

## Q4 2022

- **Revenue** increased to 191.4M€ (175.3)
- **EBITDA** excluding non-recurring items increased to 30.4M€ (26.2)
- **EBITDA margin** excluding non-recurring items increased to 15.9% (14.9%)
- **Operating cash flow** increased to 24.8M€ (4.3)
- **Net debt/EBITDA** decreased to 3.5 (4.1)

## Jan-Dec 2022

- **Revenue** increased to 717.3M€ (623.1)
- **EBITDA** excluding non-recurring items increased to 93.3M€ (74.8)
- **EBITDA margin** excluding non-recurring items increased to 13.0% (12.0%)
- **Operating cash flow** increased to 52.4M€ (22.0)

### Continuing on the positive trajectory - Concluding the best year so far

Transcom continues on the positive trajectory and concludes 2022 with the highest revenue and profitability to date. Revenue for the year amounted to 717.3 MEUR (+15.1%) and the EBITDA margin amounted to 13.0% (+1.0pp).

The fourth quarter marked a continuation of the positive trend. Revenue increased to 191.4 MEUR, growing 9.2%, of which 7.2pp organic. The organic growth was primarily driven by ramp-up of new contracts in the eCommerce & Tech and the Service & Utilities sector within the European segment.

EBITDA increased to 30.4 MEUR (26.2), and the EBITDA margin increased to 15.9% (14.9%). The profitability improvements are primarily attributable to the eCommerce & Tech sector within the European segment.

We continue to execute the cost reduction 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 base of the first quarter 2022.

Demand for near/offshore and digital solutions are increasing, as clients are looking for ways to mitigate labour shortage and wage inflation in Europe and North America. To meet this demand, we opened additional capacity in Cairo (Egypt), Tetovo (Northern Macedonia) and Porto (Portugal) during the fourth quarter.

In December we announced the acquisition of Forcontact, a customer experience specialist focused on luxury and fashion eCommerce clients, predominantly serving the Italian market from nearshore locations.

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

Although growth is slowing down in the short-term, amid muted consumer spending, we are entering the first quarter with positive momentum. We stand committed to our long-term targets of double-digit organic growth and 16% EBITDA margin.

Jonas Dahlberg, President & CEO

## Group financial overview

(€m)	2022 Q4	2021 Q4	Change Y-o-Y	2022 Jan-Dec	2021 Jan-Dec	Change Y-o-Y
Revenue	191.4	175.3	9.2%	717.3	623.1	15.1%
EBITDA excl. non-recurring items	30.4	26.2	4.1	93.3	74.8	18.6
EBITDA margin excl. non-recurring items	15.9%	14.9%	1pp	13.0%	12.0%	1pp
EBITA excl. non-recurring items	21.8	18.2	3.6	60.0	44.4	15.6
EBITA margin excl. non-recurring items	11.4%	10.4%	1pp	8.4%	7.1%	1.2pp
Operating cash flow	24.8	4.3	20.5	52.4	22.0	30.4
Net debt	326.8	308.8	18.0	326.8	308.8	18.0
Net debt/EBITDA excl. non-recurring items	3.5	4.1	-0.6	3.5	4.1	-0.6

## October-December 2022

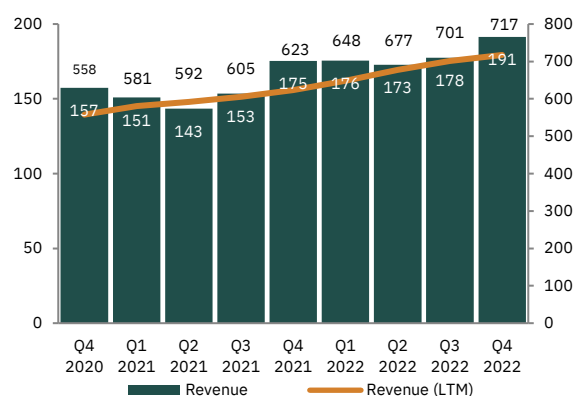
### Income and profit

Revenue amounted to €191.4 million (175.3) with a growth of 9.2% of which 7.2pp was organic. Recurring contracts contributed positively with 9.6pp, while ramp down of temporary projects, such as Covid hotlines, impacted organic growth negatively with -0.4pp and contribution from currency effects was 2.0pp.

