Tax losses   | Other      | Netting       | Total        |
|--------------------------------|-----------------|--------------|------------|---------------|--------------|
| <b>As at January 1, 2020</b>   | <b>468</b>      | <b>7,123</b> | <b>742</b> | <b>-7,029</b> | <b>1,305</b> |
| Opening balance adjustments    | -               | -28          | -          | -             | -28          |
| Income statement movements     | -93             | 1,591        | 140        | -             | 1,637        |
| Change in accounting policies  | -               | -            | 15         | -             | 15           |
| Reclassification               | -               | -94          | 3          | -             | -91          |
| Netting of assets/liabilities  | -               | -            | -          | -1,311        | -1,311       |
| <b>As at December 31, 2020</b> | <b>375</b>      | <b>8,593</b> | <b>900</b> | <b>-8,340</b> | <b>1,528</b> |

**Tax losses**

Deferred tax assets are recognized for tax losses carried forward to the extent that the realization of the related tax benefit through future taxable profit is probable. The Group did not recognize deferred tax assets for losses amounting to EUR 43,997 thousand (2020: EUR 54,943 thousand).

EUR 16,038 thousand (2020: EUR 14,943 thousand) of these losses have no expiration date. The corresponding deferred tax assets for all not recognized losses would have been 10,459 EUR thousand (2020: EUR 13,737 thousand) based on each country expected tax rate.

| EUR thousand                                                           | 2021          | 2020          |
|------------------------------------------------------------------------|---------------|---------------|
| Tax losses recognized as a deferred tax asset in the balance sheet     | 54,548        | 39,650        |
| Tax losses not recognized as a deferred tax asset in the balance sheet | 43,997        | 54,943        |
| <b>Total</b>                                                           | <b>98,545</b> | <b>94,593</b> |
| Expires within 1 to 5 years                                            | 4,713         | 15,135        |
| Expires within 6 to 10 years                                           | 7,381         | 6,008         |
| Expires in more than 10 years                                          | 23,000        | 23,237        |
| No expiration date                                                     | 63,451        | 50,213        |
| <b>Total</b>                                                           | <b>98,545</b> | <b>94,593</b> |

**Deferred tax liabilities**

| EUR thousand                   | Tangible assets | Intangible assets | Other        | Netting       | Total         |
|--------------------------------|-----------------|-------------------|--------------|---------------|---------------|
| <b>As at January 1, 2021</b>   | <b>-</b>        | <b>21,726</b>     | <b>3,251</b> | <b>-8,340</b> | <b>16,637</b> |
| Opening balance adjustments    | -               | -                 | 3            | -             | 3             |
| Income statement movement      | -               | -3,138            | 349          | -             | -2,789        |
| Acquisition of subsidiaries    | -               | 4,908             | -            | -             | 4,908         |
| Reclassification               | -               | -                 | -38          | -             | -38           |
| Netting of assets/liabilities  | -               | -                 | -            | -564          | -564          |
| <b>As at December 31, 2021</b> | <b>-</b>        | <b>23,496</b>     | <b>3,565</b> | <b>-8,904</b> | <b>18,157</b> |

| EUR thousand                   | Tangible assets | Intangible assets | Other        | Netting       | Total         |
|--------------------------------|-----------------|-------------------|--------------|---------------|---------------|
| <b>As at January 1, 2020</b>   | <b>-</b>        | <b>24,301</b>     | <b>3,717</b> | <b>-7,028</b> | <b>20,989</b> |
| Opening balance adjustments    | -               | -50               | -17          | -2            | -69           |
| Income statement movement      | -               | -2,526            | -599         | -             | -3,125        |
| Reclassification               | -               | -                 | 150          | -             | 150           |
| Netting of assets/liabilities  | -               | -                 | -            | -1,311        | -1,311        |
| <b>As at December 31, 2020</b> | <b>-</b>        | <b>21,726</b>     | <b>3,251</b> | <b>-8,340</b> | <b>16,637</b> |

## Note 12 Goodwill and other intangible assets

### Accounting principle

#### Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of Group companies is included in 'intangible assets'. Goodwill is carried at cost less accumulated impairment losses. Gains and losses on the disposals of an entity include the carrying amount of goodwill relating to the entity sold.

#### Customer relationships

Contractual customer relationships acquired in a business combination are recognized at fair value at the acquisition date. The contractual customer relations have a limited useful life and are carried at cost less accumulated amortization and are assessed for impairment whenever there is an indication that the asset is impaired. Amortization is calculated using the straight-line method over the expected life of the customer relationship which is 9 to 10 years.

#### Brand

Brand has been identified with business acquisitions, and valued based on discounted hypothetical royalty payments which the Company should save when being the owner. Brand is included in "intangible assets" and is carried at cost less accumulated impairment losses.

#### Development costs

Brand Costs associated with maintaining computer software programs are recognized as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognized as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalized as part of the software product, include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

Computer software development costs are recognized as assets and amortized over their estimated useful lives, which is between 3 to 5 years.

| EUR thousand                                   | Goodwill       | Customer relationships | Brand         | Development cost | Other         | Total          |
|------------------------------------------------|----------------|------------------------|---------------|------------------|---------------|----------------|
| <b>Cost</b>                                    |                |                        |               |                  |               |                |
| <b>As at January 1, 2021</b>                   | <b>203,502</b> | <b>100,074</b>         | <b>23,308</b> | <b>18,285</b>    | <b>7,771</b>  | <b>352,940</b> |
| Acquisitions                                   | 19,457         | 25,511                 | –             | –                | –             | <b>44,968</b>  |
| Investments                                    | –              | –                      | –             | 357              | 7,608         | <b>7,965</b>   |
| Disposal                                       | –              | –                      | –             | –41              | –             | <b>–41</b>     |
| Translation differences                        | 1,952          | 1,752                  | –99           | –71              | 849           | <b>4,383</b>   |
| <b>As at December 31, 2021</b>                 | <b>224,911</b> | <b>127,338</b>         | <b>23,209</b> | <b>18,530</b>    | <b>16,228</b> | <b>410,216</b> |
| <b>Accumulated amortization and impairment</b> |                |                        |               |                  |               |                |
| <b>As at January 1, 2021</b>                   | –              | <b>–37,848</b>         | –             | <b>–15,235</b>   | <b>–6,378</b> | <b>–59,461</b> |
| Acquisitions <sup>1</sup>                      | –              | –2,078                 | –             | –                | –             | <b>–2,078</b>  |
| Amortization for the year                      | –              | –12,552                | –             | –877             | –2,151        | <b>–15,580</b> |
| Translation differences                        | –              | –556                   | –             | –742             | 290           | <b>–1,008</b>  |
| <b>As at December 31, 2021</b>                 | –              | <b>–53,034</b>         | –             | <b>–16,854</b>   | <b>–8,239</b> | <b>–78,127</b> |
| <b>Carrying value as at December 31, 2021</b>  | <b>224,911</b> | <b>74,304</b>          | <b>23,209</b> | <b>1,676</b>     | <b>7,989</b>  | <b>332,089</b> |

1) Relates to the common control acquisition of TMS. Please see note 24 for further information

| EUR thousand                                   | Goodwill       | Customer relationships | Brand         | Development cost | Other         | Total          |
|------------------------------------------------|----------------|------------------------|---------------|------------------|---------------|----------------|
| <b>Cost</b>                                    |                |                        |               |                  |               |                |
| <b>As at January 1, 2020</b>                   | <b>205,226</b> | <b>100,760</b>         | <b>23,122</b> | <b>17,603</b>    | <b>7,835</b>  | <b>354,547</b> |
| Investments                                    | –              | –                      | –             | 869              | 424           | 1,293          |
| Disposal                                       | –              | –                      | –             | –240             | –2            | –242           |
| Translation differences                        | –1,724         | –686                   | 186           | 53               | –486          | <b>–2,657</b>  |
| <b>As at December 31, 2020</b>                 | <b>203,502</b> | <b>100,074</b>         | <b>23,308</b> | <b>18,285</b>    | <b>7,771</b>  | <b>352,940</b> |
| <b>Accumulated amortization and impairment</b> |                |                        |               |                  |               |                |
| <b>As at January 1, 2020</b>                   | –              | <b>–26,139</b>         | –             | <b>–14,086</b>   | <b>–4,531</b> | <b>–44,757</b> |
| Amortization for the year                      | –              | –10,878                | –             | –1,211           | –1,947        | <b>–14,036</b> |
| Translation differences                        | –              | –831                   | –             | 62               | 100           | <b>–669</b>    |
| <b>As at December 31, 2020</b>                 | –              | <b>–37,848</b>         | –             | <b>–15,235</b>   | <b>–6,378</b> | <b>–59,461</b> |
| <b>Carrying value as at December 31, 2020</b>  | <b>203,502</b> | <b>62,226</b>          | <b>23,308</b> | <b>3,050</b>     | <b>1,393</b>  | <b>293,479</b> |

## Note 12 Goodwill and other intangible assets, cont.

### Impairment testing for cash generating units containing Goodwill and Brand

Impairment test are to be done annually, or in the event there are indications of a decline in value in an asset. The impairment test performed in September 2021 gave no indication of a need for goodwill impairment. Since then, there has been no indication of impairment.

The Group treats the geographical regions *Europe* and *English-speaking* as cash-generating units in the sense referred to in IAS36 Impairment of assets.

The calculation of the value in use was based on the following main assumptions:

Cash flows were projected based on past experience, actual operating results and the 3-year financial plans approved by the Board of Directors. Beyond the specifically forecasted period of three years, the Company extrapolates cash flows based on estimated constant growth rates of 2.1 percent depending on executive management's understanding of the market. The anticipated annual revenue growth included in the cash-flow projections has been based on historical experience and expectations of future changes in the market conditions. Market conditions take into account the nature of risk and executive management's estimations of change within this market. These rates do not exceed the average long-term growth rates for the relevant markets.

The anticipated average annual revenue growth totalled 13.2% in Europe and 15.9% in English. The anticipated annual margin growth totalled 18.7% for Europe and 23.1% for English.

Applied pre-tax discount rates were applied to Europe segment of 10.2% (2020: 10.2%) and English-speaking segment 9.7% (2020:9.7%), in determining the recoverable amounts of the units. The discount rates is estimated based on past experience, industry average weighted cost of capital and Group's industry related beta adjusted to reflect executive management's assessment of specific risks related to the unit.

Reasonably possible changes in key assumptions (such as discount rates, Revenue/Operating margin and terminal growth rate) would not trigger any impairment loss to be recognized.

The carrying amounts of Goodwill and Brand allocated to each region are:

#### Goodwill

| EUR thousand     | 2021           | 2020           |
|------------------|----------------|----------------|
| Europe           | 160,481        | 142,407        |
| English-speaking | 64,430         | 61,095         |
| <b>Total</b>     | <b>224,911</b> | <b>203,502</b> |

#### Brand

| EUR thousand     | 2021          | 2020          |
|------------------|---------------|---------------|
| Europe           | 17,669        | 17,759        |
| English-speaking | 5,540         | 5,549         |
| <b>Total</b>     | <b>23,209</b> | <b>23,308</b> |

Brand includes the brands *Transcom* and *Xzakt*.

#### Customer relationships and development costs

Customer relationships mainly consist of intangible assets that were identified during the past acquisitions based on the discounted cash flows expected to be derived from the use and eventual sale of the asset, determined at the date of acquisition.

Development costs consist of amounts identified by executive management where it is considered that technological and economical feasibility exists, usually determined by reference to the achievement of defined milestones according to an established project management model.

