

Q2 2023

- Revenue increased to 174.8M€ (172.7)
- EBITDA excluding non-recurring items increased to 20.0M€ (19.4)
- EBITDA margin excluding non-recurring items increased to 11.4% (11.2%)
- Operating cash flow increased to 5.8M€ (0.1)
- Net debt/EBITDA decreased to 3.5 (3.9)

Jan-Jun 2023

- Revenue increased to 367.6M€ (348.3)
- EBITDA excluding non-recurring items increased to 45.5M€ (39.9)
- EBITDA margin excluding non-recurring items increased to 12.4% (11.4%)
- Operating cash flow increased to 23.7M€ (15.4)
- Net debt/EBITDA decreased to 3.5 (3.9)

Increased demand for near & offshore delivery enhanced by AI & digital solutions

Revenue for the second quarter increased to 174.8M€, representing 5.9% organic growth excluding the exit of a low margin contract in Spain during the beginning of the quarter. EBITDA increased to 20.0M€ (19.4) and the EBITDA margin, excluding non-recurring items, increased to 11.4% (11.2%).

During the quarter, we won several contracts from new and existing clients, continuing the positive mix shift towards AI & digitally enabled, near/offshore delivery. We implemented about a dozen AI solutions, mainly for clients within logistics, travel, fintech and retail.

We were again recognized as a *Technology and Service Excellence Leader* by analyst group *Quadrant Knowledge Solutions*, highlighting our attractive AI offering, driving customer experience and productivity for our clients, and supporting clients' transformations.

While we are continuing to win new business, volumes in existing contracts are negatively impacted by the current macroeconomic environment, in particular due to weakness in discretionary consumer categories in eCom & Tech. As clients are seeking solutions to reduce cost, we are offering an industry leading portfolio of AI & digital solutions and a global footprint with cost effective near/offshore delivery.

After the end of the reporting period, Transcom announced the acquisition of timeframe AG, with about 20M€ revenue and upper "teens" EBITDA margin. Timeframe strengthens Transcom's offering for the German market, including adding Greece as an attractive nearshore delivery location.

During 2023, we have scored new records on client satisfaction and employee engagement, providing a solid platform in the current market environment. We remain committed to our strategy of client focus and operational excellence, through strong culture and leadership. We continue to shift our portfolio towards fast growing segments, AI & digital services, delivered from near/offshore locations.

We expect revenue growth and profitability improvements to remain uncertain during the next few quarters, given the current macro environment. We are planning actions to further reduce cost and improve our competitiveness. Longer term, we stand committed to our targets of double-digit organic growth and 16% EBITDA margin.

Group financial overview

(€m)	2023 Q2	2022 Q2	Change Y-o-Y	2023 Jan-Jun	2022 Jan-Jun	Change Y-o-Y	2023 Q2 LTM	2022 Q2 LTM	Change Y-o-Y
Revenue	174.8	172.7	1.2%	367.6	348.3	5.5%	736.5	677.1	8.8%
EBITDA excl. non-recurring items	20.0	19.4	0.6	45.5	39.9	5.6	98.9	83.4	15.5
EBITDA margin excl. non-recurring items	11.4%	11.2%	0.2pp	12.4%	11.4%	1pp	13.4%	12.3%	1.1pp
EBITA excl. non-recurring items	11.6	11.3	0.3	28.6	23.6	5.1	65.0	51.5	13.5
EBITA margin excl. non-recurring items	6.6%	6.5%	0.1pp	7.8%	6.8%	1pp	8.8%	7.6%	1.2pp
Operating cash flow	10.0	0.1	9.9	27.9	15.3	12.6	64.9	23.1	41.8
Net debt	343.6	327.8	15.8	343.6	327.8	15.8	343.6	327.8	15.8
Net debt/EBITDA excl. non-recurring items	3.5	3.9	-0.5	3.5	3.9	-0.5	3.5	3.9	-0.5