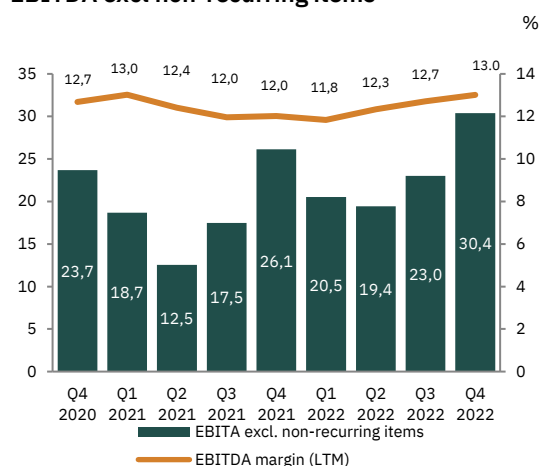
EBITDA excluding non-recurring items amounted to €30.4 million (26.2) with a margin of 15.9% (14.9%). The improved EBITDA margin is mainly attributable to the eCommerce & Tech sector within the European segment. Non-recurring items totaled €-2.4 million (-3.2), whereof €-0.7 million is related to transactional expenses.

Net financial items amounted to €-9.2 million compared to €-6.2 million last year. Taxes amounted to €-2.6 million (-0.2).

### Revenue



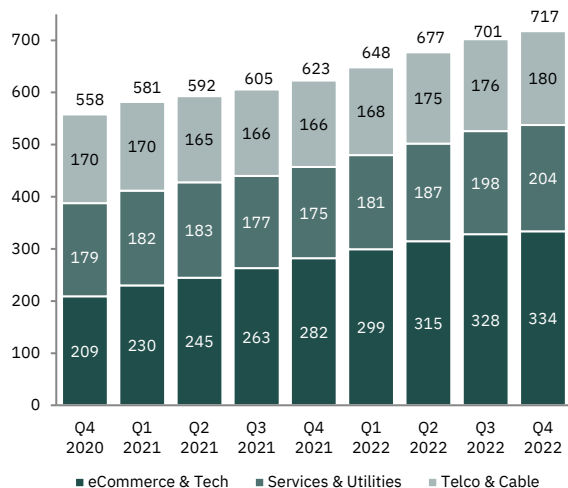
### EBITDA excl non-recurring items



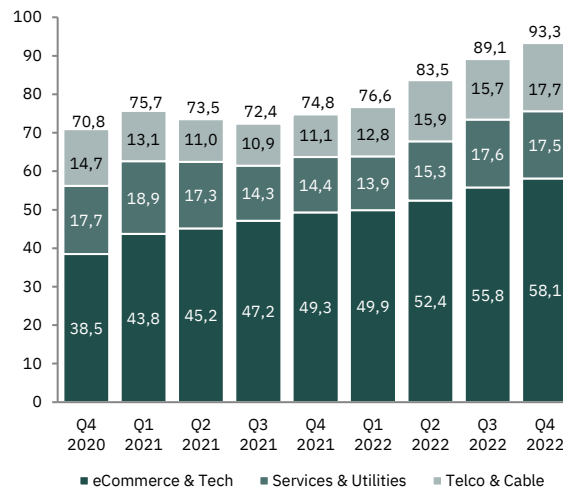
### Sector development

During the fourth quarter, all sectors are growing compared to the previous quarter and same period last year. ECommerce & Tech remains the largest sector with 47% of the total revenue in Q4 2022. EBITDA margin for the full year improved compared to last year with 1.0pp with a margin of 13.0%.

Revenue by sector (LTM)\*



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



\*Reclassification of clients have been done in Q4 2022 with retroactive effect.

### Development by geographical segment

#### European segment

Revenue amounted to €132.2 million (118.9) with a growth of 11.2%. The growth is mainly driven by the Services & Utilities segment and was positively impacted by growth from acquired companies in 2021.

