Annual Report 2022

Transcom

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The formal annual accounts and the consolidated accounts comprise pages 1–44.
This is a translation of the original Swedish Annual Report. In the event of differences between the English translation and the Swedish original, the Swedish Annual Report shall prevail.

Administration report

The Board of Directors and the CEO of Transcom Holding AB (publ), corporate registration number 556962-4108, hereby submit the Annual Report and Consolidated Financial Statements for the 2022 financial year.

Transcom is a digitally enabled global Customer experience (CX) BPO provider, helping clients deliver world-class experiences across all customer touchpoints. Transcom provides solutions for outstanding customer experience along its clients' customer journey – i.e. customer care & tech support, customer acquisitions, sales and retention, compliance, back-office, content moderation etc. Transcom's customer experience specialists engage with customers seamlessly across all channels (voice, video, chat, email, social media). Our services are enabled by leading digital capabilities and solutions. We provide our services through an extensive network of contact centers and work-at-home agents. Transcom's mission is to positively impact customer loyalty and, thus, revenue through making service and support interactions as effortless and enjoyable as possible for our clients' customers.

Transcom's clients

Transcom serves clients across Europe and North America in a variety of industries and areas of public service. Many of our clients compete in fast-moving consumer markets that demand extreme levels of responsiveness to shifting consumer needs and preferences. Transcom has deep know-how in a wide range of industries, including consumer tech, e-commerce, retail, financial services, utilities, logistics, telecommunications & media. Customer experience is a significant differentiator in all these sectors, and the quality of customer care service delivery continues to play a major role in influencing customer choice when deciding which brands to do business with.

How Transcom adds value

Transcom adds value to clients' businesses by supporting the creation of outstanding customer experiences, while reducing cost and helping drive growth.

Transcom does this by delivering seamless multi-channel customer service and support in a cost-effective way. Transcom's goal is also that our activities benefit other parts of clients' businesses. For example, Transcom's analytical capabilities can generate insights that ultimately contribute to differentiated customer experience, setting Transcom's clients apart in an increasingly competitive marketplace.

Market definition – what business are we in?

Customer experience (CX) comprises the process of managing a company's relationship with potential and existing customers along the end-to-end customer journey, and includes: customer acquisition, sales and retention, customer care and technical support, and back-office and compliance services. Services are delivered via five primary channels:

- Telephony, including voice and interactive voice response (IVR) self-service
- Video
- Email response management
- Digital channels (social media, chat, messaging apps)
- Knowledge management for web-based self-service

Digital technology is increasingly embedded in the client programs, to improve experience for clients, customers and employees.

Help Desk outsourcing involves first and second level help desk support for information technology services, both for internal stakeholders in an organization and external customers.

To many of Transcom's clients, the quality of the Customer care operations is fundamental to the execution of their service-based strategies to increase loyalty, retention and customer sales. Transcom's core value proposition to deliver excellent multi-channel customer service and support is the basis for long-term partnerships with our clients.

Operational excellence

Transcom's services are delivered through a structured and proven operating model with rigorous quality controls. Continuous improvement practices, focused on strengthening service quality and enhancing operational efficiency, are embedded into daily operations. The impact of Transcom's service delivery on customer experience is constantly validated, e.g. through Customer Satisfaction, Customer Effort and Net Promoter indices.

In 2022, Transcom had over 30,000 customer experience specialists at 85 contact centers across 27 countries, delivering services in 33 languages to international brands in various industry verticals.

Financial overview

Income statement

Revenue for 2022 amounted to EUR 717.3 million (623.1) with a growth of 15.1%. Organic growth was 8.5%, inorganic was 3.8% and impact from currency was 2.8%. Gross profit amounted to EUR 169.8 million (130.6) and Operating result to EUR 35.4 million (21.9). EBITDA excluding non-recurring items amounted to EUR 93.3 million (74.8). Non-recurring items amounted to EUR –10.3 million (–9.9).

Cash flow

Operating cash flow amounted to EUR 52.4 million (22.0), mainly driven by improved operating profit and better development of working capital. Cash flow from investing activities amounted to EUR –33.6 million (–45.3) and included acquisition of Forcontact and earn-out payment for City Connect acquisition from 2021. Cash flow from financing activities amounted to EUR –25.8 million (49.6). Cash flow totalled EUR –7.1 million (26.4).

Debt & Financing

Net debt amounted to EUR 326.8 million (308.8). Net debt/EBITDA excluding non-recurring items amounted to 3.5x (4.1x). Financing in the Group includes EUR 315 million Senior Secured Floating Rate Notes due in December 2026 and a New Super Senior Revolving Credit Facility Agreement of EUR 45 million with termination date in June 2026. As per December 31, 2022, EUR 13.6 of the SSRCF was utilized in loans, excluding guarantees and overdraft facility usage. Unused credit facilities totalled EUR 26.5 million.

Significant events during the reporting period

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

Research & Development

Transcom, being a service company, does not carry out any research activities as defined in IAS 38 Intangible assets. Development activities mainly consist of the development of IT solutions. The Company's service offering and solutions are continuously developed and refined in order to ensure that Transcom has the right capabilities to keep up with the rapid pace of change in its industry, bringing new and innovative service solutions to market quickly.

Parent Company

The Parent Company, Transcom Holding AB, does not perform CRM services, but employs part of the corporate management team. The Parent Company is a publicly registered limited company domiciled in Stockholm, Sweden. The address of the Company's headquarter is Hälsingegatan 40, 15th floor, SE-113 43 Stockholm.

Operating result amounted to EUR 0.0 million (0.3). Loss for the year amounted to EUR –7.2 million (–14.0). Cash flow for the year amounted to EUR –1.3 million (1.8).

Significant events after the reporting period

Transcom has not been significantly financially impacted by Russia´s invasion of Ukraine nor has there been any direct impact on the services we provide to our clients. However, it is difficult at this time to assess the full effects of the invasion and sanctions on the global economy.

Outlook

Transcom has built a solid foundation with improved adjusted EBITDA margin from 11.6% to 13.0% between years 2019 and 2022. Transcom's long-term objectives is double-digit organic growth and 16% EBITDA margin – driven by continued shift towards growing customers in the eCommerce and Tech sector and further expansion into near- and offshore delivery locations. Transcom's priorities remain – profitable growth through client focus and operational excellence, driven by great culture and leadership.

Risks and uncertainties

There are a number of risk factors that may affect Transcom's operations and the achievement of Transcom's business objectives.

We follow the development in Russia and Ukraine carefully. Transcom does not have any sites or employees in Russia, Belarus or Ukraine, nor do we have clients based in Russia or Belarus. Our exposure is limited two international clients with minor support lines in Russian language delivered from Serbia, paid for by the clients' local subsidiaries in Russia.

The Group's risk management and control framework is designed to support the identification, assessment, monitoring, management and control of the key risks that may have significant impact on the Group's results and providing reliable financial information. The key risks Transcom faces and manages are outlined in more details in Transcom's Corporate Governance Report. They include:

- Macroeconomic risks
- Disasters, disruption & hazard risks (including IT or network failure)

- Client & industry concentration risks
- Capacity utilization & productivity and efficiency risks
- Talent attraction and retention risks
- Significant increase in input costs
- Currency risks
- Impairment risks
- Risk of breach of data privacy
- Information security, technology and cyber attacks
- Employee misconduct risks
- Tax audits & litigation risks
- Fraud, corruption and other unethical practices
- Supply chain malpractices (Third-party risk)
- Risk of not successfully implement automation and technical innovation in our deliveries to clients

In addition, the main risks arising from the Group's financial instruments are liquidity risk, credit/counterparty risk, foreign currency risk, and interest rate risk.

The Board of Directors reviews and agrees policies for managing each of these risks. Further information on financial risks is summarized in note 24. The risks potential impact and Transcom's management and risk mitigation is also described in more details in the Governance report.

Corporate governance report

Corporate governance report has been reported on a voluntary basis. The report is separated from the annual report and is available at www.transcom.com/global/about-us/transcom-corporate-governance-report-2022.

Personnel and sustainability

In accordance with Annual Accounts Act 6 Chapter 11§, Transcom Holding AB has chosen to establish the statutory sustainability report as a report separated from the annual report. The sustainability report is available at www.transcom.com/global/about-us/transcom-sustainability-report-2022.

Proposed allocation of earnings

The statements of income and the balance sheets of the Parent Company and the Group are subject to adoption by the Annual General Meeting.

The following amounts in EUR are at the disposal of the Parent Company's Annual General Meeting:

Other capital contributed	23,501,042
Retained earnings	124,668,237
Profit/loss for the year	–7,216,763
Total	**140,952,517**

The Board propose that the unappropriated earnings at the disposal of the Annual General Meeting to be disposed of as follows:

Carried forward:

Other capital contributed	23,501,042
Retained earnings	117,451,475
Total	**140,952,517**

Consolidated financial overview

	2022	2021
Revenue (EUR million)	717	623
EBIT (EUR million)	35.4	21.9
EBIT margin	4.9%	3.5 %
EBITA excluding non-recurring items (EUR million)	60	44.4
EBITA margin excluding non-recurring items	8.4%	7.1 %
EBITDA (EUR million)	84.4	65.1
EBITDA margin	11.8 %	10.4 %
EBITDA excluding non-recurring items (EUR million)	93.3	74.8
EBITDA margin excluding non-recurring items (EUR million)	13.0%	12.0 %
Profit/loss before tax (EUR million)	10.6	−5.2
Profit/loss for the year (EUR million)	−0.5	−6.7
Net cash flow from operating activities (EUR million)	52.4	22.0
Return on Equity	−0.1 %	−7.4 %
Equity ratio	15.6%	15.1 %
Net debt/EBITDA excl non-recurring items	3.5	4.1

(Alternative performance measures see page 45.)

Consolidated income statement

January to December

EUR thousand	Note	2022	2021
Revenue	3, 4	717,269	623,132
Cost of sales	5, 6, 7, 9, 26	–547,486	–492,471
Gross profit		**169,783**	**130,661**
Marketing expenses	5, 6, 9, 26	–9,782	–8,325
Administrative expenses	5, 6, 7, 8, 9, 26	–127,496	–101,442
Other operating income/expenses	26	2,903	1,015
Operating profit/loss		**35,408**	**21,909**
Financial income	10	1,071	473
Financial expenses	7, 10	–25,836	–27,585
Profit/loss before tax		**10,643**	**–5,204**
Income tax expense	11	–11,135	–1,479
Profit/loss for the year		**–492**	**–6,683**
Attributable to:			
– equity holders of the parent		–492	–6,683
– non-controlling interests		–	–

Consolidated statement of comprehensive income

January to December

EUR thousand	Note	2022	2021
Profit/loss for the year		–492	–6,683
Other comprehensive income			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		1,784	4,067
Net gain on cash flow hedge		955	–1,149
		2,739	**2,918**
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Actuarial profit/loss on post employment benefit obligations	19	1,129	–2,042
		1,129	**–2,042**
Other comprehensive income for the year		**3,868**	**876**
Total comprehensive income for the year		**3,375**	**–5,807**
Attributable to:			
– equity holders of the parent		3,375	–5,807
– non-controlling interests		–	–

Consolidated statement of financial position

EUR thousand	Note	December 31, 2022	December 31, 2021
ASSETS			
Non-current assets			
Goodwill	12	236,335	224,911
Other intangible assets	12	94,605	107,178
Tangible assets	13	36,975	32,583
Right of use assets	7	30,152	30,382
Deferred tax assets	11	1,565	7,737
Other receivables		6,539	5,869
Total non-current assets		**406,171**	**408,660**
Current assets			
Trade receivables	14	92,009	93,233
Income tax receivables		3,387	2,538
Other receivables	15	22,771	13,441
Prepaid expenses and accrued income	15	54,503	50,799
Cash and cash equivalents	16, 24	31,404	39,236
Total current assets		**204,073**	**199,247**
TOTAL ASSETS		**610,244**	**607,907**
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital	17	55	55
Other contributed capital		23,501	23,501
Reserves	17	−2,812	−6,680
Retained earnings including net profit/loss for the year		74,718	75,210
Total equity		**95,462**	**92,085**
Non-current liabilities			
Interest-bearing liabilities	18, 24, 27	322,250	307,910
Employee benefit obligations	19	2,356	5,514
Lease liabilities	7, 18, 24, 27	18,265	16,900
Provisions	20	7,254	10,050
Deferred tax liabilities	11	14,117	18,157
Other liabilities	21	4,900	–
Total non-current liabilities		**369,143**	**358,531**
Current liabilities			
Interest-bearing liabilities	18, 24, 27	2,623	2,535
Lease liabilities	7, 18, 24, 27	12,696	15,200
Provisions	20	22,985	19,769
Trade payables		20,284	17,638
Income tax payables		6,641	4,869
Other liabilities	21	36,266	43,619
Accrued expenses and prepaid income	22	44,144	53,661
Total current liabilities		**145,639**	**157,291**
Total liabilities	24	**514,782**	**515,822**
TOTAL EQUITY AND LIABILITIES		**610,244**	**607,907**

