

Year-end report 2019

Q4 2019

- **Revenue** 141.8 MEUR (143.0)
- **EBITDA** excluding non recurring items increased to 16.6 MEUR (15.6)
- **EBITDA margin** excluding non-recurring items amounted to 11.7% (10.9%)
- **Operating cash flow** improved to 21.2 (3.5)
- **Net debt/EBITDA** amounted to 4.2x (5.3)

Jan-Dec 2019

- **Revenue** 541.5 MEUR (543.6)
- **EBITDA** excluding non recurring items increased to 48.8 (39.4)
- **EBITDA margin** excluding non-recurring items increased to 9.0% (7.2%)
- **Operating cash flow** increased to 51.4 (2.5)

Comments by the CEO

Solid ending of a good year – Entering a new phase of profitable growth

Transcom ended a good 2019 with a solid fourth quarter. EBITDA in the fourth quarter improved to €16.6 million (15.6) and the margin improved to 11.7% (10.9). Operating cash flow improved to €21.2 million (3.5) and net debt/EBITDA amounted to 4.2x (5.3). Non-recurring items continued to decrease and amounted to €-0.5 million (-3.6).

2019 marked another year of improved performance. Full year EBITDA improved to €48.8 million (39.4) and the margin increased to 9.0% (7.2). Non-recurring items decreased to €-8.4 million (-34.6) and Operating cash flow improved to €51.4 million (2.5).

During the past three years we have taken major steps to improve competitiveness and increase profitability. We have taken out approximately €30 million of overhead cost through the PPP program. We have shifted our portfolio towards more attractive market segments and delivery locations. And we have developed a strong portfolio of digital services.

Transcom is standing strong and we are now ready to shift gear towards profitable growth. We will achieve this through increased client focus and operational excellence, driven by strong culture and leadership. At the same time, we will continue to shift our portfolio towards attractive segments and locations and develop our digital services. Examples of this strategy includes opening a new site in Cairo and expanding our capacity in Davao in the Philippines. Both sites expect to be ready for clients end of Q1. Our Tunis site is now open and fully ramped.

Our strategy pays off. During the fourth quarter 2019 and the beginning of 2020, we had a strong inflow of new contracts in prioritized market segments. At the same time, the engagement with INPS in Italy ended on November 30. This will impact revenue and profit in the short run, until new business is ramped up.

On January 1, I was promoted to CEO and President of Transcom. Together with 27,000 colleagues, I am passionate about delivering outstanding customer service. My team and I are committed to lead Transcom towards solid double digit margin and organic growth.

Jonas Dahlberg
President & CEO

Group financial overview

(€m)	2019 Q4	2018 Q4	Change Y-o-Y	2019 Jan-Dec	2018 Jan-Dec*	Change Y-o-Y
Revenue	141.8	143.0	-0.8%	541.5	543.6	-0.4%
EBITDA excl. non-recurring items	16.6	15.6	1.0	48.8	39.4	9.4
EBITDA margin excl. non-recurring items	11.7%	10.9%	0.8pp	9.0%	7.2%	1.8pp
EBITA excl. non-recurring items	12.7	13.5	-0.7	39.0	31.6	7.5
EBITA margin excl. non-recurring items	9.0%	9.4%	-0.4pp	7.2%	5.8%	1.4pp
Operating cash flow	21.2	3.5	17.8	51.4	2.5	48.9
Net debt	203.7	207.8	-4.0	203.7	207.8	-4.0
Net debt/EBITDA excl. non-recurring items	4.2	5.3	-1.1	4.2	5.3	-1.1

*2018 includes the consolidation of Awesome OS Group since July 28, 2018

Q4 2019

Income and profit

Revenue amounted to €141.8 million (143.0). Growth in existing clients was impacted by the closure of loss-making contracts and the divestment of part of the Spanish business.

EBITA excluding non-recurring items amounted to €12.7 million (13.5) with a margin of 9.0% (9.4%). The main driver of decreased EBITA is the divestment of part of the Spanish business. Non-recurring items continued to decline and amounted to €-0.5 million (-3.6).

