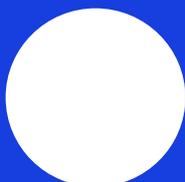
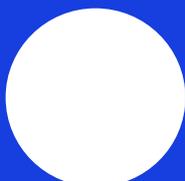


Annual Report 2023



Transcom

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The formal annual accounts and the consolidated accounts comprise pages 1–42.

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 2023 financial year.

Transcom is a global, customer experience (CX) specialist using the power of people and AI to help clients build closer, more meaningful relationships with their customers across all customer touchpoints. Transcom has a diversified long-standing client base with expanding exposure towards the growing eCommerce & Tech sector, and a strong delivery platform with an increasing share of near- and offshore locations. Transcom provides solutions for outstanding customer experience along its clients' entire customer journey – i.e. customer acquisitions, sales and retention, customer care & tech support, 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 AI, 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.

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.

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.

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 2023, Transcom had over 30,000 customer experience specialists at 90 contact centers across 28 countries, delivering services in 33 languages to international brands in various industry verticals.

Financial overview

Income statement

Revenue for 2023 amounted to EUR 737.9 million (717.3) with a growth of 2.9%. Organic growth was 2.0%, inorganic was 2.9% and impact from currency was –2.1%. Comparable organic growth, also excluding the exited contract in Spain in the beginning of Q2, was 5.0%. Gross profit amounted to EUR 176.5 million (169.8) and Operating profit to EUR 30.0 million (35.4). EBITDA excluding non-recurring items amounted to EUR 95.7 million (93.3). Non-recurring items amounted to EUR –18.0 million (–10.3).

Cash flow

Operating cash flow amounted to EUR 62.5 million (52.4), mainly driven by an improvement in net working capital. Cash flow from investing activities amounted to EUR –36.2 million (–33.6), including acquisition of timeframe and earn-out payments for City Connect and Forcontact, acquisitions from 2021 and 2022. Cash flow from financing activities amounted to EUR –20.0 million (–25.8). Cash flow for the year amounted to EUR 6.3 million (–7.1).

Debt & Financing

Net debt amounted to EUR 351.1 million (326.8). Net debt/EBITDA excluding non-recurring items amounted to 3.7 (3.5). Financing in the Group includes EUR 315 million Senior Secured Floating Rate Notes due in December 2026 and a Super Senior Revolving Credit Facility Agreement of EUR 75 million with termination date in June 2026. As per December 31, 2023, EUR 43.6 million of the SSRFCF was utilized in loans, excluding guarantees and overdraft facility usage. Unused credit facilities totalled EUR 26.9 million.

Significant events during the reporting period

As of July 18, 2023, Transcom acquired 100% of the shares in timeframe, a premium service provider of customer care, sales, marketing and video identification services. timeframe has over 700 highly qualified employees which are serving primarily logistic, energy and e-commerce companies from seven locations, in Germany (2), Portugal (2) and Greece (3). The total surplus value of the preliminary purchase price allocation has been allocated to goodwill as per December 31, 2023.

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, 113 43 Stockholm.

Operating profit amounted to EUR –0.3 million (0.0). Loss for the year amounted to EUR –12.1 million (–7.2). Cash flow for the year amounted to EUR –0.0 million (–1.3).

Significant events after the reporting period

After the end of the reporting period, on January 19, 2024, Transcom Holding AB entered into a private placement ("Private Placement") pursuant to which it intends to issue EUR 65.0 million in aggregate principal amount of Senior Secured Floating Rate Notes due in December 2026 (the "Notes"), which have the same terms as its existing Senior Secured Floating Rate Notes, to certain institutional investors at an issue price of 99.51%. The Private Placement was closed on February 2, 2024.

On February 23, 2024, Transcom completed the acquisition of VCosmos, a high-end CX solution provider in India. VCosmos serves clients across North America, Asia and Europe through voice, email, chat, and social media channels in their customer experience centers in Gurgaon and Jaipur, and their rapidly growing work-at-home network. They employ 700 people and can rapidly scale both voice and non-voice multi-lingual and multi-channel CX services.

