

Year-end report 2020

Q4 2020

- **Revenue** increased to 157.4 M€ (141.8)
- **EBITDA** excluding non-recurring items increased to 19.7 M€ (16.6)
- **EBITDA margin** excluding non-recurring items increased to 12.5% (11.7%)
- **Operating cash flow** amounted to 8.5 M€ (21.2)
- **Net debt/EBITDA** decreased to 3.6 (4.2)

Jan-Dec 2020

- **Revenue** increased to 557.8 M€ (541.5)
- **EBITDA** excluding non-recurring items increased to 56.6 M€ (48.8)
- **EBITDA margin** excluding non-recurring items increased to 10.2% (9.0%)
- **Operating cash flow** amounted to 50.3 M€ (51.4)

Ending the year with strong and profitable growth

During the fourth quarter, revenue grew 11% and the EBITDA margin increased 0.8pp, all organically. Revenue growth is predominately driven by existing clients in the Commerce & Tech sector. Profitability improvements are driven by increased volumes, increased productivity, a continued positive mix shift towards more profitable clients and an increase in near/offshore delivery.

Our sales momentum continues to be strong. Revenue from new contracts during 2020 amounted to 3x compared to 2019 and several new contracts were closed at the end of the year. Recent contracts include helping to fight the pandemic by operating COVID hotlines for the German and Dutch governments as well supporting Pfizer in Italy with the distribution of COVID-19 vaccine.

During Q4, we continued our near/offshore expansion by announcing three new locations: Bogota in Colombia for the North American and Spanish markets, Zenica in Bosnia Herzegovina for the German market and Malaga in Spain for the Nordic and Dutch markets. The new sites are expected to be ready for clients Q1-Q2.

Transcom is leading the Work-At-Home revolution. We continue to experience strong demand for T:Anywhere, our WAH-solution providing a fully digital recruiting, training and operating environment. And in January, Transcom was listed as a top 10 remote work company in North America.

2020 was a year marked by the global pandemic. With our mission to stay safe and keep our clients in business, more than 50% of our staff worked from home during the pandemic. At the same time, we turned to growth and increased our EBITDA margin 1.2pp to 10.2% for the full year.

Transcom has a strong momentum and our strategy is clear. We are going for profitable growth through client focus and operational excellence, driven by great culture and leadership. And we will strengthen our digital offering, increase our near/offshore delivery and shift towards fast growing and profitable customer segments.

Jonas Dahlberg,

President & CEO

Group financial overview

(€m)	2020 Q4	2019 Q4	Change Y-o-Y	2020 Jan-Dec	2019 Jan-Dec	Change Y-o-Y
Revenue	157.4	141.8	11.0%	557.8	541.5	3.0%
EBITDA excl. non-recurring items	19.7	16.6	3.1	56.6	48.8	7.9
EBITDA margin excl. non-recurring items	12.5%	11.7%	0.8pp	10.2%	9.0%	1.2pp
EBITA excl. non-recurring items	15.9	12.7	3.2	44.8	39.0	5.7
EBITA margin excl. non-recurring items	10.1%	9.0%	1.1pp	8.0%	7.2%	0,8pp
Operating cash flow	8.5	21.2	-12.8	50.3	51.4	-1.1
Net debt	204.5	203.7	0.7	204.5	203.7	0.7
Net debt/EBITDA excl. non-recurring items	3.6	4.2	-0.6	3.6	4.2	-0.6

Q4 2020

Income and profit

Revenue amounted to €157.4 million (141.8) with a growth of 11.0%. The growth from new and existing clients amounted to €23.1 million.

EBITDA excluding non-recurring items amounted to €19.7 million (16.6) with a margin of 12.5% (11.7%). The positive development of EBITDA is mainly a result of operational improvements and growth in both the European and English-speaking segments. Non-recurring items totaled €-5.3 million (-0.5), of which €-2.0 million is relating to COVID-19. The remainder is mainly relating to cost for Transcom's commercial and operational transformation.

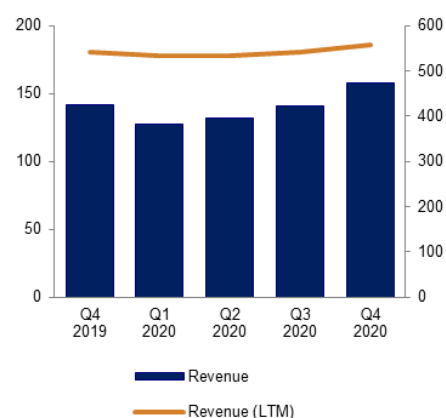
Net financial items amounted to €-4.5 million compared to €-5.0 million last year. Taxes amounted to €-0.3 million (3.3).