## Note 13 Tangible assets

### Accounting principle

All property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation on assets is calculated using the straight-line method to allocate their cost less their residual values over their estimated useful lives, as follows:

|                                     |           |
|-------------------------------------|-----------|
| • Telephone switch                  | 5 years   |
| • Equipments, fixtures and fittings | 3–5 years |
| • Computer, hardware and software   | 3–7 years |
| • Office improvements and others    | 3–5 years |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

| EUR thousand                                   | Telephone switch | Fixtures and fittings | Computer hardware and software | Office improvements | Total           |
|------------------------------------------------|------------------|-----------------------|--------------------------------|---------------------|-----------------|
| <b>Cost</b>                                    |                  |                       |                                |                     |                 |
| <b>As at January 1, 2021</b>                   | <b>26,104</b>    | <b>28,037</b>         | <b>62,750</b>                  | <b>32,281</b>       | <b>149,172</b>  |
| Investments                                    | 719              | 2,656                 | 11,981                         | 3,615               | 18,971          |
| Disposals                                      | -67              | -266                  | -496                           | -167                | -996            |
| Reclassifications                              | -                | -3                    | 229                            | -226                | -               |
| Translation differences                        | 765              | 937                   | -805                           | 2,646               | 3,543           |
| <b>As at December 31, 2021</b>                 | <b>27,521</b>    | <b>31,361</b>         | <b>73,659</b>                  | <b>38,149</b>       | <b>170,690</b>  |
| <b>Accumulated amortization and impairment</b> |                  |                       |                                |                     |                 |
| <b>As at January 1, 2021</b>                   | <b>-24,740</b>   | <b>-24,287</b>        | <b>-50,515</b>                 | <b>-25,261</b>      | <b>-124,802</b> |
| Depreciation for the year                      | -609             | -1,395                | -6,835                         | -3,043              | -11,882         |
| Disposals                                      | 64               | 258                   | 351                            | 31                  | 704             |
| Reclassifications                              | 2                | -                     | -2                             | -                   | -               |
| Translation differences                        | -763             | -799                  | 369                            | -933                | -2,126          |
| <b>As at December 31, 2021</b>                 | <b>-26,046</b>   | <b>-26,223</b>        | <b>-56,632</b>                 | <b>-29,206</b>      | <b>-138,107</b> |
| <b>Carrying value as at December 31, 2021</b>  | <b>1,475</b>     | <b>5,138</b>          | <b>17,027</b>                  | <b>8,943</b>        | <b>32,583</b>   |
| <b>Cost</b>                                    |                  |                       |                                |                     |                 |
| <b>As at January 1, 2020</b>                   | <b>26,757</b>    | <b>26,988</b>         | <b>58,253</b>                  | <b>31,492</b>       | <b>143,490</b>  |
| Investments                                    | 396              | 2,187                 | 8,308                          | 2,389               | 13,280          |
| Disposals                                      | -85              | -553                  | -1,627                         | -136                | -2,401          |
| Translation differences                        | -964             | -585                  | -2,184                         | -1,464              | -5,197          |
| <b>As at December 31, 2020</b>                 | <b>26,104</b>    | <b>28,037</b>         | <b>62,750</b>                  | <b>32,281</b>       | <b>149,172</b>  |
| <b>Accumulated amortization and impairment</b> |                  |                       |                                |                     |                 |
| <b>As at January 1, 2020</b>                   | <b>-25,120</b>   | <b>-24,192</b>        | <b>-49,246</b>                 | <b>-23,440</b>      | <b>-121,998</b> |
| Depreciation for the year                      | -648             | -1,211                | -4,754                         | -2,944              | -9,556          |
| Disposals                                      | 85               | 548                   | 1,541                          | 63                  | 2,237           |
| Translation differences                        | 943              | 568                   | 1,944                          | 1,060               | 4,515           |
| <b>As at December 31, 2020</b>                 | <b>-24,740</b>   | <b>-24,287</b>        | <b>-50,515</b>                 | <b>-25,261</b>      | <b>-124,802</b> |
| <b>Carrying value as at December 31, 2020</b>  | <b>1,364</b>     | <b>3,750</b>          | <b>12,235</b>                  | <b>7,020</b>        | <b>24,369</b>   |

## Note 14 Trade receivables

### Accounting principle

Trade receivables are classified in the category financial instruments at amortized cost. Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. The anticipated receivable is short, so they are carried at accrued cost without discounting. Risk concentration is defined by a material part of outstanding trade receivables. However, the risk are considered to be low, supported by historically low losses, current conditions and forward looking economic conditions. Impairment are determined individually. Impairment needs are addressed when there is indication that receivables will not be paid or if Transcom becomes aware that the counterparty has become insolvent. Provisions for impaired receivables are recognized as administrative expenses in the Consolidated Income Statement. Please see note 23 for further details.

| EUR thousand                                  | 2021          | 2020          |
|-----------------------------------------------|---------------|---------------|
| Trade receivables gross                       | 93,813        | 73,880        |
| Provision for impairment of trade receivables | -580          | -792          |
| <b>Trade receivables net</b>                  | <b>93,233</b> | <b>73,088</b> |

The carrying value less impairment of trade receivables is assumed to approximate the fair value.

### Expected credit losses

| EUR thousand             | 2021        | 2020        |
|--------------------------|-------------|-------------|
| <b>As at January 1</b>   | <b>-792</b> | <b>-459</b> |
| Provisions made/reversed | 139         | -313        |
| Provisions used          | 71          | 32          |
| Reclassification         | -           | -53         |
| Translation differences  | 2           | 3           |
| <b>As at December 31</b> | <b>-580</b> | <b>-792</b> |

### Overview of the ageing of overdue trade receivables

| EUR thousand | 2021          | 2020         |
|--------------|---------------|--------------|
| <30 days     | 8,913         | 5,674        |
| 30-60 days   | 1,399         | 514          |
| 60-90 days   | 84            | 199          |
| 90-120 days  | 407           | 52           |
| >120 days    | 2,596         | 1,684        |
| <b>Total</b> | <b>13,399</b> | <b>8,123</b> |

Outstanding trades receivables overdue has increased from the prior year and amounts to EUR 13,399 thousand (8,123) due to deferred payments at year-end from several clients. Based on previous experience, and communication with the clients, Transcom sees a low risk for significant credit losses. Credit losses amounted to EUR 71 thousand (32).

## Note 15 Other receivables and prepaid expenses and accrued income

### Other receivables

| EUR thousand                           | 2021          | 2020          |
|----------------------------------------|---------------|---------------|
| VAT recoverable                        | 4,455         | 3,606         |
| Amount due from public authorities     | 3,564         | 3,169         |
| Client deposit related assets          | 669           | 585           |
| Revaluation of derivatives, fair value | -             | 692           |
| Other receivables <sup>1</sup>         | 4,753         | 3,908         |
| <b>Total</b>                           | <b>13,441</b> | <b>11,960</b> |

1) Other receivables mainly relates to advanced payments and revaluation of derivatives.

### Prepaid expenses and accrued income

| EUR thousand     | 2021          | 2020          |
|------------------|---------------|---------------|
| Prepaid expenses | 6,992         | 4,594         |
| Accrued income   | 43,807        | 33,293        |
| <b>Total</b>     | <b>50,799</b> | <b>37,887</b> |

## Note 16 Equity

### Share capital

Transcom's share capital as of December 31, 2021 was distributed among 11,937,773 shares (2020: 11,937,773) with a nominal value of EUR cent 0.0046 per share (2020: EUR cent 0.0046). All shares entitle to one vote each.

Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity (Share capital and other contributed capital) as a deduction, net of tax, from the proceeds.

### Dividends

Dividend is recognized as a liability in the Group's financial statements in the period in which the dividends are approved by the Annual General Meeting. All shares are entitled to the equal amount of dividend per share.

| Reserves in equity                                        | Cash flow hedge reserve | Fair value reserve of financial assets at FVOCI | Foreign currency translation reserve | Total         |
|-----------------------------------------------------------|-------------------------|-------------------------------------------------|--------------------------------------|---------------|
| <b>As at January 1, 2021</b>                              | <b>1,360</b>            | <b>-1,437</b>                                   | <b>-7,479</b>                        | <b>-7,557</b> |
| Exchange differences on translation of foreign operations | –                       | –                                               | 4,067                                | 4,067         |
| Currency forward contracts                                | -1,149                  | –                                               | –                                    | -1,149        |
| Remeasurement on defined benefit plan                     | –                       | -2,042                                          | –                                    | -2,042        |
| <b>As at December 31, 2021</b>                            | <b>211</b>              | <b>-3,479</b>                                   | <b>-3,412</b>                        | <b>-6,680</b> |

| Reserves in equity                                        | Cash flow hedge reserve | Fair value reserve of financial assets at FVOCI | Foreign currency translation reserve | Total         |
|-----------------------------------------------------------|-------------------------|-------------------------------------------------|--------------------------------------|---------------|
| <b>As at January 1, 2020</b>                              | <b>1,541</b>            | <b>-746</b>                                     | <b>-4,242</b>                        | <b>-3,447</b> |
| Exchange differences on translation of foreign operations | –                       | –                                               | -3,237                               | -32,37        |
| Currency forward contracts                                | -181                    | –                                               | –                                    | -181          |
| Remeasurement on defined benefit plan                     | –                       | -691                                            | –                                    | -691          |
| <b>As at December 31, 2020</b>                            | <b>1,360</b>            | <b>-1,437</b>                                   | <b>-7,479</b>                        | <b>-7,557</b> |

### Common control transactions

A common control transaction is a transfer of assets or an exchange of equity interests among entities under the same ultimate parent's control. IFRS 3 Business Combination is not applicable for common control transactions. Since both parties in such transactions are controlled by the same ultimate parent, fair value can't be measured in a reassuring manner. Hence, acquired assets and liabilities are instead recorded at historical cost. The difference between the consideration paid and the net historical costs of assets and liabilities acquired are recognized in the statement of changes in equity.

In September Transcom closed the acquisition of TMS Connected GmbH and TMS Connected Verwaltung GmbH adding annual revenues of EUR 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 transaction under common control. For more information, please see Note 24. The transaction resulted in an effect of transaction under common control amounting to EUR 3,311 thousands recognized in the statement of changes in equity.



## Note 17 Interest-bearing liabilities

### Accounting principles

Interest-bearing liabilities are classified as financial liabilities at amortized cost. Amortized cost is determined based on the effective interest rate calculated when the liability was assumed. This means that surplus and deficit values as well as direct costs in conjunction with assuming of loans are distributed over the term of the liability. Non-current interest-bearing liabilities have an anticipated maturity of more than one year, while current interest-bearing liabilities have a maturity of less than one year.

| EUR thousand                             | 2021           | 2020           |
|------------------------------------------|----------------|----------------|
| EUR revolving credit facility            | –              | –              |
| USD revolving credit facility            | –              | –              |
| EUR floating rate note (Secured)         | 315,000        | –              |
| Fixed rate notes (Unsecured)             | –              | 10,000         |
| Fixed rate notes (Secured)               | –              | 180,000        |
| EUR Term Loan (Secured)                  | –              | 20,000         |
| Amortized costs                          | –8,539         | –860           |
| Lease liabilities                        | 32,099         | 28,815         |
| Accrued interest                         | 779            | –              |
| Other loans                              | 3,205          | 5,901          |
| <b>Total</b>                             | <b>342,544</b> | <b>243,857</b> |
| Non-current interest-bearing liabilities | 307,910        | 213,411        |
| Current interest-bearing liabilities     | 2,535          | 1,632          |
| <b>Total</b>                             | <b>310,445</b> | <b>215,043</b> |

| EUR thousand                  | 2021          | 2020          |
|-------------------------------|---------------|---------------|
| Non-current lease liabilities | 16,900        | 16,775        |
| Current lease liabilities     | 15,200        | 12,040        |
| <b>Total</b>                  | <b>32,099</b> | <b>28,815</b> |

| EUR thousand                          | 2021          | 2020          |
|---------------------------------------|---------------|---------------|
| Unused credit facilities <sup>1</sup> | 40,642        | 43,374        |
| <b>Total</b>                          | <b>40,642</b> | <b>43,374</b> |

1) Unused credit facilities includes unused cash pool limits.