April-June 2023

Income and profit

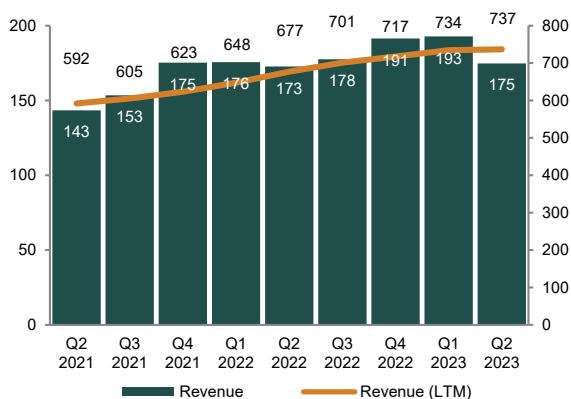
Revenue amounted to €174.8 million (172.7) with a growth of 1.2%. The organic growth was 1.9%, acquired growth was 1.6% along with a negative impact from currency translation of -2.4%. Comparable organic growth, excluding the exited low margin contract in Spain in the beginning of Q2, was 5.9%.

EBITDA excluding non-recurring items amounted to €20.0 million (19.4) with a margin of 11.4% (11.2%). The higher EBITDA margin is driven mainly from positive margin development in eCommerce & Tech segment.

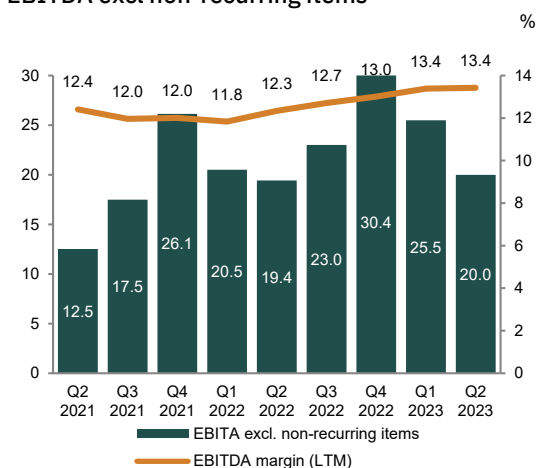
Non-recurring items totaled €-1.8 million (-7.2) including €-2.1 million related to operational non-recurring items, i.e. restructuring costs, mainly related to site reductions. Transactional non-recurring items amounted to positive €0.2 million for the quarter.

Net financial items amounted to €-9.2 million compared to €-4.8 million last year. The increase is driven by higher interest rates and higher level of level of utilized ssRCF. Taxes amounted to €-1.1 million (-3.0).

Revenue



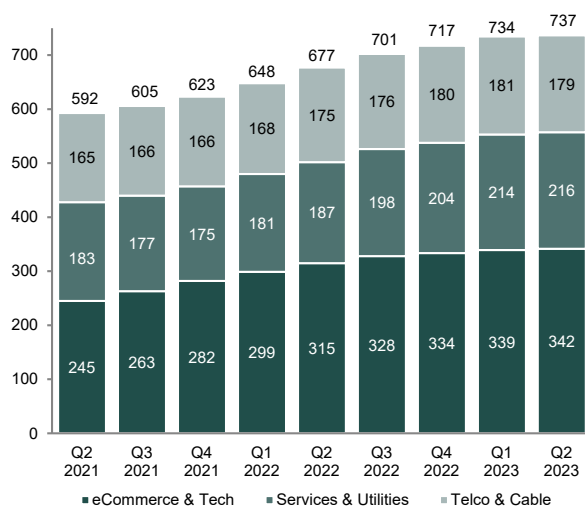
EBITDA excl non-recurring items



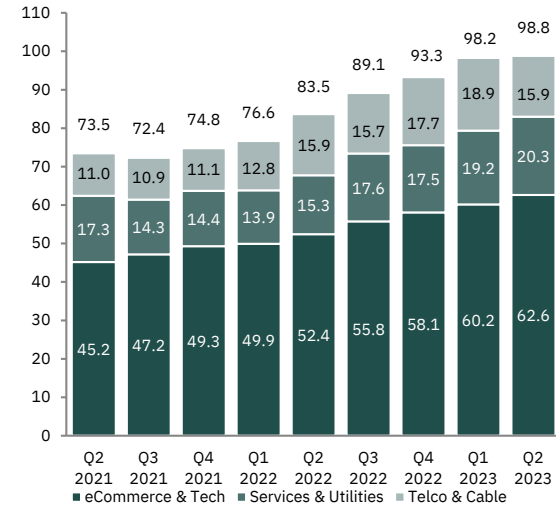
Sector development

The growth in eCommerce & Tech and Services & Utilities was 3% during the quarter. ECommerce & Tech remains the largest sector with 46% (44%) of the total revenue in Q2 2023. Total LTM Q2 EBITDA margin was 13.4% (12.3%).

