

First Quarter 2020 Results

Q1 2020

- **Revenue** amounted to 127.7 (135.1)
- **EBITDA** excluding non recurring items amounted to 10.1 (11.9)
- **EBITDA margin** excluding non-recurring items amounted to 7.9% (8.8%)
- **Operating cash flow** amounted to 7.3 (13.1)
- **Net debt/EBITDA** amounted to 4.3x (4.7)

Comments by the CEO

Solid demand subdued by capacity limitations and increased operational cost due to COVID-19

In the COVID-19 pandemic, Transcom's services are more relevant than ever. When societies shut down and consumers are distanced from physical stores, Transcom is available to provide essential customer services over digital channels and call channels. For existing clients, we experience increased demand in Commerce & Logistics and Services & Utilities, while Telecom & Cable is stable.

The positive development in new sales continues. So far this year, we have more than doubled the value of new contracts, compared to the full year 2019. New contracts are primarily within the Commerce & Logistics and Services & Utilities segments. Adjusting for the INPS contract lost in December, Transcom grew 5% organically during the quarter.

Our priorities in COVID-19 are to keep our people safe and contribute to keep society running. On the back of these missions, we have achieved an unprecedented mobilization of Work-At-Home (WAH). Currently half of our workforce is WAH and 2/3 are enabled for WAH. I'm immensely proud of the hard work and amazing achievements of our employees!

However, lockdowns and increased absenteeism has a negative impact on revenue and profits during the month of March. The impact on EBITDA was €1.7 million and mainly relates to lost revenue due to absenteeism of staff and workplace restrictions. In addition, there was €0.8 million of extraordinary cost relating to COVID-19, classed as non-recurring items.

At current level of lockdowns, we expect monthly financial impact to be in line with the month of March. We are taking actions to mitigate the impact and also expect COVID-19 restrictions to start easing soon. With that, we expect operations to normalize during the end of the second quarter.

At the reporting date, Transcom had secured additional funding of €30 million. We are standing strong in the pandemic. Our strategic direction remains unchanged. We aim for profitable growth through client focus, operational excellence supported by great culture and leadership.

April 23, Transcom announced the appointment of Snejana Koleva as new Chief Financial Officer, with effect from September 1, 2020.

Group financial overview

(€m)	2020 Q1	2019 Q1	Change Y-o-Y	2020 LTM	2019 Jan-Dec	Change Y-o-Y
Revenue	127.7	135.1	-5.5%	534.1	541.5	-1.4%
EBITDA excl. non-recurring items	10.1	11.9	-1.9	46.9	48.8	-1.9
EBITDA margin excl. non-recurring items	7.9%	8.8%	-0.9pp	8.8%	9.0%	0.2pp
EBITA excl. non-recurring items	7.7	9.9	-2.2	36.9	39.0	-2.2
EBITA margin excl. non-recurring items	6.0%	7.3%	-1.3pp	6.9%	7.2%	0.3pp
Operating cash flow	7.3	13.1	-5.8	45.6	51.4	-5.8
Net debt	202.1	198.1	4.0	202.1	203.7	-1.6
Net debt/EBITDA excl. non-recurring items	4.3	4.7	-0.4	4.3	4.2	0.1

Q1 2020

Income and profit

Revenue amounted to €127.7 million (135.1). The growth from new and existing clients amounted to €6.2 million. This was countered by last year's closure of the INPS contract in Italy and divestments in Spain. COVID-19 has a negative effect on revenue of €2.8 million.

EBITDA excluding non-recurring items amounted to €10.1 million (11.9) with a margin of 7.9% (8.8%). COVID-19 impacted EBITDA negatively with €1.7 million. In addition, there was €0.8 million of extraordinary cost relating to COVID-19, classed as non-recurring items. There was a solid increase of EBITDA in the continuing business, when fully adjusting for COVID-19 and exited business. Non-recurring items totaled €-1.6 million (-4.0).

