

## Q3 2022

- **Revenue** increased to 177.5M€ (153.5)
- **EBITDA** excluding non-recurring items increased to 23.0M€ (17.5)
- **EBITDA margin** excluding non-recurring items increased to 13.0% (11.4%)
- **Operating cash flow** amounted to 12.2M€ (-1.5)
- **Net debt/EBITDA** amounted to 3.7 (4.1)

## Jan-Sep 2022

- **Revenue** increased to 525.9M€ (447.8)
- **EBITDA** excluding non-recurring items increased to 62.9M€ (48.7)
- **EBITDA margin** excluding non-recurring items increased to 12.0% (10.9%)
- **Operating cash flow** amounted to 27.5M€ (17.7)

### Solid growth and increased profitability

Transcom continues on a positive trajectory in the third quarter, with solid organic growth and increased profitability. Revenue in the third quarter increased 15.7%, of which 9pp organic. EBITDA increased to 23.0 MEUR (17.5), and the EBITDA margin increased to 13.0% (11.4%).

The growth was driven primarily by clients in the eCommerce & Tech sector and in the Service & Utilities sector, and the profitability improvements are attributable to clients in Services & Utilities sector within the European segment.

The growth is supported by winning new contracts, both with new and existing clients, which gives us a strong foundation into next year as well. We remain confident in the megatrends supporting Transcom's business, with physical consumer interactions shifting to online channels, hence increasing the demand for Transcom's services. However, the macroeconomic situation impacts the short-term outlook. We have very limited client losses but we are facing a slow down within existing contracts primarily in the eCommerce & Tech sector, as discretionary customer spending is challenged.

The macroeconomic situation also brings opportunities for Transcom, as clients are looking at ways to decrease and variabilize their cost base. We experience an increased demand from first time outsourcers and an increased demand for near/offshoring and digital solutions. To meet our clients' needs, we have expanded our capacity in Skopje in Northern Macedonia, and Tuzla in Bosnia.

During the quarter, Transcom was recognized by the analyst firm ISG as a Global Leader in digital Customer Experience operations and work-at-home services.

We continue to execute the cost optimization program launched in the second quarter, aiming to adjust our delivery to an increased share of permanent Work-At-Home and to further increase our internal efficiency. The program is on track to deliver annualized savings of 10 MEUR by January 1, 2023, compared to the run rate cost of the first quarter 2022.

We remain committed to our strategy of client focus and operational excellence, through strong culture and leadership. We continuously shift our portfolio towards eCommerce & Tech, near/offshore delivery, and digital solutions.

Although growth is likely to slow down in the short term, amid the uncertain macroeconomic development, we are entering the fourth quarter with positive momentum. We stand committed to our long-term targets of double-digit organic growth and 16% EBITDA margin.

## Group financial overview

(€m)	2022 Q3	2021 Q3	Change Y-o-Y	2022 Jan-Sep	2021 Jan-Sep	Change Y-o-Y	2022 Q3 LTM	2021 Q3 LTM	Change Y-o-Y
Revenue	177.5	153.5	15.7%	525.9	447.8	17.4%	701.2	605.2	15.9%
EBITDA excl. non-recurring items	23.0	17.5	5.5	62.9	48.7	14.2	89.0	72.4	16.6
EBITDA margin excl. non-recurring items	13.0%	11.4%	1.6pp	12.0%	10.9%	1.1pp	12.7%	12.0%	0.7pp
EBITA excl. non-recurring items	14.7	9.7	5.1	38.3	26.0	12.4	56.3	42.1	14.3
EBITA margin excl. non-recurring items	8.3%	6.3%	2pp	7.3%	5.8%	1.5pp	8.0%	7.0%	1.1pp
Operating cash flow	12.2	-1.5	13.6	27.5	17.7	9.7	31.9	26.2	5.7
Net debt	331.5	298.0	33.5	331.5	298.0	33.5	331.5	298.0	33.5
Net debt/EBITDA excl. non-recurring items	3.7	4.1	-0.4	3.7	4.1	-0.4	3.7	4.1	-0.4