Revenue by sector (LTM)



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



Development by geographical segment

English-speaking segment

Revenue amounted to €51.8 million (53.3), a decrease of -3.0%, driven by lower volumes from eCommerce & Tech contracts.

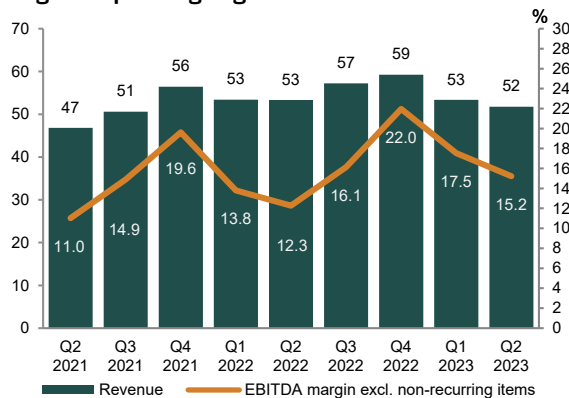
EBITDA excl. non-recurring items amounted to €7.9 million (6.6) with a margin of 15.2% (12.6%). The improved EBITDA margin is mainly driven by eCommerce & Tech and improved operational performance within existing contracts.

European segment

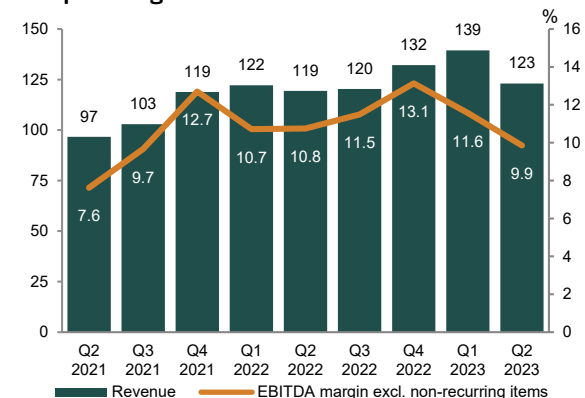
Revenue amounted to €123.0 million (119.4) with a growth of 3.0%, despite the impact from the exited low margin contract in Spain during beginning of Q2 2023. The growth is mainly driven by the Services & Utilities sector and was positively impacted by acquisitions made in Q4 2022.

EBITDA excl. non-recurring items amounted to €12.1 million (12.9) with a margin of 9.9% (10.8%). The decreased EBITDA margin is mainly driven by the onshore Telco & Cable sector.

English-Speaking segment



European segment



Cash flow and financial position

Operating cash flow was €5.8 million (0.1). The improvement was mainly driven by higher cash flow from operations, and improved working capital development compared to the same quarter last year.

Cash flow from investing activities amounted to €-4.3 million (-3.7), including earnout payment relating to acquired business of €1.7 million. Cash flow from financing activities amounted to €-1.8 million (0.9). Cash flow totaled €-0.3 million (-2.7).

Net debt amounted to €343.6 million (327.8) including IFRS16 liabilities.

Net debt/EBITDA amounted to 3.5 (3.9). 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 €75 million with termination date in June 2026. As per Q2 2023, €30.0 million of the SSRCF was utilized in loans, excluding guarantees and overdraft facility usage. Unused credit facilities totalled €37.0 million. On May 5, the Super Senior Revolving Credit Facility limit (SSRCF) was increased from €45 million to €75 million through an Additional Facility Notice.

January-June 2023

Income and profit

Revenue amounted to €367.6 million (348.3), a growth of 5.5%. Organic growth was 5.1%, inorganic growth was 1.6% and impact from currency was -1.2%. Comparable growth, also excluding the exited Spain in the beginning of Q2, was 7.3%.

EBITDA excluding non-recurring items amounted to €45.5 million (39.9) with a margin of 12.4% (11.4%). Non-recurring items totaled €-2.9 million (-6.9).

Net financial items amounted to €-17.8 million compared to €-10.1 million last year. Taxes amounted to €-2.9 million (-5.2).