On 18 June 2021 Transcom issued EUR 315 million Senior Secured Floating Rate Notes due in December 2026 (the Notes) listed on The International Stock Exchange. Holders of the Notes obtain a coupon of three-month EURIBOR plus 525 basis points per annum, subject to a 0% floor and reset quarterly. The proceeds of the Notes have, among other things, been applied towards early redemption in full of the EUR 180 million Senior Secured Fixed Rate Notes, the EUR 10 million Senior Unsecured Fixed Rate Notes, the Senior Secured Term Loan Facility agreement of EUR 20 million and all amounts outstanding under the Super Senior Revolving Credit Facility Agreement (SSRCF) of EUR 45 million. On 18 June 2021 Transcom also entered into a new Super Senior Revolving Credit Facility Agreement (New SSRCF) of EUR 45 million with termination date in June 2026. The EUR 180 million Senior Secured Fixed Rate Notes has in connection with the redemption been delisted from Nasdaq Stockholm. Interest on the Notes is based on EURIBOR plus margin and interest rates in the new revolving facility are based on LIBOR, STIBOR and EURIBOR plus margins. For the New SSRCF the Company is committed to follow certain covenants if so called test conditions is met. The test conditions were not exceeded in 2021. The Notes and the New SSRCF shares security and guarantees in accordance with the provisions of an intercreditor agreement. In the event of a change of control the lenders under the New SSRCF has the right to cancel their commitments and the holders of the Notes have the right to request a repurchase of the Notes.

In July 2021 a new EUR 1 000 thousand loan was entered into with BBVA, Banco Bilbao Vizcaya Argentaria.

The table below shows the maturity profile of the Groups's interest bearing liabilities including interests.

| EUR thousand                  | 2021           | 2020           |
|-------------------------------|----------------|----------------|
| Less than six months          | 8,288          | 8,235          |
| Between six and twelve months | 8,819          | 8,237          |
| Between one and two years     | 17,567         | 26,261         |
| Between two and five years    | 356,290        | 208,224        |
| <b>Total</b>                  | <b>390,964</b> | <b>250,957</b> |

## Note 18 Employee benefit obligations

### Accounting principle

Group companies operate various pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The Group has both defined benefit and defined contribution plans.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

A defined benefit is typically defined by the amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The liability recognized in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, together with adjustments for unrecognized past-service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income in the period in which they arise.

Past-service costs are recognized immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortized on a straight-line basis over the vesting period.

The Group has employee benefit schemes in Italy, Philippines and USA in relation to termination indemnity and defined benefit pensions. A full actuarial valuation was carried out to December 31, 2021 by a qualified, independent actuary except for the newly acquired company Awesome that is considered immaterial. There are no plan assets in connection with the pension plans in Italy, Philippines and the USA.

### Reconciliation to the statement of financial position

| EUR thousand                               | 2021         | 2020         |
|--------------------------------------------|--------------|--------------|
| Italy                                      | 428          | 598          |
| Philippines                                | 5,085        | 2,514        |
| USA                                        | 1            | 1            |
| <b>Present value of scheme liabilities</b> | <b>5,514</b> | <b>3,113</b> |

### Analysis of the amount charged to operating profit

| EUR thousand                  | 2021     |             |          |            | 2020     |             |          |            |
|-------------------------------|----------|-------------|----------|------------|----------|-------------|----------|------------|
|                               | Italy    | Philippines | USA      | Total      | Italy    | Philippines | USA      | Total      |
| Current service cost          | –        | 358         | –        | 358        | –        | 332         | –        | 332        |
| Past service cost             | –        | –           | –        | –          | –        | –           | –        | –          |
| <b>Total operating charge</b> | <b>–</b> | <b>358</b>  | <b>–</b> | <b>358</b> | <b>–</b> | <b>332</b>  | <b>–</b> | <b>332</b> |

### Analysis of the amount credited to other finance costs

| EUR thousand                           | 2021     |             |          |           | 2020     |             |          |           |
|----------------------------------------|----------|-------------|----------|-----------|----------|-------------|----------|-----------|
|                                        | Italy    | Philippines | USA      | Total     | Italy    | Philippines | USA      | Total     |
| Interest on pension scheme liabilities | –        | 76          | –        | 76        | –        | 67          | –        | 67        |
| <b>Total finance cost</b>              | <b>–</b> | <b>76</b>   | <b>–</b> | <b>76</b> | <b>–</b> | <b>67</b>   | <b>–</b> | <b>67</b> |

### Major assumptions used by the actuary for the calculation of the defined benefit pension scheme

| %                            | 2021    |             |     | 2020    |             |     |
|------------------------------|---------|-------------|-----|---------|-------------|-----|
|                              | Italy   | Philippines | USA | Italy   | Philippines | USA |
| Rate of increase in salaries | 2.0     | 2.0         | –   | 2.0     | 2.0         | –   |
| Discount rate                | 0.4–0.6 | 5.0–5.1     | –   | 0.4–0.6 | 3.7         | –   |

Assumptions regarding future mortality experience are set in accordance with published statistics and experience in each territory.

### Amount recognized in the statement of financial position – movement in deficit during the year

| EUR thousand                         | 2021       |              |          |              | 2020         |              |          |              |
|--------------------------------------|------------|--------------|----------|--------------|--------------|--------------|----------|--------------|
|                                      | Italy      | Philippines  | USA      | Total        | Italy        | Philippines  | USA      | Total        |
| <b>As at January 1</b>               | <b>598</b> | <b>2,514</b> | <b>1</b> | <b>3,113</b> | <b>1,758</b> | <b>1,559</b> | <b>1</b> | <b>3,318</b> |
| Movement in the year                 |            |              |          |              |              |              |          |              |
| Current service cost and settlements | –          | 358          | –        | 358          | –            | 332          | –        | 332          |
| Interest cost                        | –          | 76           | –        | 76           | 0,2          | 67           | –        | 67           |
| Past service cost                    | –          | –            | –        | –            | –            | –            | –        | –            |
| Contributions                        | –          | –            | –        | –            | –            | –105         | –        | –105         |
| Actuarial gains/losses               | 46         | 1,996        | –        | 2,042        | –20          | 711          | –        | 691          |
| Benefits paid                        | –216       | –            | –        | –216         | –1,140       | –            | –        | –1,140       |
| Translation difference               | –          | 141          | –        | 141          | –            | –50          | –        | –50          |
| <b>As at December 31</b>             | <b>428</b> | <b>5,085</b> | <b>1</b> | <b>5,514</b> | <b>598</b>   | <b>2,514</b> | <b>1</b> | <b>3,113</b> |

The Italian liability would increase with EUR 28 (39) thousand if the discount rate would be lowered by 0.5 percent. An increase with the same percentage would lower the liability with EUR 25 (35) thousand. The liability in the Philippines would increase with EUR 143 (162) thousand if the discount rate would be lowered by 1 percentage point. An increase with the same percentage would lower the liability with EUR 192 (189) thousand. If the inflation rate assumption in the Philippines would increase with 1 percentage point the liability would be EUR 116 (168) thousand higher, the corresponding decrease would lower the liability with EUR 195 (194) thousand.

## Note 18 Employee benefit obligations, cont.

### Alecta

Obligations for old-age and family pensions for salaried employees in Sweden are secured via insurance with Alecta.

In accordance with IFRS, the company is to recognise employee benefits following IAS 19. It is not possible to recognise the premium-paid ITP 2 with Alecta in accordance with IFRS / IAS 19. This means that companies paying premiums for the defined-benefit ITS 2 old-age pension plan and/or family pension are to recognise the cost as defined-contribution, as stipulated by the Swedish Financial Reporting Board. The reason that it is not possible to recognise the contributions under IFRS/IAS 19 is that for most of the pension benefits vested, Alecta does not have information about the specification of benefits earned between employers. Instead, the entire amount vested is registered with the final employer. Accordingly, it is not possible for Alecta to provide an exact specification of assets and provisions for each employer. Furthermore, there are, in all respects, no established regulations on how any surplus of deficit arising is to be handled.

## Note 19 Provisions

### Accounting principle

Provisions for restructuring costs, legal claims and other obligations are recognized when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognized for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

| EUR thousand                   | Legal and tax claims | Restructuring | Other <sup>1</sup> | Total          |
|--------------------------------|----------------------|---------------|--------------------|----------------|
| <b>As at January 1, 2021</b>   | <b>10,534</b>        | <b>200</b>    | <b>14,082</b>      | <b>24,816</b>  |
| Provisions made                | 62                   | 5,805         | 15,835             | <b>21,702</b>  |
| Provisions used                | –                    | –4,179        | –12,050            | <b>–16,229</b> |
| Provisions reversed            | –66                  | –1,114        | –73                | <b>–1,253</b>  |
| Translation differences        | –                    | –             | 783                | <b>783</b>     |
| <b>As at December 31, 2021</b> | <b>10,530</b>        | <b>712</b>    | <b>18,577</b>      | <b>29,819</b>  |
| Non-current provisions         | –                    | –             | 10,050             | <b>10,050</b>  |
| Current provisions             | 10,530               | 712           | 8,527              | <b>19,769</b>  |
| <b>Total</b>                   | <b>10,530</b>        | <b>712</b>    | <b>18,577</b>      | <b>29,819</b>  |

| EUR thousand                                | Legal and tax claims | Restructuring | Other <sup>2</sup> | Total         |
|---------------------------------------------|----------------------|---------------|--------------------|---------------|
| <b>As at January 1, 2020</b>                | <b>11,922</b>        | <b>2,073</b>  | <b>20,409</b>      | <b>34,404</b> |
| Acquisition of a subsidiary                 |                      |               |                    |               |
| Provisions made                             | 1,716                | –             | 1,605              | <b>3,322</b>  |
| Provisions used                             | –                    | –273          | –6,789             | <b>–7,062</b> |
| Reclassification within current liabilities | –3,069               | –828          | –36                | <b>–3,933</b> |
| Provisions reversed                         | –34                  | –770          | –                  | <b>–804</b>   |
| Translation differences                     | –                    | –2            | –1,108             | <b>–1,110</b> |
| <b>As at December 31, 2020</b>              | <b>10,534</b>        | <b>200</b>    | <b>14,082</b>      | <b>24,816</b> |
| Non-current provisions                      | –                    | –             | 157                | <b>157</b>    |
| Current provisions                          | 10,534               | 200           | 13,926             | <b>24,659</b> |
| <b>Total</b>                                | <b>10,534</b>        | <b>200</b>    | <b>14,082</b>      | <b>24,816</b> |

1) Other provisions as at December 31, 2021, were mainly related to expected future payments for costs to obtain contracts and earn-outs in relation to the acquisition of City Connect.

2) Other provisions at December 31, 2020, are mainly related to earn-outs in relation to the acquisition of Awesome.

## Note 20 Other liabilities

| EUR thousand                                       | 2021          | 2020          |
|----------------------------------------------------|---------------|---------------|
| VAT payable                                        | 8,929         | 2,352         |
| Social costs                                       | 10,422        | 8,292         |
| Liabilities to public authorities                  | 1,247         | 4,808         |
| Amounts payable to employees                       | 4,028         | 3,343         |
| Governmental support programs relating to Covid-19 | 12,146        | 11,747        |
| Other current liabilities                          | 6,847         | 2,636         |
| <b>Total</b>                                       | <b>43,619</b> | <b>33,177</b> |

## Note 21 Accrued expenses and prepaid income

| EUR thousand                        | 2021          | 2020          |
|-------------------------------------|---------------|---------------|
| Accrued personnel expenses          | 26,944        | 26,633        |
| Other accrued expenses <sup>1</sup> | 17,555        | 19,902        |
| Deferred income                     | 9,162         | 80            |
| <b>Total</b>                        | <b>53,661</b> | <b>46,615</b> |

1) Other accrued expenses are mainly related to temporary agents, subcontractors and rents.

## Note 22 Commitments and contingencies

### Accounting principle

A contingent liability is recognized when there is a possible obligation that arises from past events whose existence will be confirmed only by one or more uncertain future events or when there is an obligation that is not recognized as a liability or provision because it is not probable that an outflow of resources will be required.

### Contingent liabilities

The Group has contingent liabilities related to litigations and legal claims arising in the ordinary course of business. The integrated worldwide nature of the Group's operations can give rise to complexity and delays in assessing the Group's tax position and can lead to the Group occasionally facing tax audits which in some cases result in disputes with tax authorities. During these tax audits, local tax authorities may question or challenge the Group's tax positions. Disputes with tax authorities can lead to litigations in front of several courts resulting in lengthy legal proceedings. As at December 31, 2021, eleven Group entities are subject to tax audits. Some of these tax inquiries have resulted in reassessments, while others are still at an early stage and no reassessments have yet been raised. As at December 31, 2021, uncertain tax liabilities amounts to EUR 932 (2020: 3,844) thousand.

