

## Second Quarter 2021 Results

### Q2 2021

- **Revenue** increased to 143.4 M€ (132.2)
- **EBITDA** excluding non-recurring items\* amounted to 12.5 M€ (14.7)
- **EBITDA margin** excluding non-recurring items amounted to 8.7% (11.1%)
- **Operating cash flow** amounted to -2.4 M€ (13.6)
- **Net debt/EBITDA\*** amounted to 3.7 (3.7)

### Jan-Jun 2021

- **Revenue** increased to 294.3 M€ (260.0)
- **EBITDA** excluding non-recurring items\* increased to 31.2 M€ (28.5)
- **EBITDA margin** excluding non-recurring items amounted to 10.6% (11.0%)
- **Operating cash flow** amounted to 9.3 M€ (20.9)
- **Net debt/EBITDA\*** amounted to 3.7 (3.7)

#### Continued strong growth and new contract wins

Transcom continues to grow strongly, with 11% organic growth in the second quarter compared to the same quarter last year. The growth is primarily driven by continued positive development in the eCommerce & Tech sector, growing 32% and amounting to 42% of total revenue in the quarter. EBITDA is impacted by investments in growth, consequences of the Covid pandemic and weak demand in Spain.

Annual revenue of new contracts closed in the second quarter amounted to €73 million, up from €12 million the same period last year. During the quarter, we welcomed clients to our newly opened nearshore and offshore locations in Colombia, Spain and Bosnia Herzegovina. These locations and contracts will ramp-up from Q3 and contribute positively to EBITDA from Q4 and onwards.

In July, we closed the acquisition of City Connect, primarily targeting the German market with delivery from near-shore Adriatic region. City Connect has an annual revenue of €15 million, strong profitability and is growing fast.

The different phases of the pandemic continue to influence our business. Our offshore locations are still in strict lockdowns and business continuity cost amounted to €1.4 million in the quarter. As North America and Europe open up, the competition for talent increases and temporary Covid-related business is phased out. We are adapting our operations and price/wage structure to the changed environment. In Spain, the demand from telecom and banking clients is weak and actions will be taken during the third quarter.

In Q2 we successfully completed an issuance of €315 million floating rate notes with maturity in Dec 2026, primarily used to refinance outstanding debt and increase cash available for investments in growth.

We expect issues impacting profitability to linger into the third quarter. For the fourth quarter, we expect a strong development, supported by actions taken and recent contract wins.

Transcom is on a trajectory of growth and increased profitability. We continue to execute on our strategy, focusing on clients and operational excellence through strong culture and leadership. Moreover, we are continuing our shift towards digital services, clients in eCommerce & Tech and increased near/offshore delivery.

Jonas Dahlberg, President & CEO

\* EBITDA and Net debt including IFRS 16 Leases, please refer to note 13 for details of restated figures for comparison periods.

# Group financial overview

(€m)	2021 Q2	2020 Q2	Change Y-o-Y	2021 Jan-Jun	2020 Jan-Jun	Change Y-o-Y	2021 Q2 LTM	2020 Q2 LTM	Change
Revenue	143.4	132.2	8.5%	294.3	260.0	13.2%	592.1	532.3	11.2%
EBITDA excl. non-recurring items*	12.5	14.7	-2.2	31.2	28.5	2.7	73.5	63.1	10.4
EBITDA margin excl. non-recurring items*	8.7%	11.1%	-2.4pp	10.6%	11.0%	-0.4pp	12.4%	11.9%	0.6pp
EBITA excl. non-recurring items	5.1	9.0	-4.0	16.3	16.7	-0.5	44.3	38.1	6.2
EBITA margin excl. non-recurring items	3.5%	6.8%	-3.3pp	5.5%	6.4%	-0.9pp	7.5%	7.2%	0.3pp
Operating cash flow	16.4	13.6	2.8	28.1	20.9	7.2	57.5	54.7	2.8
Net debt*	268.6	235.7	32.9	268.6	235.7	32.9	268.6	235.7	32.9
Net debt/EBITDA excl. non-recurring items*	3.7	3.7	-0.1	3.7	3.7	-0.1	3.7	3.7	-0.1

## April-June 2021

### Income and profit

Revenue amounted to €143.4 million (132.2) with a growth of 8.5%. Organic growth was 10.7% and impact from currency was -2.3pp.

EBITDA excluding non-recurring items\* amounted to €12.5 million (14.7) with a margin of 8.7% (11.1%). Non-recurring items totalled €0.6 million (-7.2).