## July-September 2022

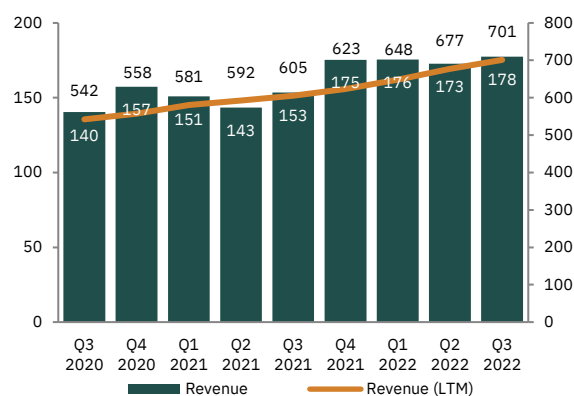
### Income and profit

Revenue amounted to €177.5 million (153.5) with a growth of 15.7%. Organic growth was 8.5%, where recurring contracts contributed positively with 10pp, while ramp down of temporary projects, such as Covid hotlines, impacted organic growth negatively with -1pp. Acquired growth was 2.2% and contribution from currency effects was 5.0%.

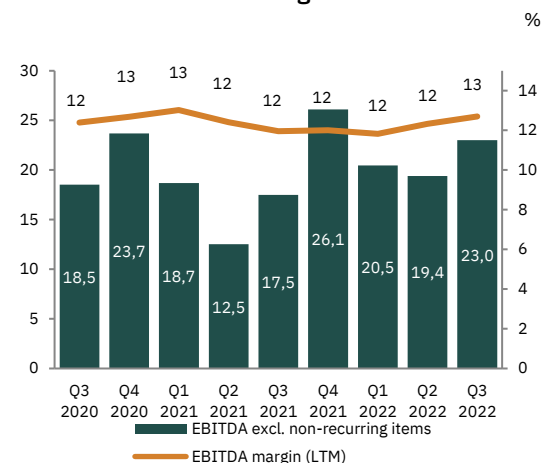
EBITDA excluding non-recurring items amounted to €23.0 million (17.5) with a margin of 13.0% (11.4%). The improved EBITDA margin is mainly attributable to the Services & Utilities sector within the European segment. Non-recurring items totaled €-1.1 million (-7.1), whereof €-0.7 is related to transactional expenses.

Net financial items amounted to €-5.5 million compared to €-5.5 million last year. Taxes amounted to €-3.3 million (0.3).

### Revenue



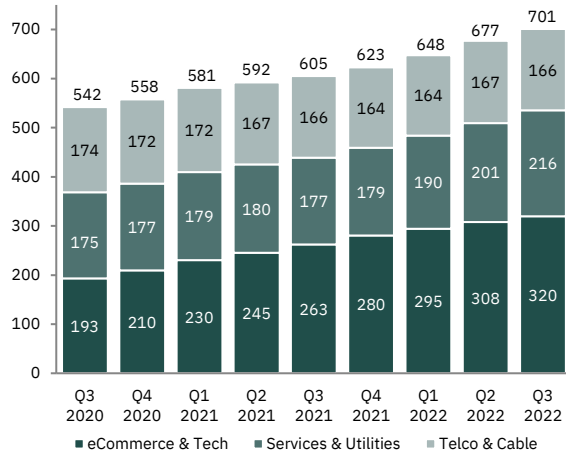
### EBITDA excl non-recurring items



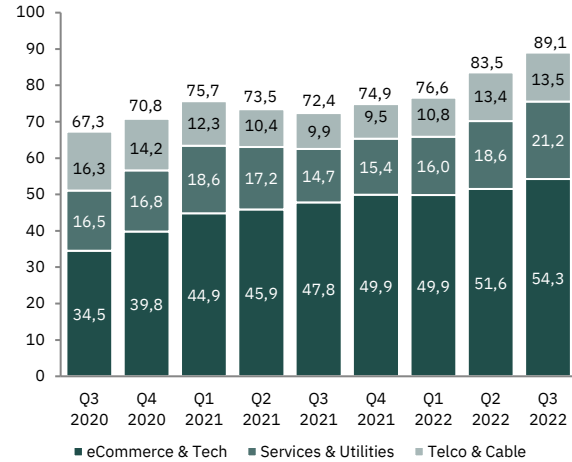
### Sector development

During the third quarter, the eCommerce & Tech and Services & Utilities sectors continued to grow compared to the previous quarter and same period last year. ECommerce & Tech remains the largest sector with 46% of the total revenue in Q3 2022. LTM Q3 EBITDA margin improved compared to last year with 0.7pp with a margin of 13.0%.

Revenue by sector (LTM)



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



### Development by geographical segment

#### English-speaking segment

Revenue amounted to €57.2 million (50.6) with a growth of 13.1%, driven by growth in eCommerce & Tech.