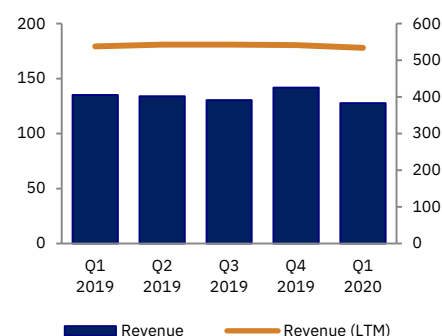
Net financial items amounted to €-4.3 million compared to €-4.0 million last year. Taxes amounted to €-0.3 million (-1.1).

Cash flow and financial position

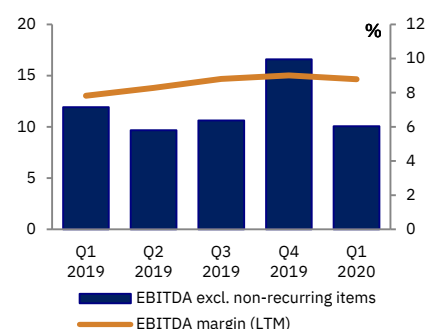
Operating cash flow was €7.3 million (13.1). Decrease in operating cash flow is due to timing effects in working capital. Cash flow from investing activities amounted to €-3.1 million and is in level with the same quarter last year (-3.0). Cash flow from financing activities amounted to €-1.2 million (-2.2). Cash flow totaled €3.0 million (7.8).

Net debt amounted to €202.1 million (198.1). Net debt/EBITDA amounted to 4.3 (4.7). Financing in the Group includes five-year €180 million Senior Secured Fixed Rate Notes, €10 million Senior Unsecured Fixed Rate Notes, a €45 million Super Senior Revolving Credit Facility Agreement (SSRCF), and as of March 31, 2020 a new senior secured term loan facility agreement of €20 million. This new loan was not drawn as per March 31, 2020. The refinancing will make funds available for re-drawing under the Super Senior RCF (please refer to note 7 for further information). In the quarter, the unsecured note of €10 million was extended with twelve months to July 2021. As per Q1 2020, €22.1 million of the SSRCF was utilized in loans, excluding guarantees and credit facility usage. Unused credit facilities totaled €18.8 million.

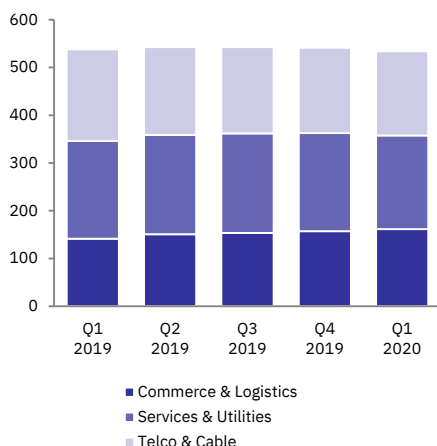
Revenue



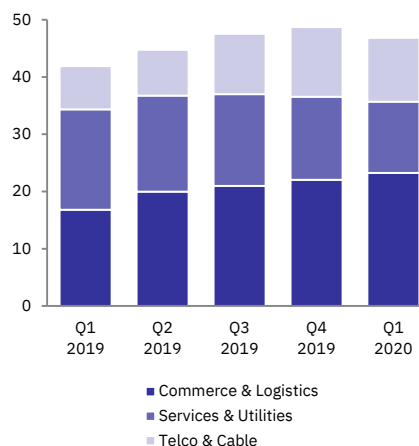
EBITDA excl. non-recurring items



Revenue by industry segment (LTM)



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



Industry segment development

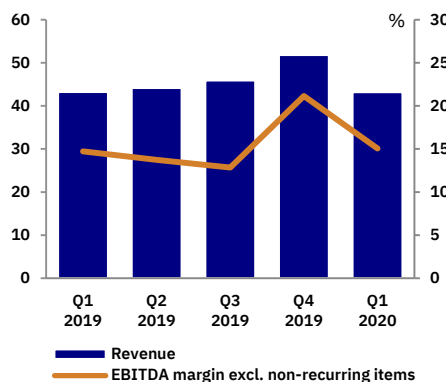
We are continuing our growth within Commerce & Logistics and decreasing our exposure in the Telco & Cable sector, in line with our strategy. Service & Utilities are lower due to last year’s closure of the INPS contract and divestments in Spain.