Consolidated statement of changes in equity

		Equity attributable to equity holders of the parent					
EUR thousand	**Note**	**Share capital**	**Other contributed capital**	**Fair value reserve**	**Foreign translation reserve**	**Retained earnings**	**Total**
As at January 1, 2021	17	**55**	**20,501**	**–77**	**–7,479**	**78,582**	**91,581**
Profit/loss for the year		–	–	–	–	–6,683	**–6,683**
Other comprehensive income for the year, net of tax		–	–	–3,191	4,067	–	**876**
Total comprehensive income for the year, net of tax		–	–	**3,191**	**4,067**	**–6,683**	**–5,807**
Shareholder contribution, non-cash		–	3,000	–	–	–	**3,000**
Effect of transaction under common control		–	–	–	–	3,311	**3,311**
As at December 31, 2021	17	**55**	**23,501**	**–3,268**	**–3,412**	**75,210**	**92,085**
As at January 1, 2022	17	**55**	**23,501**	**–3,268**	**–3,412**	**75,210**	**92,085**
Profit/loss for the year		–	–	–	–	–492	**–492**
Other comprehensive income for the year, net of tax		–	–	2,084	1,784	–	**3,868**
Total comprehensive income for the year, net of tax		–	–	**2,084**	**1,784**	**–492**	**3,375**
As at December 31, 2022	17	**55**	**23,501**	**–1,184**	**–1,628**	**74,718**	**95,462**

Consolidated statement of cash flows

January to December

EUR thousand	Note	2022	2021
Cash flows from operating activities			
Profit/loss before tax		10,643	–5,204
Adjustments to reconcile profit before tax to net cash:			
Depreciation and amortization	9	48,950	43,226
Change in provisions including employee benefit obligations		–4,973	4,917
Other non-cash adjustments		–1,508	–4,759
Net financial items		24,765	27,113
Income taxes paid		–8,165	–8,972
Cash flows from operating activities before changes in working capital		**69,712**	**56,321**
Changes in working capital			
Change in operating receivables		–10,121	–24,856
Change in operating liabilities		–7,203	–9,436
Changes in working capital		**–17,324**	**–34,292**
Net cash flow from operating activities		**52,388**	**22,029**
Cash flows from investing activities			
Investments in tangible assets	13	–20,185	–18,659
Investments in intangible assets	12	–4,020	–2,227
Acquisition of subsidiaries, net of cash acquired	25	–9,788	–23,694
Changes in other non-current assets		138	–683
Interest received		245	–
Net cash flow from investing activities		**–33,611**	**–45,263**
Cash flows from financing activities			
Proceeds from borrowings	18, 27	14,450	335,757
Repayment of borrowings	27	–1,770	–233,500
Payment of lease liabilities	27	–16,332	–15,801
Interest paid and other borrowing related costs		–22,198	–34,654
Other cash flow from financing activities		–	–2,199
Net cash flow from financing activities		**–25,849**	**49,603**
Net cash flow for the year		**–7,071**	**26,369**
Cash and cash equivalents at beginning of the year		39,236	13,663
Net cash flow for the year		–7,071	26,369
Exchange rate differences in cash and cash equivalents		–760	–797
Cash and cash equivalents at end of the year		**31,404**	**39,235**

Notes to the consolidated financial statements

Note 1 Summary of significant accounting and valuation policies

General
Transcom Holding AB (publ) (the “Company” or the “Parent Company”) and its Group companies (together, “Transcom” or the “Group”) is a global customer experience specialist, providing customer care, sales and technical support through our extensive network of contact centers and workathome agents. We are over 30,000 customer experience specialists at 85 contact centers across 27 countries. Transcom Holding AB is a privately held company. The Company is a registered company domiciled in Stockholm, Sweden. The address of the Company’s headquarter is Hälsingegatan 40, SE-113 43 Stockholm. Transcom Holding is owned by Transcom TopCo AB, organization number 559088-4499 and registered in Stockholm, which is the parent that prepares the largest consolidated accounts, in which Transcom Holding is part of. The significant owners of TopCo AB are Altor Fund IV (No.1) AB and Altor Fund IV (No. 2) AB. The consolidated financial statements were authorized for issue by the Board of Directors on April 17, 2023. These consolidated financial statements will be submitted for approval at the Annual General Meeting on May 10, 2023.

Basis of preparation
Transcom Holding AB (publ) prepares its consolidated financial statements in accordance with IFRS issued by the International Accounting Standards Board (IASB) and interpretations of the IFRS Interpretations Committee (IFRIC) as adopted by the European Union (EU).The consolidated financial statements pertain to January 1–December 31 for income statement items and December 31 for balance sheet items. The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 2.

Consolidation
The consolidated financial statements include the Group companies of which the Group has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. There is a presumption that a majority of voting rights result in control.

Intra-Group receivables and liabilities, revenue and expenses, and unrealized gains and losses that arise from transactions between Group companies are eliminated in the consolidated accounts.

Foreign currency translation
Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (‘the functional currency’). The consolidated financial statements are presented in ‘EUR’, which is the Group’s presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

The results and financial position of all the Group companies (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the Group’s presentation currency are translated as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each income statement are translated at average exchange rates; and
- all resulting exchange differences are recognized in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are recognized directly in other comprehensive income. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in Other comprehensive income are recycled in Other comprehensive income and further recognized in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognized directly in other comprehensive income as the year’s change in the foreign translation reserve.

Cash flow statement
The cash flow statement includes changes in the balance of liquid assets. The Group’s liquid assets consist of cash and bank balances with original maturities of three months or less.

Cash flow is presented according to the indirect method, and divided into cash flows from operating activities, investing activities and financing activities. Cash flow from investing activities includes only actual disbursements for investments during the year.

Foreign Group companies’ transactions are translated in the cash flow statement at the average exchange rate for the period. Acquired and divested Group companies are recognized as cash flow from investing activities, net, after deducting liquid assets in the acquired or divested company.

Changes in accounting principles
As of January 1, 2022, none of the changes related to new and changed IFRS standards have had any impact on any reported amounts and are not expected to have any material impact on future periods.

A number of new standards and interpretations enter into force for the financial year beginning after January 1, 2022, and have not been applied to the preparation of this financial report. None of these new IFRS or IFRIC changes are expected to have a significant impact on the Group´s financial statements.

Note 2 Critical accounting estimates and judgements

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are described below.

Valuation of business acquisition

The valuation of identifiable assets and liabilities in connection with acquisitions have been performed by revaluing items already recorded in the balance sheet, as well as items which have not previously been recorded in the balance sheet, such as customer relationships, to fair value. Customer relationships have been valued based on the expected future cash flows from the acquired business' present customer portfolio. In these valuations, significant management judgment is required to determine the amount that can be recognized. In December 2022 Forcontact was acquired. The total surplus value has been preliminary allocated to goodwill as per December 31, 2022.

Impairment of goodwill and intangible assets

The Group annually evaluates the carrying value of goodwill for potential impairment by comparing projected discounted cash flows (using a suitable discount rate) associated with such assets to the related carrying value. An impairment test is also carried out should events or circumstances change which may indicate that there may be need for impairment. An impairment loss would be recognized when the estimated future discounted cash flow generated by the asset is less than the carrying amount of the asset. An impairment loss would be measured as the amount by which the carrying value of the asset exceeds the recoverable amount. The Group performed its annual impairment test of goodwill in September 2022. Changes in the assumptions and estimates used may have a significant effect on the income statement and statement of financial position. Please see note 12 for further details including a sensitivity analysis of some of the assumptions made.

Provisions

The Group recognizes a provision where there is a present obligation from a past event, a transfer of economic benefits is probable and the amount of costs of the transfer can be estimated reliably. The Group reviews outstanding legal cases, including tax audits, following developments in the legal proceedings, in order to assess the need for provisions and disclosures in its financial statements. Among the factors considered in making decisions on provisions are the nature of litigation, claim or assessment, the legal process and potential level of damages in the jurisdiction in which the litigation, claim or assessment has been brought, the progress of the case (including the progress after the date of the financial statements but before those statements are issued), the opinions or views of legal advisers, experience on similar cases and any decision of the Group's management as to how it will respond to the litigation or claim.

Contingent liabilities

The Group has contingent liabilities related to litigations and legal claims arising in the ordinary course of business. The integrated worldwide nature of Transcom's operations can give rise to complexity and delays in assessing the Group's tax position and can lead to the Group occasionally facing tax audits which in some cases result in disputes with tax authorities. During these tax audits, local tax authorities may question or challenge the Group's tax positions. Disputes with tax authorities can lead to litigations in front of several courts resulting in lengthy legal proceedings.

Note 3 Revenues from contracts with customers

Accounting principle
Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. Revenue mainly arises from call services operations.
- Revenues related to inbound teleservices are recognized at the time services are provided on a per-call basis.
- Revenues on outbound teleservices are recognized at the time services are provided on either a per-call, per-sale or per-collection basis under a fully executed contractual agreement and record reductions to revenues for contractual penalties and holdbacks for failure to meet specified minimum service levels and other performance based contingencies.

Cost to obtain contracts and initial startup-cost to fulfil contracts are capitalized and amortized over the contract period.

Performance obligations
The Group's client contractual term are normally 1–3 years, the contractual period according to IFRS 15 is shorter and correspond to the period covered in the specific volume request from the respective client, which is stipulated in each contract and is normally a shorter period, e.g. between 1–6 months. These are identified as the Group's performance obligations. Outstanding performance obligations as per December 2022 amounts to EUR 210,402 thousand (2021: EUR 186,891 thousand).

Note 4 Segment information

Accounting principle
Operating segments are reported in a manner consistent with the internal reporting provided to, and is evaluated regularly by, the chief operating decision maker, i.e. the Group's CEO. No operating segments have been aggregated to form the reportable segments.

Operating segments
The Group reportable segments are composed as follows:
- English-speaking segment: services delivered to multinational clients.
- Europe segment: services delivered to clients based in Europe.

Revenues from the largest single customer amounted to EUR 93,970 thousand, referring to English-speaking segment and revenues from the second largest client amounted to EUR 40,123 thousand, referring to Europe segment (2021: EUR 82,700 thousand in the English-speaking segment, EUR 41,737 thousand in the Europe segment). External revenue for Sweden amounted to EUR 149,970 thousand (2021: EUR 141,921 thousand) and total non-current assets in Sweden amounted to EUR 8,090 thousand (2021: EUR 5,367 thousand).

	2022		
EUR thousand	**English-speaking**	**Europe**	**Total Group**
Revenue from external customers	223,206	494,063	**717,269**
EBITDA excl. Non-recurring items	36,394	56,857	**93,251**
Depreciation and amortization			**−48,950**
Non-recurring items			**−8,893**
EBIT			**35,408**
Net financial items			**−24,765**
Profit/loss before tax			**10,643**

	2021		
EUR thousand	**English-speaking**	**Europe**	**Total Group**
Revenue from external customers	229,892	393,240	**623,132**
EBITDA excl. Non-recurring items	37,494	37,384	**74,878**
Depreciation and amortization			**−43,226**
Non-recurring items			**−9,743**
EBIT			**21,909**
Net financial items			**−27,113**
Profit/loss before tax			**−5,204**

Goodwill and surplus values per segment is reflected in note 12.

Geographical area

	Revenues[1]		Non-current assets[2]	
EUR thousand	**2022**	**2021**	**2022**	**2021**
Sweden	149,970	141,921	8,090	5,367
United States	148,242	115,898	11,285	9,168
Germany	97,516	78,026	6,631	4,837
Spain	75,129	80,255	5,036	4,717
Philippines	56,810	52,848	18,704	19,370
Italy	53,957	38,696	3,302	3,946
Croatia	34,276	16,190	4,293	5,892
Other	101,369	99,298	20,384	24,266
Total	**717,269**	**623,132**	**77,725**	**77,563**

1) Revenues are shown per country from which the billing company is domiciled.
2) Refers to tangible and intangible assets. Surplus values are not included.

Note 5 Expenses by nature

EUR thousand	**2022**	**2021**
Production costs	−17,177	−18,505
Personnel expenses	−549,160	−491,439
Other	−66,574	−48,053
Amortization and depreciation	−48,950	−43,226
Expenses charged to the income statement	**−681,861**	**−601,223**

Note 6 Employees

Accounting principle

Short-term benefits to employees such as salaries, social security contribution and holiday pay are expensed in the period when the employees perform the services. For pensions, please see note 19.

Salaries, other remuneration and social security charges

EUR thousand	2022	2021
Salaries and other remunerations	−459,797	−414,043
Social security charges	−73,892	−64,672
Pension expenses	−15,173	−12,336
Total	**−548,862**	**−491,051**

Salaries, other remuneration and social security charges are recognized in the following line items in the income statement

EUR thousand	2022	2021
Cost of sales	−488,311	−438,092
Marketing expenses	−5,721	−5,179
Administrative expenses	−54,829	−47,780
Total	**−548,862**	**−491,051**

Salaries, other remuneration and social security charges

2022 EUR thousand	Salaries and other remunerations	Social Security Charges	Pension expenses	Total
Executive management	−3,772	−1,245	−524	−5,541
Board members	−224	–	–	−224
Other employees	−455,801	−72,647	−14,649	−543,097
Total	**−459,797**	**−73,892**	**−15,173**	**−548,862**

2021 EUR thousand	Salaries and other remunerations	Social Security Charges	Pension expenses	Total
Executive management	−4,510	−1,488	−685	−6,683
Board members	−215	–	–	−215
Other employees	−409,318	−63,184	−11,651	−484,453
Total	**−414,043**	**−64,672**	**−12,336**	**−491,051**

Average number of employees[1]

	2022			2021		
	Women	Men	Total	Women	Men	Total
Albania	320	184	**504**	246	156	**402**
Bosnia	154	166	**320**	81	97	**178**
Estonia	110	83	**193**	127	127	**254**
Philippines	4,525	6,103	**10,628**	4,724	5,842	**10,566**
Italy	245	177	**422**	174	134	**308**
Canada	289	168	**457**	237	295	**532**
Colombia	182	248	**430**	86	104	**190**
Croatia	1,123	686	**1,809**	912	522	**1,434**
Latvia	335	113	**448**	296	102	**398**
Lithuania	487	227	**714**	466	209	**675**
The Netherlands	273	132	**405**	283	144	**427**
Norway	124	118	**242**	114	102	**216**
Poland	585	410	**995**	539	396	**935**
Portugal	130	68	**198**	120	60	**180**
Republic of North Macedonia	78	99	**177**	26	35	**61**
Serbia	468	198	**666**	453	160	**613**
Slovenia	133	53	**186**	81	32	**113**
Spain	1,064	395	**1,459**	1,022	275	**1,297**
United Kingdom	16	13	**29**	12	9	**21**
Sweden	971	348	**1,319**	1,046	346	**1,392**
Tunisia	758	1,015	**1,773**	621	832	**1,453**
Germany	629	566	**1,195**	453	402	**855**
Hungary	74	153	**227**	51	140	**191**
United States	1,017	576	**1,593**	1,017	645	**1,662**
	14,090	**12,299**	**26,389**	**13,187**	**11,166**	**24,353**

1) Total average number of employees excludes agency staff. 2021 numbers have been recalculated.