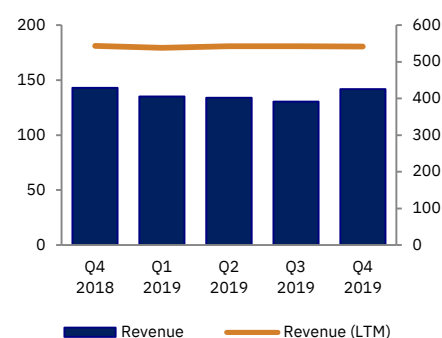
Net financial items amounted to €-5.0 million compared to €-3.9 million last year. Taxes amounted to positive €3.3 million (3.2) as a result of recognition of additional deferred tax assets on prior year tax losses.

Cash flow and financial position

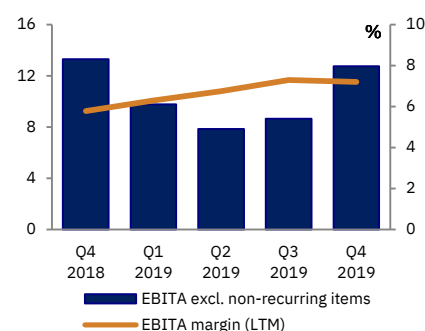
Operating cash flow improved to €21.2 million (3.5), as a result of improved EBITDA and working capital compared to last year. Cash flow from investing activities amounted to €-7.2 million (-2.4) and included investments in new site in the Philippines. Cash flow from financing activities amounted to €-12.2 million (-4.5), explained mainly by lower usage of SSRCF and credit facility. Cash flow totaled €1.8 million (-3.4).

Net debt/EBITDA amounted to 4.2 (5.3). Net debt was lower than last year and amounted to €203.7 million (207.8). Financing in the Group includes five-year €180 million Senior Secured Fixed Rate Notes, €10 million Senior Secured Fixed Rate Notes, as well as a €45 million Super Senior Revolving Credit Facility Agreement (SSRCF). As per Q4 2019, €19.2 million of the SSRCF was utilized in loans, excluding guarantees and credit facility usage. Unused credit facilities totaled €20.0 million.

Revenue



EBITA excl. non-recurring items



January – December 2019

Income and Profit

Revenue amounted to €541.5 million (543.6). Revenue is supported by the acquisition of Awesome OS in 2018 but countereffected by the closure of loss-making contracts and the divestment of parts of the Spanish business.

EBITA excluding non-recurring items increased to €39.0 (31.6) and the margin increased to 7.2% (5.8%). The main drivers of increased profitability are the PPP program, the acquisition of Awesome and a positive mix towards contracts with higher profitability.

Non-recurring items amounted to €-8.4 million (-34.6) and has declined accorded to plan. Non-recurring items consisted of operational non-recurring items of €-8.5 million, mainly restructuring costs related to PPP and exiting from unprofitable contracts. Transaction related non-recurring items was €0.1 million, including net results of the divestments in Spain.

Net financial items amounted to €-17.6 million compared to €-19.7 million last year. Tax expenses in the period amounted to €-2.5 million (1.3). The tax expense is affected by increase of tax provisions and losses for which no deferred tax asset can be recognized.

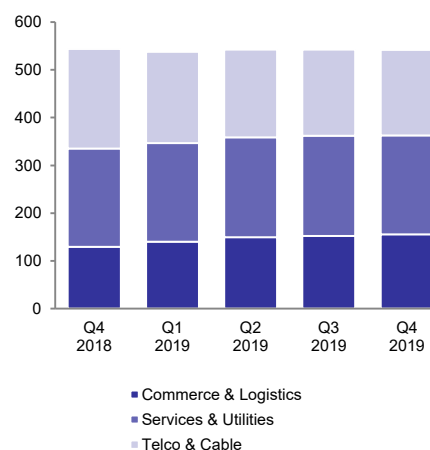
Industry segment development

We are continuing our growth within Commerce & Logistics and decreasing our exposure in the Telco & Cable sector, in line with our strategy. As a result, overall profitability for the group is impacted positively due to a more favorable mix. Moreover, the profitability in Telco & Cable is improving due to operational improvements and exits from unprofitable contracts.