On February 21, 2024, Jonas Dahlberg informed the Board of Directors about his intention to step down from his position as President & CEO. On March 18, Transcom announced that his successor had been appointed. Brian Johnson assumed the position of President & CEO on March 25.

Outlook

Transcom has built a solid foundation with improved adjusted EBITDA margin from 11.6% to 13.0% between years 2019 and 2023. Transcom's long-term objectives is double-digit organic growth and 16% EBITDA margin by 2025 – 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 a great culture and strong leadership.

Risks and uncertainties

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

We follow the world conflicts closely, especially in Ukraine and the Middle East, but due to no operations in these areas, Transcom is not directly affected.

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 25. 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-2023.

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-2023.

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	117,451,475
Profit/loss for the year	-12,056,577
Total	128,895,940

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	105,394,898
Total	128,895,940

Consolidated financial overview

EUR million	2023	2022
Revenue	737.9	717.3
EBIT	30.0	35.4
EBIT margin, %	4.1	4.9
EBITA excluding non-recurring items	61.7	60.0
EBITA margin excluding non-recurring items, %	8.4	8.4
EBITDA	77.9	84.4
EBITDA margin, %	10.6	11.8
EBITDA excluding non-recurring items	95.7	93.3
EBITDA margin excluding non-recurring items, %	13.0	13.0
Profit/loss before tax	-7.7	10.6
Profit/loss for the year	-11.8	-0.5
Cash flow from operating activities	62.5	52.4
Return on Equity, %	-1.3	-0.1
Equity ratio,%	13.3	15.6
Net debt	351.1	326.8
Net debt/EBITDA excl non-recurring items	3.7	3.5

(Alternative performance measures see page 42.)

Consolidated income statement

EUR thousand	Note	2023	2022
Revenue	3, 4	737,895	717,269
Cost of sales	5, 6, 8, 27	-561,408	-547,486
Gross profit		176,486	169,783
Marketing expenses	5, 6, 8, 27	-9,569	-9,782
Administrative expenses	5, 6, 7, 8, 27	-136,038	-127,496
Other operating income/expenses	27	-921	2,903
Operating profit/loss		29,959	35,408
Financial income	9	823	1,071
Financial expenses	9	-38,433	-25,836
Profit/loss before tax		-7,651	10,643
Income tax expense	10	-4,116	-11,135
Profit/loss for the year		-11,768	-492
Attributable to:			
– equity holders of the parent		-11,768	-492
– non-controlling interests		–	–

Consolidated statement of comprehensive income

EUR thousand	Note	2023	2022
Profit/loss for the year		-11,768	-492
Other comprehensive income			
<i>Items that subsequently may be reclassified to the income statement:</i>			
Translation differences from foreign operations		-2,154	1,784
Revaluation of cash flow hedges		171	1,240
Tax	10	-39	-285
Total items that subsequently may be reclassified to the income statement, net of tax		-2,022	2,739
<i>Items that will not be reclassified to the income statement:</i>			
Remeasurements of employee benefit obligations	20	-570	1,344
Tax	10	87	-215
Total items that will not be reclassified to the income statement, net of tax		-483	1,129
Other comprehensive income, net of tax		-2,504	3,868
Total comprehensive income		-14,272	3,375
Attributable to:			
– equity holders of the parent		-14,272	3,375
– non-controlling interests		-	-