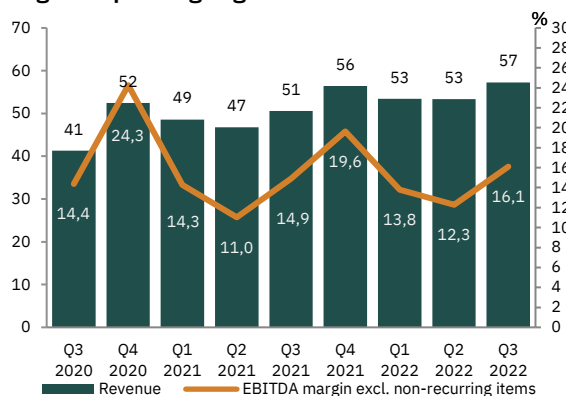
EBITDA excl. non-recurring items amounted to 9.2 million (7.5) with a margin of 16.1% (14.9%). The improved EBITDA margin is mainly related to the eCommerce & Tech sector with improved operational performance within existing contracts.

#### European segment

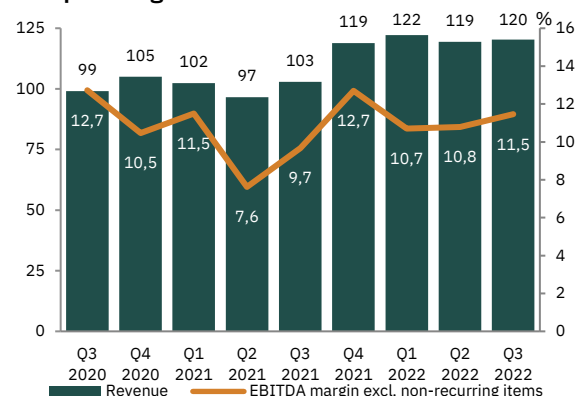
Revenue amounted to €120.3 million (102.9) with a growth of 16.9%. The growth is mainly driven by the Services & Utilities segment and was positively impacted by growth from acquired companies 2021.

EBITDA excl. non-recurring items amounted to €13.8 million (9.9) with a margin of 11.5% (9.7%). The improved EBITDA margin is driven by improvement with new and existing clients within the eCommerce & Tech and Service & Utilities sectors.

English-Speaking segment



European segment



**Cash flow and financial position**

Operating cash flow was €12.2 million (-1.5). The improvement is mainly driven by higher profit and better development of the working capital as compared to last year.

Cash flow from investing activities amounted to €-5.5 million (-15.5). Cash flow from financing activities amounted to €-5.9 million (-11.3). Cash flow totaled €0.8 million (-28.3).

Net debt amounted to €331.5 million (298.0).

Net debt/EBITDA amounted to 3.7 (4.1). Financing in the Group includes €315 million Senior Secured Floating Rate Notes due in December 2026 and a Super Senior Revolving Credit Facility Agreement (New SSRFCF) of €45 million with termination date in June 2026. As per Q3 2022, the utilization of the SSRFCF was €7.7 million in loans, excluding guarantees and overdraft facility usage. Unused credit facilities totaled €26.9 million.

**January-September 2022****Income and profit**

Revenue amounted to €525.9 million (447.8) with a growth of 17.4%. Organic growth was 8.4%, inorganic growth was 5.3% and impact from currency was 3.8%.

EBITDA excluding non-recurring items amounted to €62.9 million (48.7) with a margin of 12.0% (10.9%). Non-recurring items totaled €-8.0 million (-6.7).

Net financial items amounted to €-15.5 million compared to €-21.0 million last year. Taxes amounted to €-8.5 million (-1.3).

**Cash flow**

Operating cash flow was €27.5 million (17.7). Cash flow from investing activities amounted to €-19.6 million (-39.4). Cash flow from financing activities amounted to €-14.8 million (57.5). Cash flow totaled €-6.9 million (35.9).

**Events after the end of the reporting period**

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

## Other information

### Earnings call

Transcom will host a webcast at 9:00 CET on Nov 17, 2022. The webcast will be held in English. The presentation will be available on <https://www.transcom.com/global/about-us/investor-relations>.