The group has no material contingent liabilities as at December 31, 2021. 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.

## Note 23 Financial instrument risk management objectives and policies

The main risks arising from the Group's financial instruments are liquidity risk, credit / counterparty risk, foreign currency risk, and interest rate risk. The Board of Directors reviews and agrees policies for managing each of these risks which are summarized below.

### Management controls and procedures

The Board has overall responsibility for the determination of the Group's risk management objectives and policies with the objective to set policies that seek to reduce risk as far as possible, without unduly affecting the Group's competitiveness and flexibility. It has delegated the authority for designing and operating the associated processes to the Group's treasury department.

Risk exposures are monitored and reported to management on a quarterly basis, together with required actions when tolerance limits are exceeded.

For the presentation of market risks, IFRS 13 requires sensitivity analysis that shows the effects of hypothetical changes of relevant risk variables on the income statement and shareholders' equity.

### Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's revolving credit facility. The interest on each loan under the facility agreement for each term is calculated as the aggregate of the Interbank offered rate (IBOR) plus a margin based on the basis of the consolidated total net debt to consolidated EBITDA.

Interest rate risk is not hedged today, neither through derivative financial instruments or otherwise.

If the EUR interest rates increase by 10 percent it will have an effect on the profit before tax by EUR 1,657 thousand. This with all other variables held constant of the Group's profit before tax (through the impact on floating rate borrowings). There is no material impact on the Group's equity.

### Foreign exchange risk

The following main exchange rates have been used to translate the transactions in foreign currency to Euro in the financial statements.

#### Foreign exchange rates

| Currency             | 2021         |              | 2020         |              |
|----------------------|--------------|--------------|--------------|--------------|
|                      | Average rate | Closing rate | Average rate | Closing rate |
| US Dollar, USD       | 1.19         | 1.13         | 1.15         | 1.23         |
| Swedish krona, SEK   | 10.15        | 10.25        | 10.48        | 10.03        |
| Philippine peso, PHP | 58.38        | 57.76        | 56.78        | 59.13        |

As an international company, the Group is subject to foreign exchange risks of two different types:

Transactional risk, which may occur when the Group invoices clients in one currency and must pay its costs in another currency. The Group seeks to minimize these movements by matching the currency of revenue with the currency of costs, by negotiating pricing adjustments and/or indexation of contracts to foreign exchange rates, and by implementing hedging instruments on a case-by-case basis, under close supervision of the Board and Audit Committee. Main exposure for the Group is in the Philippines with exposures in PHP vs. USD. In 2021, 40% (40%) of the anticipated net flow of sales and costs has been hedged by purchasing of forward contracts for a period of 6 to 12 months.

Translation risk, results from the conversion of assets, liabilities, revenues and costs denominated in non-Euro reporting currencies, into the Group reporting currency, which is the Euro. In 2021, 53.4 (56.7) percent of the Group's sales were denominated in currencies other than the reporting currency of the Group. The Board has decided not to hedge these exposures as they do not constitute a direct cash flow exposure.

In terms of shareholders' equity in the Group, a +/-10 percent change per December 31, 2021 of the exchange rate for the USD vs. EUR would have affected shareholders' equity in the Group with EUR -4,735/+5,787 thousand and EUR -3,139/+3,837 thousand against SEK. Exposures in other currencies would have had an immaterial impact for the Group.

On the net income for the group, a +/-10 percent change per 2021 average exchange rate for the USD vs. EUR would have affected the Group's net income of EUR -675/+825 thousand and EUR -25/+31 thousand against SEK. Exposures in other currencies have an immaterial impact for the Group.

### Credit/counterparty risk

With respect to credit risk arising from the financial assets of the Group, which comprise balances from credit sales and cash and cash equivalents, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying value of these instruments.

Prior to accepting new accounts and wherever practicable, credit checks are performed using a reputable external source. Credit risk is reviewed monthly by Executive management, and corrective action is taken if pre-agreed limits are exceeded. Bank counterparty risk is mitigated by concentrating the Group's cash management activity with a limited number of top tier banks in each of the Group's regions.

Further analysis on gross trade debtors, provisions and ageing of net trade debtors are provided in note 14. The maximum exposure to credit risk is represented by the carrying amount of each financial asset on the statement of financial position.

### Liquidity risk

Liquidity risk arises from the Group's management of its working capital as well as the finance charges and principal repayments on its debt instruments.

The Group monitors this risk using a consolidated cash flow model in order to identify peaks and needs in liquidity and identify benefits which can be attained by controlled placement and utilization of available funds.

A significant mitigating factor of the Group's liquidity risk is the unused proportion of the Revolving Credit facility agreement as disclosed in note 17, as well as other financing sources which may be implemented from time to time by the Group. The unused proportion of the Credit Facility at December 31, 2021 was EUR 40,642 thousand including unutilized cash pool limit (2020: 43,374 including unutilized cash pool limit). The liquidity risk is deemed stable and the Board of Directors believes that the capital required to meet the company's commitments will be available during the 2022 fiscal year.

## Note 23 Financial instrument risk management objectives and policies, cont.

### Classification of the Group's financial assets and liabilities

| 2021 <sup>1</sup><br>EUR thousand                     | Financial instruments<br>at amortized cost | Financial instruments at<br>fair value to the P&L <sup>1</sup> | Derivatives for<br>cashflow hedges <sup>4</sup> | Total carrying<br>amount | Level <sup>3</sup> |
|-------------------------------------------------------|--------------------------------------------|----------------------------------------------------------------|-------------------------------------------------|--------------------------|--------------------|
| <b>Financial assets</b>                               |                                            |                                                                |                                                 |                          |                    |
| Other receivables                                     | 5,869                                      | –                                                              | –                                               | 5,869                    |                    |
| <b>Total non-current financial assets</b>             | <b>5,869</b>                               | <b>–</b>                                                       | <b>–</b>                                        | <b>5,869</b>             |                    |
| Trade receivables                                     | 93,233                                     | –                                                              | –                                               | 93,233                   |                    |
| Other receivables incl. accrued income                | 57,248                                     | –                                                              | –                                               | 57,248                   |                    |
| Cash and cash equivalents                             | 39,236                                     | –                                                              | –                                               | 39,236                   |                    |
| <b>Total current financial assets</b>                 | <b>189,717</b>                             | <b>–</b>                                                       | <b>–</b>                                        | <b>189,717</b>           |                    |
| <b>Total financial assets</b>                         | <b>195,586</b>                             | <b>–</b>                                                       | <b>–</b>                                        | <b>195,586</b>           |                    |
| <b>Financial liabilities</b>                          |                                            |                                                                |                                                 |                          |                    |
| Interest-bearing liabilities                          | 307,910                                    | –                                                              | –                                               | 307,910                  |                    |
| Lease liabilities                                     | 16,900                                     | –                                                              | –                                               | 16,900                   |                    |
| Provisions <sup>2</sup>                               | 5,439                                      | 4,611                                                          | –                                               | 10,050                   | 3                  |
| <b>Total non-current financial liabilities</b>        | <b>330,249</b>                             | <b>4,611</b>                                                   | <b>–</b>                                        | <b>334,860</b>           |                    |
| Interest-bearing liabilities                          | 2,535                                      | –                                                              | –                                               | 2,535                    |                    |
| Lease liabilities                                     | 15,200                                     | –                                                              | –                                               | 15,200                   |                    |
| Provisions <sup>2</sup>                               | 14,915                                     | 4,854                                                          | –                                               | 19,769                   | 3                  |
| Trade payables                                        | 17,638                                     | –                                                              | –                                               | 17,638                   |                    |
| Other liabilities incl. accrued expenses <sup>4</sup> | 86,733                                     | –                                                              | 1,385                                           | 88,118                   | 2                  |
| <b>Total current financial liabilities</b>            | <b>137,021</b>                             | <b>4,854</b>                                                   | <b>1,385</b>                                    | <b>143,260</b>           |                    |
| <b>Total financial liabilities</b>                    | <b>467,270</b>                             | <b>9,465</b>                                                   | <b>1,385</b>                                    | <b>478,120</b>           |                    |

| 2020 <sup>1</sup><br>EUR thousand              | Financial instruments<br>at amortized cost | Financial instruments at<br>fair value to the P&L <sup>1</sup> | Derivatives for<br>cashflow hedges <sup>4</sup> | Total carrying<br>amount | Level <sup>3</sup> |
|------------------------------------------------|--------------------------------------------|----------------------------------------------------------------|-------------------------------------------------|--------------------------|--------------------|
| <b>Financial assets</b>                        |                                            |                                                                |                                                 |                          |                    |
| Other receivables                              | 2,801                                      | –                                                              | –                                               | 2,801                    |                    |
| <b>Total non-current financial assets</b>      | <b>2,801</b>                               | <b>–</b>                                                       | <b>–</b>                                        | <b>2,801</b>             |                    |
| Trade receivables                              | 73,088                                     | –                                                              | –                                               | 73,088                   |                    |
| Other receivables incl. accrued income         | 41,193                                     | –                                                              | 692                                             | 41,885                   | 2                  |
| Cash and cash equivalents                      | 13,663                                     | –                                                              | –                                               | 13,663                   |                    |
| <b>Total current financial assets</b>          | <b>127,944</b>                             | <b>–</b>                                                       | <b>692</b>                                      | <b>128,636</b>           |                    |
| <b>Total financial assets</b>                  | <b>130,745</b>                             | <b>–</b>                                                       | <b>692</b>                                      | <b>131,437</b>           |                    |
| <b>Financial liabilities</b>                   |                                            |                                                                |                                                 |                          |                    |
| Interest-bearing liabilities                   | 213,411                                    | –                                                              | –                                               | 213,411                  |                    |
| Lease liabilities                              | 16,775                                     | –                                                              | –                                               | 16,775                   |                    |
| Provisions                                     | 157                                        | –                                                              | –                                               | 157                      |                    |
| <b>Total non-current financial liabilities</b> | <b>230,343</b>                             | <b>–</b>                                                       | <b>–</b>                                        | <b>230,343</b>           |                    |
| Interest-bearing liabilities                   | 1,632                                      | –                                                              | –                                               | 1,632                    |                    |
| Lease liabilities                              | 12,040                                     | –                                                              | –                                               | 12,040                   |                    |
| Provisions <sup>2</sup>                        | 11,258                                     | 13,401                                                         | –                                               | 24,659                   | 3                  |
| Trade payables                                 | 20,120                                     | –                                                              | –                                               | 20,120                   |                    |
| Other liabilities incl. accrued expenses       | 52,477                                     | –                                                              | –                                               | 52,477                   |                    |
| <b>Total current financial liabilities</b>     | <b>97,527</b>                              | <b>13,401</b>                                                  | <b>–</b>                                        | <b>110,928</b>           |                    |
| <b>Total financial liabilities</b>             | <b>327,870</b>                             | <b>13,401</b>                                                  | <b>–</b>                                        | <b>341,271</b>           |                    |

1) Book value equals fair value except for interest bearing liabilities where the fair value is EUR 65,947 thousands (35,913) higher than the book value.

2) The fair values of the provisions have been calculated using a DCF model. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, the discount rate, credit risk and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these interest bearing liabilities. Provisions as of 31 Dec 2021 includes potential earn-out for the acquisition of CityConnect. These are based on certain EBITDA targets for years 2021–2022. The nominal amount of the provision is EUR 5.000 thousand in 2022 and EUR 5.000 thousand in 2023. During 2021 EUR 13,694 thousand was paid out related to the remaining earnout for the acquisition of Awesome OS.

3) There has been no transfers between Level 1 and Level 2 during 2021.

4) The fair values of the derivatives for cash flow hedges are derived from quoted market prices in active markets.

#### Valuation techniques level 2

The fair value for derivatives for cashflow hedges is determined using quoted forward exchange rates at the reporting date and present value calculations based on high credit quality yielded curves in the respective currencies.

#### Valuation techniques level 3

Provisions for earn-out related to acquisitions of other companies which cannot be valued by using observable inputs or measures, such as market prices or models.