Quarterly development by geographical segment

English-speaking region

Revenue amounted to €43.1 million (43.3). Revenue is essentially flat compared to last year, mainly due to negative effects from COVID-19. Revenue growth within Commerce & Logistics was countered by decline in the Telco & Cable and Service & Utilities sectors.

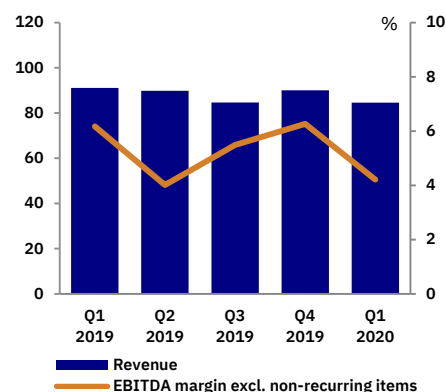
EBITDA excl. non-recurring items amounted to €6.5 million (6.4) with a margin of 15.0% (14.7). The EBITDA decline is driven by lost revenue due to absenteeism of staff and workplace restrictions from COVID-19 impact.



European region

Revenue amounted to €84.6 million (91.0). Growth continues with existing and new clients, mainly within Commerce & Logistics and Service & Utilities. This growth is countered by last year’s closure of the INPS contract and divestments in Spain. Moreover, COVID-19 impacts the quarter negatively.

EBITDA excl. non-recurring items amounted to €3.6 million (5.6) with a margin of 4.2% (6.2). There is positive underlying EBITDA development for the continuing business, however comparables are impacted by the exit of INPS, divestments in Spain and COVID-19.



Other information

Earnings call

Transcom will host a conference call at 9:00 CET on May 7, 2020. The conference call will be held in English. The presentation will be available on <https://www.transcom.com/en/investor-relations>.

To ensure that you are connected to the conference call, please register using the link below 5-10 minutes before the start in order to obtain the dial-in numbers and pin code for the call.

Online registration link: <http://emea.directeventreg.com/registration/3493863>

Financial calendar

Transcom's Q2 2020 report will be published on Tuesday, July 21, 2020

Transcom's Q3 2020 report will be published on Wednesday, November 11, 2020

Other information

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

Transcom Holding AB
P.O. Box 45033, 104 30 Stockholm
Visiting address: Hälsingegatan 40, 15th floor
SE-113 43 Stockholm
Sweden
www.transcom.com
Company registration number: 556962-4108

For further information please contact:

Jonas Dahlberg, President and CEO	+46 70 347 23 83
Helene Ruda, Head of Group Communications	+46 70 311 75 60

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 May 7, 2020.

Transcom Group - Condensed consolidated income statement

(€ '000)	Notes	2020 Q1	2019 Q1	2020 LTM	2019 Jan-Dec
Revenue	4	127,749	135,141	534,067	541,459
Cost of sales	5	-99,433	-107,290	-417,256	-425,114
Gross profit		28,316	27,852	116,810	116,346
Marketing expenses		-1,201	-911	2,755	-2,465
Administrative expenses		-23,642	-22,914	-95,006	-94,277
Other operating income/expenses		-108	-894	891	105
Operating profit/loss	4,5	3,365	3,133	19,941	19,709
Net financial items		-4,288	-4,041	-17,812	-17,565
Profit/loss before tax		-923	-908	2,129	2,143
Income tax expense/income		-265	-1,129	-1,641	-2,504
Profit/loss for the period attributable to equity holders of the parent		-1,188	-2,036	488	-361

Transcom Group - Condensed consolidated statement of comprehensive income

(€ '000)	2020 Q1	2019 Q1	2020 LTM	2019 Jan-Dec
Profit/loss for the period attributable to equity holders of the parent	-1,188	-2,036	488	-361
Other comprehensive income:				
Exchange differences on translation of foreign operations	-1,184	-706	-357	121
Net gain/loss on cash flow hedges	-383	-13	-7	363
Other comprehensive income to be reclassified to profit or loss in subsequent periods	-1,567	-719	-364	484
Actuarial profit/loss on post-employment benefit obligations	-	-	-730	-730
Other comprehensive income not to be reclassified to profit or loss in subsequent periods	-	-	-730	-730
Other comprehensive income for the period, net of tax	-1,567	-719	-1,094	-246
Total comprehensive income for the period, net of tax, attributable to equity holders of the parent	-2,755	-2,755	-607	-607