Cash flow

Operating cash flow was €23.7 million (15.4). Cash flow from investing activities amounted to €-15.4 million (-14.1). Cash flow from financing activities amounted to €-3.9 million (-8.9). Cash flow totaled €4.4 million (-7.6).

Events after the end of the reporting period

On July 18, Transcom announced the acquisition of timeframe AG, a premium service provider of customer care, sales, marketing, and video identification services. Timeframe's over 700 highly qualified employees are serving primarily logistic, energy and ecommerce companies from seven locations in Germany (2), Portugal (2), and Greece (3).

Other information

Earnings call

Transcom will host a webcast at 9:00 CET on Aug 24, 2023. 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-q2-2023-results-presentation>

Financial calendar

Transcom's Q3 2023 report will be published on Nov 16, 2023

Transcom's Q4 2023 report will be published on Feb 22, 2024

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	2023 Q2	2022 Q2	2023 Jan-Jun	2022 Jan-Jun	2023 LTM	2022 Jan-Dec
Revenue	4	174,777	172,729	367,577	348,311	736,534	717,269
Cost of sales	5	-135,827	-134,465	-282,008	-271,658	-557,837	-547,486
Gross profit		38,950	38,264	85,568	76,653	178,698	169,783
Sales and marketing expenses		-2,191	-2,242	-4,497	-4,777	-9,503	-9,782
Administrative expenses	5	-31,128	-35,637	-63,677	-62,541	-128,632	-127,496
Other operating income/expenses	5	442	1,090	870	1,297	2,476	2,903
Operating profit/loss	4,5	6,073	1,475	18,263	10,633	43,039	35,408
Net financial items		-9,202	-4,772	-17,886	-10,071	-32,580	-24,765
Profit/loss before tax		-3,129	-3,297	377	562	10,459	10,643
Income tax expense/income		-1,114	-2,982	-2,897	-5,174	-8,858	-11,135
Profit/loss for the period attributable to equity holders of the parent		-4,243	-6,279	-2,519	-4,613	1,601	-492

Transcom Group - Condensed consolidated statement of comprehensive income

(€ '000)	2023 Q2	2022 Q2	2023 Jan-Jun	2022 Jan-Jun	2023 LTM	2022 Jan-Dec
Profit/loss for the period attributable to equity holders of the parent	-4,243	-6,279	-2,519	-4,613	1,601	-492
Other comprehensive income:						
Exchange differences on translation of foreign operations	-199	334	-3,486	-273	-1,429	1,784
Net gain/loss on cash flow hedges	-923	-900	440	-1,507	2,902	955
Other comprehensive income to be reclassified to profit or loss in subsequent periods	-1,122	-566	-3,046	-1,780	1,473	2,739
Actuarial profit/loss on post-employment benefit obligations	47	-	47	-	1,175	1,129
Other comprehensive income not to be reclassified to profit or loss in subsequent periods	47	-	47	-	1,175	1,129
Other comprehensive income for the period, net of tax	-1,076	-566	-3,000	-1,780	2,648	3,868
Total comprehensive income for the period, net of tax, attributable to equity holders of the parent	-5,319	-6,845	-5,519	-6,393	4,248	3,375