#### Financial liabilities, level 3

| EUR thousand             | 2021         | 2020          |
|--------------------------|--------------|---------------|
| As at 1 January          | 13,401       | 19,912        |
| Additions                | 9,344        | –             |
| Cash paid                | –13,675      | –6,781        |
| Changes in fair value    | 395          | 270           |
| <b>As at 31 December</b> | <b>9,465</b> | <b>13,401</b> |

**Note 23 Financial instrument risk management objectives and policies, cont.****Accounting principle****Non-current receivables and other receivables**

Non-current receivables and other receivables include Loans and receivables and are assessed at their discounted current value if their expected maturity exceeds 12 months. If their maturities are shorter, they are assessed at accrued cost.

**Cash and cash equivalents**

Cash and cash equivalents includes cash and cash equivalents and immediately available balances with banks and similar institutions as well as other short-term liquid investments with original maturities of three months or less. In the consolidated statement of financial position, bank overdrafts are shown within interest-bearing liabilities in current liabilities.

**Trade Payables**

Trade payables are classified in the category financial liabilities at amortized cost. Trade payables have short expected term and are valued at nominal value.

**Derivatives for cashflow hedges**

The derivative instrument for cashflow is classified in the category derivatives for cashflow hedges. The hedging derivative instrument refers to sale and purchasing of forward contracts for a period of normally 6 to 12 months. The hedging derivative instrument is measured at fair value each period where the effective portion of the change in fair value is deferred in Other Comprehensive Income and presented within equity. The difference between the effective portion of the change in the fair value of the derivative hedging instrument and the full change in the fair value (the ineffective portion) is recognized in the Income statement. The change in fair value of the hedging instrument that is deferred in OCI is reclassified to Income statement in the same period as when the hedged item affects Income statement, and is recorded within Revenue.

**Other payables, other liabilities, accrued expenses and prepaid income**

Other payables, other liabilities, accrued expenses and prepaid income are recognized at amortized cost.

**Maturity profile of the Group's financial assets and liabilities**

| EUR thousand                                   | 2021           |                |                | 2020           |                |                |
|------------------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
|                                                | <1 year        | 1-5 years      | Total          | <1 year        | 1-5 years      | Total          |
| <b>Financial assets</b>                        |                |                |                |                |                |                |
| Other receivables                              | –              | 5,869          | 5,869          | –              | 2,801          | 2,801          |
| <b>Total non-current financial assets</b>      | –              | <b>5,869</b>   | <b>5,869</b>   | –              | <b>2,801</b>   | <b>2,801</b>   |
| Trade receivables                              | 93,233         | –              | 93,233         | 73,088         | –              | 73,088         |
| Other receivables incl. accrued income         | 57,248         | –              | 57,248         | 41,885         | –              | 41,885         |
| Cash and cash equivalents                      | 39,236         | –              | 39,236         | 13,663         | –              | 13,663         |
| <b>Total current financial assets</b>          | <b>189,717</b> | –              | <b>189,717</b> | <b>128,636</b> | –              | <b>128,636</b> |
| <b>Total financial assets</b>                  | <b>189,717</b> | <b>5,869</b>   | <b>195,586</b> | <b>128,636</b> | <b>2,801</b>   | <b>131,437</b> |
| <b>Financial liabilities</b>                   |                |                |                |                |                |                |
| Interest-bearing liabilities                   | –              | 373,857        | 373,857        | –              | 234,484        | 234,484        |
| Lease liabilities                              | –              | 16,900         | 16,900         | –              | 16,775         | 16,775         |
| Provisions                                     | –              | 10,050         | 10,050         | –              | 157            | 157            |
| <b>Total non-current financial liabilities</b> | –              | <b>400,807</b> | <b>400,807</b> | –              | <b>251,416</b> | <b>251,416</b> |
| Interest-bearing liabilities                   | 17,107         | –              | 17,107         | 16,472         | –              | 16,472         |
| Lease liabilities                              | 15,200         | –              | 15,200         | 12,040         | –              | 12,040         |
| Provisions                                     | 19,769         | –              | 19,769         | 24,659         | –              | 24,659         |
| Trade payables                                 | 17,638         | –              | 17,638         | 20,120         | –              | 20,120         |
| Other liabilities incl. accrued expenses       | 88,118         | –              | 88,118         | 52,477         | –              | 52,477         |
| <b>Total current financial liabilities</b>     | <b>157,832</b> | –              | <b>157,832</b> | <b>125,768</b> | –              | <b>125,768</b> |
| <b>Total financial liabilities</b>             | <b>157,832</b> | <b>400,807</b> | <b>558,639</b> | <b>125,768</b> | <b>251,416</b> | <b>377,184</b> |

## Note 24 Acquisition of subsidiaries

### Accounting principle

Group companies are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. The consolidated accounts are prepared according to the acquisition method, which entails acquisitions of subsidiaries being viewed as transactions through which the Group indirectly acquires the subsidiary's assets and assumes its liabilities and contingent liabilities. The Group's equity therefore includes only the portion of the subsidiary's equity added since acquisition. The Group's cost is determined through an acquisition analysis in connection with the acquisition. This analysis determines, in part, the cost of the holdings or operations and, in part, the fair value of the identifiable assets, liabilities and contingent liabilities assumed on the date of acquisition. The cost of the subsidiary's shares or operations consists of the fair value of the compensation on the transfer date. The cost includes conditional purchase considerations recognized as liabilities at fair value per the acquisition date. Business combinations are accounted for using the acquisition method. Identifiable assets acquired and liabilities assumed are measured initially at their fair values at the acquisition date. The excess of the consideration transferred, and the acquisition-date fair value of any previous equity interest in the acquiree, over the fair value of the identifiable net assets acquired is recognized as goodwill.

| EUR thousand                                                             | 2021          | 2020         |
|--------------------------------------------------------------------------|---------------|--------------|
| Consideration paid in cash                                               | 3,521         | –            |
| Consideration paid in cash, previous years acquisitions                  | 13,675        | 6,781        |
| Cash acquired                                                            | –9,128        | –            |
| <b>Cash flow from acquisition of subsidiaries, net of cash acquired</b>  | <b>8,068</b>  | <b>6,781</b> |
| Provision for earn out, current, fair value <sup>1</sup>                 | 4,672         | –            |
| Provision for earn out, non-current, fair value <sup>1</sup>             | 4,306         | –            |
| Other considerations, non cash                                           | 3,000         | –            |
| <b>Total consideration</b>                                               | <b>20,046</b> | <b>–</b>     |
| <b>Purchase price allocation:</b>                                        |               |              |
| Acquired net assets                                                      | –10,807       | –            |
| Negative goodwill, reported as Other income in Profit and Loss statement | –681          | –            |
| Goodwill                                                                 | 4,102         | –            |
| Customer relationship, net of tax                                        | 17,196        | –            |
| Deferred tax                                                             | –3,439        | –            |
| Release of previous provision for earn-out                               | 13,675        | –            |
| <b>Total</b>                                                             | <b>20,046</b> | <b>–</b>     |

1) As of 31 december 2021, the carrying amount of the non current and current provision for earn out amount to 4,395 TUEUR respective 4,769 TEUR.

During Q1 2021, the final payment was done (EUR 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 100% of City Connect, primarily targeting the German market with delivery from the Balkans. City Connect has an annual revenue of EUR 15 million with double-digit profitability and strong growth.

Acquired goodwill refers to underlying stable earnings trend the companies have had the last years, the deemed potential earning development connected to future customers and synergies and the workforce in the acquired companies. If the acquired company would have been consolidated from January 1, 2021 the revenue would amount to EUR 643 million and profit before tax EUR –3 million.

### Transactions under common control

In September Transcom closed the acquisition of 100% of TMS Connected GmbH and TMS Connected Verwaltung GmbH adding annual revenues of EUR 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.

| EUR thousand                                                                  | 2021          | 2020     |
|-------------------------------------------------------------------------------|---------------|----------|
| Consideration paid in cash                                                    | 17 025        | –        |
| Cash acquired                                                                 | –1 399        | –        |
| <b>Cash flow from transactions under common control, net of cash acquired</b> | <b>15,626</b> | <b>–</b> |
| <b>Total consideration</b>                                                    | <b>15,626</b> | <b>–</b> |
| Acquired net assets                                                           | –614          | –        |
| <b>Carrying amount in the ultimate parent company at acquisition date:</b>    |               |          |
| Customer relationship, net of tax                                             | 6,237         | –        |
| Deferred tax                                                                  | –1,996        | –        |
| Goodwill                                                                      | 15,310        | –        |
| <b>Equity, Effect of transaction under common control</b>                     | <b>3,311</b>  | <b>–</b> |
| Cash flow from acquisition of subsidiaries, net of cash acquired              | 8,068         | –        |
| Cash flow from transactions under common control, net of cash acquired        | –15,626       | –        |
| <b>Total</b>                                                                  | <b>23,694</b> | <b>–</b> |

## Note 25 Non-recurring items

| EUR thousand                                     | 2021          | 2020           |
|--------------------------------------------------|---------------|----------------|
| Operational non-recurring items                  | –9,512        | –20,812        |
| Transaction related non-recurring items          | –378          | –1,595         |
| <b>Total</b>                                     | <b>–9,890</b> | <b>–22,406</b> |
| whereof depreciation and amortization            | –147          | –              |
| <b>Total excl. depreciation and amortization</b> | <b>–9,743</b> | <b>–22,406</b> |

Non-recurring items totalled EUR –9,890 (–22,406) thousands. These includes costs of onerous lease contracts as a consequence of migration to permanent work-at-home model, costs for the restructuring program in Spain, restructuring costs for overhead savings, costs related to the impact of the typhoon Odette in December in the Philippines and transactional costs for the acquisition of City Connect and the consolidation of TMS.

### Operational non-recurring items

| EUR thousand                    | 2021          | 2020           |
|---------------------------------|---------------|----------------|
| Cost of sales                   | –6,471        | –3,567         |
| Administrative expenses         | –2,374        | –17,245        |
| Other operating income/expenses | –667          | –              |
| <b>Total</b>                    | <b>–9,512</b> | <b>–20,812</b> |

### Transaction related non-recurring items

| EUR thousand                    | 2021        | 2020          |
|---------------------------------|-------------|---------------|
| Administrative expenses         | –378        | –219          |
| Other operating income/expenses | –           | –1,376        |
| <b>Total</b>                    | <b>–378</b> | <b>–1,595</b> |

**Note 26 Changes in liabilities arising from financing activities**

| 2021, EUR thousand | Opening balance | Balance in acquired subsidiaries | Net cash flows | Foreign exchange movement | Borrowing costs paid | Other non cash flow changes | Closing balance |
|--------------------|-----------------|----------------------------------|----------------|---------------------------|----------------------|-----------------------------|-----------------|
| Borrowings         | 214,883         | –                                | 102,284        | 93                        | –9,323               | 2,376                       | <b>310,313</b>  |
| Other loans        | 159             | –                                | –27            | –                         | –                    | –                           | <b>132</b>      |
| Lease liability    | 28,815          | 1,300                            | –15,801        | 111                       | –                    | 17,675                      | <b>32,100</b>   |
| <b>Total</b>       | <b>243,857</b>  | <b>1,300</b>                     | <b>86,456</b>  | <b>204</b>                | <b>–9,323</b>        | <b>20,051</b>               | <b>342,545</b>  |

| 2020, EUR thousand | Opening balance | Balance in acquired subsidiaries | Net cash flows | Foreign exchange movement | Borrowing costs | Other non cash flow changes | Closing balance |
|--------------------|-----------------|----------------------------------|----------------|---------------------------|-----------------|-----------------------------|-----------------|
| Borrowings         | 214,536         | –                                | –82            | 533                       | –               | –104                        | <b>214,883</b>  |
| Other loans        | 185             | –                                | –26            | –                         | –               | –                           | <b>159</b>      |
| Lease liability    | 27,466          | –                                | –12,341        | –1,635                    | –               | 15,325                      | <b>28,815</b>   |
| <b>Total</b>       | <b>242,186</b>  | <b>–</b>                         | <b>–12,449</b> | <b>–1,102</b>             | <b>–</b>        | <b>15,221</b>               | <b>243,857</b>  |

**Note 27 Pledged assets and guarantees**

There are share pledges in material companies used as security for the financing of EUR 223,122 thousand (2020: 211,264). A part of the New SSRFCF is used to cover bank guarantees and cash pool limits. At December 31, 2020 the Group had outstanding bank guarantees for an amount of EUR 5,604 thousand (2020: 4,778 thousand) of which EUR 4,264 is under the New SSRFCF. The Company is also supporting its Group companies through guarantees issued in the normal course of business.