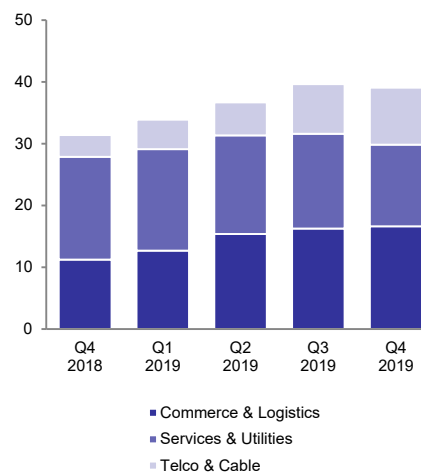
Cash flow

Operating cash flow improved and amounted to positive €51.4 million (2.5). This is mainly a result of higher profit and improved working capital compared to last year. Cash flow from investing activities amounted to €-18.2 million (-41.8) and are mainly explained by earnout-payment for the Awesome acquisition and investments in new sites in Philippines and Tunisia, countereffected by the positive cash effect of €6.5 million from the divestment of part of the Spanish business. Cash flow from financing activities amounted to €-32.1 million (34.1), this year affected by payments of leases being presented within financing activities, as a result of IFRS 16. Net impact of repayment of loans and credit facilities amounted to €-3.5 million (37.6). Cash flow totaled €1.1 million (-5.2).

Revenue by industry segment (LTM)



EBITA excl. non-recurring items by industry segment (LTM)

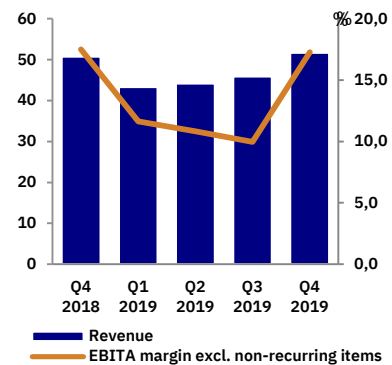


Quarterly development by geographical segment

English-speaking region

Revenue increased to €51.7 million (50.8), mainly due to growth in offshore delivery from the Philippines and growth within commerce and logistics.

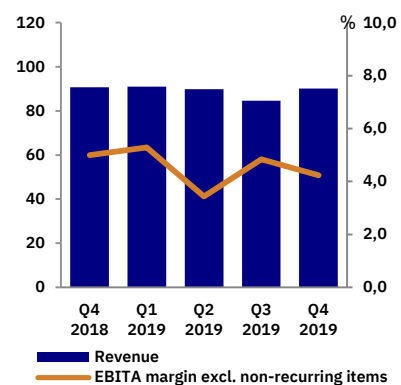
EBITA excl. non-recurring items amounted to €8.9 million (8.9), in line with previous year.



European region

Revenue amounted to €90.2 million (90.8). Organic growth and the acquisition of ASA was countereffected by the divestment of part of the Spanish operations, which negatively affected the revenue with €2.0 million compared to previous year.

EBITA excl. non-recurring items amounted to €3.8 million (4.5), mainly as a result of the divestment of part of the Spanish operations.



Other information

Earnings call

Transcom will host a conference call at 9:00 CET on February 14, 2020. The conference call will be held in English. The presentation will be available on <https://transcom.com/en/investor-relations>.

To ensure that you are connected to the conference call, please register using the link below 5-10 minutes before the start in order to obtain the dial-in numbers and pin code for the call.

Online registration link: <http://emea.directeventreg.com/registration/6352076>

Financial calendar

Transcom's annual report 2019 will be published April 7, 2020.

Transcom's Q1 2020 report will be published on May 7, 2020.

Other information

The year-end report has not been reviewed by the company's auditor.

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

For further information please contact:

Jonas Dahlberg, President and CEO	+46 70 347 23 83
Helene Ruda, Head of Group Communications	+46 70 311 75 60

This information is such that Transcom Holding AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, at 08:00 CET on February 14, 2020.

Transcom Group - Condensed consolidated income statement

(€ '000)	Notes	2019 Q4	2018 Q4	2019 Jan-Dec	2018 Jan-Dec
Revenue	4	141,833	143,023	541,459	543,633
Cost of sales	5	-106,219	-111,926	-425,114	-452,488
Gross profit		35,614	31,097	116,346	91,145
Marketing expenses		-60	-850	-2,465	-3,066
Administrative expenses		-25,151	-22,690	-94,277	-99,032
Net gain/loss on disposal of business		-	-	-	95
Other operating income/expenses		-935	-1,060	105	-1,693
Operating profit/loss	4,5	9,468	6,497	19,709	-12,551
Net financial items		-4,973	-3,861	-17,565	-19,674
Profit/loss before tax		4,496	2,636	2,143	-32,226
Income tax expense/income		3,338	3,219	-2,504	1,268
Profit/loss for the period attributable to equity holders of the parent		7,833	5,856	-361	-30,957