Women in Board and Executive management, %

	2022	2021
Board of Directors	14 %	14 %
Executive management	29 %	29 %

Note 6 Employees, cont.

Remuneration to the Board

EUR thousand	2022	2021
Chairman of the Board:		
Fredrik Cappelen	50	50
Other members of the Board:		
Alfred von Platen	30	30
Donald Hicks[1]	33	25
Lisa Stoner[1,2]	8	25
Mattias Holmström	30	30
Klas Johansson[2]	20	30
Brent J Welch[1]	33	25
Herman Korsgaard[2]	10	–
Christine Timmins Barry[2]	9	–
Total	**224**	**215**

1) USD amount has been converted on the 2022 average exchange rate.
2) Members leaving during 2022: Lisa Stoner (July), Klas Johansson (September).
New members: Christine Timmins Barry and Herman Korsgaard from September 2022.

Remuneration and other benefits to Executive management

	2022				
EUR thousand	Base salary	Variable compen-sation	Other benefits[1]	Pension fees	Total
President and CEO:					
Jonas Dahlberg	424	84	11	160	**679**
Other members of Executive management:					
Ten positions	2,515	274	464	364	**3,617**
Total	**2,939**	**358**	**475**	**524**	**4,296**

1) Refers to allowances, company car, medical insurance etc.

	2021				
EUR thousand	Base salary	Variable compen-sation	Other benefits[1]	Pension fees	Total
President and CEO:					
Jonas Dahlberg	434	85	13	219	**751**
Other members of Executive management:					
13 positions	3,061	730	188	466	**4,445**
Total	**3,494**	**815**	**201**	**685**	**5,196**

1) Refers to allowances, company car, medical insurance etc.

During 2022 the Executive management consisted of the following persons: Jonas Dahlberg, Travis Coates (from September), Snejana Koleva, Steffen Bagge (left in July), Stefan Berg, Robert Kresing, Gianluca Gemma, Pernilla Oldmark, Mark Lyndsell, Marie Wedin, Eva Wikmark (left in May), Donald Berryman (left in December) and Oliver Cook.

The following guidelines were applied on remuneration for senior executives within the Group which currently include members of the Executive management of Transcom ("Executive Managers"), as well as members of the Board of Directors to the extent they are remunerated outside their directorship. The remuneration to the Executive Managers consists of fixed salary and variable salary. The fixed salary and the bonus percentage may vary amongst Executive Managers according to their level of responsibility or seniority. The level of variable salary is in accordance with market practice and depends on the level of responsibility and seniority and calculated according to a combination of results achieved and individual performances. Other benefit constitutes of a limited amount in relation to the total remuneration and corresponds to the local practice. In the event of notice of termination of employment being served by Transcom, there is entitlement to salary during such notice period according to law governing in respective employment relationship.

In the event of notice of termination of employment being served by the Company, Executive Managers and the CEO are entitled to salary during a period in a range of maximum 12 months. The Executive Managers is entitled to pension commitments based on those that are customary in the country in which they are employed. The Executive Managers are offered defined contribution pension plans, with premiums amounting in a range to a maximum of 30 percent of the fixed salary that are paid to insurance companies. Members of the Board of Directors, may in certain cases receive a fee for services performed within their respective areas of expertise, outside of their duties on the Board of Directors. Compensation for these services shall be paid at market terms and be approved by the Board of Directors. In special circumstances, the Board of Directors may deviate from the above guidelines. In such case, the Board of Directors is obligated to give account for the reason for the deviation on the following annual general meeting of shareholders. The Board of Directors' view is that the remuneration to the CEO and the other members in the Executive management strikes an appropriate balance between motivating the members of the Executive management and achieving a well-balanced competitive compensation that aligns the members' incentives with the interests of Transcom and the owners.

Note 7 Leases

Accounting principle

Leases are recognized as a right-of-use asset and a corresponding liability at the commencement date of the lease. Each lease payment is allocated between the liability and finance cost which is charged to profit and loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset´s useful life and the lease term on a straight-line basis.

The lease liability is measured at a net present value based on the fixed lease payments less any lease incentives received, variable lease payments based on an index or a rate, amounts expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and payments of penalties for termination the lease, if the lease term reflects the lessee exercising that option.

In calculating the present value of lease payments the Group uses its incremental borrowing rate at the lease commencement date as the interest rate implicit in the lease is not readily determinable.

The right of use asset is measured at cost less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost includes the initial measurement of the lease liability, lease payments made at or before the commencement date less any lease incentives received, initial direct costs incurred and restoration costs.

The Group is using the recognition exemption for short-term leases and low-value leases, e.g. office equipment are classified as low-value assets and hence not included them in the balance sheet. The payments are recognized on a straigt-line basis as an expense in the income statement.

The Group is a lessee, leasing mainly real estate and office equipments.

Amounts recognised in the balance sheet

Right-of-use asset	Premises	IT equipment	Total
As at January 1, 2022	**29,792**	**590**	**30,382**
Additions	16,885	–	**16,885**
Extensions	180	–	**180**
Terminations	–692	–	**–692**
Depreciation	–16,526	–183	**–16,709**
Translation differences	95	11	**107**
Carrying value as at December 31, 2022	**29,735**	**418**	**30,152**

Right-of-use asset	Premises	IT equipment	Total
As at January 1, 2021	**25,957**	**596**	**26,553**
Additions	19,028	206	**19,234**
Acqusition of subsidiaries	1,300	–	**1,300**
Extensions	332	3	**335**
Terminations	–2,005	–8	**–2,013**
Depreciation	–15,526	–237	**–15,763**
Translation differences	705	29	**734**
Carrying value as at December 31, 2021	**29,792**	**590**	**30,382**

Note 7 Leases, cont.

Lease liability	Premises	IT equipment	Total
As at January 1, 2022	**31,487**	**612**	**32,100**
Additions	16,885	–	**16,885**
Extensions	180	–	**180**
Terminations	–834	–	**–834**
Accretion of interest	1,954	33	**1,987**
Payments	–18,093	–212	**–18,305**
Translate differences	–1,050	–3	**–1,052**
Carrying value as at December 31, 2022	**30,530**	**431**	**30,961**
Non-current lease liability	17,962	303	**18,265**
Current lease liability	12,579	118	**12,696**

Lease liability	Premises	IT equipment	Total
As at January 1, 2021	**28,199**	**617**	**28,816**
Additions	19,028	206	**19,234**
Acqusition of subsidiaries	1,300	–	**1,300**
Extensions	332	3	**335**
Terminations	–2,044	–8	**–2,052**
Accretion of interest	1,996	43	**2,038**
Payments	–17,415	–270	**–17,685**
Translate differences	91	20	**111**
Carrying value as at December 31, 2021	**31,487**	**612**	**32,100**
Non-current lease liability	16,487	412	**16,900**
Current lease liability	15,000	200	**15,200**

The maturity analysis of lease liabilities disclosed in note 24.

Amounts recognised in the income statement

	2022	2021
Depreciation right of use assets, Premises	–16,526	–15,526
Depreciation right of use assets, IT equipment	–183	–237
Interest expense on lease liability	–1,987	–2,039
Expense relating to short-term leases	–2,238	–2,451
Expense relating to leases of low-value	–316	–502
Variable lease payments	–17	–1,927
Total	**–21,267**	**–22,682**

Cash flow from IFRS 16 contracts

	2022	2021
Cash flow from IFRS 16 contracts	16,332	15,801

Note 8 Remuneration to auditors

EUR thousand	2022	2021
Ernst & Young		
Audit services	–714	–795
Audit services outside the assignment	–1	–284
Tax advice	–16	–6
Other	–	–
Other audit firms		
Audit services	–120	–17
Total	**–851**	**–1,102**

Audit services refer to the statutory audit, i.e. the reviewing of the annual report, the accounts and the administration by the Board of Directors and Managing Director.

Audit services also include any other tasks that the company's auditor is required to perform.

Audit services outside the assignment involve quality assurance measures, that is to say, in part, any review of management, the Articles of Association, statuses or agreements intended to result in a report, certificate or other document addressed to a party other than the principal and, in part, advice or other assistance occasioned by observations made during an audit. Tax advice includes advice on income taxes and VAT.

Note 9 Amortization, depreciation and impairment

Amortization and depreciation

EUR thousand	Item in the statement of financial position	2022	2021
Development cost	Other intangible assets	–993	–877
Other intangibles	Other intangible assets	–2,072	–2,151
Telephone switch	Tangible assets	–614	–609
Fixture and fittings	Tangible assets	–1,661	–1,395
Computer hardware and software	Tangible assets	–8,725	–6,835
Office improvements	Tangible assets	–3,962	–3,043
Right-of-use assets	Right-of-use assets	–16,709	–15,763
Total operational depreciation and amortization		**–34,736**	**–30,674**
Customer relationships*	Other intangible assets	–14,214	–12,552
Total		**–48,950**	**–43,226**

* Refers to amortizations of surplus values.

Amortization, depreciation and impairment are recognized in the following line items in the income statement:

EUR thousand	2022	2021
Cost of sales	–30,703	–25,979
Sales and marketing expenses	–1,721	–1,703
Administrative expenses	–16,526	–15,544
Total	**–48,950**	**–43,226**

Note 10 Financial income and expenses

Accounting principle

Financial income and expenses consist of interest income on bank balances and receivables and interest-bearing securities, bank fees, interest expenses on loans, dividend income, exchange rate differences, realized and unrealized gains on financial investments, and derivatives used in financial operations.

Interest expenses are recognized in accordance with the effective interest method. Interest expenses are recognized in the period to which they pertain.

Financial income

EUR thousand	2022	2021
Interest income on bank deposits	78	16
Other financial income	993	457
Total	**1,071**	**473**

Financial expenses

EUR thousand	2022	2021
Interest expense on bank borrowings	–18,372	–16,750
Interest expense on lease liabilities	–1,987	–2,038
Other financing costs	–3,591	–7,585
Bank fees	–291	–151
Foreign exchange loss	–1,595	–1,061
Total	**–25,836**	**–27,585**

Note 11 Taxes

Accounting principle

The tax expense for the period comprises current and deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where the Company and its Group companies operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets and liabilities have been measured at the tax rate that are expected to apply during the period when the asset is realized or the liability is settled, according to the tax rates and tax regulations that have been resolved or enacted at the balance sheet date.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax is provided on temporary differences arising on investments in Group companies and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Income tax expense

EUR thousand	2022	2021
Current income tax on profit/loss for the year	–8,943	–7,303
Adjustments in respect of prior years	–49	750
Current taxes	**–8,992**	**–6,553**
Current year origination and reversal of temporary differences	–2,010	5,527
Adjustments in respect of prior years	–133	–454
Deferred taxes	**–2,143**	**5,073**
Income tax expense	**–11,135**	**–1,479**

Effective tax rate

A reconciliation of the statutory tax rate to the Company's effective tax rate applicable to income from continuous operations was:

EUR thousand	2022	%	2021	%
Profit/loss before tax	**10,643**		**–5,204**	
Calculated tax based on tax rate in Sweden 20.6%	–2,192	–20.6	1,072	–20.6
Foreign tax rate differential	–1,428	–13	2,231	–42.9
Tax exempt income	1,786	17	223	–4.3
Non-deductible expenses	–1,043	–10	–859	16.5
Prior year losses recognized this year	1,465	14	1,320	–25.4
Losses for which no tax benefit is recognized	–8,287	–78	–4,729	90.9
Adjustments in respect of prior years	–200	–2	296	–5.7
Withholding tax	–161	–2	–	–
Other tax not at standard rate[1]	–1,217	–11	–1,015	19.5
Other	140	1	–19	0.4
Income tax expense	**–11,135**	**–105**	**–1,479**	**28.4**

1) Other tax not at standard rate mainly relates to other corporate income tax.

Note 11 Taxes, cont.