The Covid pandemic continues to impact Transcom. The pandemic accelerates the shift of consumer spending from physical retail to eCommerce, most which is expected to be permanent. At the same time, Transcom has revenue from specific Covid-related projects, such as vaccination hotlines, amounting to €3.8 million in the quarter.

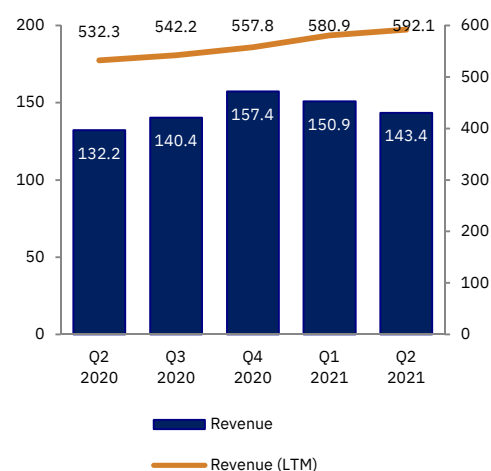
About 58% of Transcom's over 28,000 employees worked from home during the quarter. Covid-related costs for business continuity and protective measures amounted to €1.4 million and were reported as operating costs. In Q2 2020 such costs were reported as Non-recurring items and amounted €3.6 million.

Net financial items amounted to €-10.4 million compared to €-6.0 million last year. Taxes amounted to €-0,1 million (-0.3).

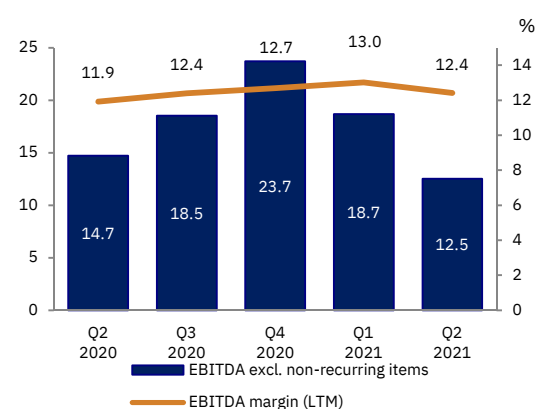
### Cash flow and financial position

Operating cash flow was €7.5 million (13.6). Cash flow from investing activities amounted to €-6.2 million (-10.6). Cash flow from financing activities amounted to €59.8 million (-10.9). The Increase in cash flow from financing activities was an effect from a bond issue of €315 million (see below) and repayment of loans, accrued interests and redemption costs. Cash flow totalled €61.1 million (-7.9). Net debt\* amounted to €268.6 million (235.7).

### Revenue



### EBITDA excl. non-recurring items\*



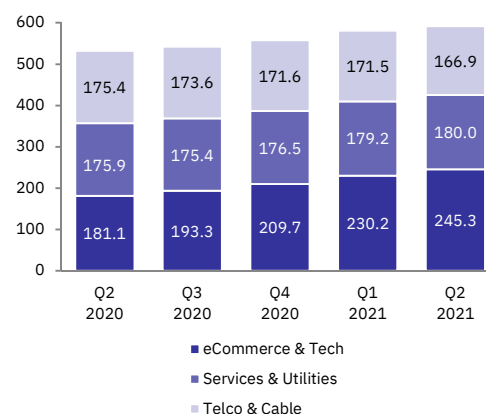
\* EBITDA and Net debt including IFRS 16 Leases, please refer to note 13 for details of restated figures for comparison periods.

Net debt/EBITDA\* amounted to 3.7 (3.7). On June 18th 2021 Transcom issued €315 million senior secured floating rates notes due in December 2026 (the Notes). The proceeds of the Notes have, among other things, been applied towards early redemption in full of the €180 million Senior Secured Fixed Rate Notes, €10 million Senior Unsecured Fixed Rate Notes, the Senior Secured Term Loan Facility agreement of €20 million, all amounts outstanding under the Super Senior Revolving Credit Facility Agreement (SSRCF) of €45 million, and acquisition of TMS within the Transcom restricted group (not complete as of 30.06.2021). On 18 June 2021 Transcom also entered into a new Super Senior Revolving Credit Facility Agreement (New SSRCF) of €45 million with termination date in June 2026. As per Q2 2021, the New SSRCF was unutilized, excluding guarantees and overdraft facility usage. Unused credit facilities totalled €41.0 million.