Transcom Group - Condensed consolidated statement of comprehensive income

(€ '000)	2019 Q4	2018 Q4	2019 Jan-Dec	2018 Jan-Dec
Profit/loss for the period attributable to equity holders of the parent	7,833	5,856	-361	-30,957
Other comprehensive income:				
Exchange differences on translation of foreign operations	-544	869	121	183
Net gain/loss on cash flow hedges	424	1,204	363	1
Other comprehensive income to be reclassified to profit or loss in subsequent periods	-120	2,072	484	184
Actuarial profit/loss on post-employment benefit obligations	-730	-40	-730	-40
Other comprehensive income not to be reclassified to profit or loss in subsequent periods	-730	-40	-730	-40
Other comprehensive income for the period, net of tax	-850	2,032	-246	144
Total comprehensive income for the period, net of tax, attributable to equity holders of the parent	6,983	7,888	-607	-30,813

Transcom Group - Condensed consolidated statement of financial position

(€ '000)	Notes	2019 Dec 31	2018 Dec 31
ASSETS			
Non-current assets			
Goodwill	6	205,226	210,352
Other intangible assets	6	104,564	112,115
Tangible assets	10	47,409	17,923
Deferred tax assets		1,305	2,416
Other receivables		3,000	2,163
		361,504	344,968
Current assets			
Trade receivables		59,075	71,123
Income tax receivables		6,252	4,450
Other receivables		13,303	10,839
Prepaid expenses and accrued income		36,006	37,845
Cash and cash equivalents		14,295	12,884
		128,931	137,141
TOTAL ASSETS		490,435	482,109
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent		105,120	105,726
Non-current liabilities			
Interest-bearing liabilities	7	201,034	216,725
Employee benefit obligations		3,318	2,632
Leasing liabilities	10	16,018	-
Provisions	6	13,659	18,074
Deferred tax liabilities	6	20,989	27,269
		255,018	264,700
Current liabilities			
Interest-bearing liabilities	7	13,687	1,285
Leasing liabilities	10	11,448	-
Provisions	5,6	20,746	22,514
Trade payables		18,798	23,761
Income tax payables		6,332	2,344
Other liabilities		18,613	21,100
Accrued expenses and prepaid income		40,674	40,678
		130,297	111,683
Total liabilities		385,315	376,382
TOTAL EQUITY AND LIABILITIES		490,435	482,109

Transcom Group - Condensed consolidated statement of changes in equity

(€ '000)	Equity attributable to equity holders of the parent				Total equity
	Total number of shares ('000)	Share capital	Share premium reserve	Other reserves and Retained earnings	
Balance, Jan 1, 2018	11,939	8	20,501	107,497	128,004
Profit/loss for the period	-	-	-	-30,957	-30,957
Issue of bonus shares	-	47	-	-47	-
Other comprehensive income, net of tax	-	-	-	144	144
Shareholder contribution	-	-	-	8,535	8,535
Balance, Dec 31, 2018	11,939	55	20,501	85,172	105,726
Profit/loss for the period	-	-	-	-361	-361
Other comprehensive income, net of tax	-	-	-	-246	-246
Balance, Dec 31, 2019	11,939	55	20,501	84,565	105,120