Deferred tax assets

EUR thousand	Tangible assets	Tax losses	Other	Netting	Total
As at January 1, 2022	**359**	**12,611**	**3,671**	**–8,904**	**7,737**
Opening balance adjustments	–	–226	–1,205	–	**–1,431**
Income statement movements	–37	–190	–1,659	–	**–1,886**
Acqusition of subsidiaries	1	–	–	–	**1**
Reclassification	–	–	–703	–	**–703**
Netting of assets/liabilities	–	–	–	–2,153	**–2,153**
As at December 31, 2022	**323**	**12,195**	**104**	**–11,057**	**1,565**

EUR thousand	Tangible assets	Tax losses	Other	Netting	Total
As at January 1, 2021	**375**	**8,593**	**900**	**–8,340**	**1,528**
Opening balance adjustments	–	7	416	–	**423**
Income statement movements	–16	3,504	–1,204	–	**2,284**
Acqusition of subsidiaries	–	–	3,545	–	**3,545**
Reclassification	–	507	14	–	**521**
Netting of assets/liabilities	–	–	–	–564	**–564**
As at December 31, 2021	**359**	**12,611**	**3,671**	**–8,904**	**7,737**

Tax losses

Deferred tax assets are recognized for tax losses carried forward to the extent that the realization of the related tax benefit through future taxable profit is probable. The Group did not recognize deferred tax assets for losses amounting to EUR 46,276 thousand (2021: EUR 43,997 thousand). EUR 20,130 thousand (2021: EUR 16,038 thousand) of these losses have no expiration date. The corresponding deferred tax assets for all not recognized losses would have been EUR 12,315 thousand (2021: EUR 10,459 thousand) and EUR 5,300 thousand (2021: EUR 2,942 thousand) for loss with no expiration date.

EUR thousand	2022	2021
Tax losses recognized as a deferred tax asset in the balance sheet	53,658	54,548
Tax losses not recognized as a deferred tax asset in the balance sheet	46,276	43,997
Total	**99,934**	**98,545**
Expires within 1 to 5 years	1,274	4,713
Expires within 6 to 10 years	5,325	7,381
Expires in more than 10 years	20,313	23,000
No expiration date	73,022	63,451
Total	**99,934**	**98,545**

Deferred tax liabilities[1]

EUR thousand	Tangible assets	Intangible assets	Other	Netting	Total
As at January 1, 2022	–	**23,496**	**3,565**	**–8,904**	**18,157**
Opening balance adjustments	–	1,150	3	–	**1,153**
Income statement movement	–	–3,044	4	–	**–3,040**
Netting of assets/liabilities	–	–	–	–2,153	**–2,153**
As at December 31, 2022	–	**21,602**	**3,572**	**–11,057**	**14,117**

EUR thousand	Tangible assets	Intangible assets	Other	Netting	Total
As at January 1, 2021	–	**21,726**	**3,251**	**–8,340**	**16,637**
Opening balance adjustments	–	–	3	–	**3**
Income statement movement	–	–3,138	349	–	**–2,789**
Acqusition of subsidiaries	–	4,908	–	–	**4,908**
Reclassification	–	–	–38	–	**–38**
Netting of assets/liabilities	–	–	–	–564	**–564**
As at December 31, 2021	**–**	**23,496**	**3,565**	**–8,904**	**18,157**

1) Deferred tax liability for intangible assets is computed on surplus values for brand and trademarks obtained during historical acquisitions. The group does not recognize deferred tax liabilities for unremitted earnings of subsidiaries to the extent that they are expected to be permanently invested in international operations. These earnings, the amount of which cannot be practicably computed, could become subject to additional tax if they were remitted as dividends or if the company were to sell its shareholdings in the subsidiaries.

Note 12 Goodwill and other intangible assets

Accounting principle

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of Group companies is included in 'intangible assets'. Goodwill is carried at cost less accumulated impairment losses. Gains and losses on the disposals of an entity include the carrying amount of goodwill relating to the entity sold.

Customer relationships

Contractual customer relationships acquired in a business combination are recognized at fair value at the acquisition date. The contractual customer relations have a limited useful life and are carried at cost less accumulated amortization and are assessed for impairment whenever there is an indication that the asset is impaired. Amortization is calculated using the straight-line method over the expected life of the customer relationship which is 9 to 10 years.

Brand

Brand has been identified with business acquisitions, and valued based on discounted hypothetical royalty payments which the Company should save when being the owner. Brand is included in "intangible assets" and is carried at cost less accumulated impairment losses.

Development costs

Brand Costs associated with maintaining computer software programs are recognized as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognized as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalized as part of the software product, include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

Computer software development costs are recognized as assets and amortized over their estimated useful lives, which is between 3 to 5 years.

EUR thousand	Goodwill	Customer relationships	Brand	Development cost	Other	Total
Cost						
As at January 1, 2022	**224,911**	**127,338**	**23,209**	**18,530**	**16,228**	**410,214**
Acquisitions[1]	11,299	–	–	–	–	**11,299**
Investments	–	–	–	1,761	2,259	**4,020**
Disposal	–	–	–	–4	–43	**–47**
Translation differences	125	1,033	–361	–172	368	**993**
As at December 31, 2022	**236,335**	**128,371**	**22,847**	**20,115**	**18,811**	**426,479**
Accumulated amortization and impairment						
As at January 1, 2022	–	**–53,034**	–	**–16,854**	**–8,239**	**–78,127**
Amortization for the year	–	–14,214	–	–993	–2,072	**–17,279**
Translation differences	–	36	–	320	–490	**–134**
As at December 31, 2022	–	**–67,212**	–	**–17,526**	**–10,801**	**–95,539**
Carrying value as at December 31, 2022	**236,335**	**61,159**	**22,847**	**2,588**	**8,010**	**330,940**

EUR thousand	Goodwill	Customer relationships	Brand	Development cost	Other	Total
Cost						
As at January 1, 2021	**203,502**	**100,074**	**23,308**	**18,285**	**7,771**	**352,940**
Acquisitions	19,457	25,511	–	–	–	**44,968**
Investments	–	–	–	357	7,608	**7,965**
Disposal	–	–	–	–41	–	**–41**
Translation differences	1,952	1,752	–99	–71	849	**4,383**
As at December 31, 2021	**224,911**	**127,338**	**23,209**	**18,530**	**16,228**	**410,216**
Accumulated amortization and impairment						
As at January 1, 2021	–	**–37,848**	–	**–15,235**	**–6,378**	**–59,461**
Acquisitions	–	–2,078	–	–	–	**–2,078**
Amortization for the year	–	–12,552	–	–877	–2,151	**–15,580**
Translation differences	–	–556	–	–742	290	**–1,008**
As at December 31, 2021	**–**	**–53,034**	**–**	**–16,854**	**–8,239**	**–78,127**
Carrying value as at December 31, 2021	**224,911**	**74,304**	**23,209**	**1,676**	**7,989**	**332,089**

1) Acquisitions is related to Forcontact and preliminary allocated to goodwill.

Note 12 Goodwill and other intangible assets, cont.

Impairment testing for cash generating units containing Goodwill and Brand

Impairment test are to be done annually, or in the event there are indications of a decline in value in an asset. The impairment test performed in September 2022 gave no indication of a need for goodwill impairment. Since then, there has been no indication of impairment.

The Group treats the geographical regions Europe and English-speaking as cash-generating units in the sense referred to in IAS36 Impairment of assets.

The calculation of the value in use was based on the following main assumptions:

Cash flows were projected based on past experience, actual operating results and the conservative 3-year financial plan. Beyond the specifically forecasted period of three years, the Company extrapolates cash flows based on estimated constant growth rates of 2.1 percent (2021: 2.1 percent) depending on executive management's understanding of the market. The anticipated annual revenue growth included in the cash-flow projections has been based on historical experience and expectations of future changes in the market conditions. Market conditions take into account the nature of risk and executive management's estimations of change within this market. These rates do not exceed the average long-term growth rates for the relevant markets.

The anticipated conservative average annual revenue growth totalled 10.7% (2021: 13.2%) in Europe and 1.7 % (2021: 15.9%) in English.The anticipated annual margin growth totalled 13.9 % (2021: 18.7%) for Europe and 6.3% (2021: 23.1%) for English.

Applied pre-tax discount rates were applied to Europe segment of 11.6% (2021: 10.2%) and English-speaking segment 9.1% (2021:9.7%), in determining the recoverable amounts of the units. The discount rates is estimated based on past experience, industry average weighted cost of capital and Group's industry related beta adjusted to reflect executive management's assessment of specific risks related to the unit.

Reasonably possible changes in key assumptions (such as discount rates, Revenue/Operating margin and terminal growth rate) would not trigger any impairment loss to be recognized.

The carrying amounts of Goodwill and Brand allocated to each region are:

Goodwill

EUR thousand	2022	2021
Europe	170,952	160,481
English-speaking	65,383	64,430
Total	**236,335**	**224,911**

Brand

EUR thousand	2022	2021
Europe	17,330	17,669
English-speaking	5,517	5,540
Total	**22,847**	**23,209**

Brand includes the brands *Transcom* and *Xzakt.*

Customer relationships and development costs

Customer relationships mainly consist of intangible assets that were identified during the past acquisitions based on the discounted cash flows expected to be derived from the use and eventual sale of the asset, determined at the date of acquisition.

Development costs consist of amounts identified by executive management where it is considered that technological and economical feasibility exists, usually determined by reference to the achievement of defined milestones according to an established project management model.

Note 13 Tangible assets

Accounting principle

All property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation on assets is calculated using the straight-line method to allocate their cost less their residual values over their estimated useful lives, as follows:

- Telephone switch 5 years
- Equipments, fixtures and fittings 3–5 years
- Computer, hardware and software 3–7 years
- Office improvements and others 3–5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

EUR thousand	Telephone switch	Fixtures and fittings	Computer hardware and software	Office improvements	Total
Cost					
As at January 1, 2022	**27,521**	**31,361**	**73,659**	**38,149**	**170,690**
Investments	716	2,743	7,479	9,247	**20,185**
Disposals	–474	–683	–1,259	–832	**–3,248**
Reclassifications	1	301	–311	9	**0**
Translation differences	347	–74	1,154	687	**2,114**
As at December 31, 2022	**28,111**	**33,648**	**80,721**	**47,260**	**189,741**
Accumulated amortization and impairment					
As at January 1, 2022	**–26,046**	**–26,223**	**–56,632**	**–29,206**	**–138,107**
Depreciation for the year	–614	–1,661	–8,725	–3,961	**–14,961**
Disposals	471	582	965	672	**2,690**
Reclassifications	–	–42	58	–15	**–**
Translation differences	–361	85	–848	–1,264	**–2,388**
As at December 31, 2022	**–26,550**	**–27,259**	**65,182**	**–33,774**	**–152,766**
Carrying value as at December 31, 2022	**1,561**	**6,389**	**15,539**	**13,485**	**36,975**
Cost					
As at January 1, 2021	**26,104**	**28,037**	**62,750**	**32,281**	**149,172**
Investments	719	2,656	11,981	3,615	**18,971**
Disposals	–67	–266	–496	–167	**–996**
Reclassifications	–	–3	229	–226	**–**
Translation differences	765	937	–805	2,646	**3,543**
As at December 31, 2021	**27,521**	**31,361**	**73,659**	**38,149**	**170,690**
Accumulated amortization and impairment					
As at January 1, 2021	**–24,740**	**–24,287**	**–50,515**	**–25,261**	**–124,802**
Depreciation for the year	–609	–1,395	–6,835	–3,043	**–11,882**
Disposals	64	258	351	31	**704**
Reclassifications	2	–	–2	–	**–**
Translation differences	–763	–799	369	–933	**–2,126**
As at December 31, 2021	**–26,046**	**–26,223**	**–56,632**	**–29,206**	**–138,107**
Carrying value as at December 31, 2021	**1,475**	**5,138**	**17,027**	**8,943**	**32,583**

Note 14 Trade receivables

Accounting principle

Trade receivables are classified in the category financial instruments at amortized cost. Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. The anticipated receivable is short, so they are carried at accrued cost without discounting. Risk concentration is defined by a material part of outstanding trade receivables. However, the risk are considered to be low, supported by historically low losses, current conditions and forward looking economic conditions. Impairment are determined individually. Impairment needs are addressed when there is indication that receivables will not be paid or if Transcom becomes aware that the counterparty has become insolvent. Provisions for impaired receivables are recognized as administrative expenses in the Consolidated Income Statement. Please see note 24 for further details.

EUR thousand	2022	2021
Trade receivables gross	92,716	93,813
Provision for impairment of trade receivables	–707	–580
Trade receivables net	**92,009**	**93,233**

The carrying value less impairment of trade receivables is assumed to approximate the fair value.

Expected credit losses

EUR thousand	2022	2021
As at January 1	**–580**	**–792**
Provisions made	–177	139
Provisions reversed	36	–
Provisions used	2	71
Reclassification	–	–
Translation differences	12	2
As at December 31	**–707**	**–580**

Overview of the ageing of trade receivables

EUR thousand	2022	2021
Not due	78,648	79,834
<30 days	8,419	8,913
30–60 days	1,742	1,399
60–90 days	978	84
90–120 days	292	407
>120 days	1,930	2,596
Total	**92,009**	**93,233**

Outstanding gross trades receivables overdue has decreased from the prior year and amounts to EUR 13,361 thousand (13,399) due to deferred payments at year-end from several clients. Based on previous experience, and communication with the clients, Transcom sees a low risk for significant credit losses. Credit losses amounted to EUR 2 thousand (71) during the year.

Note 15 Other receivables and prepaid expenses and accrued income

Other receivables

EUR thousand	2022	2021
VAT recoverable	6,338	4,455
Amount due from public authorities	4,664	3,564
Client deposit related assets	796	669
Revaluation of derivatives	264	–
Other receivables[1]	10,709	4,753
Total	**22,771**	**13,441**

1) Other receivables mainly relates to advanced payments.

Prepaid expenses and accrued income

EUR thousand	2022	2021
Prepaid expenses	8,407	6,992
Accrued income	46,096	43,807
Total	**54,503**	**50,799**

Note 16 Cash and cash equivalents

Cash and Cash equivalents include	2022	2021
Cash in hand and balances with banks	31 404	39 236
Total cash and cash equivalents	**31 404**	**39 236**

Note 17 Equity

Share capital

Transcom's share capital as of December 31, 2022 was distributed among 11,937,773 shares (2021: 11,937,773) with a nominal value of EUR cent 0.0046 per share (2021: EUR cent 0.0046). All shares entitle to one vote each and all have the same right to dividend.

Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity (Share capital and other contributed capital) as a deduction, net of tax, from the proceeds.

Dividends

Dividend is recognized as a liability in the Group's financial statements in the period in which the dividends are approved by the Annual General Meeting. All shares are entitled to the equal amount of dividend per share.

Reserves in equity	Cash flow hedge reserve	Fair value reserve of financial assets at FVOCI	Foreign currency translation reserve	Total
As at January 1, 2022	**211**	**–3,479**	**–3,412**	**–6,680**
Exchange differences on translation of foreign operations	–	–	1,784	1,784
Currency forward contracts	955	–	–	955
Remeasurement on defined benefit plan	–	1,129	–	1,129
As at December 31, 2022	**1,166**	**–2,350**	**–1,628**	**–2,812**

Reserves in equity	Cash flow hedge reserve	Fair value reserve of financial assets at FVOCI	Foreign currency translation reserve	Total
As at January 1, 2021	**1,360**	**–1,437**	**–7,479**	**–7,557**
Exchange differences on translation of foreign operations	–	–	4,067	4,067
Currency forward contracts	–1,149	–	–	–1,149
Remeasurement on defined benefit plan	–	–2,042	–	–2,042
As at December 31, 2021	**211**	**–3,479**	**–3,412**	**–6,680**

Note 18 Interest-bearing liabilities

Accounting principles

Interest-bearing liabilities are classified as financial liabilities at amortized cost. Amortized cost is determined based on the effective interest rate calculated when the liability was assumed. This means that surplus and deficit values as well as direct costs in conjunction with assuming of loans are distributed over the term of the liability. Non-current interest-bearing liabilities have an anticipated maturity of more than one year, while current interest-bearing liabilities have a maturity of less than one year.

EUR thousand	2022	2021
USD revolving credit facility	13,595	–
EUR floating rate notes (Secured)	315,000	315,000
Amortized costs	−6,807	−8,539
Lease liabilities	30,961	32,100
Accrued interest	1,103	779
Other loans	1,982	3,205
Total	**355,834**	**342,544**
Non-current interest-bearing liabilities	322,250	307,910
Current interest-bearing liabilities	2,623	2,535
Total	**324,873**	**310,445**

EUR thousand	2022	2021
Non-current lease liabilites	18,265	16,900
Currrent lease liabilites	12,696	15,200
Total	**30,961**	**32,100**

EUR thousand	2022	2021
Unused credit facilities[1]	26,538	40,642
Total	**26,538**	**40,642**

1) Unused credit facilities includes unused cash pool limits.

Financing in the Group includes €315 million Senior Secured Floating Rate Notes due in December 2026 (the Notes) listed on The International Stock Exchange. Holders of the Notes obtain a coupon of three-month EURIBOR plus 525 basis points per annum, subject to a 0% floor and reset quarterly. A Super Senior Revolving Credit Facility Agreement (SSRCF) of €45 million with termination date in June 2026. Interest rates in the SSRCF are based on LIBOR, STIBOR and EURIBOR plus margins. For the SSRCF the Company is committed to follow certain covenants if so called test conditions are met. The test conditions were not exceeded in 2022. The Notes and the SSRCF share security and guarantees in accordance with the provisions of an intercreditor agreement. In the event of a change of control the lenders under the SSRCF have the right to cancel their commitments and the holders of the Notes have the right to request a repurchase of the Notes.

The table below shows the maturity profile of the Groups's interest bearing liabilities including interests.

EUR thousand	2022	2021
Less than six months	12,076	8,288
Between six and twelve months	11,906	8,819
Between one and two years	23,329	17,567
Between two and five years	368,117	356,290
Total	**415,428**	**390,964**

Note 19 Employee benefit obligations

Accounting principle

Group companies operate various pension schemes. The schemes are generally funded through payments to insurance companies or trustee- administered funds, determined by periodic actuarial calculations. The Group has both defined benefit and defined contribution plans.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

A defined benefit is typically defined by the amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The liability recognized in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, together with adjustments for unrecognized past-service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income in the period in which they arise.

Past-service costs are recognized immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortized on a straight-line basis over the vesting period.

The Group has employee benefit schemes in Italy, Phillippines and USA in relation to termination indemnity and defined benefit pensions. A full actuarial valuation was carried out to December 31, 2022 by a qualified, independent actuary except for the acquired company Awesome that is considered immaterial. There are no plan assets in connection with the pension plans in Italy, Philippines and the USA.

Reconciliation to the statement of financial position

EUR thousand	2022	2021
Italy	458	428
Philippines	1,895	5,085
USA	4	1
Present value of scheme liabilities	**2,356**	**5,514**

Analysis of the amount charged to operating profit

	2022				2021			
EUR thousand	Italy	Philippines	USA	Total	Italy	Philippines	USA	Total
Current service cost	–	136	–	136	–	358	–	358
Past service cost	–	–	–	–	–	–	–	–
Total operating charge	**–**	**136**	**–**	**136**	**–**	**358**	**–**	**358**

Analysis of the amount credited to other finance costs

	2022				2021			
EUR thousand	Italy	Philippines	USA	Total	Italy	Philippines	USA	Total
Interest on pension scheme liabilities	11	24	–	35	–	76	–	76
Total finance cost	**11**	**24**	**–**	**35**	**–**	**76**	**–**	**76**

Major assumptions used by the actuary for the calculation of the defined benefit pension scheme

	2022			2021		
%	Italy	Philippines	USA	Italy	Philippines	USA
Rate of increase in salaries	2.0	2.0	–	2.0	2.0	–
Discount rate	2.67	5.1–7.7	–	0.4–0.6	5.0–5.1	–

Assumptions regarding future mortality experience are set in accordance with published statistics and experience in each territory.

Amount recognized in the statement of financial position – movement in deficit during the year

	2022				2021			
EUR thousand	Italy	Philippines	USA	Total	Italy	Philippines	USA	Total
As at January 1	**428**	**5,085**	**1**	**5,514**	**598**	**2,514**	**1**	**3,113**
Movement in the year								
Current service cost and settlements	–	136	–	**136**	–	358	–	**358**
Interest cost	11	24	–	**36**	–	76	–	**76**
Contributions	–	–4,215	–	**– 4,215**	–	–	–	**–**
Actuarial gains/losses	19	1,110	–	**1,129**	46	1,996	–	**2,042**
Benefits paid	–	–	–	–	–216	–	–	**–216**
Translation difference	–	–245	3	**–242**	–	141	–	**141**
As at December 31	**458**	**1,895**	**4**	**2,356**	**428**	**5,085**	**1**	**5,514**

The Italian liability would increase with EUR 8.5 thousand if the discount rate would be lowered by 0.25 percent point. An increase with the same percent point would lower the liability with EUR 8.2 thousand. The liability in the Philippines would increase with EUR 46(142) thousand if the discount rate would be lowered by 1 percentage point. An increase with the same percentage would lower the liability with EUR 32 (192) thousand.

Note 19 Employee benefit obligations, cont.

Alecta

For employees in Sweden, the ITP 2 plan's defined benefit pension commitments are guaranteed for age and family pension (alternatively family pension) through insurance with Alecta.

According to a statement from the Swedish Financial Reporting Board, UFR 10 Reporting pension plan ITP 2 which is financed through insurance from Alecta, this is a defined benefit plan that encompasses several employers.

For the financial year of 2022 the company did not have the necessary information required to recognize its proportional share of the plan's obligations, plan assets and expenses which has made it impossible to recognize this plan as a defined benefit plan.

Therefore the ITP 2 pension plan which is secured through insurance from Alecta is recognized as a defined contribution plan.

Premiums for the defined benefit old age and family plans are calculated individually taking into account salary, previously earned pension and anticipated remaining employment period.

Note 20 Provisions

Accounting principle

Provisions for restructuring costs, legal claims and other obligations are recognized when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognized for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

EUR thousand	Legal claims	Restructuring	Other[1]	Total
As at January 1, 2022	**10,530**	**712**	**18,577**	**29,819**
Provisions made	176	252	15,742	**16,170**
Provisions used	–	–802	–4,705	**–5,507**
Provisions reversed	–8	–	–10,613	**–10,621**
Translation differences	–	–	378	**378**
As at December 31, 2022	**10,698**	**162**	**19,379**	**30,239**
Non-current provisions	–	–	7,254	**7,254**
Current provisions	10,698	162	12,125	**22,985**
Total	**10,698**	**162**	**19,379**	**30,239**

EUR thousand	Legal claims	Restructuring	Other	Total
As at January 1, 2021	**10,534**	**200**	**14,082**	**24,816**
Provisions made	62	5,805	15,835	**21,702**
Provisions used	–	–4,179	–12,050	**–16,229**
Provisions reversed	–66	–1,114	–73	**–1,253**
Translation differences	–	–	783	**783**
As at December 31, 2021	**10,530**	**712**	**18,577**	**29,819**
Non-current provisions	–	–	10,050	**10,050**
Current provisions	10,530	712	8,527	**19,769**
Total	**10,530**	**712**	**18,577**	**29,819**

1) Other provisions as at December 31, 2022, were mainly related to expected future payments for costs to obtain contracts and earn-outs in relation to the acquisition of City Connect and Forcontact.

Note 21 Other liabilities

EUR thousand	2022	2021
VAT payable	3,143	8,929
Social costs	9,823	10,422
Liabilities to public authorities	2,042	1,247
Amounts payable to employees	6,989	4,028
Governmental support programs relating to Covid-19	9,836	12,146
Other current liabilities	4,433	6,847
Total	**36,266**	**43,619**

Transcom has deferred some tax payments (VAT and social contribution), mainly in Sweden, enabled by government programs instated during the COVID-19 pandemic. Final payment plans have been received in 2022, therefor EUR 4,900 thousand have been reclassified to Other liabilities-Non-Current.

Note 22 Accrued expenses and prepaid income

EUR thousand	2022	2021
Accrued personnel expenses	25,532	26,944
Other accrued expenses[1]	18,156	17,555
Deferred income	456	9,162
Total	**44,144**	**53,661**

1) Other accrued expenses are mainly related to temporary agents, subcontractors and rents.

Note 23 Commitments and contingencies

Accounting principle

A contingent liability is recognized when there is a possible obligation that arises from past events whose existence will be confirmed only by one or more uncertain future events or when there is an obligation that is not recognized as a liability or provision because it is not probable that an outflow of resources will be required.

Contigent liabilitites

The Group has contingent liabilities related to litigations and legal claims arising in the ordinary course of business. The integrated worldwide nature of the Group's operations can give rise to complexity and delays in assessing the Group's tax position and can lead to the Group occasionally facing tax audits which in some cases result in disputes with tax authorities. During these tax audits, local tax authorities may question or challenge the Group's tax positions. Disputes with tax authorities can lead to litigations in front of several courts resulting in lengthy legal proceedings. As at December 31, 2022, six Group entities are subject to tax audits. Some of these tax inquiries have resulted in reassessments, while others are still at an early stage and no reassessments have yet been raised.

The group has no material contingent liabilities as per December 31, 2022. 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.

Note 24 Financial instrument risk management objectives and policies

The main risks arising from the Group's financial instruments are liquidity risk, credit / counterparty risk, foreign currency risk, and interest rate risk. The Board of Directors reviews and agrees policies for managing each of these risks which are summarized below.

Management controls and procedures

The Board has overall responsibility for the determination of the Group's risk management objectives and policies with the objective to set policies that seek to reduce risk as far as possible, without unduly affecting the Group's competitiveness and flexibility. It has delegated the authority for designing and operating the associated processes to the Group's treasury department.

Risk exposures are monitored and reported to management on a quarterly basis, together with required actions when tolerance limits are exceeded.

For the presentation of market risks, IFRS 13 requires sensitivity analysis that shows the effects of hypothetical changes of relevant risk variables on the income statement and shareholders' equity.

Interest rate risk

The Group´s exposure to the risk of changes in market interest rates relates primarily to the Goup´s Floating Rate notes and the Revolving Credit Facility. The interest on the Floating rate Notes is calculated as the aggregate of three-month EURIBOR plus 525 basis points per annum. The interest on each loan under the Revolving Credit Facility for each term is calculated as the aggregate of the Interbank offered rate (IBOR) plus a margin based on the basis of the consolidated total net debt to consolidated EBITDA.

Interest rate risk is not hedged, neither through derivative financial instruments or otherwise.

If the EUR interest rates increase by 100 basis points, it will have an effect on the profit before tax by EUR 3 159 thousand, and if the USD interest rates increased by 100 basis points, it will have an effect on the profit before tax by EUR 136 thousand, based on the outstanding loans as per December 31, 2022. This with all other variables held constant of the Group's profit before tax (through the impact on floating rate borrowings). There is no material impact on the Group's equity.

Foreign exchange risk

The following main exchange rates have been used to translate the transactions in foreign currency to Euro in the financial statements.

Foreign exchange rates

	2022		2021	
Currency	Average rate	Closing rate	Average rate	Closing rate
US Dollar, USD	1.06	1.07	1.19	1.13
Swedish krona, SEK	10.63	11.12	10.15	10.25
Philippine peso, PHP	57.23	59.32	58.38	57.76

As an international company, the Group is subject to foreign exchange risks of two different types:

Transactional risk, which may occur when the Group invoices clients in one currency and must pay its costs in another currency. The Group seeks to minimize these movements by matching the currency of revenue with the currency of costs, by negotiating pricing adjustments and/or indexation of contracts to foreign exchange rates, and by implementing hedging instruments on a case-by-case basis, under close supervision of the Board and Audit Committee. Main exposure for the Group is in the Philippines with exposures in PHP vs. USD. In 2022, 56% (40%) of the anticipated net flow of sales and costs has been hedged by purchasing of forward contracts for a period of 6 to 12 months.