Transcom Group - Condensed consolidated statement of financial position

(€ '000)	Notes	2020 Mar 31	2019 Mar 31	2019 Dec 31
ASSETS				
Non-current assets				
Goodwill	6	204,434	210,628	205,226
Other intangible assets	6	100,684	111,557	104,564
Tangible assets		22,281	17,791	21,493
Right of use assets	10	27,311	31,220	25,916
Deferred tax assets		1,315	3,264	1,305
Other receivables		3,014	2,279	3,000
		359,039	376,739	361,504
Current assets				
Trade receivables		58,480	61,453	59,075
Income tax receivables		5,817	4,580	6,252
Other receivables		11,428	9,889	13,303
Prepaid expenses and accrued income		38,228	44,328	36,006
Cash and cash equivalents		17,826	21,053	14,295
		131,778	141,302	128,931
TOTAL ASSETS		490,817	518,041	490,435
EQUITY AND LIABILITIES				
Equity attributable to equity holders of the parent				
		102,364	102,971	105,120
Non-current liabilities				
Interest-bearing liabilities	7	216,541	207,552	201,034
Employee benefit obligations		2,186	2,475	3,318
Leasing liabilities	10	17,522	19,750	16,018
Provisions	6,11	135	18,812	13,659
Deferred tax liabilities	6	20,489	28,704	20,989
		256,873	277,293	255,018
Current liabilities				
Interest-bearing liabilities	7	1,226	9,102	13,687
Leasing liabilities	10	11,328	11,934	11,448
Provisions	6,8	31,311	22,431	20,746
Trade payables		16,460	19,342	18,798
Income tax payables	11	11,033	3,964	6,332
Other liabilities		18,501	22,513	18,613
Accrued expenses and prepaid income		41,722	48,491	40,674
		131,580	137,777	130,297
Total liabilities		388,453	415,070	385,315
TOTAL EQUITY AND LIABILITIES		490,817	518,041	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	85,170	105,726
Profit/loss for the period	-	-	-	-2,036	-2,036
Other comprehensive income, net of tax	-	-	-	-719	-719
Balance, Mar 31, 2019	11,938	55	20,501	82,415	102,971
Profit/loss for the period	-	-	-	1,675	1,675
Other comprehensive income, net of tax	-	-	-	473	473
Balance, Dec 31, 2019	11,938	55	20,501	84,565	105,120
Profit/loss for the period	-	-	-	-1,188	-1,188
Other comprehensive income, net of tax	-	-	-	-1,567	-1,567
Balance, Mar 31, 2020	11,938	55	20,501	81,811	102,364

Transcom Group - Condensed consolidated statement of cash flows

(€ '000)	Notes	2020 Q1	2019 Q1	2019 Jan-Dec
Cash flows from operating activities				
Profit/loss before tax		-923	-908	2,143
Adjustments to reconcile profit before tax to net cash:				
Adjustments for non cash items		8,071	7,211	33,429
Net financial items		4,292	4,041	17,565
Income taxes paid		-126	-663	-7,456
Cash flows from operating activities before changes in working capital		11,315	9,681	45,681
Changes in working capital		-3,997	3,396	5,684
Cash flow from operating activities		7,318	13,077	51,366
Investments and disposals of tangible assets		-2,953	-1,549	-11,916
Investments and disposals of intangible assets		-191	-796	-4,606
Acquisition of subsidiaries, net of cash	6	-	-	-6,981
Disposals of business, net of cash	6	-	-604	5,879
Changes in other non-current assets		27	-93	-816
Interest received		-	-	255
Cash flow from investing activities		-3,117	-3,042	-18,183
Proceeds from borrowings	7	8,966	-	25,506
Repayment of borrowings	7	-6,319	-1,747	-28,973
Payment of lease liabilities	10	-3,161	-	-11,920
Interest and other financial costs paid		-728	-493	-16,667
Cash flow from financing activities		-1,242	-2,240	-32,055
Cash flow for the period		2,959	7,796	1,127
Cash and cash equivalents at beginning of the period		14,295	12,884	12,884
Cash flow for the period		2,959	7,796	1,127
Exchange rate differences in cash and cash equivalents		572	373	285
Cash and cash equivalents at end of the period		17,826	21,053	14,295