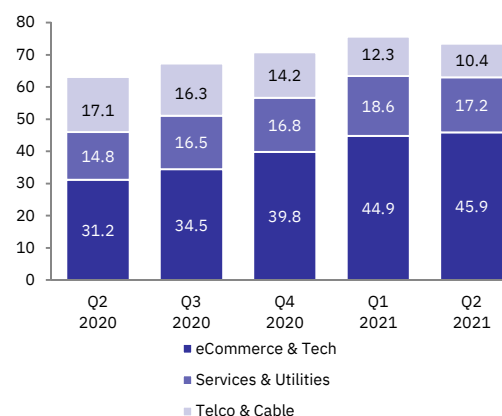
### Sector development

We continue to grow strongly in the eCommerce & Tech sector. The revenue growth in eCommerce & Tech amounted to 32.1% during the second quarter, compared to the same quarter 2020, and represent 42% (34%) of the total revenue in Q2 2021.

### Revenue by sector (LTM)



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



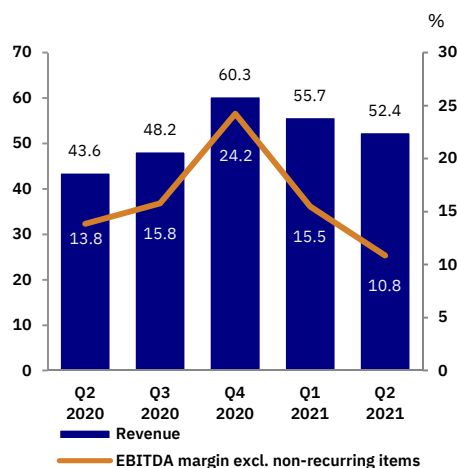
\* EBITDA and Net debt including IFRS 16 Leases, please refer to note 13 for details of restated figures for comparison periods.

## Quarterly development by geographical segment

### English-speaking segment

Revenue amounted to €52.4 million (43.6) with a growth of 20.4%. Revenue growth is driven by the increase of Work-at-home business (WAH) in North America within eCommerce & Tech.

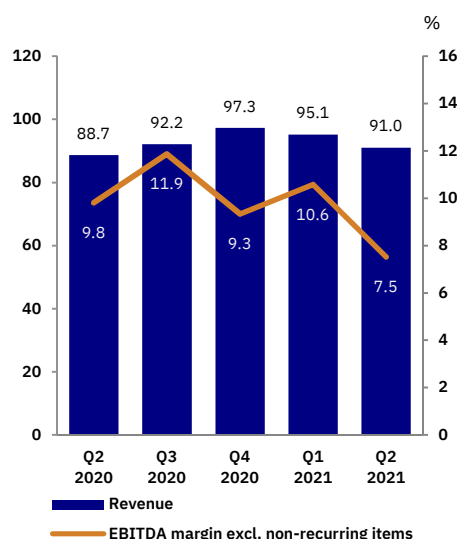
EBITDA excl. non-recurring items\* amounted to 5.7 million (6.0) with a margin of 10.8% (13.8%). The decrease in EBITDA margin is mainly driven by a mix shift from higher-margin offshore delivery in the Philippines to Work-at-home in North America, ramp-up cost for the expansion in North America, increased operational cost related to the pandemic, including €1.4 million of direct Covid-related costs, and negative currency development, specifically US Dollar to Philippine Peso.



### European segment

Revenue amounted to €91.0 million (88.7) with a growth of 2.6%. Growth continues with new and existing clients, mainly within eCommerce & Tech and Service & Utilities.

EBITDA excl. non-recurring items\* amounted to €6.8 million (8.7) with a margin of 7.5% (9.8%). The negative EBITDA development is mainly driven by ramp up costs for new clients, startup costs for new sites and lower margins as a result of volume decline in Telco & Cable sector in our Spanish business.



## January-June 2021

### Income and profit

Revenue amounted to €294.3 million (260.0) with a growth of 13.2%. Organic growth was 15.6% and impact from currency was -2.4pp.

EBITDA excluding non-recurring items\* amounted to €31.2 million (28.5) with a margin of 10.6% (11.0%). Non-recurring items totalled €0.4 million (-8.8).

Net financial items amounted to €-15.5 million compared to €-10.3 million last year. Taxes amounted to €-1.6 million (-0.5).

### Cash flow

Operating cash flow was €19.2 million (20.9). Cash flow from investing activities amounted to €-23.9 million (-13.7). Cash flow from financing activities amounted to €68.8 million (-12.1). The increase in cash flow from financing activities is an effect from a bond issue of €315 million and repayment of loans, accrued interests and redemption costs. Cash flow totalled €64.2 million (-4.9).

### Events after the end of the period

On 29 July, we 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.

\* EBITDA and Net debt including IFRS 16 Leases, please refer to note 13 for details of restated figures for comparison periods.