Cash flow and financial position

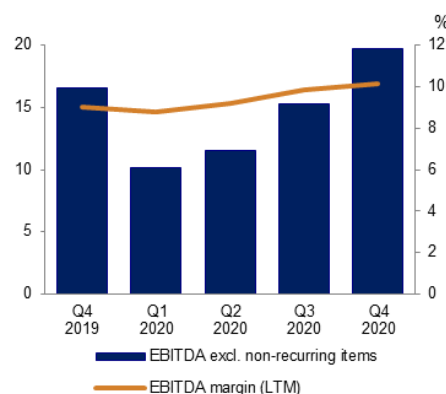
Operating cash flow was €8.5 million (21.2). Decreased operating cash flow is mainly due to increase of trade receivables. Cash flow from investing activities amounted to €-5.6 million (-7.2) and includes investments in new sites. Cash flow from financing activities amounted to €-9.8 million (-12.2). Cash flow totaled €-6,9 million (1.8).

Net debt amounted to €204.5 million (203.7). Net debt/EBITDA amounted to 3.6 (4.2). Financing in the Group includes five-year €180 million Senior Secured Fixed Rate Notes, €10 million Senior Unsecured Fixed Rate Notes, a Super Senior Revolving Credit Facility Agreement (SSRCF) of €47.4 million and a senior secured term loan facility agreement of €20 million. In the quarter, the unsecured note of €10 million was extended to September 2022. As per Q4 2020, the SSRCF was unutilized, excluding guarantees and overdraft facility usage. Unused credit facilities totaled €43.3 million.

Revenue



EBITDA excl. non-recurring items



January – December 2020

Income and Profit

Revenue amounted to €557.8 million (541.5) with a growth of 3.0%. Growth in new and existing business amounted to €62.4 million, countered by the closure of the INPS contract in Italy and last year's divestment of parts of the Spanish business. Comparable growth, excluding INPS contract and the divestment in Spain is 12.6%.

EBITDA excluding non-recurring items amounted to €56.6 (48.8) and the margin increased to 10.2% (9.0%). Non-recurring items totaled €-22.4 million (-8.4) of which €-7.4 million is relating to COVID-19 and transaction-related amounted to €-1.6 million. Covid-19 related costs are gradually tapering off and will be considered normal operating cost starting from 2021. The remaining NRI mainly relates to Transcom's operational and commercial transformation. These costs were mainly driven by costs for external consultants and are also expected to diminish during 2021.

Net financial items amounts to €-19.4 million compared to €-17.6 million last year. Tax expenses in the period amounted to €-1.5 million (-2.5).

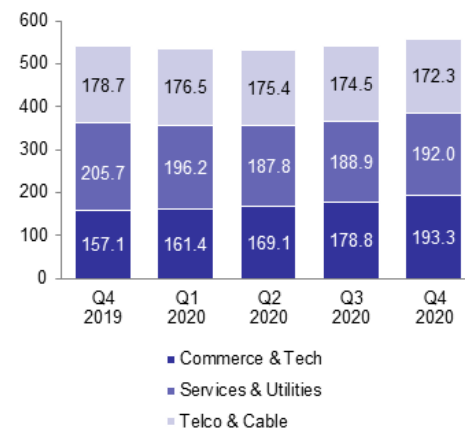
Industry development

We are continuing our growth within Commerce & Tech and decreasing the exposure within the Telco & Cable sector in line with our strategy. The Service & Utilities sector also grew in the period despite the impact from last year's closure of the INPS contract.