Consolidated statement of financial position

EUR thousand	Note	December 31, 2023	December 31, 2022
ASSETS			
Non-current assets			
Goodwill	11	236,921	236,335
Other intangible assets	11	84,638	94,605
Tangible assets	12	34,733	36,975
Right of use assets	13	29,388	30,152
Deferred tax assets	10	5,445	1,565
Other financial assets	14	7,287	6,539
Total non-current assets		398,413	406,171
Current assets			
Trade receivables	15	98,967	92,009
Income tax receivables		2,729	3,387
Other receivables	16	25,111	22,771
Prepaid expenses and accrued income	16	48,956	54,503
Cash and cash equivalents	17, 25	35,830	31,404
Total current assets		211,593	204,073
TOTAL ASSETS		610,006	610,244
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital	18	55	55
Other contributed capital	18	23,501	23,501
Reserves	18	-5,316	-2,812
Retained earnings	18	62,950	74,718
Total equity		81,190	95,462
Non-current liabilities			
Interest-bearing liabilities	19, 25, 28	353,176	322,250
Employee benefit obligations	20	779	2,356
Lease liabilities	13, 19, 25, 28	17,142	18,265
Provisions	21	3,507	7,254
Deferred tax liabilities	10	11,188	14,117
Other liabilities	22	2,345	4,900
Total non-current liabilities		388,137	369,143
Current liabilities			
Interest-bearing liabilities	19, 25, 28	2,118	2,623
Lease liabilities	13, 19, 25, 28	13,707	12,696
Provisions	21	15,122	22,985
Trade payables		17,646	20,284
Tax liabilities		6,053	6,641
Other liabilities	22	39,273	36,266
Accrued expenses and prepaid income	23	46,760	44,144
Total current liabilities		140,679	145,639
Total liabilities		528,816	514,782
TOTAL EQUITY AND LIABILITIES		610,006	610,244

Consolidated statement of changes in equity

EUR thousand	Note	Equity attributable to equity holders of the parent					Total
		Share capital	Other contributed capital	Fair value reserve	Translation reserve	Retained earnings	
As at January 1, 2022	18	55	23,501	-3,268	-3,412	75,210	92,085
Profit/loss for the year		-	-	-	-	-492	-492
Other comprehensive income, net of tax		-	-	2,084	1,784	-	3,868
Total comprehensive income, net of tax		-	-	2,084	1,784	-492	3,375
As at December 31, 2022	18	55	23,501	-1,184	-1,628	74,718	95,462
As at January 1, 2023	18	55	23,501	-1,184	-1,628	74,718	95,462
Profit/loss for the year		-	-	-	-	-11,768	-11,768
Other comprehensive income, net of tax		-	-	-351	-2,154	-	-2,504
Total comprehensive income, net of tax		-	-	-351	-2,154	-11,768	-14,272
As at December 31, 2023	18	55	23,501	-1,534	-3,782	62,950	81,190

Consolidated statement of cash flows

EUR thousand	Note	2023	2022
Cash flow from operating activities			
Profit/loss before tax		-7,651	10,643
Non-cash items:			
Depreciation and amortization	8	47,899	48,950
Change in provisions including employee benefit obligations		-2,675	-4,973
Other non-cash adjustments		521	-1,508
Net financial items		37,610	24,765
Income taxes paid		-10,845	-8,165
Cash flow from operating activities before changes in working capital		64,859	69,712
Changes in working capital			
Change in trade receivables		-6,958	1,225
Change in trade payables		-2,638	2,646
Change in other operating receivables		6,785	-11,346
Change in other operating liabilities		463	-9,849
Changes in working capital		-2,348	-17,324
Cash flow from operating activities		62,511	52,388
Cash flow from investing activities			
Investments and disposals of tangible assets	12	-14,051	-20,185
Investments and disposals of intangible assets	11	-7,955	-4,020
Acquisition of subsidiaries, net of cash acquired	26	-13,947	-9,788
Changes in financial assets		-824	138
Interest received		545	245
Cash flow from investing activities		-36,233	-33,611
Cash flow from financing activities			
Proceeds from borrowings	19, 28	31,199	14,450
Repayment of borrowings	28	-1,551	-1,770
Payment of lease liabilities	28	-14,981	-16,332
Interest paid and other borrowing related costs		-34,639	-22,198
Cash flow from financing activities		-19,972	-25,849
Cash flow for the year		6,306	-7,071
Cash and cash equivalents at the beginning of the year		31,404	39,236
Cash flow for the year		6,306	-7,071
Exchange rate differences in cash and cash equivalents		-1,880	-760
Cash and cash equivalents at the end of the year		35,830	31,404

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 work-at-home agents. We are over 30,000 customer experience specialists at 90 contact centers across 28 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, corporate identity number 559088-4499, registered in Stockholm, while Altor Fund Manager AB, corporate identity number 556962-9149, registered in Stockholm, is the parent that prepares the largest consolidation accounts in which Transcom Holding AB is part of. Altor Fund Manager AB is also the ultimate controlling party of Transcom Holding AB. The consolidated financial statements were authorized for issue by the Board of Directors on April 17, 2024. These consolidated financial statements will be submitted for approval at the Annual General Meeting on May 15, 2024.