**Note 28 Related party transactions****Accounting principle**

Related parties are defined as corporations or individuals having a controlling influence over Transcom, i.e. other companies owned by Altor Fund IV, subsidiaries as well as seniors executive and members of the boards, including their respective family members.

Disclosure are provided about transactions that result in the transfer of resources, service or obligations between related partners, regardless of whether a price is charged.

**Related party transactions**

In August 2021, Transcom acquired TMS Connected GmbH o Co KG, a sister company outside the Transcom Group. The acquisition is considered a common control transaction. For more information, please see notes 16 and 24. Until the time of acquisition, Transcom sold services to TMS amounting to EUR 1,318 thousand (2020: 4,964 thousand).

In 2021, Transcom has received interest income amounting to EUR 137 Thousand for a loan of EUR 1,140 thousand to Transcom TopCo AB, repaid in June 2021. At year-end, Transcom has an outstanding loan to Transcom TopCo AB, issued in September 2021, amounting to EUR 2,200 thousand, with an additional EUR 46 thousand of accrued interest.

Other transactions with Altor consist of consulting and legal fees of EUR 272 thousand (2020: 102 thousand).

The Remuneration to members of the Board of Directors and Group management is disclosed in Note 6.

**Note 29 Events after the reporting period****Accounting principle**

If events occur that are material, but are not to be taken into account when the amounts in the statement of comprehensive income and statement of financial position are determined, disclosure will be provided about the nature and, if possible, an estimate of the financial effect. Materiality is defined as omission of information that could influence the economic decisions that users make on the basis of the financial statements.

Significant events confirming conditions that existed on the balance sheet date and that occur after the balance sheet date but before the approval of the financial statements lead to the amounts in the financial statement being adjusted. Significant events confirming conditions that excised on the balance sheet date and that occur after the balance sheet date but before the approval of the financial statements lead to the adjustments in the financial statements.

**Events after reporting period**

Transcom does not have any sites or employees in Russia, Belarus or Ukraine, nor do we have Russian or Belarussian clients. Our exposure is limited to 11 consultants from a third-party provider in the Ukraine, and two international clients with minor support lines in Russian delivered from the Baltics and Serbia, paid for by the clients' local subsidiaries in Russia.

Transcom has not been significantly financially impacted by the situation, nor has there been any direct impact on the services we provide to our clients. However, it is difficult at this time to assess the full effects of the invasion and sanctions on the global economy.



# Parent Company – Income statement

January to December

| EUR thousand                                | Note   | 2021           | 2020          |
|---------------------------------------------|--------|----------------|---------------|
| Revenue                                     | A2     | 5,553          | 3,303         |
| <b>Gross profit</b>                         |        | <b>5,553</b>   | <b>3,303</b>  |
| Administrative expenses                     | A3, A4 | -5,191         | -3,410        |
| Other operating expenses                    |        | -3             | -25           |
| <b>Operating profit/loss</b>                |        | <b>359</b>     | <b>-131</b>   |
| Interest income and similar items           | A5     | 8,443          | 5,920         |
| Interest expenses and similar items         | A5     | -22,814        | -15,113       |
| <b>Profit/loss before tax</b>               |        | <b>-14,012</b> | <b>-9,324</b> |
| Income tax expense                          | A6     | -              | -             |
| <b>Profit/loss for the year<sup>1</sup></b> |        | <b>-14,012</b> | <b>-9,324</b> |

1) Net profit corresponds with total comprehensive income.

# Parent Company – Balance sheet

| EUR thousand                                                        | Note   | December 31, 2021 | December 31, 2020 |
|---------------------------------------------------------------------|--------|-------------------|-------------------|
| <b>ASSETS</b>                                                       |        |                   |                   |
| <b>Non-current assets</b>                                           |        |                   |                   |
| Financial assets                                                    |        |                   |                   |
| Shares in Group companies                                           | A7     | 281,919           | 278,919           |
| Receivables from Group companies                                    |        | 168,243           | 91,809            |
| Other receivables                                                   | A13    | 2,246             | –                 |
| <b>Total financial assets</b>                                       | A10    | <b>452,408</b>    | <b>370,728</b>    |
| <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>                                         | A10    | <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                                                   |        |                   |                   |
| Share capital (11,937,773 shares, quota value EUR 0.0046 per share) | A8     | 55                | 55                |
| <b>Total restricted equity</b>                                      |        | <b>55</b>         | <b>55</b>         |
| Unrestricted equity                                                 |        |                   |                   |
| Other contributed capital                                           |        | 23,501            | 20,501            |
| Retained earnings                                                   |        | 138,680           | 148,004           |
| Net result                                                          |        | –14,012           | –9,324            |
| <b>Total unrestricted equity</b>                                    |        | <b>148,169</b>    | <b>159,181</b>    |
| <b>Total equity</b>                                                 | A8     | <b>148,224</b>    | <b>159,236</b>    |
| <b>Non-current liabilities</b>                                      |        |                   |                   |
| Interest-bearing liabilities                                        | A9     | 307,257           | 211,107           |
| Other interest-bearing liabilities                                  | A13    | –                 | 1,196             |
| <b>Total non-current liabilities</b>                                | A9,A10 | <b>307,257</b>    | <b>212,303</b>    |
| <b>Current liabilities</b>                                          |        |                   |                   |
| Trade payables                                                      |        | 332               | 371               |
| Other liabilities                                                   |        | 1,288             | 569               |
| Accrued expenses and prepaid income                                 | A11    | 347               | 821               |
| <b>Total current liabilities</b>                                    | A10    | <b>1,967</b>      | <b>1,761</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>    |

# Parent Company – Statement of changes in equity

| EUR thousand                   | Note | Total number of shares (thousand) | Share capital | Other contributed capital | Retained earnings incl. Profit/loss for the year | Total equity   |
|--------------------------------|------|-----------------------------------|---------------|---------------------------|--------------------------------------------------|----------------|
| <b>As at January 1, 2020</b>   |      | <b>11,938</b>                     | <b>55</b>     | <b>20,501</b>             | <b>148,004</b>                                   | <b>168,560</b> |
| Profit/loss for the year       |      | –                                 | –             | –                         | –9,324                                           | <b>–9,324</b>  |
| <b>As at December 31, 2020</b> | A8   | <b>11,938</b>                     | <b>55</b>     | <b>20,501</b>             | <b>138,680</b>                                   | <b>159,236</b> |
| <b>As at January 1, 2021</b>   |      | <b>11,938</b>                     | <b>55</b>     | <b>20,501</b>             | <b>138,680</b>                                   | <b>159,236</b> |
| Profit/loss for the year       |      | –                                 | –             | –                         | –14,012                                          | <b>–14,012</b> |
| Share holder contribution      |      | –                                 | –             | 3,000                     | –                                                | <b>3,000</b>   |
| <b>As at December 31, 2021</b> | A8   | <b>11,938</b>                     | <b>55</b>     | <b>23,501</b>             | <b>124,668</b>                                   | <b>148,224</b> |

# Parent Company – Statement of cash flows

January to December

| EUR thousand                                                                  | Note | 2021           | 2020          |
|-------------------------------------------------------------------------------|------|----------------|---------------|
| <b>Cash flows from operating activities</b>                                   |      |                |               |
| Profit/loss before tax                                                        |      | -14,012        | -9,324        |
| <b>Adjustments to reconcile profit before appropriations to net cash:</b>     |      |                |               |
| Net financial items                                                           |      | 14,371         | 9,193         |
| Income taxes paid                                                             |      | -              | -             |
| <b>Cash flows from operating activities before changes in working capital</b> |      | <b>359</b>     | <b>-131</b>   |
| <b>Changes in working capital</b>                                             |      |                |               |
| Change in operating receivables                                               |      | -717           | 1,159         |
| Change in operating liabilities                                               |      | 208            | 596           |
| <b>Changes in working capital</b>                                             |      | <b>-509</b>    | <b>1,755</b>  |
| <b>Net cash flow from operating activities</b>                                |      | <b>-150</b>    | <b>1,624</b>  |
| <b>Cash flows from investing activities</b>                                   |      |                |               |
| Interest received                                                             |      | 8,443          | 5,956         |
| Change in long-term receivables                                               |      | -2,246         | -             |
| Change in long-term receivables from Group companies                          |      | -76,434        | -9,635        |
| <b>Net cash flow from investing activities</b>                                |      | <b>-70,237</b> | <b>-3,679</b> |
| <b>Cash flows from financing activities</b>                                   |      |                |               |
| Proceeds from borrowings                                                      | A9   | 315,000        | 20,000        |
| Repayment of borrowings                                                       | A9   | -211,196       | -3,000        |
| Interest paid and other borrowing related costs                               |      | -31,666        | -15,107       |
| <b>Net cash flow from financing activities</b>                                |      | <b>72,138</b>  | <b>1,893</b>  |
| <b>Net cash flow for the year</b>                                             |      | <b>1,751</b>   | <b>-162</b>   |
| Cash and cash equivalents at beginning of the year                            |      | 82             | 244           |
| Net cash flow for the year                                                    |      | 1,751          | -162          |
| <b>Cash and cash equivalents at end of the year<sup>1</sup></b>               |      | <b>1,833</b>   | <b>82</b>     |

1) Cash and cash equivalents at the end of the year consists in total of cash.

# Parent Company

## Notes to the financial statements

### Note A1 Parent Company's accounting and valuation policies

Transcom Holding AB ("Parent Company") corporate id number 556962-4108 is a registered company domiciled in Stockholm, Sweden. The address of the Company's headquarter is PO Box 34220, SE-100 26 Stockholm.

The Parent Company has prepared and presented the annual report according to the Annual Accounts Act (1995:1554) and recommendation RFR 2 Accounting for legal entities from the Swedish Financial Reporting Board. RFR 2 means that the Parent Company, in the annual report for the legal entity, must apply all EU-approved IFRS and statements as far as possible within the framework of the Annual Accounts Act and taking into account the connection between reporting and taxation. The recommendation specifies exemptions and additions relative to IFRS.

The financial statements pertain January 1–December 31 for income statement items and December 31 for balance sheet items.

The financial statements are presented in Euros which is the Company's presentation currency, rounded in thousand of Euro.

The Parent Company applies the same accounting principles as the Group except in the stated cases.

### Note A2 Intra-group revenues and cost of sales

During 2021, intra-group sales amounted to EUR 5,553 thousand (EUR 3,303 thousand) related to administrative costs and services.

### Note A3 Employees

#### Salaries, other remuneration and social security charges

| EUR thousand            | 2021                                        |                 |               |
|-------------------------|---------------------------------------------|-----------------|---------------|
|                         | Board of Directors and Executive management | Other employees | Total         |
| Salaries                | -1,673                                      | -459            | -2,132        |
| Pension expenses        | -467                                        | -147            | -614          |
| Social security charges | -513                                        | -194            | -708          |
| <b>Total</b>            | <b>-2,653</b>                               | <b>-800</b>     | <b>-3,453</b> |

| EUR thousand            | 2020                                        |                 |               |
|-------------------------|---------------------------------------------|-----------------|---------------|
|                         | Board of Directors and Executive management | Other employees | Total         |
| Salaries                | -1,552                                      | -329            | -1,881        |
| Pension expenses        | -266                                        | -28             | -294          |
| Social security charges | -424                                        | -103            | -527          |
| <b>Total</b>            | <b>-2,242</b>                               | <b>-460</b>     | <b>-2,702</b> |

Personnel expenses are recognised in the Administrative expenses line in the Income statement.

Salaries, including other remuneration and social charges are fully recharged to Transcom Worldwide AB and was netted on the same row in the Income statement.

Salaries, other remuneration and other entitlements to the Board, CEO and other Senior Executives, see note 6 for the Group.