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

Online registration link: <https://app.livestorm.co/transcom-holding/transcom-holding-ab-q3-2022-results-presentation>

### Financial calendar

Transcom's Q4 2022 report will be published on Feb 23, 2023

### Other information

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

### Transcom Holding AB

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## Transcom Group - Condensed consolidated income statement

(€ '000)	Notes	2022 Q3	2021 Q3	2022 Jan-Sep	2021 Jan-Sep	2022 LTM	2021 Jan-Dec
Revenue	4	177,550	153,494	525,861	447,810	701,183	623,132
Cost of sales	5	-136,555	-125,632	-408,213	-357,935	-542,749	-492,471
<b>Gross profit</b>		<b>40,995</b>	<b>27,862</b>	<b>117,648</b>	<b>89,875</b>	<b>158,435</b>	<b>130,661</b>
Sales and marketing expenses		-2,420	-2,259	-7,196	-6,003	-9,518	-8,325
Administrative expenses		-30,661	-26,792	-93,202	-74,004	-120,639	-101,442
Other operating income/expenses		1,107	445	2,403	699	2,719	1,015
<b>Operating profit/loss</b>	4,5	<b>9,020</b>	<b>-744</b>	<b>19,653</b>	<b>10,567</b>	<b>30,996</b>	<b>21,909</b>
Net financial items		-5,471	-5,485	-15,542	-20,958	-21,697	-27,112
<b>Profit/loss before tax</b>		<b>3,549</b>	<b>-6,230</b>	<b>4,111</b>	<b>-10,390</b>	<b>9,297</b>	<b>-5,204</b>
Income tax expense/income		-3,312	315	-8,486	-1,274	-8,692	-1,479
<b>Profit/loss for the period attributable to equity holders of the parent</b>		<b>238</b>	<b>-5,915</b>	<b>-4,375</b>	<b>-11,664</b>	<b>605</b>	<b>-6,683</b>

## Transcom Group - Condensed consolidated statement of comprehensive income

(€ '000)	2022 Q3	2021 Q3	2022 Jan-Sep	2021 Jan-Sep	2022 LTM	2021 Jan-Dec
<b>Profit/loss for the period attributable to equity holders of the parent</b>	238	-5,915	-4,375	-11,664	605	-6,683
<b>Other comprehensive income:</b>						
Exchange differences on translation of foreign operations	3,339	1,399	3,066	2,952	4,181	4,067
Net gain/loss on cash flow hedges	-1,433	-1,057	-2,940	-1,430	-2,659	-1,149
<b>Other comprehensive income to be reclassified to profit or loss in subsequent periods</b>	<b>1,906</b>	<b>342</b>	<b>126</b>	<b>1,522</b>	<b>1,522</b>	<b>2,918</b>
Actuarial profit/loss on post-employment benefit obligations	-	-	-	-	-2,042	-2,042
<b>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-2,042</b>	<b>-2,042</b>
<b>Other comprehensive income for the period, net of tax</b>	<b>1,906</b>	<b>342</b>	<b>126</b>	<b>1,522</b>	<b>-520</b>	<b>876</b>
<b>Total comprehensive income for the period, net of tax, attributable</b>	<b>2,144</b>	<b>-5,573</b>	<b>-4,249</b>	<b>-10,141</b>	<b>85</b>	<b>-5,807</b>

## Transcom Group - Condensed consolidated statement of financial position

(€ '000)	Notes	2022 Sep 30	2021 Sep 30	2021 Dec 31
<b>ASSETS</b>				
<b>Non-current assets</b>				
Goodwill		228,641	238,193	224,911
Other intangible assets		100,275	87,391	107,178
Tangible assets		32,678	31,648	32,583
Right of use assets	10	32,056	31,581	30,382
Deferred tax assets		5,276	3,276	7,737
Other receivables		7,486	5,653	5,869
<b>Total non-current assets</b>		<b>406,412</b>	<b>397,743</b>	<b>408,660</b>
<b>Current assets</b>				
Trade receivables		83,272	75,335	93,233
Income tax receivables		3,608	3,306	2,538
Other receivables		22,797	16,393	13,441
Prepaid expenses and accrued income		61,820	52,450	50,799
Cash and cash equivalents		31,030	47,644	39,235
<b>Total current assets</b>		<b>202,527</b>	<b>195,128</b>	<b>199,247</b>
<b>TOTAL ASSETS</b>		<b>608,940</b>	<b>592,870</b>	<b>607,907</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity attributable to equity holders of the parent</b>		<b>87,837</b>	<b>87,750</b>	<b>92,085</b>
<b>Non-current liabilities</b>				
Interest-bearing liabilities	7	316,946	308,466	307,910
Employee benefit obligations		5,187	3,018	5,514
Leasing liabilities	10	18,481	19,464	16,900
Provisions	6	6,094	4,714	10,050
Deferred tax liabilities		17,362	15,077	18,157
Other liabilities	12	5,694	0	0
<b>Total non-current liabilities</b>		<b>369,764</b>	<b>350,739</b>	<b>358,531</b>
<b>Current liabilities</b>				
Interest-bearing liabilities	7	8,037	590	2,535
Leasing liabilities	10	13,893	14,154	15,200
Provisions	6,8	20,621	21,639	19,769
Trade payables		12,435	15,021	17,638
Income tax payables	11	7,144	5,232	4,869
Other liabilities	12	35,737	34,982	43,619
Accrued expenses and prepaid income		53,471	62,763	53,661
<b>Total current liabilities</b>		<b>151,338</b>	<b>154,382</b>	<b>157,291</b>
<b>Total liabilities</b>		<b>521,102</b>	<b>505,121</b>	<b>515,822</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>608,940</b>	<b>592,870</b>	<b>607,907</b>