Transcom Group - Condensed consolidated statement of cash flows

(€ '000)	Notes	2019 Q4	2018 Q4	2019 Jan-Dec	2018 Jan-Dec
Cash flows from operating activities					
Profit/loss before tax		4,496	2,636	2,143	-32,226
Adjustments to reconcile profit before tax to net cash:					
Adjustments for non cash items		5,717	-752	33,429	30,050
Net financial items		4,973	3,861	17,565	19,674
Income taxes paid		-2,382	-1,513	-7,456	-2,288
Cash flows from operating activities before changes in working capital		12,803	4,233	45,681	15,211
Changes in working capital		8,417	-774	5,684	-12,716
Cash flow from operating activities		21,220	3,459	51,366	2,495
Investments and disposals of tangible assets		-3,680	-2,027	-11,916	-8,496
Investments and disposals of intangible assets		-3,058	-135	-4,606	-307
Acquisition of subsidiaries, net of cash	6	-	-1,046	-6,981	-34,033
Disposals of business, net of cash	6	-	-	5,879	-
Changes in other non-current assets		-578	791	-816	922
Interest received		102	-	255	126
Cash flow from investing activities		-7,213	-2,416	-18,183	-41,788
Proceeds from borrowings	7	7,551	61,116	25,506	219,146
Repayment of borrowings	7	-8,923	-55,958	-28,973	-181,558
Payment of lease liabilities	10	-3,049	-0	-11,920	-2
Shareholder contribution		-	-	-	8,535
Interest and other financial costs paid		-7,744	-9,608	-16,667	-12,049
Cash flow from financing activities		-12,165	-4,450	-32,055	34,072
Cash flow for the period		1,841	-3,407	1,127	-5,222
Cash and cash equivalents at beginning of the period		13,143	15,888	12,884	17,249
Cash flow for the period		1,841	-3,407	1,127	-5,222
Exchange rate differences in cash and cash equivalents		-689	403	285	856
Cash and cash equivalents at end of the period		14,295	12,884	14,295	12,884

Transcom Holding AB (publ) - Condensed income statement

(€ '000)	2019 Q4	2018 Q4	2019 Jan-Dec	2018 Jan-Dec
Revenue	1,826	978	2,948	978
Cost of sales	-	-	-	-
Gross profit	1,826	978	2,948	978
Administrative expenses	-1,952	-324	-3,264	-4,179
Other operating income/expenses	-8	69	-29	-
Operating profit/loss	-133	723	-345	-3,201
Result from participations in Group companies	-	-	-	56,474
Net financial items	-1,636	-1,208	-7,220	-12,118
Profit/loss before tax	-1,770	-485	-7,565	41,155
Income tax expense/income	-	-	-	-
Profit/loss for the period*	-1,770	-485	-7,565	41,155

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

Transcom Holding AB (publ) - Condensed balance sheet

(€ '000)	Notes	2019 Dec 31	2018 Dec 31
ASSETS			
Non-current assets			
Investments in Group companies		278,919	278,919
Receivables from Group companies		82,174	90,959
		361,093	369,878
Current assets			
Receivables from Group companies		3,589	4,014
Other receivables		61	590
Cash and cash equivalents		244	10
		3,894	4,614
TOTAL ASSETS		364,987	374,492
EQUITY AND LIABILITIES			
Restricted equity		55	55
Unrestricted equity		168,505	176,070
		168,560	176,125
Non-current liabilities			
Interest-bearing liabilities	7	182,256	195,222
Liabilities to Group companies		1,149	-
		183,405	195,222
Current liabilities			
Interest-bearing liabilities	7	10,000	-
Liabilities to Group companies		-	9
Other liabilities		3,022	3,136
		13,022	3,145
Total liabilities		196,427	198,367
TOTAL EQUITY AND LIABILITIES		364,987	374,492

Notes to the condensed financial statements

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

1. General

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

2. Accounting principles

The interim report for the Group has been prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. Application of IFRS complies with the accounting principles set out in the Group's annual financial statements as at December 31, 2018.

IFRS 16 Leases came into effect as of January 1, 2019. The Group has adopted the new standard. For the IFRS 16 transition, Transcom decided to apply the modified retrospective approach and has not restated comparative amounts for 2018, the year prior to first adoption. The leasing debt at the adoption was the discounted future leasing costs as per January 1, 2019. 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 leasing agreements recorded according to the new standard, mainly refers to rental agreement of sites and offices. Leasing cost that earlier, according to IAS 17, was reported as costs in the income statement are replaced by depreciations on the leasing tangible assets and an interest cost on the leasing debt. For further information, please see note 10.

3. Risk management

The Group's activities expose it to a variety of business and financial risks, market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Group's risk management and control framework is designed to support the identification, assessment, monitoring, management and control of risks that are significant to the achievement of the Group's business objectives. The condensed consolidated financial statements do not include all risk management information and should be read in conjunction with the Group's annual financial statements as at December 31, 2018. There have been no material changes in risks, the risk management policy and procedures during the period compared to what was presented in the annual financial statements as at December 31, 2018.