Translation risk, results from the conversion of assets, liabilities, revenues and costs denominated in non-Euro reporting currencies, into the Group reporting currency, which is the Euro. In 2022, 52.2 (53.4)percent of the Group's sales were denominated in currencies other than the reporting currency of the Group. The Board has decided not to hedge these exposures as they do not constitute a direct cash flow exposure.

In terms of shareholders' equity in the Group, a +/–10 percent change per December 31, 2022 of the exchange rate for the USD vs. EUR would have affected shareholders' equity in the Group with EUR –14,397/+17,596 thousand and EUR –10,586/+12,939 thousand against SEK. Exposures in other currencies would have had an immaterial impact for the Group.

On the net income for the group, a +/–10 percent change per 2022 average exchange rate for the USD vs. EUR would have affected the Group's net income of EUR –1,022/+1,249 thousand and EUR +144/–177 thousand against SEK. Exposures in other currencies have an immaterial impact for the Group.

Credit/counterparty risk

With respect to credit risk arising from the financial assets of the Group, which comprise balances from credit sales and cash and cash equivalents, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying value of these instruments.

Prior to accepting new accounts and wherever practicable, credit checks are performed using a reputable external source. Credit risk is reviewed monthly by Executive management, and corrective action is taken if pre-agreed limits are exceeded. Bank counterparty risk is mitigated by concentrating the Group's cash management activity with a limited number of top tier banks in each of the Group's regions.

Further analysis on gross trade debtors, provisions and ageing of net trade debtors are provided in note 14. The maximum exposure to credit risk is represented by the carrying amount of each financial asset on the statement of financial position.

Liquidity risk

Liquidity risk arises from the Group's management of its working capital as well as the finance charges and principal repayments on its debt instruments.

The Group monitors this risk using a consolidated cash flow model in order to identify peaks and needs in liquidity and identify benefits which can be attained by controlled placement and utilization of available funds.

A significant mitigating factor of the Group's liquidity risk is the unused proportion of the Revolving Credit facility agreement as disclosed in note 18, as well as other financing sources which may be implemented from time to time by the Group. The unused proportion of the Credit Facility at December 31, 2022 was EUR 26,538 thousand including unutilized cash pool limit (2021: 40,642 including unutilized cash pool limit). The liquidity risk is deemed stable and the Board of Directors believes that the capital required to meet the company's commitments will be available during the 2023 fiscal year.

Note 24 Financial instrument risk management objectives and policies, cont.

Classification of the Group's financial assets and liabilities

2022[1] EUR thousand	Financial instruments at amortized cost	Financial instruments at fair value to the P&L[1]	Derivatives for cash-flow hedges [4]	Total carrying amount	Level[3]
Financial assets					
Other receivables	6,539	–	–	6,539	
Total non-current financial assets	**6,539**	**–**	**–**	**6,539**	
Trade receivables	92,009	–	–	92,009	
Other receivables incl. accrued income	68,604		264	68,867	
Cash and cash equivalents	31,404	–	–	31,404	
Total current financial assets	**192,016**	**–**	**264**	**192,280**	
Total financial assets	**198,555**		**264**	**198,818**	
Financial liabilities					
Interest-bearing liabilities	322,250	–	–	322,250	2
Lease liabilities	18,265	–	–	18,265	
Provisions and earn-out[2]	3,647	3,607	–	7,254	3
Total non-current financial liabilities	**344,162**	**3,607**	**–**	**347,770**	
Interest-bearing liabilities	2,623	–	–	2,623	2
Lease liabilities	12,696	–	–	12,696	
Provisions and earn out[2]	13,500	9,485	–	22,985	3
Trade payables	20,284	–	–	20,284	
Other liabilities incl. accrued expenses[4]	54,461	–	–	54,461	2
Total current financial liabilities	**103,564**	**9,485**	**–**	**113,049**	
Total financial liabilities	**447,727**	**13,092**	**–**	**460,819**	

2021[1] EUR thousand	Financial instruments at amortized cost	Financial instruments at fair value to the P&L[1]	Derivatives for cash-flow hedges [4]	Total carrying amount	Level[3]
Financial assets					
Other receivables	5,869	–	–	5,869	
Total non-current financial assets	**5,869**	**–**	**–**	**5,869**	
Trade receivables	93,233	–	–	93,233	
Other receivables incl. accrued income	57,248	–		57,248	
Cash and cash equivalents	39,236	–	–	39,236	
Total current financial assets	**189,717**	**–**	**–**	**189,717**	
Total financial assets	**195,586**	**–**	**–**	**195,586**	
Financial liabilities					
Interest-bearing liabilities	307,910	–	–	307,910	2
Lease liabilities	16,900	–	–	16,900	
Provisionsand earn-out[2]	5,439	4,611	–	10,050	3
Total non-current financial liabilities	**330,249**	**4,611**	**–**	**334,860**	
Interest-bearing liabilities	2,535	–	–	2,535	2
Lease liabilities	15,200	–	–	15,200	
Provisions and earn out[2]	14,915	4,854	–	19,769	3
Trade payables	17,638	–	–	17,638	
Other liabilities incl. accrued expenses[4]	86,733	–	1,385	88,118	2
Total current financial liabilities	**137,021**	**4,854**	**1,385**	**143,260**	
Total financial liabilities	**467,270**	**9,465**	**1,385**	**478,120**	

1) Book value equals fair value except for interest bearing liabilities where the fair value is EUR 91,110 thousands (80,519) higher than the book value.
2) The fair values of the provisions have been calculated using a DCF model. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, the discount rate, credit risk and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these interest bearing liabilities. Provisions as of 31 Dec 2022 includes mainly potential earn-out for the acquisition of CityConnect and Forcontact. These are based on certain EBITDA targets for years 2022–2023. The nominal amount of the provision is EUR 8,700 thousand in 2023 and EUR 5,000 thousand in 2024.
3) There has been no transfers between Level 1 and Level 2 during 2022.
4) The fair values of the derivatives for cash flow hedges are derived from quoted market prices in active markets.

Valuation techniques level 2

The fair value for derivatives for cashflow hedges is determined using quoted forward exchange rates at the reporting date and present value calculations based on high credit quality yielded curves in the respective currencies. Intrest-bearing liabilities are not valued to fair value.

Valuation techniques level 3

Provisions for earn-out related to acqusitions of other companies which cannot be valuated by using observable inputs or measures, such as market prices or models.

Financial liabilitites, level 3

EUR thousand	2022	2021
As at 1 January	9,465	13,401
Additions	8,238	9,344
Cash paid	–5,000	–13,675
Changes in fair value	389	395
As at 31 December	**13,092**	**9,465**

Note 24 Financial instrument risk management objectives and policies, cont.

Accounting principle

Non-current receivables and other receivables

Non-current receivables and other receivables include Loans and receivables and are assessed at their discounted current value if their expected maturity exceeds 12 months. If their maturities are shorter, they are assessed at accrued cost.

Cash and cash equivalents

Cash and cash equivalents includes cash and cash equivalents and immediately available balances with banks and similar institutions as well as other short-term liquid investments with original maturities of three months or less. In the consolidated statement of financial position, bank overdrafts are shown within interest-bearing liabilities in current liabilities.

Trade Payables

Trade payables are classified in the category financial liabilities at amortized cost. Trade payables have short expected term and are valued at nominal value.

Derivatives for cashflow hedges

The derivative instrument for cashflow is classified in the category derivatives for cashflow hedges. The hedging derivative instrument refers to sale and purchasing of forward contracts for a period of normally 6 to 12 months. The hedging derivative instrument is measured at fair value each period where the effective portion of the change in fair value is deferred in Other Comprehensive Income and presented within equity. The difference between the effective portion of the change in the fair value of the derivative hedging instrument and the full change in the fair value (the ineffective portion) is recognized in the Income statement. The change in fair value of the hedging instrument that is deferred in OCI is reclassified to Income statement in the same period as when the hedged item affects Income statement, and is recorded within Revenue.

Other payables, other liabilities, accrued expenses and prepaid income

Other payables, other liabilities, accrued expenses and prepaid income are recognized at amortized cost.

Maturity profile of the Group's financial assets and liabilities

	2022			2021		
EUR thousand	**<1 year**	**1–5 years**	**Total**	**<1 year**	**1–5 years**	**Total**
Financial assets						
Other receivables	–	6,539	6,539	–	5,869	5,869
Total non-current financial assets	–	**6,539**	**6,539**	–	**5,869**	**5,869**
Trade receivables	92,009	–	92,009	93,233	–	93,233
Other receivables incl. accrued income	68,867	–	68,867	57,248	–	57,248
Cash and cash equivalents	31,404	–	31,404	39,236	–	39,236
Total current financial assets	**192,280**	–	**192,280**	**189,717**	–	**189,717**
Total financial assets	**192,280**	**6,539**	**198,818**	**189,717**	**5,869**	**195,586**
Financial liabilities						
Interest-bearing liabilities	–	391,446	391,446	–	373,857	373,857
Lease liabilities	–	18,265	18,265	–	16,900	16,900
Provisions	–	7,254	7,254	–	10,050	10,050
Total non-current financial liabilities	–	**416,966**	**416,966**	–	**400,807**	**400,807**
Interest-bearing liabilities	24,519	–	24,519	17,107	–	17,107
Lease liabilities	12,696	–	12,696	15,200	–	15,200
Provisions	22,985	–	22,985	19,769	–	19,769
Trade payables	20,284	–	20,284	17,638	–	17,638
Other liabilities incl. accrued expenses	54,461	–	54,461	88,118	–	88,118
Total current financial liabilities	**134,945**	–	**134,945**	**157,832**	–	**157,832**
Total financial liabilities	**134,945**	**416,966**	**551,991**	**157,832**	**400,807**	**558,639**

Note 25 Acquisition of subsidiaries

Accounting principle

Group companies are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. The consolidated accounts are prepared according to the acquisition method, which entails acquisitions of subsidiaries being viewed as transactions through which the Group indirectly acquires the subsidiary's assets and assumes its liabilities and contingent liabilities. The Group's equity therefore includes only the portion of the subsidiary's equity added since acquisition. The Group's cost is determined through an acquisition analysis in connection with the acquisition. This analysis determines, in part, the cost of the holdings or operations and, in part, the fair value of the identifiable assets, liabilities and contingent liabilities assumed on the date of acquisition. The cost of the subsidiary's shares or operations consists of the fair value of the compensation on the transfer date. The cost includes conditional purchase considerations recognized as liabilities at fair value per the acquisition date. Business combinations are accounted for using the acquisition method. Identifiable assets acquired and liabilities assumed are measured initially at their fair values at the acquisition date. The excess of the consideration transferred, and the acquisition-date fair value of any previous equity interest in the acquiree, over the fair value of the identifiable net assets acquired is recognized as goodwill.

As of December 19, 2022, Transcom acquired 100% of voted shares of Forcontact, a customer services provider specialized in luxury fashion and retail e-commerce. Forcontact has 650 employees across six sites. Forcontact is mainly serving the Italian market and delivers services from nearshore locations in Albania (three sites), Croatia, Kosovo, and Spain. The total surplus value has been preliminary allocated to goodwill as per December 31, 2022. Acquired goodwill refers to underlying stable earnings trend the companies have had in the last years, the deemed potential earning development connected to future customers and synergies and the workforce in the acquired companies.

In Q3 2021 Transcom signed and closed the acquisition of 100% of City Connect, primarily targeting the German market with delivery from the Balkans. City Connect has an annual revenue of EUR 15 million with double-digit profitability and strong growth.During Q1 2022, a payment was done (EUR 5 million) relating to the acquisition of City Connect.

EUR thousand[1]	2021
Consideration paid in cash	3,521
Consideration paid in cash, previous years acquisitions	13,675
Cash acquired	–9,128
Cash flow from acquisition of subsidiaries, net of cash acquired	**8,068**
Provision for earn out, current, fair value	4,672
Provision for earn out, non-current, fair value	4,306
Other considerations, non cash	3,000
Total consideration	**20,046**
Purchase price allocation:	
Acquired net assets	–10,807
Negative goodwill, reported as Other income in Profit and Loss statement	–681
Goodwill	4,102
Customer relationsship, net of tax	17,196
Deferred tax	–3,439
Release of previous provision for earn-out	13,675
Total	**20,046**

1) The table shows CityConnect

In Q3 2021, Transcom took over two contact centers in Essen and Berlin with 600 employees as per the signed agreement with Telefónica Deutschland / O2. The transaction also included an agreement to continue to provide services to Telefónica from the two sites for the next three years.

In addition, in Q3 2021, Transcom closed the acquisition of TMS Connected GmbH and TMS Connected Vervwaltung GmbH adding annual revenues of EUR 20 million. The companies were acquired from Transcom's sister company Transcom DACH Holding AB. Since all companies are ultimately controlled by the same parent company, Transcom TopCo AB, the acquisition was considered as a business combination under common control, whereby IFRS 3 Business Combination was not applicable.