On 01.07.2021 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 includes an agreement to continue to provide services to Telefónica from the two sites for the next three years. During Q3 we are aiming to complete also the acquisition of TMS Connected adding annual revenue of €20 million.

### Outlook

In Q2, EBITDA is impacted by investments in growth, consequences of the Covid pandemic and weak demand in Spain. The different phases of the pandemic continue to influence our business. Our offshore locations are still in strict lockdowns. As North America and Europe open up, the competition for talent increased and temporary Covid-related business is phased out. We are adapting our operations and price/wage structure to the changed environment. In Spain, the demand from telecom and banking clients is weak and actions will be taken during the third quarter. We expect issues impacting profitability to linger into the third quarter. For the fourth quarter, we expect a strong development, supported by actions taken and recent contract wins.

The shift from physical retail to eCommerce continues and supports increased demand for Transcom's services. The macroeconomic situation, potential shifts in consumer and employee behavior and consequences of the pandemic are key risks to the development.

In Q2 2021 we had positive Non-recurring items of €0.5 million. For full year 2021 we are projecting NRIs to a mid single-digit million amount.

## Other information

### Earnings call

Transcom will host a webcast at 9:00 CET on August 27, 2021. The webcast 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 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-q2-2021-investor-presentation?type=detailed>

### Financial calendar

Transcom's Q3 2021 report will be published on Nov 17, 2021.  
Transcom's Q4 2021 report will be published on Feb 24, 2022.

### Other information

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

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## Transcom Group - Condensed consolidated income statement

(€ '000)	Notes	2021 Q2	2020 Q2	2021 Jan-Jun	2020 Jan-Jun	2021 LTM	2020 Jan-Dec
Revenue	4	143,425	132,236	294,316	259,985	592,131	557,800
Cost of sales	5	-115,552	-102,993	-232,303	-202,426	-460,976	-431,099
<b>Gross profit</b>		<b>27,873</b>	<b>29,243</b>	<b>62,013</b>	<b>57,559</b>	<b>131,154</b>	<b>126,701</b>
Sales and marketing expenses		-1,981	-1,335	-3,744	-2,536	-6,851	-5,643
Administrative expenses		-23,138	-28,345	-47,212	-51,987	-103,846	-108,622
Other operating income/expenses		188	-486	255	-593	-92	-940
<b>Operating profit/loss</b>	4,5	<b>2,941</b>	<b>-922</b>	<b>11,312</b>	<b>2,443</b>	<b>20,365</b>	<b>11,496</b>
Net financial items		-10,431	-6,010	-15,472	-10,297	-24,620	-19,445
<b>Profit/loss before tax</b>		<b>-7,490</b>	<b>-6,932</b>	<b>-4,161</b>	<b>-7,855</b>	<b>-4,255</b>	<b>-7,949</b>
Income tax expense/income		-93	-281	-1,588	-546	-2,523	-1,481
<b>Profit/loss for the period attributable to equity holders of the parent</b>		<b>-7,583</b>	<b>-7,213</b>	<b>-5,749</b>	<b>-8,401</b>	<b>-6,777</b>	<b>-9,429</b>

## Transcom Group - Condensed consolidated statement of comprehensive income

(€ '000)	2021 Q2	2020 Q2	2021 Jan-Jun	2020 Jan-Jun	2021 LTM	2020 Jan-Dec
Profit/loss for the period attributable to equity holders of the parent	-7,583	-7,213	-5,749	-8,401	-6,777	-9,429
<b>Other comprehensive income:</b>						
Exchange differences on translation of foreign operations	197	1,020	1,553	-164	-1,520	-3,237
Net gain/loss on cash flow hedges	58	314	-373	-69	-485	-181
<b>Other comprehensive income to be reclassified to profit or loss in subsequent periods</b>	<b>255</b>	<b>1,334</b>	<b>1,180</b>	<b>-233</b>	<b>-2,005</b>	<b>-3,418</b>
Actuarial profit/loss on post-employment benefit obligations	-	-	-	-	-691	-691
<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>-691</b>	<b>-691</b>
<b>Other comprehensive income for the period, net of tax</b>	<b>255</b>	<b>1,334</b>	<b>1,180</b>	<b>-233</b>	<b>-2,697</b>	<b>-4,110</b>
<b>Total comprehensive income for the period, net of tax, attributable to equity holders of the parent</b>	<b>-7,328</b>	<b>-5,879</b>	<b>-4,568</b>	<b>-8,634</b>	<b>-9,473</b>	<b>-13,539</b>