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

	Equity attributable to equity holders of the parent				
	Total number of shares ( <sup>'000</sup> )	Share capital	Other contributed capital	Other reserves and Retained earnings	Total equity
(€ '000)					
<b>Balance, Jan 1, 2021</b>	<b>11,938</b>	<b>55</b>	<b>20,501</b>	<b>71,026</b>	<b>91,581</b>
Profit/loss for the period	-	-	-	-11,664	-11,664
Shareholder contribution, non cash	-	-	3,000	-	3,000
Effect of transaction under common control*	-	-	-	3,311	3,311
Other comprehensive income, net of tax	-	-	-	1,522	1,522
<b>Balance, Sep 30, 2021</b>	<b>11,938</b>	<b>55</b>	<b>23,501</b>	<b>64,196</b>	<b>87,750</b>
Profit/loss for the period	-	-	-	4,981	4,981
Other comprehensive income, net of tax	-	-	-	-646	-646
<b>Balance, Dec 31, 2021</b>	<b>11,938</b>	<b>55</b>	<b>23,501</b>	<b>68,530</b>	<b>92,085</b>
Profit/loss for the period	-	-	-	-4,375	-4,375
Other comprehensive income, net of tax	-	-	-	126	126
<b>Balance, Sep 30, 2022</b>	<b>11,938</b>	<b>55</b>	<b>23,501</b>	<b>64,281</b>	<b>87,837</b>

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



## Transcom Group - Condensed consolidated statement of cash flows

(€ '000)	Notes	2022 Q3	2021 Q3	2022 Jan-Sep	2021 Jan-Sep	2021 Jan-Dec
<b>Cash flows from operating activities</b>						
Profit/loss before tax		3,549	-6,230	4,111	-10,390	-5,204
Adjustments to reconcile profit before tax to net cash:						
Adjustments for non cash items		8,126	14,531	28,162	34,267	43,384
Net financial items		5,471	5,485	15,542	20,958	27,113
Income taxes paid		-2,077	-3,623	-7,209	-8,602	-8,972
<b>Cash flows from operating activities before changes in working capital</b>		<b>15,069</b>	<b>10,164</b>	<b>40,606</b>	<b>36,232</b>	<b>56,321</b>
Changes in working capital		-2,903	-11,683	-13,066	-18,538	-34,292
<b>Cash flow from operating activities</b>		<b>12,166</b>	<b>-1,520</b>	<b>27,540</b>	<b>17,694</b>	<b>22,029</b>
Investments and disposals of tangible assets		-3,301	-5,318	-10,541	-14,516	-18,659
Investments and disposals of intangible assets		-1,365	-	-3,343	-603	-2,227
Acquisition of subsidiaries, net of cash	6	-	-10,020	-5,000	-23,694	-23,694
Changes in other non-current assets		-818	-165	-746	-551	-683
<b>Cash flow from investing activities</b>		<b>-5,484</b>	<b>-15,503</b>	<b>-19,630</b>	<b>-39,364</b>	<b>-45,263</b>
Proceeds from borrowings	7	3,883	1,000	14,454	335,757	335,757
Repayment of borrowings	7	-436	-1,293	-1,286	-233,440	-233,500
Payment of lease liabilities	10	-4,064	-4,031	-12,177	-11,840	-15,801
Interest and other financial costs paid		-5,301	-4,760	-15,776	-30,756	-34,654
Other cash flow from financing activities		-	-2,199	-	-2,199	-2,199
<b>Cash flow from financing activities</b>		<b>-5,918</b>	<b>-11,284</b>	<b>-14,785</b>	<b>57,523</b>	<b>49,603</b>
<b>Cash flow for the period</b>		<b>764</b>	<b>-28,306</b>	<b>-6,875</b>	<b>35,853</b>	<b>26,369</b>
Cash and cash equivalents at beginning of the period		30,459	76,936	39,235	13,663	13,663
Cash flow for the period		764	-28,306	-6,875	35,853	26,369
Exchange rate differences in cash and cash equivalents		-193	-985	-1,329	-1,872	-797
<b>Cash and cash equivalents at end of the period</b>		<b>31,030</b>	<b>47,644</b>	<b>31,030</b>	<b>47,644</b>	<b>39,235</b>