Transcom Group - Condensed consolidated statement of financial position

(€ '000)	Notes	2023 Jun 30	2022 Jun 30	2022 Dec 31
ASSETS				
Non-current assets				
Goodwill	6	230,321	226,643	236,335
Other intangible assets		88,408	100,339	94,605
Tangible assets		35,382	32,503	36,975
Right-of-use assets	10	30,966	31,137	30,152
Deferred tax assets		2,559	7,395	1,565
Other receivables		7,741	6,370	6,539
Total non-current assets		395,377	404,388	406,171
Current assets				
Trade receivables		85,687	85,257	92,009
Income tax receivables		4,220	3,158	3,387
Other receivables		22,976	21,242	22,771
Prepaid expenses and accrued income		56,455	56,809	54,503
Cash and cash equivalents		34,487	30,452	31,404
Total current assets		203,825	196,918	204,073
TOTAL ASSETS		599,202	601,305	610,244
EQUITY AND LIABILITIES				
Equity attributable to equity holders of the parent				
		89,896	85,692	95,462
Non-current liabilities				
Interest-bearing liabilities	7	338,938	316,054	322,250
Employee benefit obligations		1,011	5,305	2,356
Lease liabilities	10	18,071	17,762	18,265
Provisions	6	3,668	10,549	7,254
Deferred tax liabilities		12,541	17,877	14,117
Other liabilities	12	4,206	-	4,900
Total non-current liabilities		378,436	367,548	369,143
Current liabilities				
Interest-bearing liabilities	7	5,989	5,052	2,623
Lease liabilities	10	14,051	14,161	12,696
Provisions	6,8	9,878	17,104	22,985
Trade payables		13,739	13,884	20,284
Income tax payables	11	8,137	4,008	6,641
Other liabilities	12	30,028	39,692	36,266
Accrued expenses and prepaid income		49,048	54,164	44,144
Total current liabilities		130,870	148,065	145,639
Total liabilities		509,306	515,613	514,782
TOTAL EQUITY AND LIABILITIES		599,202	601,306	610,244

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	Other contributed capital	Other reserves and Retained earnings	Total equity
Balance, Jan 1, 2022	11,938	55	23,501	68,530	92,085
Profit/loss for the period	-	-	-	-4,613	-4,613
Other comprehensive income, net of tax	-	-	-	-1,780	-1,780
Balance, Jun 30, 2022	11,938	55	23,501	62,137	85,692
Profit/loss for the period	-	-	-	4,121	4,121
Other comprehensive income, net of tax	-	-	-	5,648	5,648
Balance, Dec 31, 2022	11,938	55	23,501	71,906	95,462
Profit/loss for the period	-	-	-	-2,519	-2,519
Other comprehensive income, net of tax	-	-	-	-3,046	-3,046
Balance, Jun 30, 2023	11,938	55	23,501	66,340	89,896

Transcom Group - Condensed consolidated statement of cash flows

(€ '000)	Notes	2023 Q2	2022 Q2	2023 Jan-Jun	2022 Jan-Jun	2022 Jan-Dec
Cash flows from operating activities						
Profit/loss before tax		-3,129	-3,297	377	562	10,643
Adjustments to reconcile profit before tax to net cash:						
Other non-cash adjustments		9,987	9,459	14,851	20,036	42,469
Net financial items		9,202	4,772	17,886	10,071	24,765
Income taxes paid		-3,925	-2,297	-4,794	-5,132	-8,165
Cash flows from operating activities before changes in working capital						
		12,135	8,637	28,320	25,537	69,712
Changes in working capital		-6,313	-8,507	-4,606	-10,163	-17,324
Cash flow from operating activities						
		5,822	130	23,714	15,374	52,388
Investments and disposals of tangible assets		-1,192	-2,627	-5,833	-7,240	-20,185
Investments and disposals of intangible assets		-872	-1,222	-2,555	-1,978	-4,020
Acquisition of subsidiaries, net of cash	6	-1,755	-	-6,705	-5,000	-9,788
Changes in other non-current assets		-564	165	-485	72	138
Interest received		102	-	171	-	245
Cash flow from investing activities						
		-4,281	-3,684	-15,406	-14,146	-33,611
Proceeds from borrowings	7	10,775	10,571	20,424	10,571	14,450
Repayment of borrowings	7	334	-477	-668	-851	-1,770
Payment of lease liabilities	10	-3,562	-4,095	-7,300	-8,113	-16,332
Interest and other financial costs paid		-9,426	-5,113	-16,317	-10,476	-22,198
Cash flow from financing activities						
		-1,879	886	-3,861	-8,869	-25,849
Cash flow for the period						
		-338	-2,668	4,448	-7,641	-7,071
Cash and cash equivalents at beginning of the period		34,975	34,329	31,404	39,236	39,236
Cash flow for the period		-338	-2,668	4,448	-7,641	-7,071
Exchange rate differences in cash and cash equivalents		-149	-1,201	-1,364	-1,136	-760
Cash and cash equivalents at end of the period						
		34,487	30,459	34,487	30,459	31,404