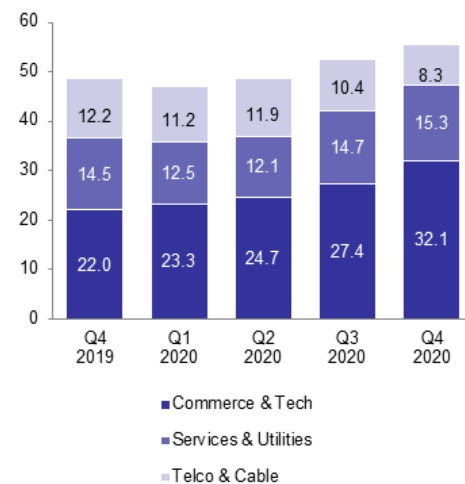
Cash flow

Operating cash flow amounted to €50.3 million (51.4). Cash flow from investing activities amounted to €-21.1 million (-18.2) and included earn-out payment for the Awesome acquisition and investments in new sites and WAH. Cash flow from financing activities amounted to €-28.8 million (-32.1) and included a new senior secured term loan facility agreement of €20 million. The net proceeds from the utilization of the new senior secured term loan facility funded the repayment of an equivalent amount of revolving loans outstanding under existing SSRFCF. In addition, the unsecured note of €10 million have been extended to September 2022. Cash flow totaled €0.4 million (1.1).

Revenue by industry (LTM)



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



Quarterly development by geographical segment

English-speaking segment

Revenue amounted to €60.3 million (51.7) with a growth of 16.6%. Revenue growth is driven by the increase of WAH in North America. Revenue growth within Commerce & Tech was countered by decline in the Telco & Cable and Service & Utilities sectors.

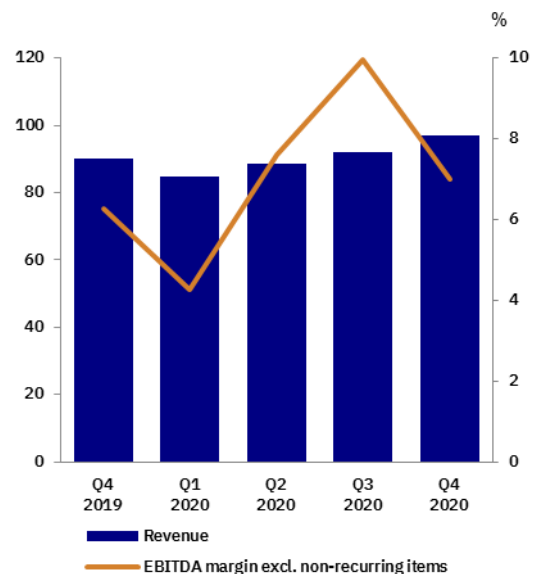
EBITDA excl. non-recurring items amounted to 12.9 million (11.2) with a margin of 21.4% (21.1%). The increase in EBITDA margin is mainly driven by operational improvements in North America.



European segment

Revenue amounted to €97.1 million (90.2) with a growth of 7.9%. Growth continues with new and existing clients, mainly within Commerce & Tech and Service & Utilities. This growth is countered by last year's closure of the INPS contract in Italy.

EBITDA excl. non-recurring items amounted to €6.8 million (5.6) with a margin of 7.0% (6.3%). The positive EBITDA development is mainly driven by new business and operational improvements.



Other information

Earnings call

Transcom will host a conference call at 9:00 CET on February 17, 2021. The conference call will be held in English. The presentation will be available on <https://www.transcom.com/en/investor-relations>.

Important note: Please register via the link above at least 5-10 minutes prior the call in order to obtain the dial-in numbers and pin code required for the call. If you register in advance, you will be sent an email reminder a day prior to the call.

Online registration link: <http://emea.directeventreg.com/registration/3358027>

Financial calendar

Transcom's annual report 2020 will be published on April 7, 2021.

Transcom's Q1 2021 report will be published on May 12, 2021.

Transcom's Q2 2021 report will be published on Aug 27, 2021.

Transcom's Q3 2021 report will be published on Nov 17, 2021.

Other information

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

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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 17, 2021.

Transcom Group - Condensed consolidated income statement

(€ '000)	Notes	2020 Q4	2019 Q4	2020 Jan-Dec	2019 Jan-Dec
Revenue	4	157,414	141,833	557,800	541,459
Cost of sales	5	-119,795	-106,219	-431,099	-425,114
Gross profit		37,619	35,614	126,701	116,346
Marketing expenses		-2,357	-60	-5,643	-2,465
Administrative expenses		-27,111	-25,151	-108,622	-94,277
Other operating income/expenses		-224	-935	-940	105
Operating profit/loss	4,5	7,928	9,468	11,496	19,709
Net financial items		-4,528	-4,973	-19,445	-17,565
Profit/loss before tax		3,399	4,496	-7,949	2,143
Income tax expense/income		-268	3,338	-1,481	-2,504
Profit/loss for the period attributable to equity holders of the parent		3,131	7,833	-9,429	-361