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

(€ '000)	2022 Q3	2021 Q3	2022 Jan-Sep	2021 Jan-Sep	2021 Jan-Dec
Revenue	1,107	-308	4,456	1,846	5,553
Cost of sales	-	-	-	-	-
<b>Gross profit</b>	<b>1,107</b>	<b>-308</b>	<b>4,456</b>	<b>1,846</b>	<b>5,553</b>
Administrative expenses	-1,101	357	-4,577	-1,871	-5,191
Other operating income/expenses	4	-	13	1	-3
<b>Operating profit/loss</b>	<b>9</b>	<b>71</b>	<b>-107</b>	<b>-2</b>	<b>359</b>
Net financial items	-2,247	-2,225	-6,589	-12,328	-14,371
<b>Profit/loss before tax</b>	<b>-2,238</b>	<b>-2,154</b>	<b>-6,696</b>	<b>-12,330</b>	<b>-14,012</b>
Income tax expense/income	-	-	-	-	-
<b>Profit/loss for the period*</b>	<b>-2,238</b>	<b>-2,154</b>	<b>-6,696</b>	<b>-12,330</b>	<b>-14,012</b>

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

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

(€ '000)	Notes	2022 Sep 30	2021 Sep 30	2021 Dec 31
<b>ASSETS</b>				
<b>Non-current assets</b>				
Investments in Group companies		281,919	281,919	281,919
Receivables from Group companies		165,391	164,777	170,489
<b>Total non-current assets</b>		<b>447,310</b>	<b>446,696</b>	<b>452,408</b>
<b>Current assets</b>				
Receivables from Group companies		3,071	2,804	3,185
Other receivables		129	131	23
Cash and cash equivalents		641	9,399	1,833
<b>Total current assets</b>		<b>3,841</b>	<b>12,334</b>	<b>5,041</b>
<b>TOTAL ASSETS</b>		<b>451,151</b>	<b>459,030</b>	<b>457,448</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Restricted equity		55	55	55
Unrestricted equity		141,473	149,852	148,169
<b>Total equity</b>		<b>141,528</b>	<b>149,907</b>	<b>148,224</b>
<b>Non-current liabilities</b>				
Interest-bearing liabilities	7	307,779	305,493	307,257
Other liabilities		216	-	-
<b>Total non-current liabilities</b>		<b>307,995</b>	<b>305,493</b>	<b>307,257</b>
<b>Current liabilities</b>				
Interest-bearing liabilities	7	873	-	-
Other liabilities		755	3,630	1,967
<b>Total current liabilities</b>		<b>1,628</b>	<b>3,630</b>	<b>1,967</b>
<b>Total liabilities</b>		<b>309,623</b>	<b>309,123</b>	<b>309,224</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>451,151</b>	<b>459,030</b>	<b>457,448</b>

# Notes to the condensed financial statements

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

## 1. General

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

## 2. Accounting principles

The interim report for the Group has been prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. Application of IFRS complies with the accounting principles set out in the Group's annual financial statements as at December 31, 2021.

## 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, 2021. The Russian invasion of Ukraine has not directly impacted Transcom. However, the uncertainty of the macroeconomic situation might impact the short-term outlook mainly in slow down within existing contracts in the eCommerce & Tech sector, as discretionary consumer spending is challenged. 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, 2021.

## 4. Segment information

	2022			2021		
	English speaking	Europe	Group	English speaking	Europe	Group
(€ '000) Q3						
Revenue from external customers	57,243	120,307	177,550	50,602	102,893	153,495
EBITDA excl. non-recurring items	9,217	13,786	23,003	7,540	9,948	17,488
Depreciation and amortization			-13,063			-11,147
Non-recurring items			-918			-7,085
<b>Operating profit/loss</b>			<b>9,020</b>			<b>-744</b>
Net financial items			-5,471			-5,485
<b>Profit/loss before tax</b>			<b>3,549</b>			<b>-6,230</b>