## Transcom Group - Condensed consolidated statement of financial position

(€ '000)	Notes	2021 Jun 30	2020 Jun 30	2020 Dec 31
<b>ASSETS</b>				
<b>Non-current assets</b>				
Goodwill		204,298	205,167	203,502
Other intangible assets		84,333	97,615	89,977
Tangible assets		28,427	23,043	24,369
Right of use assets	10	31,071	24,492	26,553
Deferred tax assets		1,757	2,001	1,528
Other receivables		3,249	3,052	2,800
		<b>353,134</b>	<b>355,370</b>	<b>348,730</b>
<b>Current assets</b>				
Trade receivables		64,305	60,120	73,088
Income tax receivables		3,196	4,658	3,474
Other receivables		13,020	12,908	11,960
Prepaid expenses and accrued income		49,960	43,470	37,887
Cash and cash equivalents		76,936	9,544	13,663
		<b>207,418</b>	<b>130,700</b>	<b>140,071</b>
<b>TOTAL ASSETS</b>		<b>560,552</b>	<b>486,070</b>	<b>488,801</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity attributable to equity holders of the parent</b>				
		<b>87,014</b>	<b>96,484</b>	<b>91,581</b>
<b>Non-current liabilities</b>				
Interest-bearing liabilities	7	307,190	214,800	213,411
Employee benefit obligations		3,198	2,030	3,113
Leasing liabilities	10	19,652	16,090	16,775
Provisions	6,11	156	142	157
Deferred tax liabilities		15,589	20,141	16,637
		<b>345,785</b>	<b>253,204</b>	<b>250,093</b>
<b>Current liabilities</b>				
Interest-bearing liabilities	7	1,756	2,158	1,632
Leasing liabilities	10	13,726	10,133	12,040
Provisions	6,8	11,101	24,629	24,659
Trade payables		12,513	15,274	20,120
Income tax payables	11	6,047	10,843	8,884
Other liabilities	12	40,490	25,931	33,177
Accrued expenses and prepaid income		42,121	47,414	46,615
		<b>127,753</b>	<b>136,382</b>	<b>147,127</b>
<b>Total liabilities</b>		<b>473,538</b>	<b>389,586</b>	<b>397,219</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>560,552</b>	<b>486,070</b>	<b>488,801</b>

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

(€ '000)	Equity attributable to equity holders of the parent				
	Total number of shares ('000)	Share capital	Share premium reserve	Other reserves and Retained earnings	Total equity
<b>Balance, Jan 1, 2020</b>	<b>11,938</b>	<b>55</b>	<b>20,501</b>	<b>84,565</b>	<b>105,120</b>
Profit/loss for the period	-	-	-	-8,401	-8,401
Other comprehensive income, net of tax	-	-	-	-233	-233
<b>Balance, Jun 30, 2020</b>	<b>11,938</b>	<b>55</b>	<b>20,501</b>	<b>75,932</b>	<b>96,484</b>
Profit/loss for the period	-	-	-	-1,028	-1,028
Other comprehensive income, net of tax	-	-	-	-3,877	-3,877
<b>Balance, Dec 31, 2020</b>	<b>11,938</b>	<b>55</b>	<b>20,501</b>	<b>71,028</b>	<b>91,581</b>
Profit/loss for the period	-	-	-	-5,749	-
Other comprehensive income, net of tax	-	-	-	1,180	-
<b>Balance, Jun 30, 2021</b>	<b>11,938</b>	<b>55</b>	<b>20,501</b>	<b>66,460</b>	<b>87,014</b>