Transcom Group - Condensed consolidated statement of comprehensive income

(€ '000)	2020 Q4	2019 Q4	2020 Jan-Dec	2019 Jan-Dec
Profit/loss for the period attributable to equity holders of the parent	3,131	7,833	-9,429	-361
Other comprehensive income:				
Exchange differences on translation of foreign operations	-593	-544	-3,237	121
Exchange differences recycled to profit and loss	-	-	-	-
Net gain/loss on cash flow hedges	-231	424	-181	363
Other comprehensive income to be reclassified to profit or loss in subsequent periods	-824	-120	-3,418	484
Actuarial profit/loss on post-employment benefit obligations	-691	-730	-691	-730
Other comprehensive income not to be reclassified to profit or loss in subsequent periods	-691	-730	-691	-730
Other comprehensive income for the period, net of tax	-1,516	-850	-4,110	-246
Total comprehensive income for the period, net of tax, attributable to equity holders of the parent	1,615	6,983	-13,539	-607

Transcom Group - Condensed consolidated statement of financial position

(€ '000)	Notes	2020 Dec 31	2019 Dec 31
ASSETS			
Non-current assets			
Goodwill		203,502	205,226
Other intangible assets		89,977	104,564
Tangible assets		24,369	21,493
Right of use assets	10	26,553	25,916
Deferred tax assets		1,528	1,305
Other receivables		2,800	3,000
		348,730	361,504
Current assets			
Trade receivables		73,088	59,075
Income tax receivables		3,474	6,252
Other receivables		11,960	13,303
Prepaid expenses and accrued income		37,887	36,006
Cash and cash equivalents		13,663	14,295
		140,071	128,931
TOTAL ASSETS		488,801	490,435
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
		91,581	105,120
Non-current liabilities			
Interest-bearing liabilities	7	213,411	201,034
Employee benefit obligations		3,113	3,318
Leasing liabilities	10	16,775	16,018
Provisions	6,11	157	13,659
Deferred tax liabilities		16,637	20,989
		250,093	255,018
Current liabilities			
Interest-bearing liabilities	7	1,632	13,687
Leasing liabilities	10	12,040	11,448
Provisions	6,8	24,659	20,746
Trade payables		20,120	18,798
Income tax payables	11	8,884	6,332
Other liabilities	12	33,177	18,613
Accrued expenses and prepaid income		46,615	40,674
		147,127	130,297
Total liabilities		397,219	385,315
TOTAL EQUITY AND LIABILITIES		488,801	490,435

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, 2019	11,938	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	11,938	55	20,501	84,565	105,120
Profit/loss for the period	-	-	-	-9,429	-9,429
Other comprehensive income, net of tax	-	-	-	-4,110	-4,110
Balance, Dec 31, 2020	11,938	55	20,501	71,026	91,581

Transcom Group - Condensed consolidated statement of cash flows

(€ '000)	Notes	2020 Q4	2019 Q4	2020 Jan-Dec	2019 Jan-Dec
Cash flows from operating activities					
Profit/loss before tax		3,399	4,496	-7,949	2,143
Adjustments to reconcile profit before tax to net cash:					
Adjustments for non cash items		10,126	5,717	38,599	33,429
Net financial items		4,528	4,973	19,445	17,565
Income taxes paid		-1,776	-2,382	-4,881	-7,456
before changes in working capital		16,279	12,803	45,214	45,681
Changes in working capital		-7,820	8,417	5,040	5,684
Cash flow from operating activities		8,459	21,220	50,255	51,366
Investments and disposals of tangible assets		-4,728	-3,680	-13,145	-11,916
Investments and disposals of intangible assets		-837	-3,058	-1,293	-4,606
Consideration paid from previous years' acquisitions	6	-	-	-6,781	-6,981
Disposals of business, net of cash	6	-	-	-	5,879
Changes in other non-current assets		-29	-578	49	-816
Interest received		0	102	49	255
Cash flow from investing activities		-5,593	-7,213	-21,121	-18,183
Proceeds from borrowings	7	0	7,551	27,881	25,506
Repayment of borrowings	7	-444	-8,923	-27,990	-28,973
Payment of lease liabilities	10	-2,216	-3,049	-12,341	-11,920
Interest and other financial costs paid		-7,120	-7,744	-16,325	-16,667
Cash flow from financing activities		-9,779	-12,165	-28,775	-32,055
Cash flow for the period		-6,914	1,841	359	1,127
Cash and cash equivalents at beginning of the period		20,121	13,143	14,295	12,883
Cash flow for the period		-6,914	1,841	359	1,127
Exchange rate differences in cash and cash equivalents		456	-689	-991	285
Cash and cash equivalents at end of the period		13,663	14,295	13,663	14,295