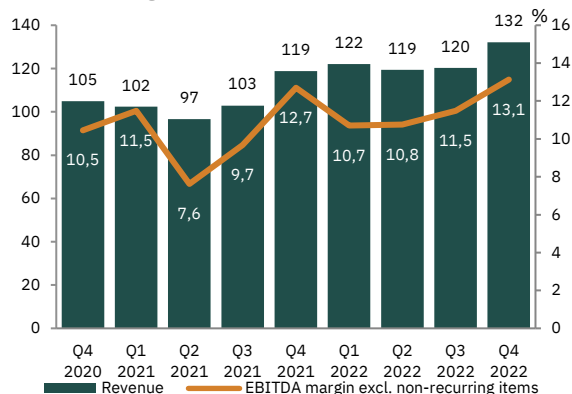
EBITDA excl. non-recurring items amounted to €17.4 million (15.1) with a margin of 13.1% (12.7%). The improved EBITDA margin is driven by improvement with new and existing clients within the eCommerce & Tech and Service & Utilities sectors.

#### English-speaking segment

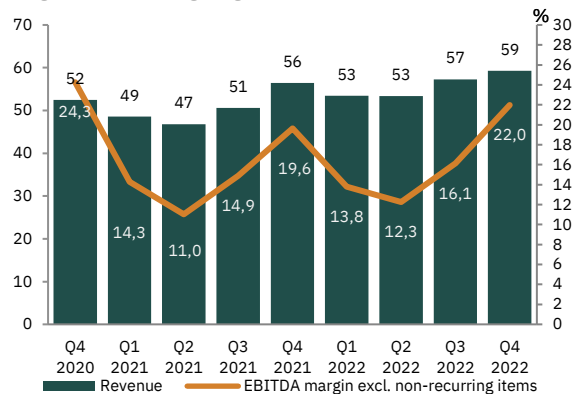
Revenue amounted to €59.3 million (56.5) with a growth of 5.0%, driven by growth in eCommerce & Tech.

EBITDA excl. non-recurring items amounted to 13.0 million (11.1) with a margin of 22.0% (19.6%). The improved EBITDA margin is mainly related to the eCommerce & Tech sector with improved operational performance within existing contracts.

European segment



English-speaking segment



**Cash flow and financial position**

Operating cash flow was €24.8 million (4.3). The improvement is mainly driven by better development of the working capital as compared to last year.

Cash flow from investing activities amounted to €-14.0 million (-5.9). Cash flow from financing activities amounted to €-11.1 million (-7.9). Cash flow totaled €-0.2 million (-9.4).

Net debt amounted to €326.8 million (308.8).

Net debt/EBITDA amounted to 3.5 (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 (SSRCF) of €45 million with termination date in June 2026. As per December 31, 2022, the utilization of the SSRCF was €13.6 million in loans, excluding guarantees and overdraft facility usage. Unused credit facilities totaled €26.5 million.

**January-December 2022****Income and profit**

Revenue amounted to €717.3 million (623.1) with a growth of 15.1%. Organic growth was 8.5%, inorganic growth was 3.8% and impact from currency was 2.8%.

EBITDA excluding non-recurring items amounted to €93.3 million (74.8) with a margin of 13.0% (12.0%). Non-recurring items totaled €-10.3 million (-9.9).

Net financial items amounted to €-24.8 million compared to €-27.1 million last year. Taxes amounted to €-11.1 million (-1.5).

**Cash flow**

Operating cash flow was €52.4 million (22.0). Cash flow from investing activities amounted to €-33.6 million (-45.3). Cash flow from financing activities amounted to €-25.8 million (49.6). Cash flow totaled €-7.1 million (26.4).

**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 year-end report.

## Other information

### Earnings call

Transcom will host a webcast at 9:00 CET on Feb 23, 2022. The webcast will be held in English. The presentation will be available on <https://www.transcom.com/global/about-us/investor-relations>.