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).

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.

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.

Changes in accounting principles

The following revised and amended IFRS standards have had no, or very limited, impact on the Group.

- IFRS 17 Insurance contracts
- Information on accounting principles (Amendments to IAS 1)
- Definition of estimates (Amendments in IAS 8)
- Deferred tax attributable to assets and liabilities from a single transaction (Amendments to IAS 12)
- Income taxes attributable to the International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12)

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

At the acquisition date, the date on which control is obtained, each identifiable asset acquired and liability assumed is recognized at its acquisition-date fair value. The consideration transferred, measured at fair value, includes assets transferred by the Group and liabilities to the former owners of the acquiree in exchange for control of the acquiree. Any subsequent change in such fair value is recognized in profit or loss. Changes in the assumptions and estimates used may have a significant effect on the income statement and statement of financial position. In July 2023, time-frame was acquired. The total surplus value has been preliminary allocated to goodwill as per December 31, 2023.

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 when 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 per September 2023. Changes in the assumptions and estimates used may have a significant effect on the income statement and statement of financial position. Please see note 11 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, 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.

Note 3 Revenues from contracts with customers

Accounting principle

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, or per-sale 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.

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 2023, for the full next year amounts to EUR 176,898 thousand (2022: EUR 210,402 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, the Group's CEO.

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 74,323 thousand, referring to English-speaking segment and revenues from the second largest client amounted to EUR 46,925 thousand, also referring to English-speaking segment (2022: EUR 93,970 thousand in English-speaking segment, EUR 40,123 thousand in Europe segment). External revenue for Sweden amounted to EUR 150,225 thousand (2022: EUR 149,970 thousand) and total non-current assets in Sweden amounted to EUR 11,371 thousand (2022: EUR 8,090 thousand).

EUR thousand	2023		
	English-speaking	Europe	Total Group
Revenue from external customers	212,001	525,894	737,895
EBITDA excl. non-recurring items	39,793	55,861	95,655
Depreciation and amortization	–	–	–47,899
Non-recurring items	–	–	–17,797
EBIT	–	–	29,959
Net financial items	–	–	–37,610
Profit/loss before tax	–	–	–7,651

EUR thousand	2022		
	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

Goodwill and surplus values per segment is reflected in note 11.

Geographical area

EUR thousand	Revenues ¹		Non-current assets ²	
	2023	2022	2023	2022
Sweden	150,225	149,970	11,371	8,090
United States	129,687	148,242	9,409	11,285
Germany	113,240	97,516	5,231	6,631
Spain	67,445	75,129	17,778	5,036
Philippines	67,365	56,810	2,241	18,704
Italy	61,955	53,957	6,054	3,302
Croatia	29,304	34,276	2,883	4,293
Other	118,674	101,369	23,959	20,384
Total	737,895	717,269	78,926	77,725

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	2023	2022
Production costs	–16,407	–17,177
Personnel expenses	–568,604	–549,160
Other	–75,026	–66,574
Depreciation and amortization	–47,899	–48,950
Expenses charged to the income statement	–707,936	–681,861

Note 6 Employees

Salaries, other remuneration and social security charges

EUR thousand	2023	2022
Salaries and other remunerations	-474,951	-459,797
Social security charges	-78,616	-73,892
Pension expenses	-14,670	-15,173
Total	-568,237	-548,862

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

EUR thousand	2023	2022
Cost of sales	-503,159	-488,311
Marketing expenses	-6,207	-5,721
Administrative expenses	-58,871	-54,829
Total	-568,237	-548,862

Salaries, other remuneration and social security charges

2023 EUR thousand	Salaries and other remunerations	Social security charges	Pension expenses	Total
Executive management	-5,656	-948	-288	-6,891
Board members	-237	-	-	-237
Other employees	-469,058	-77,668	-14,382	-561,109
Total	-474,951	-78,616	-14,670	-568,237