Transcom Holding AB (publ) - Condensed income statement

(€ '000)	2020 Q4	2019 Q4	2020 Jan-Dec	2019 Jan-Dec
Revenue	800	1,826	3,303	2,948
Cost of sales	-	-	-	-
Gross profit	800	1,826	3,303	2,948
Administrative expenses	-828	-1,952	-3,410	-3,264
Other operating income/expenses	-20	-8	-25	-29
Operating profit/loss	-48	-133	-131	-345
Net financial items	-2,544	-1,636	-9,193	-7,220
Profit/loss before tax	-2,592	-1,770	-9,324	-7,565
Income tax expense/income	-	-	-	-
Profit/loss for the period*	-2,592	-1,770	-9,324	-7,565

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

Transcom Holding AB (publ) - Condensed balance sheet

(€ '000)	Notes	2020 Dec 31	2019 Dec 31
ASSETS			
Non-current assets			
Investments in Group companies		278,919	278,919
Receivables from Group companies		91,809	82,174
		370,728	361,093
Current assets			
Receivables from Group companies		2,431	3,589
Other receivables		60	61
Cash and cash equivalents		82	244
		2,573	3,894
TOTAL ASSETS		373,300	364,987
EQUITY AND LIABILITIES			
Restricted equity		55	55
Unrestricted equity		159,181	168,505
		159,236	168,560
Non-current liabilities			
Interest-bearing liabilities	7	209,190	182,256
Liabilities to Group companies		1,196	1,149
		210,386	183,405
Current liabilities			
Interest-bearing liabilities	7	-	10,000
Other liabilities		3,678	3,022
		3,678	13,022
Total liabilities		214,064	196,427
TOTAL EQUITY AND LIABILITIES		373,300	364,987

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, 2019.

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, 2019. 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, 2019.

4. Segment information

(€ '000) Jan-Dec 2020	English speaking	Europe	Latin America	Group
Revenue from external customers	195,293	362,507	-	557,800
EBITDA excl. non-recurring items	30,320	26,319	-	56,639
Depreciation and amortization				-22,736
Non-recurring items				-22,406
EBIT				11,496
Net financial items				-19,445
Profit/loss before tax				-7,949

(€ '000) Jan-Dec 2019	English speaking	Europe	Latin America	Group
Revenue from external customers	184,964	355,628	867	541,459
EBITDA excl. non-recurring items	29,313	19,491	-40	48,764
Depreciation and amortization				-20,653
Non-recurring items				-8,402
EBIT				19,709
Net financial items				-17,565
Profit/loss before tax				2,143

5. Items affecting comparability

(€ '000)	2020 Q4	2019 Q4	2020 Jan-Dec	2019 Jan-Dec
Operational non-recurring items	-4,988	-284	-20,812	-8,477
Transaction-related non-recurring items	-313	-235	-1,595	75
Total	-5,302	-519	-22,406	-8,402

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

(€ '000)	2020 Q4	2019 Q4	2020 Jan-Dec	2019 Jan-Dec
Cost of sales	-1,609	1,835	-3,567	-3,641
Marketing expenses	-	-30	-	-30
Administrative expenses	-3,446	-1,390	-17,464	-4,732
Net gain/loss on disposal of business	-	-	-	0
Other operating income/expenses	-246	-934	-1,376	-
Total	-5,302	-519	-22,406	-8,402

Non-recurring items (NRI) amounted to €-22.4million (-8.4) for the year 2020. NRI relating to COVID-19 amounted to €-7.4 million (including material cost increase and where relevant cost decrease, e.g. governmental support programs), while transaction-related NRI amounted to €-1.6 million. The remaining NRI mainly relate to Transcom's operational and commercial transformation. Last year's NRI costs were mainly restructuring costs connected with PPP, closure of the INPS contract and existing unprofitable contracts.

6. Acquisitions

No material acquisitions during 2020. At the end of Q2 2020 the second earn-out of €6.8 million, relating to the acquisition of Awesome OS in 2018, was paid out. The remaining provision amounts to €13.4 million, including both fair value and foreign exchange effect. Payment for the remaining provision is estimated to Q1 2021.