4. Segment information

(€ '000) Jan-Dec 2019	English speaking	Europe	Latin America	Group
Revenue from external customers	184,964	355,628	867	541,459
EBITA excl. non-recurring items	23,325	15,787	-75	39,038
Transaction-related amortization				-10,927
Non-recurring items				-8,402
EBIT				19,709
Net financial items				-17,565
Profit/loss before tax				2,143
(€ '000) Jan-Dec 2018	English speaking	Europe	Latin America	Group
Revenue from external customers	166,370	371,624	5,639	543,633
EBITA excl. non-recurring items	14,955	17,199	-591	31,563
Transaction-related amortization				-9,539
Non-recurring items				-34,575
EBIT				-12,551
Net financial items				-19,674
Profit/loss before tax				-32,226

As of January 1, 2019 there was a minor organization change in the Group, a movement between English speaking and Europe segment, why 2018 have been restated accordingly.

In March 2019 the Chilean operation was divested, and de-consolidated from that date. The transaction concludes the divestment of Transcom's operations in the Latin America segment.

5. Items affecting comparability

(€ '000)	2019 Q4	2018 Q4	2019 Jan-Dec	2018 Jan-Dec
Operational non-recurring items	-284	-3,509	-8,477	-28,278
Transaction-related non-recurring items	-235	-108	75	-6,297
Total	-519	-3,616	-8,402	-34,575

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

(€ '000)	2019 Q4	2018 Q4	2019 Jan-Dec	2018 Jan-Dec
Cost of sales	1,835	-789	-3,641	-15,958
Marketing expenses	-30	-248	-30	-419
Administrative expenses	-1,390	-1,574	-4,732	-16,711
Other operating income/expenses	-934	-1,005	0	-1,487
Total	-519	-3,616	-9,228	-34,575

Operational non-recurring items are mainly restructuring costs connected with PPP and exiting unprofitable contracts. Transaction-related non-recurring items are mainly €3.0 million net gain from the divestment of part of the business in Spain and €1.9 million fair value revaluation of earnouts provisions for Awesome acquisition.

In Q2 2018 a provision of €8.0 million was recorded in the capture Cost of Sales relating to the Group's ongoing dispute in Spain with legal professionals hired as consultants where the social security inspection claims that they should be considered employees. The relevant Group Company is currently in discussions with the social security inspection.

6. Acquisitions and disposals

During Q2 2019 Transcom divested part of the business in Spain, with a cash effect of €6.5 million and a net gain of €2.8 million (3.0 million as per year end) from the Spanish divestment was recorded in the capture Other operating income. The divested business had a turnover of €8 million and 169 employees. Divested net assets amounted to €3.4m, including Goodwill and Customer relationship asset values.

In March 2019 the Chilean operation was divested with a cash effect €-0.6 million. The transaction concludes the divestment of Transcom's operations in Latin America. The divested unit had a turnover of €5.6 million in 2018 and approximately 540 employees.

On July 27, 2018, the Group acquired Awesome OS, which was consolidated from July 28, 2018. In the final review of the acquired net assets, an adjustment was made amounting to €2.9 million, affecting Goodwill with the same amount. In 2019 earnout was paid out of €6.7 million. The cash-flow effect and purchase price allocation for the acquisition of Awesome OS was as follows:

(€ '000)	2019 Dec 31*	2019 Jan-Dec	2018 Dec 31*
Consideration paid in cash	42,328	6,726	35,602
Cash acquired	-1,569	-	-1,569
Cash flow from acquisitions of subsidiaries, net of cash acquired	40,759	6,726	34,033
Value of the shares *	58,262	-	58,262
Purchase price allocation:			
Acquired net assets	7,415	2,851	4,564
Goodwill	32,752	-2,851	35,603
Customer relationship	25,777	-	25,777
Deferred tax liability	-7,682	-	-7,682
Total	58,262	-	58,262

*2018 includes consideration paid in cash (€35,602 thousand) and a provision for maximum potential earnouts for Awesome acquisition (with a fair value amounting to €22,660 thousand). As per December 2019 consideration paid is €42,328 thousand and the remaining provisions are amounting to €19,912 thousand (including both fair value revaluation and foreign exchange effect).