## Transcom Group - Condensed consolidated statement of cash flows

(€ '000)	Notes	2021 Q2	2020 Q2	2021 Jan-Jun	2020 Jan-Jun	2020 Jan-Dec
<b>Cash flows from operating activities</b>						
Profit/loss before tax		-7,490	-6,932	-4,161	-7,855	-7,949
Adjustments to reconcile profit before tax to net cash:						
Adjustments for non cash items		9,962	8,817	19,737	16,887	38,599
Net financial items		10,431	6,081	15,472	10,373	19,445
Income taxes paid		-4,405	-516	-4,980	-642	-4,881
<b>Cash flows from operating activities before changes in working capital</b>		<b>8,498</b>	<b>7,449</b>	<b>26,068</b>	<b>18,764</b>	<b>45,214</b>
Changes in working capital		-980	6,157	-6,855	2,160	5,040
<b>Cash flow from operating activities</b>		<b>7,518</b>	<b>13,606</b>	<b>19,214</b>	<b>20,924</b>	<b>50,255</b>
Investments and disposals of tangible assets		-5,898	-3,573	-9,197	-6,526	-13,145
Investments and disposals of intangible assets		-96	-234	-603	-424	-1,293
Consideration paid from previous years' acquisitions	6	-	-6,781	-13,675	-6,781	-6,781
Changes in other non-current assets		-220	-78	-386	-51	49
Interest received		0	49	0	49	49
<b>Cash flow from investing activities</b>		<b>-6,214</b>	<b>-10,617</b>	<b>-23,860</b>	<b>-13,733</b>	<b>-21,121</b>
Proceeds from borrowings	7	320,000	20,241	334,757	48,165	27,881
Repayment of borrowings	7	-231,732	-20,835	-232,146	-46,112	-27,990
Payment of lease liabilities	10	-3,799	-2,725	-7,809	-5,886	-12,341
Interest and other financial costs paid		-24,708	-7,563	-25,996	-8,291	-16,325
<b>Cash flow from financing activities</b>		<b>59,762</b>	<b>-10,881</b>	<b>68,806</b>	<b>-12,123</b>	<b>-28,775</b>
<b>Cash flow for the period</b>		<b>61,066</b>	<b>-7,892</b>	<b>64,159</b>	<b>-4,933</b>	<b>359</b>
Cash and cash equivalents at beginning of the period		15,194	17,826	13,663	14,295	14,296
Cash flow for the period		61,066	-7,892	64,159	-4,933	359
Exchange rate differences in cash and cash equivalents		676	-390	-887	182	-991
<b>Cash and cash equivalents at end of the period</b>		<b>76,936</b>	<b>9,544</b>	<b>76,936</b>	<b>9,544</b>	<b>13,663</b>



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

(€ '000)	2021 Q2	2020 Q2	2021 Jan-Jun	2020 Jan-Jun	2020 Jan-Dec
Revenue	1,307	1,260	2,154	1,745	3,303
Cost of sales	-	-	-	-	-
<b>Gross profit</b>	<b>1,307</b>	<b>1,260</b>	<b>2,154</b>	<b>1,745</b>	<b>3,303</b>
Administrative expenses	-1,345	-1,253	-2,228	-1,762	-3,410
Other operating income/expenses	-6	-17	1	-5	-25
<b>Operating profit/loss</b>	<b>-44</b>	<b>-10</b>	<b>-73</b>	<b>-23</b>	<b>-131</b>
Net financial items	-7,898	-2,419	-10,103	-4,711	-9,193
<b>Profit/loss before tax</b>	<b>-7,941</b>	<b>-2,429</b>	<b>-10,176</b>	<b>-4,734</b>	<b>-9,324</b>
Income tax expense/income	-	-	-	-	-
<b>Profit/loss for the period*</b>	<b>-7,941</b>	<b>-2,429</b>	<b>-10,176</b>	<b>-4,734</b>	<b>-9,324</b>

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

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

(€ '000)	Notes	2021 Jun 30	2020 Jun 30	2020 Dec 31
<b>ASSETS</b>				
<b>Non-current assets</b>				
Investments in Group companies		278,919	278,919	278,919
Receivables from Group companies		117,588	94,386	91,809
		<b>396,506</b>	<b>373,305</b>	<b>370,728</b>
<b>Current assets</b>				
Receivables from Group companies		2,143	4,109	2,431
Other receivables		20	0	60
Cash and cash equivalents		62,173	179	82
		<b>64,337</b>	<b>4,288</b>	<b>2,573</b>
<b>TOTAL ASSETS</b>		<b>460,843</b>	<b>377,592</b>	<b>373,300</b>
<b>EQUITY AND LIABILITIES</b>				
Restricted equity		55	55	55
Unrestricted equity		149,005	163,771	159,181
		<b>149,060</b>	<b>163,826</b>	<b>159,236</b>
<b>Non-current liabilities</b>				
Interest-bearing liabilities	7	305,119	209,006	209,190
Liabilities to Group companies		-	1,143	1,196
		<b>305,119</b>	<b>210,150</b>	<b>210,386</b>
<b>Current liabilities</b>				
Other liabilities		6,664	3,616	3,678
		<b>6,664</b>	<b>3,616</b>	<b>3,678</b>
<b>Total liabilities</b>		<b>311,783</b>	<b>213,766</b>	<b>214,064</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>460,843</b>	<b>377,592</b>	<b>373,300</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, 2020.

## 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, 2020. 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, 2020.