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

Average number of employees¹

	2023			2022		
	Women	Men	Total	Women	Men	Total
Albania	569	350	919	320	184	504
Bosnia	198	192	390	154	166	320
Canada	348	68	416	289	168	457
Colombia	198	276	474	182	248	430
Croatia	1,109	646	1,755	1,123	686	1,809
Egypt	480	518	998	-	-	-
Estonia	81	46	127	110	83	193
Germany	1,123	884	2,007	629	566	1,195
Greece	119	52	171	-	-	-
Hungary	152	111	263	74	153	227
Italy	530	152	682	245	177	422
Kosovo	18	18	36	-	-	-
Latvia	282	190	472	335	113	448
Lithuania	459	242	701	487	227	714
Norway	121	168	289	124	118	242
Philippines	5,421	4,118	9,539	4,525	6,103	10,628
Poland	651	328	979	585	410	995
Portugal	456	277	733	130	68	198
Republic of North Macedonia	178	137	315	78	99	177
Serbia	582	263	845	468	198	666
Slovenia	54	24	78	133	53	186
Spain	1,862	744	2,606	1,064	395	1,459
Sweden	580	788	1,368	971	348	1,319
Switzerland	1	5	6	-	-	-
The Netherlands	28	75	103	273	132	405
Tunisia	1,063	923	1,986	758	1,015	1,773
United Kingdom	6	13	19	16	13	29
United States	553	309	862	1,017	576	1,593
	17,222	11,917	29,139	14,090	12,299	26,389

1) Total average number of employees excludes agency staff.

Note 6 Employees, cont.

Remuneration and other benefits to Executive management

EUR thousand	2023						Total
	Base salary	Variable compensation	Other benefits ¹	Pension fees	Severance fee	Share based payments	
President and CEO:							
Jonas Dahlberg	412	39	168	103	–	155	877
Other members of Executive management:							
Eleven positions	2,577	856	276	185	861	312	5,067
Total	2,989	895	444	288	595	467	5,944

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

EUR thousand	2022					Total
	Base salary	Variable compensation	Other benefits ¹	Pension fees		
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.

During 2023 the Executive management consisted of the following persons: Jonas Dahlberg, Snejana Koleva, Emma Crowe (from March), Robert Kresing, Mark Lyndsell, Travis Coates, Oliver Cook, Pernilla Oldmark, Stefan Berg, Sandra Kujundžić Draskovic (from December), Gianluca Gemma (left in October) and Marie Wedin (left in March).

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.

Remuneration to the Board

EUR thousand	2023	2022
Chairman of the Board:		
Fredrik Cappelen	50	50
Other members of the Board:		
Alfred von Platen	30	30
Donald Hicks ¹	32	33
Lisa Stoner ^{1,2}	–	8
Mattias Holmström	30	30
Klas Johansson ²	–	20
Brent J Welch ¹	32	33
Herman Korsgaard ²	30	10
Christine Timmins Barry ²	32	9
Total	237	224

1) USD amount has been converted on the 2023 vs 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.

Women in Board and Executive management, %

	2023	2022
Board of Directors	14	14
Executive management	40	29

Note 7 Remuneration to auditors

EUR thousand	2023	2022
Ernst & Young		
Audit fees	-944	-714
Audit fees outside the assignment	-115	-1
Tax advice	0	-16
Other services	-13	-
Total fees to Ernst & Young	-1,072	-731
Audit fees to other auditors	-301	-120
Total fees to auditors	-1,373	-851

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, statutes 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 8 Amortization, depreciation and impairment

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

EUR thousand	Intangible assets		Tangible assets		Right of use assets		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
Cost of sales	-15,689	-15,558	-15,121	-14,962	-182	-182	-30,992	-30,703
Marketing expenses	-1,387	-1,721	-	-	-	-	-1,387	-1,721
Administrative expenses	-	-	-	-	-15,520	-16,526	-15,520	-16,526
Total	-17,076	-17,279	-15,121	-14,962	-15,702	-16,709	-47,899	-48,950

There has been no impairments of intangible assets or tangible assets during the year or previous year.