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

Online registration link: <https://app.livestorm.co/transcom-holding/transcom-holding-ab-q4-2022-results-presentation>

### Financial calendar

Transcom's Annual Report 2022 will be published on April 18, 2023

Transcom's Q1 2023 report will be published on May 11, 2023

Transcom's Q2 2023 report will be published on Aug 24, 2023

Transcom's Q3 2023 report will be published on Nov 16, 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 Q4	2021 Q4	2022 Jan-Dec	2021 Jan-Dec
Revenue	4	191,408	175,322	717,269	623,132
Cost of sales	5	-139,274	-134,536	-547,486	-492,471
<b>Gross profit</b>		<b>52,134</b>	<b>40,786</b>	<b>169,783</b>	<b>130,661</b>
Sales and marketing expenses		-2,586	-2,322	-9,782	-8,325
Administrative expenses		-34,294	-27,437	-127,496	-101,442
Other operating income/expenses		500	315	2,903	1,015
<b>Operating profit/loss</b>	4,5	<b>15,755</b>	<b>11,342</b>	<b>35,408</b>	<b>21,909</b>
Net financial items		-9,223	-6,156	-24,765	-27,112
<b>Profit/loss before tax</b>		<b>6,532</b>	<b>5,187</b>	<b>10,643</b>	<b>-5,204</b>
Income tax expense/income		-2,649	-206	-11,135	-1,479
<b>Profit/loss for the period attributable to equity holders of the parent</b>		<b>3,883</b>	<b>4,981</b>	<b>-492</b>	<b>-6,683</b>

## Transcom Group - Condensed consolidated statement of comprehensive income

(€ '000)	2022 Q4	2021 Q4	2022 Jan-Dec	2021 Jan-Dec
<b>Profit/loss for the period attributable to equity holders of the parent</b>	3,883	4,981	-492	-6,683
<b>Other comprehensive income:</b>				
Exchange differences on translation of foreign operations	-1,282	-3,150	1,784	4,067
Net gain/loss on cash flow hedges	3,895	281	955	-1,149
<b>Other comprehensive income to be reclassified to profit or loss in subsequent periods</b>	<b>2,613</b>	<b>-2,869</b>	<b>2,739</b>	<b>2,918</b>
Actuarial profit/loss on post-employment benefit obligations	1,128	-514	1,128	-2,042
<b>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</b>	<b>1,128</b>	<b>-514</b>	<b>1,128</b>	<b>-2,042</b>
<b>Other comprehensive income for the period, net of tax</b>	<b>3,742</b>	<b>-3,383</b>	<b>3,868</b>	<b>876</b>
<b>Total comprehensive income for the period, net of tax, attributable to equity holders of the parent</b>	<b>7,624</b>	<b>1,598</b>	<b>3,375</b>	<b>-5,807</b>