	2022			2021		
	English speaking	Europe	Group	English speaking	Europe	Group
(€ '000) Jan-Sep						
Revenue from external customers	164,010	361,851	525,861	145,956	301,855	447,810
EBITDA excl. non-recurring items	23,139	39,744	62,883	19,636	29,074	48,711
Depreciation and amortization			-36,602			-31,470
Non-recurring items			-6,628			-6,673
<b>Operating profit/loss</b>			<b>19,653</b>			<b>10,567</b>
Net financial items			-15,542			-20,958
<b>Profit/loss before tax</b>			<b>4,111</b>			<b>-10,390</b>

## 5. Items affecting comparability

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

(€ '000)	2022 Q3	2021 Q3	2022 Jan-Sep	2021 Jan-Sep	2021 Jan-Dec
Operational non-recurring items	-376	-7,109	-4,297	-6,349	-9,512
Transaction-related non-recurring items	-681	24	-3,668	-324	-378
<b>Total</b>	<b>-1,057</b>	<b>-7,085</b>	<b>-7,965</b>	<b>-6,673</b>	<b>-9,890</b>
whereof depreciation and amortization	-139	-	-1,337	-	-147
<b>Total excl. depreciation and amortization</b>	<b>-918</b>	<b>-7,085</b>	<b>-6,628</b>	<b>-6,673</b>	<b>-9,743</b>

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

(€ '000)	2022 Q3	2021 Q3	2022 Jan-Sep	2021 Jan-Sep	2021 Jan-Dec
Cost of sales	804	-5,618	-4,461	-5,618	-6,471
Administrative expenses	-1,861	-1,467	-3,504	-971	-2,752
Other operating income/expenses	-	-	-	-84	-667
<b>Total</b>	<b>-1,057</b>	<b>-7,085</b>	<b>-7,965</b>	<b>-6,673</b>	<b>-9,890</b>

The table below shows EBITA and EBITDA excl Non-recurring items.

(€ '000) Q3	2022			2021		
	Reported	Non-recurring items	Excl. Non-recurring items	Reported	Non-recurring items	Excl. Non-recurring items
Operating profit/loss	9,020	-1,057	10,077	-744	-7,085	6,341
Transaction-related amortization	-4,561	-	-4,561	-3,331	-	-3,331
<b>EBITA</b>	<b>13,581</b>	<b>-1,057</b>	<b>14,638</b>	<b>2,586</b>	<b>-7,085</b>	<b>9,671</b>
Operative depreciation and amortization	-8,502	-139	-8,363	-7,817	-	-7,817
<b>EBITDA</b>	<b>22,084</b>	<b>-918</b>	<b>23,002</b>	<b>10,403</b>	<b>-7,085</b>	<b>17,488</b>

(€ '000) Jan-Sep	2022			2021		
	Reported	Non-recurring items	Excl. Non-recurring items	Reported	Non-recurring items	Excl. Non-recurring items
Operating profit/loss	19,653	-7,965	27,618	10,567	-6,673	17,240
Transaction-related amortization	-10,593	-	-10,593	-8,718	-	-8,718
<b>EBITA</b>	<b>30,246</b>	<b>-7,965</b>	<b>38,211</b>	<b>19,286</b>	<b>-6,673</b>	<b>25,959</b>
Operative depreciation and amortization	-26,009	-1,337	-24,672	-22,752	-	-22,752
<b>EBITDA</b>	<b>56,255</b>	<b>-6,628</b>	<b>62,883</b>	<b>42,038</b>	<b>-6,673</b>	<b>48,711</b>

## 6. Acquisitions

During Q1 2022, Transcom paid the first of two installments for earn out related to the acquisition of City Connect in 2021.

In Q3 2021, 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 included an agreement to continue to provide services to Telefónica from the two sites for the next three years.

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

In addition, in Q3 2021, Transcom closed the acquisition of TMS Connected GmbH and TMS Connected Verwaltung GmbH adding annual revenues of €20 million. The companies were acquired from Transcom's sister company Transcom DACH Holding AB. Since all companies are ultimately controlled by the same parent company, Transcom TopCo AB, the acquisition is considered as a business combination under common control, whereby IFRS 3 Business Combination is not applicable.

## 7. Interest-bearing liabilities

Financing in the Group includes €315 million Senior Secured Floating Rate Notes due in December 2026 and a Super Senior Revolving Credit Facility Agreement of €45 million with termination date in June 2026. The Notes are listed on The International Stock Exchange. The Notes and the New SSRCF shares security and guarantees in accordance with the provisions of an intercreditor agreement.

As per Q3 2022, €7.7 million of the SSRCF was utilized in loans, excluding guarantees and overdraft facility usage. Unused credit facilities totaled €26.9 million.