Transcom Holding AB (publ) - Condensed income statement

(€ '000)	2020 Q1	2019 Q1	2019 Jan-Dec
Revenue	485	255	2,948
Cost of sales	-	-	-
Gross profit	485	255	2,948
Administrative expenses	-510	-265	-3,264
Other operating income/expenses	12	-15	-29
Operating profit/loss	-13	-25	-345
Result from participations in Group companies	-	-	-
Net financial items	-2,292	-724	-7,220
Profit/loss before tax	-2,305	-749	-7,565
Income tax expense/income	-	-	-
Profit/loss for the period*	-2,305	-749	-7,565

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

Transcom Holding AB (publ) - Condensed balance sheet

(€ '000)	Notes	2020 Mar 31	2019 Mar 31	2019 Dec 31
ASSETS				
Non-current assets				
Investments in Group companies		278,919	278,919	278,919
Receivables from Group companies		81,576	90,651	82,174
		360,495	369,570	361,093
Current assets				
Receivables from Group companies		1,611	5,466	3,589
Other receivables		20	278	61
Cash and cash equivalents		468	300	244
		2,099	6,044	3,894
TOTAL ASSETS		362,594	375,614	364,987
EQUITY AND LIABILITIES				
Restricted equity		55	55	55
Unrestricted equity		166,200	174,369	168,505
		166,255	174,424	168,560
Non-current liabilities				
Interest-bearing liabilities	7	189,314	195,281	182,256
Liabilities to Group companies		1,085	-	1,149
		190,399	195,281	183,405
Current liabilities				
Interest-bearing liabilities	7	-	-	10,000
Other liabilities		5,940	5,909	3,022
		5,940	5,909	13,022
Total liabilities		196,339	201,190	196,427
TOTAL EQUITY AND LIABILITIES		362,594	375,614	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-Mar 2020	English speaking	Europe	Latin America	Group
Revenue from external customers	43,149	84,599	-	127,749
EBITDA excl. non-recurring items	6,492	3,564	-	10,056
Depreciation and amortization				-5,097
Non-recurring items				-1,595
EBIT				3,365
Net financial items				-4,288
Profit/loss before tax				-923
(€ '000) Jan-Mar 2019	English speaking	Europe	Latin America	Group
Revenue from external customers	43,256	91,018	867	135,141
EBITDA excl. non-recurring items	6,362	5,621	-69	11,915
Depreciation and amortization				-4,764
Non-recurring items				-4,017
EBIT				3,133
Net financial items				-4,041
Profit/loss before tax				-908

5. Items affecting comparability

(€ '000)	2020 Q1	2019 Q1	2019 Jan-Dec
Operational non-recurring items	-1,103	-3,007	-8,477
Transaction-related non-recurring items	-492	-1,010	75
Total	-1,595	-4,017	-8,402

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

(€ '000)	2020 Q1	2019 Q1	2019 Jan-Dec
Cost of sales	-125	-1,789	-3,641
Marketing expenses	-	-	-30
Administrative expenses	-1,030	-1,282	-4,732
Other operating income/expenses	-439	-946	-
Total	-1,595	-4,017	-8,402

Operational non-recurring items are mainly restructuring costs connected with PPP, closure of INPS contract and existing unprofitable contracts and COVID-19 costs from the first quarter 2020. Transaction-related non-recurring items are mainly fair value revaluation of earnouts provisions for Awesome acquisition.

The 2019 YTD figures includes the transaction-related non-recurring items of €3.0 million, relating to Transcom's divestments in Spain.

6. Acquisitions

On July 27, 2018, the Group acquired Awesome OS, which was consolidated from July 28, 2018. The cash-flow effect and purchase price allocation for the acquisition of Awesome OS is as follows:

(€ '000)	2019 Dec 31*
Consideration paid in cash	42,328
Cash acquired	-1,569
Cash flow from acquisitions of subsidiaries, net of cash acquired	40,759
Value of the shares *	58,262
Purchase price allocation:	
Acquired net assets	7,415
Goodwill	32,752
Customer relationship	25,777
Deferred tax liability	-7,682
Total	58,262

* As per March 2020 consideration paid is €42,328 thousand and the remaining provision amounts to €20,860 thousand (including both fair value revaluation and foreign exchange effect).