EUR thousand[2]	2021
Consideration paid in cash	17 025
Cash acquired	–1 399
Cash flow from transactions under common control, net of cash acquired	**15,626**
Total consideration	15,626
Acquired net assets	–614
Carrying amount in the ultimate parent company at acqusition date:	
Customer relationsship, net of tax	6,237
Deferred tax	–1,996
Goodwill	15,310
Equity, Effect of transaction under common control	**3,311**
Cash flow from acquisition of subsidiaries, net of cash acquired	8,068
Cash flow from transactions under common control, net of cash acquired	–15,626
Total	**23,694**

2) The table relates to TMS and contact centers in Essen and Berlin

Note 26 Non-recurring items

EUR thousand	2022	2021
Operational non-recurring items	–5,346	–9,512
Transaction related non-recurring items	–5,004	–378
Total	**–10,350**	**–9,890**
whereof depreciation and amortization	–1,457	–147
Total excl. depreciation and amortization	**–8,893**	**–9,743**

Non-recurring items totalled EUR –10,350 (–9,890) thousands Operational non-recurring items are related to cost saving program (costs for severances and site reductions) and transactional non-recurring items are related to M&A activities.

Operational non-recurring items

EUR thousand	2022	2021
Cost of sales	–3,423	–6,471
Administrative expenses	–1,923	–2,374
Other operating income/expenses	–	–667
Total	**–5,346**	**–9,512**

Transaction related non-recurring items

EUR thousand	2022	2021
Administrative expenses	–5,004	–378
Other operating income/expenses	–	–
Total	**–5,004**	**–378**

Note 27 Changes in liabilities arising from financing activities

2022, EUR thousand	Opening balance	Balance in acquired subsidiaries	Net cash flows	Foreign exchange movement	Borrowing costs paid	Other non cash flow changes	Closing balance
Borrowings	310,313	–	12,707	–	–	1,747	**324,767**
Other loans	132	–	–26	–	–	–	**106**
Lease liability	32,100	–	–16,332	–1,052	–	16,245	**30,961**
Total	**342,545**	**–**	**–3,975**	**–1,052**	**–**	**18,316**	**355,834**

2021, EUR thousand	Opening balance	Balance in acquired subsidiaries	Net cash flows	Foreign exchange movement	Borrowing costs paid	Other non cash flow changes	Closing balance
Borrowings	214,883	–	102,284	93	–9,323	2,376	**310,313**
Other loans	159	–	–27	–	–	–	**132**
Lease liability	28,815	1,300	–15,801	111	–	17,675	**32,100**
Total	**243,857**	**1,300**	**86,456**	**204**	**–9,323**	**20,051**	**342,545**

Note 28 Pledged assets and guarantees

There are share pledges in material companies amounted to EUR 236,373 thousand (2021: 223,122) used as security. A part of the New SSRCF is used to cover bank guarantees and cash pool limits. At December 31, 2022 the Group had outstanding bank guarantees for an amount of EUR 5,313 thousand (2021: 5,604 thousand) of which EUR 4,528 thousand is under the New SSRCF. The Company is also supporting its Group companies through guarantees issued in the normal course of business.

Note 29 Related party transactions

Accounting principle

Related parties are defined as corporations or individuals having a controlling influence over Transcom, i.e. other companies owned by Altor Fund IV, subsidiaries as well as seniors executive and members of the boards, including their respective family members.

Disclosure are provided about transactions that result in the transfer of resources, service or obligations between related parters, regardsless of whether a price is charged.

Related party transcations

At year-end, Transcom has an outstanding loan to Transcom TopCo AB, issued in September 2021, amounting to EUR 2,200 thousand, with an additional EUR 192 thousand of accrued interest.

Other transactions with Altor consist of consulting and legal fees of EUR 93 thousand (2021: 272 thousand).

The Remuneration to members of the Board of Directors and Group management is disclosed in Note 6.

The Group´s ownership structure is disclosed under the Parent company´s note, A7.

Note 30 Events after the reporting period

Accounting principle

If events occur that are material, but are not to be taken into account when the amounts in the statement of comprehensive income and statement of financial position are determined, disclosure will be provided about the nature and, if possible, an estimate of the financial effect. Materiality is defined as omission of information that could influence the economic decisions that users make on the basis of the financial statements.

Significant events confirmation conditions that existed on the balance sheet date and that occur after the balance sheet date but before the approval of the financial statements lead to the amounts in the financial statement being adjusted. Significant events confirming conditions that excised on the balance sheet date and that occur after the balance sheet date but before the approval of the financial statements lead to the adjustments in the financial statements.

Events after reporting period

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

Parent Company – Income statement

January to December

EUR thousand	Note	2022	2021
Revenue	A2	5,171	5,553
Gross profit		**5,171**	**5,553**
Administrative expenses	A3, A4	–5,136	–5,191
Other operating expenses		–	–3
Operating profit/loss		**35**	**359**
Interest income and similar items	A5	11,597	8,443
Interest expenses and similar items	A5	–20,876	–22,814
Profit/loss before tax		**–9,244**	**–14,012**
Group contribution received		2,028	–
Income tax expense	A6	–	–
Profit/loss for the year[1]		**–7,216**	**–14,012**

1) Net profit corresponds with total comprehensive income.

Parent Company – Balance sheet

EUR thousand	Note	December 31, 2022	December 31, 2021
ASSETS			
Non-current assets			
Financial assets			
Shares in Group companies	A7	281,919	281,919
Receivables from Group companies		165,309	168,243
Other receivables	A13	–	2,246
Total financial assets	A10	**447,228**	**452,408**
Total non-current assets		**447,228**	**452,408**
Current assets			
Receivables from Group companies		3,344	3,185
Other receivables		74	23
Cash and cash equivalents		548	1,833
Total current assets	A10	**3,966**	**5,041**
TOTAL ASSETS		**451,193**	**457,448**
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital (11,937,773 shares, quota value EUR 0.0046 per share)	A8	55	55
Total restricted equity		**55**	**55**
Unrestricted equity			
Other contributed capital		23,501	23,501
Retained earnings		124,668	138,680
Net result		–7,216	–14,012
Total unrestricted equity		**140,953**	**148,169**
Total equity	A8	**141,008**	**148,224**
Non-current liabilities			
Interest-bearing liabilities	A9	309,289	307,257
Other interest-bearing liabilities	A13	–	–
Total non-current liabilities	A9,A10	**309,289**	**307,257**
Current liabilities			
Trade payables		84	332
Tax liabilities		207	–
Other liabilities		396	1,288
Accrued expenses and prepaid income	A11	209	347
Total current liabilities	A10	**896**	**1,967**
Total liabilities		**310,185**	**309,224**
TOTAL EQUITY AND LIABILITIES		**451,193**	**457,448**

Parent Company –Statement of changes in equity

EUR thousand	Note	Total number of shares (thousand)	Share capital	Other contributed capital	Retained earnings incl. Profit/loss for the year	Total equity
As at January 1, 2021		**11,938**	**55**	**20,501**	**138,680**	**159,236**
Profit/loss for the year		–	–	–	–14,012	**–14,012**
Share holder contribution		–	–	3,000	–	**3,000**
As at December 31, 2021	A8	**11,938**	**55**	**23,501**	**124,668**	**148,224**
As at January 1, 2022		**11,938**	**55**	**23,501**	**124,668**	**148,224**
Profit/loss for the year		–	–	–	–7,216	**–7,216**
As at December 31, 2022	A8	**11,938**	**55**	**23,501**	**117,452**	**141,008**

Parent Company –Statement of cash flows

January to December

EUR thousand	Note	2022	2021
Cash flows from operating activities			
Profit/loss before tax		–7,216	–14,012
Adjustments to reconcile profit before appropriations to net cash:			
Net financial items		9,279	14,371
Income taxes paid		–	–
Cash flows from operating activities before changes in working capital		**2,063**	**359**
Changes in working capital			
Change in operating receivables		–210	–717
Change in operating liabilities		–1,071	208
Changes in working capital		**–1,281**	**–509**
Net cash flow from operating activities		**782**	**–150**
Cash flows from investing activities			
Interest received		11,597	8,443
Change in long-term receivables		2,246	–2,246
Change in long-term receivables from Group companies		2,934	–76,434
Net cash flow from investing activities		**16,777**	**–70,237**
Cash flows from financing activities			
Proceeds from borrowings	A9	2,032	315,000
Repayment of borrowings	A9	–	–211,196
Interest paid and other borrowing related costs		–20,876	–31,666
Net cash flow from financing activities		**–18,844**	**72,138**
Net cash flow for the year		**–1,285**	**1,751**
Cash and cash equivalents at beginning of the year		1,833	82
Net cash flow for the year		–1,285	1,751
Cash and cash equivalents at end of the year[1]		**548**	**1,833**

1) Cash and cash equivalents at the end of the year consists in total of cash.

Parent Company Notes to the financial statements

Note A1 Parent Company's accounting and valuation policies

Transcom Holding AB ("Parent Company") corporate id number 556962-4108 is a registered company domiciled in Stockholm, Sweden. The address of the Company's headquarter is PO Box 34220, SE-100 26 Stockholm.

The Parent Company has prepared and presented the annual report according to the Annual Accounts Act (1995:1554) and recommendation RFR 2 Accounting for legal entities from the Swedish Financial Reporting Board. RFR 2 means that the Parent Company, in the annual report for the legal entity, must apply all EU-approved IFRS and statements as far as possible within the framework of the Annual Accounts Act and taking into account the connection between reporting and taxation. The recommendation specifies exemptions and additions relative to IFRS.

The financial statements pertain January 1–December 31 for income statement items and December 31 for balance sheet items.

The financial statements are presented in Euros which is the Company's presentation currency, rounded in thousand of Euro.

The Parent Company applies the same accounting principles as the Group except in the stated cases.

Note A2 Intra-group revenues and cost of sales

During 2022, intra-group sales amounted to EUR 5,171 thousand (EUR 5,553 thousand) related to administrative costs and services.

Note A3 Employees

Salaries, other remuneration and social security charges

	2022		
EUR thousand	**Board of Directors and Executive management**	**Other employees**	**Total**
Salaries	−1,646	–	**−1,646**
Pension expenses	−365	–	**−365**
Social security charges	−547	–	**−547**
Total	**– 2,558**	**–**	**– 2,558**

	2021		
EUR thousand	**Board of Directors and Executive management**	**Other employees**	**Total**
Salaries	−1,673	−459	**−2,132**
Pension expenses	−467	−147	**−614**
Social security charges	−513	−194	**−708**
Total	**−2,653**	**−800**	**−3,453**

Personnel expenses are recognised in the Administrative expenses line in the Income statement.

Salaries, including other remuneration and social charges are fully recharged to Transcom WorldWide AB and was netted on the same row in the Income statement.

Salaries, other remuneration and other entitlements to the Board, CEO and other Senior Executives, see note 6 for the Group.

Average number of employees

	2022		
	Women	**Men**	**Total**
Sweden	2	4	**6**
Total	**2**	**4**	**6**

	2021		
	Women	**Men**	**Total**
Sweden	3	6	**9**
Total	**3**	**6**	**9**

Note A4 Remuneration to auditors

EUR thousand	2022	2021
Ernst & Young		
Audit services	–10	–6
Audit services outside the assignment	–40	–284
Tax advice	–6	–6
Total	**–56**	**–296**

Note A5 Interest income/expense and similar items

Interest income and similar items

EUR thousand	2022	2021
Interest income Group companies	10,869	8,370
Foreign exchange gain, net	728	73
Total	**11,597**	**8,443**

Interest expenses and similar items

EUR thousand	2022	2021
Interest expense on bank borrowings	–17,621	–16,211
Other financing costs	–2,249	–6,462
Bank fees	–	–
Foreign exchange loss, net	–1,006	–68
Total	**–20,876**	**–22,741**

Note A6 Taxes

Income tax expense

During 2021 and 2022 no income tax expense has been recorded.

Effective tax rate

A reconciliation of the statutory tax rate to the Company's effective tax rate applicable to income from continuous operations was:

EUR thousand	2022	2021
Profit/Loss before tax	**–7,216**	**–14,012**
Calculated tax based on tax rate in Sweden 20,6 % (2021: 20,6 %)	1,486	2,886
Losses for which no tax benefit is recognized	–1,486	–2,886
Income tax expense	**–**	**–**

Note A7 Investments in Group companies

Accounting principle

Shares in Group companies are recognized by the Parent Company at cost, including transaction costs less any impairment.