#### Average number of employees

|              | 2021     |          |          |
|--------------|----------|----------|----------|
|              | Women    | Men      | Total    |
| Sweden       | 3        | 6        | 9        |
| <b>Total</b> | <b>3</b> | <b>6</b> | <b>9</b> |

|              | 2020     |          |          |
|--------------|----------|----------|----------|
|              | Women    | Men      | Total    |
| Sweden       | 2        | 6        | 8        |
| <b>Total</b> | <b>2</b> | <b>6</b> | <b>8</b> |

**Note A4 Remuneration to auditors**

| EUR thousand                          | 2021        | 2020       |
|---------------------------------------|-------------|------------|
| <b>Ernst &amp; Young</b>              |             |            |
| Audit services                        | -6          | -6         |
| Audit services outside the assignment | -284        | -          |
| Tax advice                            | -6          | -53        |
| <b>Total</b>                          | <b>-296</b> | <b>-59</b> |

**Note A5 Interest income/expense and similar items****Interest income and similar items**

| EUR thousand                    | 2021         | 2020         |
|---------------------------------|--------------|--------------|
| Interest income Group companies | 8,370        | 5,803        |
| Foreign exchange gain, net      | -            | 117          |
| <b>Total</b>                    | <b>8,370</b> | <b>5,920</b> |

**Interest expenses and similar items**

| EUR thousand                        | 2021           | 2020           |
|-------------------------------------|----------------|----------------|
| Interest expense on bank borrowings | -16,211        | -13,997        |
| Other financing costs               | -6,462         | -1,057         |
| Bank fees                           | -              | -59            |
| Foreign exchange loss, net          | -68            | -              |
| <b>Total</b>                        | <b>-22,741</b> | <b>-15,113</b> |

**Note A6 Taxes****Income tax expense**

During 2020 and 2021 no income tax expense has been recorded.

**Effective tax rate**

A reconciliation of the statutory tax rate to the Company's effective tax rate applicable to income from continuous operations was:

| EUR thousand                                                        | 2021           | 2020          |
|---------------------------------------------------------------------|----------------|---------------|
| <b>Profit/Loss before tax</b>                                       | <b>-14,012</b> | <b>-9,324</b> |
| Calculated tax based on tax rate in Sweden<br>20,6 % (2020: 21,4 %) | 2,886          | 1,995         |
| Losses for which no tax benefit is recognized                       | -2,886         | -1,995        |
| <b>Income tax expense</b>                                           | <b>-</b>       | <b>-</b>      |

## Note A7 Investments in Group companies

### Accounting principle

Shares in Group companies are recognized by the Parent Company at cost, including transaction costs less any impairment.

| Group Company                                            | Country of incorporation | Domicile               | Corporate identity number | December 31, 2021            |                                |
|----------------------------------------------------------|--------------------------|------------------------|---------------------------|------------------------------|--------------------------------|
|                                                          |                          |                        |                           | Booked value<br>EUR thousand | Capital/voting<br>interest (%) |
| Transcom WorldWide AB                                    | Sweden                   | Stockholm              | 556880-1277               | 242,120                      | 100                            |
| Transcom WorldWide Albania SHPK                          | Albania                  | Duress                 |                           |                              |                                |
| Transcom WorldWide d.o.o Tuzla                           | Bosnia                   | Tuzla                  |                           |                              |                                |
| Transcom WorldWide (North America) Inc.                  | Canada                   | St. Catharine's        |                           |                              |                                |
| Transcom Insurance Agency Inc.                           | Canada                   | St. Catharine's        |                           |                              |                                |
| Transcom WorldWide d.o.o.                                | Croatia                  | Osijek                 |                           |                              |                                |
| IK Transcom Europe GmbH                                  | Germany                  | Düsseldorf             |                           |                              |                                |
| Transcom WorldWide GmbH                                  | Germany                  | Rostock                |                           |                              |                                |
| Transcom Halle GmbH                                      | Germany                  | Halle                  |                           |                              |                                |
| Transcom Rostock GmbH                                    | Germany                  | Rostock                |                           |                              |                                |
| Transcom Services GmbH                                   | Germany                  | Rostock                |                           |                              |                                |
| TMS Connected GmbH & Co. KG                              | Germany                  | Mannheim               |                           |                              |                                |
| TMS Connected Verwaltungs GmbH                           | Germany                  | Mannheim               |                           |                              |                                |
| Transcom Essen GmbH                                      | Germany                  | Potsdam                |                           |                              |                                |
| Transcom Berlin GmbH                                     | Germany                  | Düsseldorf             |                           |                              |                                |
| Transcom Hungary Kft.                                    | Hungary                  | Budapest               |                           |                              |                                |
| Transcom WorldWide SpA                                   | Italy                    | Milan                  |                           |                              |                                |
| Transcom Worldwide Italy Holding Srl                     | Italy                    | Milan                  |                           |                              |                                |
| Transcom Worldwide Italy Srl                             | Italy                    | Milan                  |                           |                              |                                |
| SIA Transcom WorldWide Latvia                            | Latvia                   | Riga                   |                           |                              |                                |
| Transcom WorldWide Vilnius UAB                           | Lithuania                | Vilnius                |                           |                              |                                |
| Transcom Europe Holding B.V.                             | The Netherlands          | Amsterdam              |                           |                              |                                |
| Transcom AB                                              | Sweden                   | Karlskoga              | 556201-3234               |                              |                                |
| Transcom Denmark A/S                                     | Denmark                  | Vordingborg            |                           |                              |                                |
| Transcom Eesti OÜ                                        | Estonia                  | Tallinn                |                           |                              |                                |
| Transcom Norge AS                                        | Norway                   | Rolvsoy                |                           |                              |                                |
| Transcom WorldWide B.V.                                  | The Netherlands          | Groningen              |                           |                              |                                |
| Transcom WorldWide (Australia) Pty Ltd                   | Australia                | Sydney                 |                           |                              |                                |
| Transcom WorldWide (Philippines) Holding Inc.            | Philippines              | Pasig City             |                           |                              |                                |
| Transcom WorldWide (Philippines) Inc.                    | Philippines              | Pasig City             |                           |                              |                                |
| Offsourcing Philippines Inc.                             | Philippines              | Davao                  |                           |                              |                                |
| BeAwesome Inc.                                           | Philippines              | Davao                  |                           |                              |                                |
| Transcom WorldWide Poland Sp. z o.o.                     | Poland                   | Olsztyn                |                           |                              |                                |
| TWW Serviços de Helpline e de Atendimento Telefónico Lda | Portugal                 | Vila Nova de Famalicão |                           |                              |                                |
| Transcom Worldwide D.O.O. Beograd                        | Serbia                   | Beograd                |                           |                              |                                |
| Transcom WorldWide Spain S.L.U.                          | Spain                    | Madrid                 |                           |                              |                                |
| Transcom Worldwide Global S.L.                           | Spain                    | Madrid                 |                           |                              |                                |
| Transvoice Sweden AB                                     | Sweden                   | Karlskoga              | 556653-6370               |                              |                                |
| Transvoice AB                                            | Sweden                   | Stockholm              | 556482-8654               |                              |                                |
| Tolk- och språktjänst i Östergötland AB                  | Sweden                   | Norrköping             | 556658-1368               |                              |                                |
| Transcom WorldWide AG                                    | Switzerland              | Zurich                 |                           |                              |                                |
| Transcom WorldWideTunisie Sarl                           | Tunisia                  | Tunis                  |                           |                              |                                |
| Transcom WorldWide (UK) Limited <sup>1</sup>             | United Kingdom           | St Albans, Herts       |                           |                              |                                |
| Top Up Mortgages Limited <sup>1</sup>                    | United Kingdom           | St Albans, Herts       |                           |                              |                                |
| Newman & Company Limited                                 | United Kingdom           | Leeds                  |                           |                              |                                |
| Cloud 10 Corp                                            | United States            | Denver                 |                           |                              |                                |
| Transcom WorldWide (US) Inc.                             | United States            | Delaware               |                           |                              |                                |
| Awesome OS Inc                                           | United States            | Los Angeles            |                           |                              |                                |
| Connecting People and Technologies Limited               | Ireland                  | Dublin                 |                           |                              |                                |
| City Connect d.o.o                                       | Croatia                  | Varaždin               |                           |                              |                                |
| Connect 2 Protect D.O.O                                  | Croatia                  | Varaždin               |                           |                              |                                |
| People Connect d.o.o.                                    | Croatia                  | Varaždin               |                           |                              |                                |
| City Connect, posredovanje d.o.o.                        | Slovenia                 | Brežice                |                           |                              |                                |
| Agencija za marketing Citi Konekt DOO Skopje             | North Makedonia          | Skopje                 |                           |                              |                                |
| GVP Communication AB                                     | Sweden                   | Stockholm              | 556943-3294               | 39,799                       | 100                            |
| Xzakt Kundrelation AB                                    | Sweden                   | Stockholm              | 556588-8913               |                              |                                |
| LEG Communication AB                                     | Sweden                   | Stockholm              | 556748-8951               |                              |                                |
| AGF Communication AB                                     | Sweden                   | Stockholm              | 556888-0586               |                              |                                |
| <b>Total</b>                                             |                          |                        |                           | <b>281,919</b>               |                                |

<sup>1</sup> The Group companies Transcom WorldWide (UK) Limited (registration number 02785250) and Top Up Mortgages Limited (registration number 02203000) in United Kingdom take advantage of the audit exemption under the section 479a of the Companies Act 2006

**Note A7 Investments in Group companies, cont.**

| <b>Cost</b>              |                |                |
|--------------------------|----------------|----------------|
| <b>EUR thousand</b>      | <b>2021</b>    | <b>2020</b>    |
| <b>As at January 1</b>   | <b>278,919</b> | <b>278,919</b> |
| Shareholder contribution | 3,000          | –              |
| <b>As at December 31</b> | <b>281,919</b> | <b>278,919</b> |

**Note A8 Equity**

Transcom's share capital as of 31 December 2021 was distributed among 11,937,773 shares (11,937,773) with a nominal value of EUR cent 0.0046 per share (0.0046). All shares entitle to one vote each.

**Note A9 Interest-bearing liabilities**

| <b>EUR thousand</b>                      | <b>2021</b>    | <b>2020</b>    |
|------------------------------------------|----------------|----------------|
| EUR revolving credit facility            | –              | –              |
| EUR floating rate note (Secured)         | 315,000        | –              |
| EUR fixed rate note (Unsecured)          | –              | 10,000         |
| EUR fixed rate note (Secured)            | –              | 180,000        |
| EUR Term Loan (Secured)                  | –              | 20,000         |
| Amortized costs                          | –8,522         | –810           |
| Accrued interest                         | 779            | 1,917          |
| Other loans                              | –              | 1,196          |
| <b>Total</b>                             | <b>307,257</b> | <b>212,303</b> |
| Non-current interest-bearing liabilities | 307,257        | 212,303        |
| <b>Total</b>                             | <b>307,257</b> | <b>212,303</b> |

On 18 June 2021 Transcom Holding AB issued EUR 315 million Senior Secured Floating Rate Notes due in December 2026 (the Notes) listed on The International Stock Exchange. The proceeds of the Notes have, among other things, been applied towards early redemption in full of the EUR 180 million Senior Secured Fixed Rate Notes, EUR 10 million Unsecured Fixed Rate Notes, the Senior Secured Term Loan Facility agreement of EUR 20 million and all amounts outstanding under the Super Senior Revolving Credit Facility Agreement (SSRCF) of EUR 45 million. On 18 June 2021 Transcom also entered into a new Super Senior Revolving Credit Facility Agreement (New SSRCF) of EUR 45 million with termination date in June 2026. The EUR 180 million Senior Secured Fixed Rate Notes has in connection with the redemption been delisted from Nasdaq Stockholm. Interest on the Notes is based on EURIBOR plus margin and interest rates in the new revolving facility are based on LIBOR, STIBOR and EURIBOR plus margins. For the New SSRCF the Company is committed to follow certain covenants if so called test conditions is met. The test conditions were not exceeded in 2021. The Notes and the New SSRCF shares security and guarantees in accordance with the provisions of an intercreditor agreement.

There are share pledges in material companies of EUR 281 919 thousand (2020: EUR 278 919 thousand) used as security for the financing. Part of the SSRCF is used to cover bank guarantees and cash pool limits.