7. Interest-bearing liabilities

Financing in the Group includes five-year €180,000 thousand Senior Secured Fixed Rate Notes, €10,000 thousand Senior Unsecured Fixed Rate Notes, €47,400 thousand Super Senior Credit Facility Agreement (SSRCF), and a senior secured term loan facility agreement of €20,000 thousand. The senior secured term loan facility agreement of €20,000 thousand was signed with Nordea Bank Abp, filial i Sverige as lender (the "Term Facility") in March 2020. The net proceeds from the utilization of the Term Facility funded the repayment of an equivalent amount of revolving loans outstanding under Transcom's existing SSRCF. The repayment of the loans made funds available for re-drawing under the SSRCF and consequently provided an additional liquidity buffer for any unforeseen events which may occur. The new Term Facility shares the security and guarantees provided for the SSRCF and the Notes in accordance with the provisions of an existing intercreditor agreement which the lender under the Term Facility will accede to and will rank pari passu with the mentioned instruments. The maturity date of this new Term Facility is March 22, 2023. The Term Loan Facility is encumbered with financial covenants. Transcom continuously works with follow-up of the covenants and the Board examines the result of these follow-ups.

In 2020, the unsecured note of €10 million was extended to mature in September 2022.

As of 31 December, 2020, the SSRCF was unutilized, excluding guarantees and overdraft facility usage. Unused credit facilities totaled €43.3 million.

There are share pledges in material companies (€211.3 million) used as security for the financing. Part of the SSRCF is used to cover bank guarantees and cash pool limits.

8. Contingent liabilities and provisions

The group has no material contingent liabilities as at December 31, 2020.

In Q2 2018, a provision of €8.0 million was recorded in the capture Cost of Sales relating to that the Group has an ongoing dispute in Spain with legal professionals hired as consultants where the social security inspection claims that they should be considered as employees. Subsequently, Transcom appealed the case to court. On

July 14, 2020, the court ruled in favor of the social security inspection. Transcom has appealed the verdict. As per December 31, 2020 the total provision amounted to €10.4 million.

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, 2020 Carrying amount	Dec 31, 2020 Fair value	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
Total non-current assets	2,801	-	-	2,801	2,801	3,000	-	-	3,000	3,000
Total current assets	127,944	-	692	128,636	128,636	115,726	-	881	116,608	116,608
Total financial assets	130,744	-	692	131,437	131,437	118,727	-	881	119,608	119,608
Total non-current liabilities	230,343	-	-	230,343	251,417	217,195	13,516	-	230,711	271,666
Total current liabilities	97,526	13,400	-	110,926	125,766	103,204	6,396	-	109,600	110,197
Total financial liabilities	327,869	13,400	-	341,269	377,183	320,399	19,912	-	340,311	381,863

* 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. In June 2020 the second earnout of € 6.781 thousand was paid. The provision has since been revalued to €13,400 thousand as per December 2020 (including both fair value revaluation and foreign exchange effect).

10. Leasing

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

(€ '000)	2020 Jan-Dec	2019 Jan-Dec
Reversed cost (EBITDA effect)	14,133	14,072
Depreciations	-13,277	-12,913
Operating profit/loss	856	1,159
EBITDA effect	14,133	14,072
Net financial items	-1,792	-2,152
Income tax expense	126	248
Profit/loss for the period	-810	-745
Right of use assets	26,553	25,916
Leasing liabilities, non-current	16,775	16,018
Leasing liabilities, current	12,040	11,448

11. Income tax payables

As per December 31, 2020, eleven Group entities were subject to tax audits. Some of these have resulted in reassessments, while others are still at an early stage and no reassessments have yet been raised. As per December 31, 2020 the tax liability related to tax audits amounts to €3,844 thousand. As per December 31, 2019 the provision for tax audits amounted to €3,897 thousand. In 2020, these provisions have been reclassified to Income tax payables.

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

12. Other liabilities

Transcom has deferred some tax payments (VAT and social contribution), mainly in Sweden, enabled by government programs instated during the COVID-19 pandemic. These deferrals amount to €11,747 thousand.

13. Events after the reporting period

No events have taken place after the end of the interim period which require disclosure or amendment of these interim condensed financial statements.

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

Net debt: is defined as interest-bearing liabilities and employee benefit obligations, excluding leasing 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 segment: services delivered to multinational clients predominantly domiciled in US and UK.

European segment: services delivered to clients based in Europe.

Latin American segment: 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 26,000 customer experience specialists at 50 contact centers across 22 countries, delivering services in 33 languages to international brands in various industry verticals.