				December 31, 2022	
Group Company	Country of incorporation	Domicile	Corporate identity number	Booked value EUR thousand	Capital/voting interest (%)
Transcom WorldWide AB	Sweden	Stockholm	556880-1277	242,120	100
Transcom WorldWide Albania SHPK	Albania	Durres			
Transcom WorldWide d.o.o Tuzla	Bosnia	Tuzla			
Transcom WorldWide (North America) Inc.	Canada	St. Catharine's			
Transcom Insurance Agency Inc.	Canada	St. Catharine's			
Transcom WorldWide d.o.o.	Croatia	Osijek			
Transcom Worldwide Egypt LLC	Egypt	Cairo			
IK Transcom Europe GmbH	Germany	Düsseldorf			
Transcom WorldWide GmbH	Germany	Rostock			
Transcom Halle GmbH	Germany	Halle			
Transcom Rostock GmbH	Germany	Rostock			
Transcom Services GmbH	Germany	Rostock			
TMS Connected Gmbh & Co. KG	Germany	Mannheim			
TMS Connected Verwaltungs GmBH	Germany	Mannheim			
Transcom Essen GmBH	Germany	Potsdam			
Transcom Berlin GmBH	Germany	Düsseldorf			
Transcom Hungary Kft.	Hungary	Budapest			
Transcom WorldWide SpA	Italy	Milan			
Transcom Worldwide Italy Holding Srl	Italy	Milan			
Transcom Worldwide Italy Srl	Italy	Milan			
SIA Transcom WorldWide Latvia	Latvia	Riga			
Transcom WorldWide Vilnius UAB	Lithuania	Vilnius			
Transcom Europe Holding B.V.	The Netherlands	Amsterdam			
Transcom AB	Sweden	Karlskoga	556201-3234		
Transcom Denmark A/S	Denmark	Vordingborg			
Transcom Eesti OÜ	Estonia	Tallinn			
Transcom Norge AS	Norway	Rolvsoy			
Transcom WorldWide B.V.	The Netherlands	Groningen			
Transcom WorldWide (Australia) Pty Ltd	Australia	Sydney			
Transcom WorldWide (Philippines) Holding Inc.	Philippines	Pasig City			
Transcom WorldWide (Philippines) Inc.	Philippines	Pasig City			
Offsourcing Philippines Inc.	Philippines	Davao			
BeAwesome Inc.	Philippines	Davao			
Transcom WorldWide Poland Sp. z o.o.	Poland	Olsztyn			
TWW Serviços de Helpline e de Atendimento Telefónico Lda	Portugal	Vila Nova deFamalicão			
Transcom Worldwide D.O.O. Beograd	Serbia	Beograd			
Transcom WorldWide Spain S.L.U.	Spain	Madrid			
Transcom Worldwide Global S.L.	Spain	Madrid			
Transcom Nearshore SLU	Spain	Malaga			
Transvoice Sweden AB	Sweden	Karlskoga	556653-6370		
Transvoice AB	Sweden	Stockholm	556482-8654		
Tolk- och språktjänst i Östergötland AB	Sweden	Norrköping	556658-1368		
Transcom WorldWide AG	Switzerland	Zurich			
Transcom WorldWideTunisie Sarl	Tunisia	Tunis			
Transcom WorldWide (UK) Limited[1]	United Kingdom	St Albans, Herts			
Top Up Mortgages Limited[1]	United Kingdom	St Albans, Herts			
Newman & Company Limited	United Kingdom	Leeds			
Cloud 10 Corp	United States	Denver			
Transcom WorldWide (US) Inc.	United States	Delaware			
Awesome OS Inc	United States	Los Angeles			
Connecting People and Technologies Limited	Ireland	Dublin			
City Connect d.o.o	Croatia	Varaždin			
Connect 2 Protect D.O.O	Croatia	Varaždin			
People Connect d.o.o.	Croatia	Varaždin			
City Connect, posredovanje d.o.o.	Slovenia	Brežice			
Agencija za marketing Citi Konekt DOO Skopje	North Makedonia	Skopje			
GVP Communication AB	Sweden	Stockholm	556943-3294	39,799	100
Xzakt Kundrelation AB	Sweden	Stockholm	556588-8913		
LEG Communication AB	Sweden	Stockholm	556748-8951		
AGF Communication AB	Sweden	Stockholm	556888-0586		
Forcontact Europe s.A	Switzerland	Chiasso			
Forcontact Albania shpk	Albania	Vlorë			

Group Company	Country of incorporation	Domicile	Corporate identity number	December 31, 2022 Booked value EUR thousand	Capital/voting interest (%)
Techcontact shpk	Albania	Vlorë			
Forcontact Iberia SL	Spain	Barcelona			
Forcontact Istria ltd	Croatia	Umag			
Forcontact Kosovo shpk	Kosovo	Pristina			
Forcontact USA INC	United States	Miami			
Total				**281,919**	

1) The Group companies Transcom WorldWide (UK) Limited (registration number 02785250) and Top Up Mortgages Limited (registration number 02203000) in United Kingdom take advantage of the audit exemption under the section 479a of the Companies Act 2006

Note A7 Investments in Group companies, cont.

Cost

EUR thousand	2022	2021
As at January 1	**281,919**	**278,919**
Shareholder contribution	–	3,000
As at December 31	**281,919**	**281,919**

Note A8 Equity

Transcom's share capital as of 31 December 2022 was distributed among 11,937,773 shares (11,937,773) with a nominal value of EUR cent 0.0046 per share (0.0046). All shares entitle to one vote each.

Note A9 Interest-bearing liabilities

EUR thousand	2022	2021
EUR revolving credit facility	–	–
EUR floating rate note (Secured)	315,000	315,000
EUR fixed rate note (Unsecured)	–	–
EUR fixed rate note (Secured)	–	–
EUR Term Loan (Secured)	–	–
Amortized costs	−6,785	−8,522
Accrued interest	1,074	779
Other loans	–	–
Total	**309,289**	**307,257**
Current interest-bearing liabilities	1,074	779
Non-current interest-bearing liabilities	308,215	307,257
Total	**309,289**	**307,257**

Financing in the Parent includes €315 million Senior Secured Floating Rate Notes due in December 2026 (the Notes) listed on The International Stock Exchange. Holders of the Notes obtain a coupon of three-month EURIBOR plus 525 basis points per annum, subject to a 0% floor and reset quaterly. A Super Senior Revolving Credit Facility Agreement (SSRCF) of €45 million with termination date in June 2026. Interest rates in the SSRCF are based on LIBOR, STIBOR and EURIBOR plus margins. For the SSRCF the Company is committed to follow certain covenants if so called test conditions is met. The test conditions were not exceeded in 2022. The Notes and the SSRCF shares security and guarantees in accordance with the provisions of an intercreditor agreement.

There are share pledges in material companies of EUR 281,919 thousand (2021: EUR 281,919 thousand) used as security for the financing. Part of the SSRCF is used to cover bank guarantees and cash pool limits.

In the event of a change of control the lenders under the New SSRCF has the right to cancel their commitments and the holders of the Notes have the right to request a repurchase of the Notes.

As of 31 December, 2022, EUR 13,595 thousand of the SSRCF was utilized by the subsidiary Transcom Worldwide AB, excluding guarantees and cash pool facility usage (31 December 2021: unutilized).

The table below shows the maturity profile of the Company's interest-bearing liabilities including interests.

EUR thousand	2022	2021
Less than six months	11,397	7,422
Between six and twelve months	11,586	8,337
Between one and two years	22,982	16,538
Between two and seven years	354,243	355,411
Total Carrying amount	**400,208**	**387,707**

Note A10 Financial instrument risk management objectives and policies

Financial risks are mainly market risks (incl. currency risk and interest rate risk), credit risk and liquidity risk. The risk management policy, adopted by the Board of Directors, aims to minimize the adverse impact on financial results and positions.

Interest rate risk

The Companys´s exposure to the risk of changes in market interest rates relates primarily to the Senior Secured Floating Rate Notes . The interest on Senior Secured Floating Rate Notes for each term is calculated as the aggregate of EURIBOR plus a margin. Interest rate risk is not hedged, neither through derivate financial instruments or otherwise. If the EUR interest rates increase by 100 basis points, it will have a negative effect on the profit with EUR 3 150 thousand based on the outstanding Notes as per December 31, 2022.

Currency risk

Sales occur mainly in the accounting currency EUR while the purchases mainly are in SEK and EUR. At the end of the year, the company was exposed to exchange rate risk pertaining primarily to receivables and liabilities to Group companies. Should exchange rates for all currencies be 5 percent higher/lower, the impact on earnings would be –/+ EUR 145 thousand based on exposure on the balance sheet date.

Credit risk

The company strives for the best possible credit rating for the company's counterparties. The vast proportion of financial receivables were against Group companies.

Liquidity risk

Liquidity risk entails the risk that there is insufficient cash and cash equivalents and marketable securities or agreed credit opportunities to close the market positions. The liquidity risk is deemed stable and the Board of Directors believes that the capital required to meet the company's commitments will be available during the 2023 fiscal year.

Classification of the financial assets and liabilities

		2022		2021
EUR thousand[1]	**Loans and receivables**	**Total carrying amount**	**Loans and receivables**	**Total carrying amount**
Financial assets				
Receivables from Group companies	165,309	165,309	168,243	168,243
Other receivables	74	74	2,246	2,246
Total non-current financial assets	**165,383**	**165,383**	**170,489**	**170,489**
Receivables from Group companies	3,344	3,344	3,185	3,185
Cash and cash equivalents	548	548	1,833	1,833
Total current financial assets	**3,892**	**3,892**	**5,018**	**5,018**
Total financial assets	**169,275**	**169,275**	**175,507**	**175,507**
Financial liabilities				
Interest-bearing liabilities[1]	309,289	309,289	307,257	307,257
Total non-current financial liabilities	**309,289**	**309,289**	**307,257**	**307,257**
Tax liability	207	207		
Trade payables	84	84	332	332
Other liabilities incl. accrued expenses	606	606	1,032	1,032
Total current financial liabilities	**897**	**897**	**1,363**	**1,363**
Total financial liabilities	**310,186**	**310,186**	**308,620**	**308,620**

1) Book value equals fair value except for interest bearing liabilities where the fair value is EUR 65,470 thousands (21,043) higher than the book value.

Maturity profile of the financial assets and liabilities based on contractual undiscounted payments

			2022			2021
EUR thousand	**<1 year**	**1–5 years**	**Total**	**<1 year**	**1–5 years**	**Total**
Financial assets						
Receivables from Group companies	–	165,309	165,309	–	168,243	168,243
Other receivables	–	–	–	–	2,246	2,246
Total non-current financial assets		**165,309**	**165,309**	**–**	**170,489**	**170,489**
Receivables from Group companies	3,344	–	**3,344**	3,185	**–**	**3,185**
Other receivables incl. accrued income	74	–	**74**	–	–	**–**
Cash and cash equivalents	548	–	**548**	1,833	–	**1,833**
Total current financial assets	**3,966**	–	**3,966**	**5,018**	–	**5,018**
Total financial assets	**3,966**	165,309	**169,275**	**5,018**	170,489	**175,507**
Financial liabilities						
Interest-bearing liabilities	–	309,289	**309,289**	–	371,948	**371,948**
Total non-current financial liabilities	**–**	**309,289**	**309,289**	**–**	**371,948**	**371,948**
Interest-bearing liabilities				15,759	–	**15,759**
Trade payables	84	–	**84**	332	–	**332**
Other liabilities incl. accrued expenses	813	–	**813**	1,032	–	**1,032**
Total current financial liabilities	**897**	–	**897**	**17,122**	–	**17,122**
Total financial liabilities	**897**	**309,289**	**310,186**	**17,122**	**371,948**	**389,070**

Note A11 Accrued expenses and prepaid income

EUR thousand	2022	2021
Accrued personnel expenses	108	158
Other accruals	101	189
Total	**209**	**347**

Note A12 Pledged assets and Guarantees

There are share pledges in material companies EUR 281,919 thousand (2021: 281,919) used as security for the financing. A part of the SSRCF is used to cover bank guarantees and cash pool limits. There was no guarantees as per December 2022.

Note A13 Related party transactions

Altor has invoiced consulting and legal fees of EUR 93 thousand (195). At year-end, Transcom has an outstanding loan to Transcom TopCo AB, issued in September 2021, amounting to EUR 2,200 thousand, with an additional EUR 193 thousand of accrued interest.

Please also refer to notes 6, 16, 24, and A3 for other related party transactions.

Not A14 Proposed allocation of earnings

The statements of income and the balance sheets of the Parent Company and the Group are subject to adoption by the Annual General Meeting.

The following amounts in EUR are at the disposal of the Parent Company's Annual General Meeting:	
Other contributed capital	23,501,042
Retained earnings	124,668,237
Profit/loss for the year	–7,216,762
Total	**140,952,516**

The Board propose that the unappropriated earnings at the disposal of the Annual General Meeting be disposed of as follows:

Carried forward:	
Other contributed capital	23,501,042
Retained earnings	117,451,475
Total	**140,952,516**

The undersigned certify that the consolidated accounts and the annual report have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as adopted for use in the European Union, for the Group and the Annual Accounts Act and RFR2 for the Parent Company, and generally accepted accounting principles respectively, and give a true and fair view of the financial positions and results of the Group and the Parent Company, and that the Administration Report gives a fair review of the development of the operations, financial positions and results of the Group and the Parent Company and describes substantial risks and uncertainties that the Group companies face.

Stockholm

Fredrik Cappelen
Chairman of the Board

Mattias Holmström
Member of the Board

Donald Hicks
Member of the Board

Alfred Von Platen
Member of the Board

Brent J. Welch
Member of the Board

Christine Timmins Barry
Member of the Board

Herman Korsgaard
Member of the Board

Jonas Dahlberg
President & CEO

Our audit report was submitted on the date as evidenced
by our electronic signature

Ernst & Young AB

Johan Holmberg
Authorized Public Accountant

Auditor’s report

This is a translation from the Swedish original.

To the general meeting of the shareholders of Transcom Holding AB, corporate identity number 556962-4108

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Transcom Holding AB (publ) for the fiscal year 2022. The annual accounts and consolidated accounts of the company are included on pages 1–41 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2022 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2022 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the income statement and statement of financial position for the group.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor’s Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company’s and the group’s ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

Auditor’s responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors [and the Managing Director].
- Conclude on the appropriateness of the Board of Directors' [and the Managing Director's] use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Transcom Holding AB (publ) for the fiscal year 2022 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

Stockholm the day evidenced by our electronic signature

Ernst & Young AB

Johan Holmberg
Authorized Public Accountant

Alternative performance measures and other definitions

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.

Alternative performance measures

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 and employee benefit obligations, excluding leasing liabilities according to IFRS 16, less cash and cash equivalents per balance sheet day.

Net debt/EBITDA excluding 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.

Return on Equity: net income (rolling 12 months) divided by average equity (average calculation based on equity per balance sheet day the last five quarters).

Equity ratio: total shareholders' equity divided by total assets per balance sheet day.

Other definitions

SSFRN: Senior Secured Fixed Rate Notes

SSRCF: Super Senior Revolving Credit Facility

SURFN: Senior Unsecured Fixed Rate Notes

Transcom

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