Transcom Holding AB (publ) - Condensed income statement

(€ '000)	2023 Q2	2022 Q2	2022 Jan-Dec
Revenue	1,404	2,376	5,171
Cost of sales	-	-	-
Gross profit	1,404	2,376	5,171
Administrative expenses	-1,366	-2,474	-5,136
Other operating income/expenses	75	13	-
Operating profit/loss	113	-86	35
Net financial items	-3,657	-2,253	-7,251
Profit/loss before tax	-3,544	-2,339	-7,216
Income tax expense/income	-	-	-
Profit/loss for the period*	-3,544	-2,339	-7,216

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

Transcom Holding AB (publ) - Condensed balance sheet

(€ '000)	Notes	2023 Jun 30	2022 Jun 30	2022 Dec 31
ASSETS				
Non-current assets				
Investments in Group companies		281,919	281,919	281,919
Receivables from Group companies		156,351	166,412	165,309
Total non-current assets		438,270	448,331	447,228
Current assets				
Receivables from Group companies		6,158	4,431	3,344
Other receivables		144	145	74
Cash and cash equivalents		531	1,112	548
Total current assets		6,833	5,687	3,966
TOTAL ASSETS		445,103	454,018	451,193
EQUITY AND LIABILITIES				
Equity				
Restricted equity		55	55	55
Unrestricted equity		134,238	143,711	140,953
Total equity		134,293	143,766	141,008
Non-current liabilities				
Interest-bearing liabilities	7	308,520	307,348	309,289
Other liabilities		92	-	-
Total non-current liabilities		308,612	307,348	309,289
Current liabilities				
Interest-bearing liabilities	7	1,220	731	-
Liabilities to Group companies		-	-	-11
Other liabilities		978	2,174	908
Total current liabilities		2,198	2,904	896
Total liabilities		310,809	310,252	310,185
TOTAL EQUITY AND LIABILITIES		445,103	454,018	451,193

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 headquarters 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, 2022.

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, 2022. 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, 2022.

4. Segment information

	2023			2022		
	English speaking	Europe	Group	English speaking	Europe	Group
(€ '000) Q2						
Revenue from external customers	51,764	123,018	174,777	53,340	119,388	172,728
EBITDA excl. non-recurring items	7,877	12,119	19,996	6,550	12,873	19,423
Depreciation and amortization			-12,106			-10,732
Non-recurring items			-1,817			-7,217
Operating profit/loss			6,073			1,475
Net financial items			-9,202			-4,772
Profit/loss before tax			-3,129			-3,297

	2023			2022		
	English speaking	Europe	Group	English speaking	Europe	Group
(€ '000) Jan-Jun						
Revenue from external customers	105,130	262,451	367,577	106,772	241,539	348,311
EBITDA excl. non-recurring items	17,230	28,255	45,485	13,923	25,957	39,880
Depreciation and amortization			-24,314			-23,327
Non-recurring items			-2,908			-5,920
Operating profit/loss			18,263			10,633
Net financial items			-17,886			-10,071
Profit/loss before tax			377			562

5. Items affecting comparability

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

(€ '000)	2023 Q2	2022 Q2	2023 Jan-Jun	2022 Jan-Jun	2022 Jan-Dec
Operational non-recurring items	-2,182	-4,781	-3,143	-3,921	-5,346
Transaction-related non-recurring items	364	-2,436	234	-2,987	-5,004
Total	-1,817	-7,217	-2,908	-6,908	-10,350
whereof depreciation and amortization	-	-	-	-988	-1,457
Total excl. depreciation and amortization	-1,817	-7,217	-2,908	-5,920	-8,893

Total non-recurring items (NRI) amounted to €-1.8 million (-7.2) for Q2 2023. Operational non-recurring items are due to restructuring activities, mainly related to site reductions. Transactional non-recurring amounted to positive €0.2 million for the quarter.