## 4. Segment information

(€ '000) Jan-Jun 2021	English speaking	Europe	Group
Revenue from external customers	108,193	186,123	294,316
EBITDA excl. non-recurring items*	14,314	16,909	31,223
Depreciation and amortization			-20,323
Non-recurring items			412
<b>EBIT</b>			<b>11,312</b>
Net financial items			-15,472
<b>Profit/loss before tax</b>			<b>-4,161</b>

(€ '000) Jan-Jun 2020	English speaking	Europe	Group
Revenue from external customers	86,722	173,263	259,985
EBITDA excl. non-recurring items*	14,015	14,515	28,530
Depreciation and amortization			-17,265
Non-recurring items			-8,822
<b>EBIT</b>			<b>2,443</b>
Net financial items			-10,297
<b>Profit/loss before tax</b>			<b>-7,855</b>

\*EBITDA including IFRS 16 Leases, please refer to note 13 for details of restated figures for comparison periods.

## 5. Items affecting comparability

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

(€ '000)	2021 Q2	2020 Q2	2021 Jan-Jun	2020 Jan-Jun	2020 Jan-Dec
Operational non-recurring items	820	-6,779	759	-7,882	-20,812
Transaction-related non-recurring items	-264	-448	-348	-940	-1,595
<b>Total</b>	<b>556</b>	<b>-7,227</b>	<b>412</b>	<b>-8,822</b>	<b>-22,406</b>

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

(€ '000)	2021 Q2	2020 Q2	2021 Jan-Jun	2020 Jan-Jun	2020 Jan-Dec
Cost of sales	-	-1,430	-	-1,556	-3,567
Administrative expenses	556	-5,349	496	-6,379	-17,464
Other operating income/expenses	-0	-448	-84	-887	-1,376
<b>Total</b>	<b>556</b>	<b>-7,227</b>	<b>412</b>	<b>-8,822</b>	<b>-22,406</b>

## 6. Acquisitions

No material acquisitions have been done during the period. During the first quarter, the final payment was done (€13.7 million) relating to the acquisition of Awesome OS in 2018.

On 29 July, we 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.

On 01.07.2021 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 includes an agreement to continue to provide services to Telefónica from the two sites for the next three years. During Q3 we are aiming to complete also the acquisition of TMS Connected adding annual revenue of €20 million.

## 7. Interest-bearing liabilities

On 18 June 2021 Transcom issued €315 million senior secured floating rates notes due in December 2026 (the Notes). The proceeds of the Notes have, among other things, been applied towards early redemption in full of the €180 million Senior Secured Fixed Rate Notes, €10 million Senior Unsecured Fixed Rate Notes, the Senior Secured Term Loan Facility agreement of €20 million and all amounts outstanding under the Super Senior Revolving Credit Facility Agreement (SSRCF) of €45 million. On 18 June 2021 Transcom also entered into a new Super Senior Revolving Credit Facility Agreement (New SSRCF) of €45 million with termination date in June 2026. The €180 million Senior Secured Fixed Rate Notes has in connection with the redemption been delisted from Nasdaq Stockholm. The Notes and the New SSRCF shares security and guarantees in accordance with the provisions of an intercreditor agreement.

As per Q2 2021, the New SSRCF was unutilized, excluding guarantees and overdraft facility usage. Unused credit facilities totalled €41.0 million.

There are share pledges in material companies (€216.9 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 June 30, 2021.

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 June 30, 2021 the total provision amounted to €10.4 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	Jun 30 2021 Carrying amount	Jun 30 2021 Fair value	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
(€ '000)										
Total non-current assets	3,250	-	-	3,250	3,250	2,801	-	-	2,801	2,801
Total current assets	194,889	-	50	194,940	194,940	127,944	-	692	128,636	128,636
<b>Total financial assets</b>	<b>198,139</b>	<b>-</b>	<b>50</b>	<b>198,189</b>	<b>198,189</b>	<b>130,744</b>	<b>-</b>	<b>692</b>	<b>131,437</b>	<b>131,437</b>
Total non-current liabilities	326,999	-	-	326,999	401,374	230,343	-	-	230,343	251,417
Total current liabilities	92,987	-	-	92,987	109,574	97,526	13,400	-	110,926	125,766
<b>Total financial liabilities</b>	<b>419,986</b>	<b>-</b>	<b>-</b>	<b>419,986</b>	<b>510,948</b>	<b>327,869</b>	<b>13,400</b>	<b>-</b>	<b>341,269</b>	<b>377,183</b>

## 10. Leasing

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

	2021 Jan-Jun	2020 Jan-Jun
(€ '000)		
Reversed cost (EBITDA effect)	9,091	6,883
Depreciations	-8,019	-6,105
<b>Operating profit/loss</b>	<b>1,072</b>	<b>779</b>
Net financial items	-1,282	-998
Income tax expense	35	34
<b>Profit/loss for the period</b>	<b>-175</b>	<b>-185</b>
Right of use assets	31,071	24,492
Leasing liabilities, non-current	19,652	16,090
Leasing liabilities, current	13,726	10,133

## 11. Income tax payables

As per June 30, 2021, twelve 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. In Q2 the Group reversed a provision related to an uncertain tax position resulting in a €718 thousand tax income. As per June 31, 2021 the tax liability related to uncertain tax positions amounted to €909 thousand.