There are share pledges in material companies to a value of €228.3 million (216.8) used as security for the financing. Part of the SSRCF is used to cover bank guarantees and cash pool limits.

## 8. Contingent liabilities and provisions

The Group has no material contingent liabilities as per September 30, 2022.

In Q2 2018, a provision of €8.0 million was recorded in the capture Cost of Sales relating to that the Group has an ongoing dispute in Spain with legal professionals hired as consultants where the social security inspection claims that they should be considered as employees. Subsequently, Transcom appealed the case to court. On July 14, 2020, the court ruled in favor of the social security inspection. Transcom appealed the verdict. In Q3 2022, a rejection of the appeal was received. As per September 30, 2022 the total provision amounted to €10.5 million.

## 9. Financial instruments

Classification of the Group's financial assets and liabilities:

	Financial instruments at amortized cost	Financial instruments at fair value to the P&L	Derivatives for cashflow hedges	Carrying amount	Fair value
<b>(€ '000) Sep 30, 2022</b>					
Total non-current assets	4,661	-	-	4,661	4,661
Total current assets	182,953	-	-	182,953	182,953
<b>Total financial assets</b>	<b>187,613</b>	<b>-</b>	<b>-</b>	<b>187,613</b>	<b>187,613</b>
Total non-current liabilities	341,521	-	-	341,521	405,582
Total current liabilities	105,929	4,791	5,503	116,223	135,060
<b>Total financial liabilities</b>	<b>447,451</b>	<b>4,791</b>	<b>5,503</b>	<b>457,745</b>	<b>540,643</b>
<b>(€ '000) Dec 31, 2021</b>					
Total non-current assets	5,869	-	-	5,869	5,869
Total current assets	189,717	-	-	189,717	189,717
<b>Total financial assets</b>	<b>195,586</b>	<b>-</b>	<b>-</b>	<b>195,586</b>	<b>195,586</b>
Total non-current liabilities	330,249	4,611	-	334,861	400,807
Total current liabilities	137,021	4,854	1,385	143,259	157,832
<b>Total financial liabilities</b>	<b>467,270</b>	<b>9,465</b>	<b>1,385</b>	<b>478,120</b>	<b>558,639</b>

## 10. Leasing

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

(€ '000)	2022 Q3	2021 Q3	2022 Jan-Sep	2021 Jan-Sep
Reversed cost (EBITDA effect)	4,631	4,579	13,704	13,670
Depreciations	-4,287	-4,119	-12,377	-12,138
<b>Operating profit/loss</b>	<b>345</b>	<b>460</b>	<b>1,327</b>	<b>1,532</b>
<b>EBITDA effect</b>	<b>4,631</b>	<b>4,579</b>	<b>13,704</b>	<b>13,670</b>
Net financial items	-214	-524	-732	-1,806
Income tax expense	-11	15	-40	50
<b>Profit/loss for the period</b>	<b>119</b>	<b>-49</b>	<b>555</b>	<b>-224</b>
Right of use assets	32,056	31,581	32,056	31,581
Leasing liabilities, non-current	18,481	19,464	18,481	19,464
Leasing liabilities, current	13,893	14,154	13,893	14,154

## 11. Income tax payables

As per September 30, 2022, six Group entities were subject to tax audits. Some of these have resulted in reassessments, while others are still at an early stage and no reassessments have yet been raised. As per September 30, 2022 the tax liability related to uncertain tax positions amounted to €1,632 thousand (909).

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

## 12. Other liabilities

Transcom has deferred some tax payments (VAT and social contribution), mainly in Sweden, enabled by government programs instated during the COVID-19 pandemic. Final payment plans have been received, why €5,694 thousand have been reclassified to long-term liabilities. As per September 30, 2022, these deferrals amounted in total to €10,643 thousand (12,067).

### Alternative performance measures

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

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

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

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

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

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

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

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

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

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

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

### Other definitions

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

**European segment:** services delivered to clients based in Europe.

### ABOUT TRANSCOM

Transcom provides digitally enhanced customer experience (CX) services to some of the world's most ambitious brands. More than 300 clients globally, including disruptive e-commerce players, category redefining fintechs, and technology legends rely on us for on-, off-, and nearshoring services. Transcom's over 30,000 employees work in 80 contact centers and work-at-home networks across 25 countries, creating brilliant experiences in customer care, sales, content moderation and backoffice services. We help our clients drive their brands forward, customer satisfaction up and operating costs down. For more information, visit [www.transcom.com](http://www.transcom.com).