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, a €45,000 thousand Super Senior Credit Facility Agreement (SSRCF) and as of March 31, 2020 a new senior secured term loan facility agreement of €20,000 thousand. The new senior secured term loan facility agreement of €20,000 thousand was signed with Nordea Bank Abp, filial i Sverige as lender (the "Term Facility"). The net proceeds of the Term Facility will be applied towards the refinancing of revolving loans outstanding under Transcom's existing EUR 45 million SSRCF. The refinancing will make funds available for re-drawing under the SSRCF. The refinancing will make funds available for re-drawing under the SSRCF and consequently provides an additional liquidity buffer for any unforeseen events which may occur. The Term Facility will be made available subject to customary conditions precedent, will rank pari passu with SSRCF and the Notes and will share 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. In connection with the incurrence of the Term Facility, the "Incurrence Test" has been tested and met in accordance with the terms and conditions of the Notes. The maturity date of the Term Facility is March 22, 2023. As of March 31, 2020, the new loan was not drawn and therefore not reflected in the consolidated statement of financial position. In the quarter, the unsecured note of €10 million was extended with twelve months to July 2021.

As per Q1 2020, €22.1 million of the SSRCF was utilized in loans, excluding guarantees and credit facility usage. Unused credit facilities totaled €18.8 million.

There are share pledges in material companies (€215 million) used as security for the financing. A part of the SSRCF is used to cover bank guarantees and cash pool limits.

8. Contingent liabilities and provisions

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. The relevant Group Company is in discussions with the social security inspection.

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

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	Mar 31, 2020 Carrying amount	Mar 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
(€ '000)										
Total non-current assets	3,014	-	-	3,014	3,014	3,000	-	-	3,000	3,000
Total current assets	116,658	-	390	117,048	117,048	115,726	-	881	116,608	116,608
Total financial assets	119,673	-	390	120,063	120,063	118,727	-	881	119,608	119,608
Total non-current liabilities	234,198	-	-	234,198	273,608	217,195	13,516	-	230,711	271,666
Total current liabilities	85,800	20,860	-	106,660	106,728	103,204	6,396	-	109,600	110,197
Total financial liabilities**	319,998	20,860	-	340,858	380,336	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. The provision was recorded to the value of €22,660 thousand as per July 2018. In July 2019 the first earnout of €6,726 thousand was paid out, and the provision has since been revalued to €20.860 thousand as per March 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	2019
	Jan-Mar	Jan-Mar
Reversed cost (EBITDA effect)	3,655	4,101
Depreciations	-3,224	-3,996
Operating profit/loss	432	105
Net financial items	-494	-569
Income tax expense	21	83
Profit/loss for the period	-41	-381
Right of use assets	27,311	31,220
Leasing liabilities, non-current	17,522	19,750
Leasing liabilities, current	11,328	11,934

11. Income tax payables

As at March 31, 2020, eight 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 at March 31, 2020 the tax liability related to tax audits amounts to €4,497 thousand. In March 31, 2019 the provision for tax audits was €4,026 thousand. This year, 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. Events during the reporting period

COVID-19 has had a moderate impact on our business during the first quarter. While lockdowns and absenteeism have impacted negatively we have also signed new customers, primarily within the Commerce & Logistics and Services & Utilities segments. In total, the financial impact of the pandemic amounted to €1.7 million and mainly relates to lost revenue due to absenteeism of staff and workplace restrictions. In addition, there was €0.8 million of extraordinary cost relating to COVID-19, classed as non-recurring items. The pandemic has not had any material impact on credit losses or financing agreements.

13. Events after the reporting period

As of April 23, 2020 Transcom announced the appointment of Snejana Koleva as new CFO, with effect from September 1, 2020.

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.

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 region: services delivered to multinational clients predominantly domiciled in US and UK.

European region: services delivered to clients based in Europe.

Latin American region: 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 20 countries, delivering services in 33 languages to international brands in various industry verticals.