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 €12,067 thousand.

### 13. EBITDA and Net debt change of definition

As of 1 January 2021 Transcom has changed the definition of EBITDA and net debt to fully include IFRS 16 Leases standard. The comparison figures from previous years have been restated, see details below.

(€ Million)	2019 Q1	2019 Q2	2019 Q3	2019 Q4	2019 FY	2020 Q1	2020 Q2	2020 Q3	2020 Q4	2020 FY
<b>Operating profit/loss (EBIT)</b>	<b>3.1</b>	<b>2.0</b>	<b>5.2</b>	<b>9.5</b>	<b>19.7</b>	<b>3.4</b>	<b>-0.9</b>	<b>1.1</b>	<b>7.9</b>	<b>11.5</b>
Amortization, transaction-related	2.7	2.7	2.7	2.7	10.9	2.7	2.7	2.7	2.7	10.9
Non-recurring items	4.0	3.1	0.8	0.5	8.4	1.6	7.2	8.3	5.3	22.4
<b>EBITA excl. non-recurring items</b>	<b>9.9</b>	<b>7.8</b>	<b>8.7</b>	<b>12.7</b>	<b>39.0</b>	<b>7.7</b>	<b>9.0</b>	<b>12.1</b>	<b>15.9</b>	<b>44.8</b>
Depreciation IFRS 16	4.0	2.2	3.3	3.4	12.6	3.2	2.9	3.4	3.8	13.3
Depreciation/Amortization	2.2	2.2	2.4	4.1	10.9	2.9	2.8	3.0	4.0	12.7
<b>EBITDA excl. non-recurring items*</b>	<b>16.0</b>	<b>12.2</b>	<b>14.4</b>	<b>20.2</b>	<b>62.8</b>	<b>13.8</b>	<b>14.7</b>	<b>18.5</b>	<b>23.7</b>	<b>70.8</b>
<i>EBITDA margin excl. non-recurring items*</i>	<i>11.8%</i>	<i>9.1%</i>	<i>11.0%</i>	<i>14.3%</i>	<i>11.6%</i>	<i>10.8%</i>	<i>11.1%</i>	<i>13.2%</i>	<i>15.1%</i>	<i>12.7%</i>
EBITDA excl. non-recurring items (previously reported)	11.9	9.7	10.6	16.6	48.8	10.1	11.5	15.3	19.7	56.6
<i>EBITDA margin excl. non-recurring items (previously reported)</i>	<i>8.8%</i>	<i>7.2%</i>	<i>8.1%</i>	<i>11.7%</i>	<i>9.0%</i>	<i>7.9%</i>	<i>8.7%</i>	<i>10.9%</i>	<i>12.5%</i>	<i>10.2%</i>
Net debt (previously reported)	198.1	202.9	206.0	203.7	203.7	202.1	209.4	197.3	204.5	204.5
Leasing liabilities IFRS 16	31.7	29.6	30.5	27.5	27.5	28.9	26.2	30.0	28.8	28.8
<b>Net debt*</b>	<b>229.8</b>	<b>232.5</b>	<b>236.5</b>	<b>231.2</b>	<b>231.2</b>	<b>231.0</b>	<b>235.7</b>	<b>227.3</b>	<b>233.3</b>	<b>233.3</b>
<b>Leverage Net debt/EBITDA (LTM)*</b>	<b>5.0</b>	<b>4.5</b>	<b>4.1</b>	<b>3.7</b>	<b>3.7</b>	<b>3.8</b>	<b>3.7</b>	<b>3.4</b>	<b>3.3</b>	<b>3.3</b>

\* Recalculated to include IFRS 16 Leases

### 14. Events after the reporting period

On 29 July, we 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. On 01.07.2021 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 includes an agreement to continue to provide services to Telefónica from the two sites for the next three years. During Q3 we are aiming to complete also the acquisition of TMS Connected adding annual revenue of €20 million.

## 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 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 28,000 customer experience specialists at 60 contact centers across 25 countries, delivering services in 33 languages to international brands in various industry verticals.