In the event of a change of control the lenders under the New SSRCF has the right to cancel their commitments and the holders of the Notes have the right to request a repurchase of the Notes.

As of 31 December, 2021, the New SSRCF was unutilized, excluding guarantees and cash pool facility usage (31 December 2020: unutilized).

The table below shows the maturity profile of the Company's interest-bearing liabilities including interests.

| <b>EUR thousand</b>           | <b>2021</b>    | <b>2020</b>    |
|-------------------------------|----------------|----------------|
| Less than six months          | 7,422          | 7,305          |
| Between six and twelve months | 8,337          | 7,474          |
| Between one and two years     | 16,538         | 24,680         |
| Between two and seven years   | 355,411        | 206,749        |
| <b>Total Carrying amount</b>  | <b>387,707</b> | <b>246,209</b> |



## Note A10 Financial instrument risk management objectives and policies

Financial risks are mainly market risks (incl. currency risk and interest rate risk), credit risk and liquidity risk. The risk management policy, adopted by the Board of Directors, aims to minimize the adverse impact on financial results and positions.

### Interest rate risk

The Company's exposure to the risk of changes in market interest rates relates primarily to the Term Loan Facility. The interest on loan under the Term Loan Facility for each term is calculated as the aggregate of the Interbank offered rate (IBOR) plus a margin. Interest rate risk is not hedged, neither through derivative financial instruments or otherwise. If the EUR interest rates increase by 10 percent it will have a negative effect on the profit with EUR 1,654 thousand based on the outstanding loans as per 2021-12-31.

### Currency risk

Sales occur mainly in the accounting currency EUR while the purchases mainly are in SEK and EUR. At the end of the year, the company was

exposed to exchange-rate risk pertaining primarily to receivables and liabilities to Group companies. Should exchange rates for all currencies be 5 percent higher/lower, the impact on earnings would be +/- EUR 129 thousand based on exposure on the balance sheet date.

### Credit risk

The company strives for the best possible credit rating for the company's counterparties. The vast proportion of financial receivables were against Group companies.

### Liquidity risk

Liquidity risk entails the risk that there is insufficient cash and cash equivalents and marketable securities or agreed credit opportunities to close the market positions. The liquidity risk is deemed stable and the Board of Directors believes that the capital required to meet the company's commitments will be available during the 2022 fiscal year.

### Classification of the financial assets and liabilities

| EUR thousand <sup>1</sup>                      | 2021                  |                       | 2020                  |                       |
|------------------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|                                                | Loans and receivables | Total carrying amount | Loans and receivables | Total carrying amount |
| <b>Financial assets</b>                        |                       |                       |                       |                       |
| Receivables from Group companies               | 168,243               | 168,243               | 91,809                | 91,809                |
| Other receivables                              | 2,246                 | 2,246                 | –                     | –                     |
| <b>Total non-current financial assets</b>      | <b>170,489</b>        | <b>170,489</b>        | <b>91,809</b>         | <b>91,809</b>         |
| Receivables from Group companies               | 3,185                 | 3,185                 | 2,431                 | 2,431                 |
| Cash and cash equivalents                      | 1,833                 | 1,833                 | 82                    | 82                    |
| <b>Total current financial assets</b>          | <b>5,018</b>          | <b>5,018</b>          | <b>2,513</b>          | <b>2,513</b>          |
| <b>Total financial assets</b>                  | <b>175,507</b>        | <b>175,507</b>        | <b>94,322</b>         | <b>94,322</b>         |
| <b>Financial liabilities</b>                   |                       |                       |                       |                       |
| Interest-bearing liabilities <sup>1</sup>      | 307,257               | 307,257               | 210,386               | 210,386               |
| <b>Total non-current financial liabilities</b> | <b>307,257</b>        | <b>307,257</b>        | <b>210,386</b>        | <b>210,386</b>        |
| Trade payables                                 | 332                   | 332                   | 371                   | 371                   |
| Other liabilities incl. accrued expenses       | 1,032                 | 1,032                 | 1,390                 | 1,390                 |
| <b>Total current financial liabilities</b>     | <b>1,363</b>          | <b>1,363</b>          | <b>1,761</b>          | <b>1,761</b>          |
| <b>Total financial liabilities</b>             | <b>308,620</b>        | <b>308,620</b>        | <b>212,147</b>        | <b>212,147</b>        |

<sup>1</sup> Book value equals fair value except for interest bearing liabilities where the fair value is EUR 65,470 thousands (21,043) higher than the book value.

### Maturity profile of the financial assets and liabilities based on contractual undiscounted payments

| EUR thousand                                   | 2021          |                |                | 2020          |                |                |
|------------------------------------------------|---------------|----------------|----------------|---------------|----------------|----------------|
|                                                | <1 year       | 1–5 years      | Total          | <1 year       | 1–5 years      | Total          |
| <b>Financial assets</b>                        |               |                |                |               |                |                |
| Receivables from Group companies               | –             | 168,243        | 168,243        | –             | 91,809         | 91,809         |
| Other receivables                              | –             | 2,246          | 2,246          | –             | –              | –              |
| <b>Total non-current financial assets</b>      | <b>–</b>      | <b>170,489</b> | <b>170,489</b> | <b>–</b>      | <b>91,809</b>  | <b>91,809</b>  |
| Receivables from Group companies               | 3,185         | –              | 3,185          | 2,431         | –              | 2,431          |
| Cash and cash equivalents                      | 1,833         | –              | 1,833          | 82            | –              | 82             |
| <b>Total current financial assets</b>          | <b>5,018</b>  | <b>–</b>       | <b>5,018</b>   | <b>2,513</b>  | <b>–</b>       | <b>2,513</b>   |
| <b>Total financial assets</b>                  | <b>5,018</b>  | <b>170,489</b> | <b>175,507</b> | <b>2,513</b>  | <b>91,809</b>  | <b>94,322</b>  |
| <b>Financial liabilities</b>                   |               |                |                |               |                |                |
| Interest-bearing liabilities                   | –             | 371,948        | 371,948        | –             | 231,429        | 231,429        |
| <b>Total non-current financial liabilities</b> | <b>–</b>      | <b>371,948</b> | <b>371,948</b> | <b>–</b>      | <b>231,429</b> | <b>231,429</b> |
| Interest-bearing liabilities                   | 15,759        | –              | 15,759         | 14,780        | –              | 14,780         |
| Trade payables                                 | 332           | –              | 332            | 371           | –              | 371            |
| Other liabilities incl. accrued expenses       | 1,032         | –              | 1,032          | 2,825         | –              | 2,825          |
| <b>Total current financial liabilities</b>     | <b>17,122</b> | <b>–</b>       | <b>17,122</b>  | <b>17,976</b> | <b>–</b>       | <b>17,976</b>  |
| <b>Total financial liabilities</b>             | <b>17,122</b> | <b>371,948</b> | <b>389,070</b> | <b>17,976</b> | <b>–</b>       | <b>249,405</b> |

## Note A11 Accrued expenses and prepaid income

| EUR thousand               | 2021       | 2020       |
|----------------------------|------------|------------|
| Accrued personnel expenses | 158        | 821        |
| Other accruals             | 189        | –          |
| <b>Total</b>               | <b>347</b> | <b>821</b> |

## Note A12 Pledged assets and Guarantees

There are share pledges in material companies EUR 281,919 thousand (2020: 278,919) used as security for the financing. A part of the SSRCF is used to cover bank guarantees and cash pool limits. There was no guarantees as per December 2021.

## Note A13 Related party transactions

Altor has invoiced consulting and legal fees of EUR 195 thousand (102). In 2021, Transcom has received interest income amounting to EUR 137 Thousand for a loan of EUR 1,140 thousand to Transcom TopCo AB, repaid in June 2021. At year-end, Transcom has an outstanding loan to Transcom TopCo AB, issued in September 2021, amounting to EUR 2,200 thousand, with an additional EUR 46 thousand of accrued interest.

Please also refer to notes 6, 16, 24, and A3 for other related party transactions.

## Not A14 Proposed allocation of earnings

The statements of income and the balance sheets of the Parent Company and the Group are subject to adoption by the Annual General Meeting.

The following amounts in EUR are at the disposal of the Parent Company's Annual General Meeting:

|                           |                    |
|---------------------------|--------------------|
| Other contributed capital | 23,501,042         |
| Retained earnings         | 138,680,327        |
| Profit/loss for the year  | –14,012,089        |
| <b>Total</b>              | <b>148,169,280</b> |

The Board and the CEO propose that the unappropriated earnings at the disposal of the Annual General Meeting be disposed of as follows:

Carried forward:

|                           |                    |
|---------------------------|--------------------|
| Other contributed capital | 23,501,042         |
| Retained earnings         | 124,668,238        |
| <b>Total</b>              | <b>148,169,280</b> |

The undersigned certify that the consolidated accounts and the annual report have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as adopted for use in the European Union, for the Group and the Annual Accounts Act and RFR2 for the Parent Company, and generally accepted accounting principles respectively, and give a true and fair view of the

financial positions and results of the Group and the Parent Company, and that the Administration Report gives a fair review of the development of the operations, financial positions and results of the Group and the Parent Company and describes substantial risks and uncertainties that the Group companies face.

Stockholm

Fredrik Cappelen  
*Chairman of the Board*

Klas Johansson  
*Member of the Board*

Mattias Holmström  
*Member of the Board*

Alfred Von Platen  
*Member of the Board*

Brent J. Welsch  
*Member of the Board*

Lisa Stoner  
*Member of the Board*

Donald Hicks  
*Member of the Board*

Jonas Dahlberg  
*President & CEO*

Our audit report was submitted on the date as evidenced  
by our electronic signature

Ernst & Young AB

Johan Holmberg  
*Authorized Public Accountant*

# Auditor's report

This is a translation from the Swedish original.

**To the general meeting of the shareholders of Transcom Holding AB, corporate identity number 556962-4108**

## **Report on the annual accounts and consolidated accounts**

### ***Opinions***

We have audited the annual accounts and consolidated accounts of Transcom Holding AB (publ) for the year 2021. The annual accounts and consolidated accounts of the company are included on pages 1–41 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2021 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2021 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the income statement and statement of financial position for the group.

### ***Basis for Opinions***

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

## ***Responsibilities of the Board of Directors and the Managing Director***

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

## ***Auditor's responsibility***

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit

procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors [and the Managing Director].
- Conclude on the appropriateness of the Board of Directors' [and the Managing Director's] use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

## **Report on other legal and regulatory requirements**

### ***Opinions***

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Transcom Holding AB (publ) for the year 2021 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

### ***Basis for opinions***

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

### ***Responsibilities of the Board of Directors and the Managing Director***

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is

designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

### **Auditor's responsibility**

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropri-

ations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

Stockholm the day evidenced by our electronic signature

Ernst & Young AB

Johan Holmberg  
*Authorized Public Accountant*

# Alternative performance measures and other definitions

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.

## Alternative performance measures

**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 from Transcom's Operating profit/loss. The purpose of disclosing Transcom's EBIT 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 amortization. It is calculated excluding the effect of IFRS16 leases.

**EBITDA excluding non-recurring items:** is defined as EBITDA excluding the non-recurring items as defined above. It is calculated excluding the effect of IFRS 16 Leases. 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 and employee benefit obligations, excluding leasing liabilities according to IFRS 16, less cash and cash equivalents per balance sheet day.

**Net debt/EBITDA excluding non-recurring items:** is defined as interest-bearing liabilities and employee benefit obligations, less cash and cash equivalents as per balance sheet day divided by EBITDA excl non-recurring items (LTM).

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

**Return on Equity:** net income (rolling 12 months) divided by average equity (average calculation based on equity per balance sheet day the last five quarters).

**Equity ratio:** total shareholders' equity divided by total assets per balance sheet day.

## Other definitions

**SSFRN:** Senior Secured Fixed Rate Notes

**SSRCF:** Super Senior Revolving Credit Facility

**SURFN:** Senior Unsecured Fixed Rate Notes

# Transcom

**Transcom Holding AB (publ)**

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Company registration number: 556962-4108

[www.transcom.com](http://www.transcom.com)