**Transcom Group - Condensed consolidated statement of financial position**

(€ '000)	Notes	<b>2022</b> <b>Dec 31</b>	<b>2021</b> <b>Dec 31</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill	6	236,335	224,911
Other intangible assets		94,605	107,178
Tangible assets		36,975	32,583
Right of use assets	10	30,152	30,382
Deferred tax assets		1,565	7,737
Other receivables		6,539	5,869
<b>Total non-current assets</b>		<b>406,171</b>	<b>408,660</b>
<b>Current assets</b>			
Trade receivables		92,009	93,233
Income tax receivables		3,387	2,538
Other receivables		22,771	13,441
Prepaid expenses and accrued income		54,503	50,799
Cash and cash equivalents		31,404	39,236
<b>Total current assets</b>		<b>204,073</b>	<b>199,247</b>
<b>TOTAL ASSETS</b>		<b>610,244</b>	<b>607,907</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the parent</b>		<b>95,462</b>	<b>92,085</b>
<b>Non-current liabilities</b>			
Interest-bearing liabilities	7	322,250	307,910
Employee benefit obligations		2,356	5,514
Leasing liabilities	10	18,265	16,900
Provisions	6	7,254	10,050
Deferred tax liabilities		14,117	18,157
Other liabilities	12	4,900	0
<b>Total non-current liabilities</b>		<b>369,143</b>	<b>358,531</b>
<b>Current liabilities</b>			
Interest-bearing liabilities	7	2,623	2,535
Leasing liabilities	10	12,696	15,200
Provisions	6,8	22,985	19,769
Trade payables		20,284	17,638
Income tax payables	11	6,641	4,869
Other liabilities	12	36,266	43,619
Accrued expenses and prepaid income		44,144	53,661
<b>Total current liabilities</b>		<b>145,639</b>	<b>157,291</b>
<b>Total liabilities</b>		<b>514,782</b>	<b>515,822</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>610,244</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 ('000)	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	-	-	-	-6,683	-6,683
Shareholder contribution, non cash	-	-	3,000	-	3,000
Effect of transaction under common control*	-	-	-	3,311	3,311
Other comprehensive income, net of tax	-	-	-	876	876
<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	-	-	-	-492	-492
Other comprehensive income, net of tax	-	-	-	3,868	3,868
<b>Balance, Dec 31, 2022</b>	<b>11,938</b>	<b>55</b>	<b>23,501</b>	<b>71,905</b>	<b>95,462</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 Q4	2021 Q4	2022 Jan-Dec	2021 Jan-Dec
<b>Cash flows from operating activities</b>					
Profit/loss before tax		6,532	5,186	10,643	-5,204
Adjustments to reconcile profit before tax to net cash:					
Other non-cash adjustments		14,307	9,117	42,469	43,384
Net financial items		9,223	6,155	24,765	27,113
Income taxes paid		-956	-370	-8,165	-8,972
<b>Cash flows from operating activities before changes in working capital</b>		<b>29,106</b>	<b>20,089</b>	<b>69,712</b>	<b>56,321</b>
Changes in working capital		-4,258	-15,754	-17,324	-34,292
<b>Cash flow from operating activities</b>		<b>24,848</b>	<b>4,335</b>	<b>52,388</b>	<b>22,028</b>
Investments and disposals of tangible assets		-9,644	-4,143	-20,185	-18,659
Investments and disposals of intangible assets		-677	-1,624	-4,020	-2,227
Acquisition of subsidiaries, net of cash	6	-4,788	-	-9,788	-23,694
Changes in other non-current assets		884	-132	138	-683
Interest received		245	-	245	-
<b>Cash flow from investing activities</b>		<b>-13,981</b>	<b>-5,899</b>	<b>-33,611</b>	<b>-45,263</b>
Proceeds from borrowings	7	-	-	14,450	335,757
Repayment of borrowings	7	-488	-60	-1,770	-233,500
Payment of lease liabilities	10	-4,155	-3,961	-16,332	-15,801
Interest and other financial costs paid		-6,422	-3,898	-22,198	-34,654
Other cash flow from financing activities		-	-	-	-2,199
<b>Cash flow from financing activities</b>		<b>-11,064</b>	<b>-7,920</b>	<b>-25,849</b>	<b>49,603</b>
<b>Cash flow for the period</b>		<b>-197</b>	<b>-9,484</b>	<b>-7,071</b>	<b>26,368</b>
Cash and cash equivalents at beginning of the period		31,030	47,644	39,236	13,663
Cash flow for the period		-197	-9,484	-7,071	26,369
Exchange rate differences in cash and cash equivalents		571	1,075	-760	-797
<b>Cash and cash equivalents at end of the period</b>		<b>31,404</b>	<b>39,236</b>	<b>31,404</b>	<b>39,236</b>