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

(€ '000)	2023 Q2	2022 Q2	2023 Jan-Jun	2022 Jan-Jun	2022 Jan-Dec
Cost of sales	-	-4,552	-	-5,265	-3,423
Administrative expenses	-1,296	-2,665	-1,898	-1,643	-6,927
Other operating income/expenses	-521	-	-1,010	-	-
Total	-1,817	-7,217	-2,908	-6,908	-10,350

(€ '000) Q2	2023			2022		
	Reported	Non-recurring items	Excl. Non-recurring items	Reported	Non-recurring items	Excl. Non-recurring items
Operating profit/loss	6,073	-1,817	7,890	1,475	-7,217	8,692
Transaction-related amortization	-3,722	-	-3,722	-2,579	-	-2,579
EBITA	9,795	-1,817	11,613	4,054	-7,217	11,271
Operative depreciation and amortization	-8,384	-	-8,384	-8,363	-	-8,363
EBITDA	18,179	-1,817	19,997	12,417	-7,217	19,634

(€ '000) Jan-Jun	2023			2022		
	Reported	Non-recurring items	Excl. Non-recurring items	Reported	Non-recurring items	Excl. Non-recurring items
Operating profit/loss	18,263	-2,908	21,167	10,633	-6,908	17,541
Transaction-related amortization	-7,468	-	-7,468	-6,032	-	-6,032
EBITA	25,732	-2,908	28,635	16,665	-6,908	23,573
Operative depreciation and amortization	-16,845	-	-16,845	-17,506	-988	-16,518
EBITDA	42,577	-2,908	45,480	34,171	-5,920	40,091

6. Acquisitions

During Q1 2023, Transcom paid the second out of two installments for earn out related to the acquisition of City Connect in 2021. During Q2, the first payment out of two installments for earn out was done relating to the acquisition of Forcontact in December 2022.

After the quarter, on July 18, 2023, Transcom announced acquisition of timeframe, a premium service provider of customer care, sales, marketing, and video identification services. timeframe's over 700 highly qualified employees are serving primarily logistic, energy and ecommerce companies from seven locations in Germany (2), Portugal (2), and Greece (3).

7. Interest-bearing liabilities

On May 5, the Super Senior Revolving Credit Facility limit was increased from €45 million to €75 million through an Additional Facility Notice.

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 €75 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 Q2 2023, €30.0 million of the SSRCF was utilized in loans, excluding guarantees and overdraft facility usage. Unused credit facilities totalled €37.0 million.

There are share pledges in material group companies €237.5 million (223.9) 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 June 30, 2023.

In 2018, a provision was recorded relating to that the Group had a dispute in Spain with professionals hired as consultants where the social security inspection claims that they should be considered as employees. During Q1 2023, first payment of €6.6 million was made. Second and final payment is expected during Q3 2023.

As per June 30, 2023 the total current and non-current provisions amounted to €13.5 million (27.7).

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
(€ '000) Jun 30, 2023					
Total non-current assets	7,741	-	-	7,741	7,741
Total current assets	208,038	-	-	208,038	208,038
Total financial assets	215,778	-	-	215,778	215,778
Total non-current liabilities	357,763	2,914	-	360,677	429,376
Total current liabilities	97,539	1,741	-	99,281	126,933
Total financial liabilities	455,303	4,655	-	459,957	556,309
(€ '000) Dec 31, 2022					
Total non-current assets	6,539	-	-	6,539	6,539
Total current assets	192,016	-	264	192,280	192,544
Total financial assets	198,555	-	264	198,818	199,083
Total non-current liabilities	344,162	3,607	-	347,770	416,966
Total current liabilities	103,564	9,485	-	113,049	134,945
Total financial liabilities	447,726	13,092	-	460,819	551,911

10. Leasing

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

(€ '000)	2023 Q2	2022 Q2	2023 Jan-Jun	2022 Jan-Jun
Reversed cost (EBITDA effect)	4,067	4,570	8,318	9,072
Depreciations	-3,720	-4,083	-7,625	-8,090
Operating profit/loss	347	488	693	982
EBITDA effect	4,067	4,570	8,318	9,072
Net financial items	-178	-95	-701	-518
Income tax expense	-62	-39	-41	-29
Profit/loss for the period	106	354	-49	436
Right-of-use assets	30,966	31,137	30,966	31,137
Lease liabilities, non-current	18,071	17,762	18,071	17,762
Lease liabilities, current	14,051	14,161	14,051	14,161

11. Income tax payables

As per June 30, 2023, seven Group entities were subject to tax audits, two of which were initiated in Q1, 2023 while others were started in previous years. As per June 30, 2023 the tax liability related to uncertain tax positions amounted to €2 million (1.6).

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 €7.3 million (9.8), whereof €4.1 million are classified as Other liabilities, non-current.

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 90 contact centers and work-at-home networks across 28 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.