7. Interest-bearing liabilities

On March 15, 2018, Transcom replaced the previous financing agreement by €180,000 thousand Senior Secured Fixed Rate Notes (SSFRN), maturing in March 2023, as well as on the 19th of March 2018 a €45,000 thousand Super Senior Revolving Credit Facility (SSRCF) Agreement with Nordea and Danske Bank both held by the Parent company, maturing in September 2022. Interest rates in the revolving facility are based on LIBOR, STIBOR and EURIBOR plus margins. For the SSRCF the Company is committed to meet certain test conditions. There are share pledges in material companies (€215.3 million) used as security for the financing. A part of the SSRCF is used to cover bank guarantees and cash pool limits. These new facilities replaced the previous facility agreement with Danske Bank of €85,000 thousand and SEK 1,708,157,500.

In addition to the acquisition of Awesome OS, on July 24, 2018, a Senior Unsecured Fixed Rate Notes (SUFNRN) of €10,000 thousand was issued. The maturity date is July, 2020.

As at December 31, 2019 the loan under the SSRCF amounted to €19,245 thousand (all non-current) of which €3,000 thousand is held by the Parent company. This excludes guarantees and credit facility usage. Unused credit facilities totaled €19,952 thousand.

8. Contingent liabilities and provisions

As at December 31, 2019, eight Group entities are subject to tax audits. Some of these have resulted in reassessments, while others are still at an early stage and no reassessments have yet been raised. As at December 31, 2019 the provision related to tax audits amounts to €3,897 thousand (December 31, 2018 €4,027 thousand).

The group has no material contingent liabilities as at December 31, 2019. 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.

9. Financial instruments

Classification of the Group's financial assets and liabilities:

(€ '000)	Financial instruments at amortized cost	Financial instruments at fair value to the P&L*	Derivatives for cashflow hedges	Dec 31, 2019 Carrying amount	Dec 31, 2019 Fair value	Financial instruments at amortized cost	Financial instruments at fair value to the P&L*	Derivatives for cashflow hedges	Dec 31, 2018 Carrying amount	Dec 31, 2018 Fair value
Total non-current assets	3,000	-	-	3,000	3,000	2,163	-	-	2,163	2,163
Total current assets	115,726	-	881	116,608	116,608	128,311	-	297	128,608	128,608
Total financial assets	118,727	-	881	119,608	119,608	130,474	-	297	130,771	130,771
Total non-current liabilities	217,195	13,516	-	230,711	271,666	216,871	17,929	-	234,799	293,055
Total current liabilities	103,204	6,396	-	109,600	110,197	85,219	6,275	-	91,494	91,559
Total financial liabilities**	320,399	19,912	-	340,311	381,863	302,090	24,204	-	326,294	384,614

* The fair values of the Financial instruments at fair value to the P&L have been estimated using a DCF model. The nominal amount is USD 31,545 thousand. The provision was recorded to the value of €22,660 thousand as per July 2018. In July 2019 the first earnout of €6,726 thousand was paid out, and the provision has since been revalued to €19,912 thousand as per December 2019 (including both fair value revaluation and foreign exchange effect).

** 2019 Financial liabilities includes the new Leasing liabilities according to IFRS 16.

10. Leasing

The Group has implemented the new standard, IFRS 16 Leases, and the following table shows the effect on Transcom's income statement and balance sheet.

(€ '000)	2019 Jan-Dec
Reversed cost (EBITDA effect)	14,072
Depreciations	-12,913
Operating profit/loss	1,159
Net financial items	-2,152
Income tax expense	248
Profit/loss for the period	-745
Leased assets, included in Tangible assets as of Dec 31, 2019	25,916
Leasing liabilities, non-current as of Dec 31, 2019	16,018
Leasing liabilities, current as of Dec 31, 2019	11,448

11. Events after the reporting period

Transcom has extended the unsecured note of €10 million with twelve months. The new maturity date is July 2021.

ALTERNATIVE PERFORMANCE MEASURES

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

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

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

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

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

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

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.

Net debt: is defined as interest-bearing liabilities and employee benefit obligations, excluding leasing debt according to IFRS 16, less cash and cash equivalents per balance sheet day.

Net debt/EBITDA excl 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.

Other definitions

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

European region: services delivered to clients based in Europe.

Latin American region: services delivered to clients based in Latin America (Chile have been divested and deconsolidated after February 2019. The divestment in Chile concluded the divestment of Transcom's operations in Latin America segment).

ABOUT TRANSCOM

Transcom is a global customer experience specialist, providing customer care, sales, technical support and collections services through our extensive network of contact centers and work-at-home agents. We are 27,000 customer experience specialists at 50 contact centers across 20 countries, delivering services in 33 languages to international brands in various industry verticals.