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

(€ '000)	2022 Q4	2021 Q4	2022 Jan-Dec	2021 Jan-Dec
Revenue	715	-308	5,171	5,553
Cost of sales	-	-	-	-
<b>Gross profit</b>	<b>715</b>	<b>-308</b>	<b>5,171</b>	<b>5,553</b>
Administrative expenses	-706	453	-5,283	-5,191
Other operating income/expenses	-3	-4	11	-3
<b>Operating profit/loss</b>	<b>6</b>	<b>142</b>	<b>-101</b>	<b>359</b>
Net financial items	-527	-1,824	-7,116	-14,371
<b>Profit/loss before tax</b>	<b>-520</b>	<b>-1,682</b>	<b>-7,217</b>	<b>-14,012</b>
Income tax expense/income	-	-	-	-
<b>Profit/loss for the period*</b>	<b>-520</b>	<b>-1,682</b>	<b>-7,217</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 Dec 31	2021 Dec 31
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investments in Group companies		281,919	281,919
Receivables from Group companies		163,281	170,489
<b>Total non-current assets</b>		<b>445,200</b>	<b>452,408</b>
<b>Current assets</b>			
Receivables from Group companies		5,266	3,185
Other receivables		180	23
Cash and cash equivalents		548	1,833
<b>Total current assets</b>		<b>5,994</b>	<b>5,041</b>
<b>TOTAL ASSETS</b>		<b>451,194</b>	<b>457,448</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Restricted equity		55	55
Unrestricted equity		140,953	148,169
<b>Total equity</b>		<b>141,008</b>	<b>148,224</b>
<b>Non-current liabilities</b>			
Interest-bearing liabilities	7	308,215	307,257
Other liabilities		207	-
<b>Total non-current liabilities</b>		<b>308,422</b>	<b>307,257</b>
<b>Current liabilities</b>			
Interest-bearing liabilities	7	1,074	-
Liabilities to Group companies		-11	-
Other liabilities		701	1,967
<b>Total current liabilities</b>		<b>1,764</b>	<b>1,967</b>
<b>Total liabilities</b>		<b>310,186</b>	<b>309,224</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>451,194</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 year-end 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 and the uncertainty in the macro-economic development has not directly impacted Transcom. 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) Q4						
Revenue from external customers	59,254	132,155	191,408	56,453	118,869	175,322
EBITDA excl. non-recurring items	13,016	17,354	30,370	11,076	15,095	26,171
Depreciation and amortization			-12,348			-11,755
Non-recurring items			-2,265			-3,070
<b>Operating profit/loss</b>			<b>15,755</b>			<b>11,342</b>
Net financial items			-9,223			-6,156
<b>Profit/loss before tax</b>			<b>6,532</b>			<b>5,187</b>

	2022			2021		
	English speaking	Europe	Group	English speaking	Europe	Group
(€ '000) Jan-Dec						
Revenue from external customers	223,262	493,983	717,269	202,409	420,723	623,132
EBITDA excl. non-recurring items	36,393	56,858	93,251	30,713	44,169	74,882
Depreciation and amortization			-48,950			-43,226
Non-recurring items			-8,893			-9,743
<b>Operating profit/loss</b>			<b>35,408</b>			<b>21,909</b>
Net financial items			-24,765			-27,112
<b>Profit/loss before tax</b>			<b>10,643</b>			<b>-5,204</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 Q4	2021 Q4	2022 Jan-Dec	2021 Jan-Dec
Operational non-recurring items	-1,049	-3,163	-5,346	-9,512
Transaction-related non-recurring items	-1,336	-54	-5,004	-378
<b>Total</b>	<b>-2,385</b>	<b>-3,217</b>	<b>-10,350</b>	<b>-9,890</b>
whereof depreciation and amortization	-120	-147	-1,457	-147
<b>Total excl. depreciation and amortization</b>	<b>-2,265</b>	<b>-3,070</b>	<b>-8,893</b>	<b>-9,743</b>

Total non-recurring items (NRI) amounted to €-10.3 million (-9.9) for the year 2022. Operational non-recurring items are mainly related to cost savings program, site reductions and personnel costs.

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

(€ '000)	2022 Q4	2021 Q4	2022 Jan-Dec	2021 Jan-Dec
Cost of sales	1,038	-853	-3,423	-6,471
Administrative expenses	-3,423	-1,781	-6,927	-2,374
Other operating income/expenses	-	-583	-	-667
<b>Total</b>	<b>-2,385</b>	<b>-3,217</b>	<b>-10,350</b>	<b>-9,512</b>

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

(€ '000) Q4	2022			2021		
	Reported	Non-recurring items	Excl. Non-recurring items	Reported	Non-recurring items	Excl. Non-recurring items
Operating profit/loss	15,755	-2,385	18,140	11,342	-3,217	14,559
Transaction-related amortization	-3,621	-	-3,621	-3,834	-	-3,834
<b>EBITA</b>	<b>19,376</b>	<b>-2,385</b>	<b>21,761</b>	<b>15,176</b>	<b>-3,217</b>	<b>18,393</b>
Operative depreciation and amortization	-8,728	-120	-8,607	-7,921	-147	-7,774
<b>EBITDA</b>	<b>28,104</b>	<b>-2,265</b>	<b>30,368</b>	<b>23,098</b>	<b>-3,070</b>	<b>26,168</b>

(€ '000) Jan-Dec	2022			2021		
	Reported	Non-recurring items	Excl. Non-recurring items	Reported	Non-recurring items	Excl. Non-recurring items
Operating profit/loss	35,408	-10,350	45,758	21,909	-9,890	31,799
Transaction-related amortization	-14,214	-	-14,214	-12,552	-	-12,552
<b>EBITA</b>	<b>49,622</b>	<b>-10,350</b>	<b>59,972</b>	<b>34,461</b>	<b>-9,890</b>	<b>44,351</b>
Operative depreciation and amortization	-34,736	-1,457	-33,279	-30,673	-147	-30,526
<b>EBITDA</b>	<b>84,358</b>	<b>-8,893</b>	<b>93,251</b>	<b>65,134</b>	<b>-9,743</b>	<b>74,877</b>

## 6. Acquisitions

As of December 19, 2022, Transcom acquired Forcontact, a customer services provider specialized in luxury fashion and retail e-commerce. Forcontact has 650 employees across six sites. Forcontact is mainly serving the Italian market and delivers services from nearshore locations in Albania (three sites), Croatia, Kosovo, and Spain. The total surplus value has been preliminary allocated to goodwill as per December 31, 2022.

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.

In Q3 2021, 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.

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

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 was considered as a business combination under common control, whereby IFRS 3 Business Combination was 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 SSRCF shares security and guarantees in accordance with the provisions of an intercreditor agreement.

As per December 31, 2022, €13.6 million of the SSRCF was utilized in loans, excluding guarantees and overdraft facility usage. Unused credit facilities totaled €26.5 million.

There are share pledges in material companies to a value of €236.4 million (223.1) 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 December 31, 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 December 31, 2022 the total provision amounted to €10.5 million. Payment is expected to be done during Q1 2023.

## 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) Dec 31, 2022</b>					
Total non-current assets	3,768	-	-	3,768	3,768
Total current assets	185,935	-	-	185,935	185,935
<b>Total financial assets</b>	<b>189,703</b>	<b>-</b>	<b>-</b>	<b>189,703</b>	<b>189,703</b>
Total non-current liabilities	347,770	-	-	347,770	416,966
Total current liabilities	107,092	4,854	-	111,946	133,842
<b>Total financial liabilities</b>	<b>454,862</b>	<b>4,854</b>	<b>-</b>	<b>459,716</b>	<b>550,808</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 Q4	2021 Q4	2022 Jan-Dec	2021 Jan-Dec
Reversed cost (EBITDA effect)	4,758	4,014	18,462	17,684
Depreciations	-4,333	-3,625	-16,710	-15,763
<b>Operating profit/loss</b>	<b>425</b>	<b>389</b>	<b>1,752</b>	<b>1,921</b>
<b>EBITDA effect</b>	<b>4,758</b>	<b>4,014</b>	<b>18,462</b>	<b>17,684</b>
Net financial items	-639	-233	-1,370	-2,039
Income tax expense	10	-26	-30	24
<b>Profit/loss for the period</b>	<b>-204</b>	<b>130</b>	<b>352</b>	<b>-94</b>
Right of use assets	30,152	30,382	30,152	30,382
Leasing liabilities, non-current	18,265	16,900	18,265	16,900
Leasing liabilities, current	12,696	15,200	12,696	15,200

## 11. Income tax payables

As per December 31, 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 December 31, 2022 the tax liability related to uncertain tax positions amounted to €1,567 thousand (932).

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 €4,900 thousand have been reclassified to long-term liabilities. As per December 31, 2022, these deferrals amounted in total to €9,836 thousand (12,146).

### 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 85 contact centers and work-at-home networks across 27 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).