Note 9 Financial income and expenses

Financial income

EUR thousand	2023	2022
Interest income on bank deposits	536	78
Other financial income	287	993
Total	823	1,071

Financial expenses

EUR thousand	2023	2022
Interest expense on bank borrowings	-31,563	-20,092
Interest expense on lease liabilities	-2,075	-1,987
Other financing costs	-2,797	-1,871
Bank fees	-182	-291
Foreign exchange loss	-1,816	-1,595
Total	-38,433	-25,836

Note 10 Taxes

Accounting principle

The tax expense for the period comprises current and deferred tax.

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.

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.

Income tax expense

EUR thousand	2023	2022
Current income tax on profit/loss for the year	-9,924	-8,943
Adjustments in respect of prior years	-242	-49
Current taxes	-10,166	-8,992
Current year origination and reversal of temporary differences	6,327	-2,010
Adjustments in respect of prior years	-277	-133
Deferred taxes	6,050	-2,143
Income tax expense	-4,116	-11,135

Note 10 Taxes, cont.

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	2023	%	2022	%
Profit/loss before tax	-7,651		10,643	
Calculated tax based on tax rate in Sweden 20.6%	1,576	-20.6	-2,192	-20.6
Foreign tax rate differential	-2,520	33	-1,428	-13
Tax exempt income	4,042	-53	1,786	17
Non-deductible expenses	-1,548	20	-1,043	-10
Prior year losses recognized this year	6,884	-90	1,465	14
Losses for which no tax benefit is recognized	-10,219	134	-8,287	-78
Adjustments in respect of prior years	-814	11	-200	-2
Withholding tax	-294	4	-161	-2
Other tax not at standard rate ¹	-733	10	-1,217	-11
Other	-490	6	140	1
Income tax expense	-4,116	54	-11,135	-105

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

Changes in deferred tax and deferred tax liabilities

EUR thousand	Assets		Liabilities		Net	
	2023	2022	2023	2022	2023	2022
Opening balance	1,565	7,737	-14,117	-18,157	-12,552	-10,420
Opening balance adjustments	272	-	-	-	272	-
Deferred tax for the year	-574	-3,672	6,900	1,662	6,326	-2,010
Adjustment for previous years	-146	-133	-131	-	-276	-133
Recognised in other comprehensive income statement	68	-215	-20	-285	48	-500
Acquired and divested subsidiaries	-	1	-	-	-	1
Balance sheet only movements/offsetting	3,685	-2,153	-3,685	2,153	-	-
Reclassifications	559	-	-559	-	-	-
Exchange rate differences	16	0	424	510	440	510
Closing balance	5,445	1,565	-11,188	-14,117	-5,743	-12,552

Deferred tax assets and deferred tax liabilities

EUR thousand	Assets		Liabilities		Net	
	2023	2022	2023	2022	2023	2022
Intangible assets	92	311	-17,482	-21,602	-17,390	-21,291
Tangible assets	494	0	-95	-	399	0
Employee benefit obligations	73	7	-82	-	-9	7
Provisions	399	75	-	-	399	75
Other assets	55	0	-1,249	-3,553	-1,194	-3,553
Other liabilities	279	34	-560	-19	-281	15
Tax loss carry-forwards	12,331	12,195	-	-	12,331	12,195
Total deferred tax assets and deferred tax liabilities	13,724	12,622	-19,467	-25,174	-5,743	-12,552
Offsetting	-8,279	-11,057	8,279	11,057	-	-
Net deferred tax assets and deferred tax liabilities	5,445	1,565	-11,188	-14,117	-5,743	-12,552

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 47,400 thousand (2022: EUR 46,276 thousand).

EUR 37,682 thousand (2022: EUR 20,130 thousand) of these losses have no expiration date. The corresponding deferred tax assets for all not recognized losses would have been EUR 11,232 thousand (2022: EUR 12,315 thousand) and EUR 8,724 thousand (2022: EUR 5,300 thousand) for loss with no expiration date.

Note 10 Taxes, cont.

EUR thousand	2023	2022
Tax losses recognized as a deferred tax asset in the balance sheet	50,088	53,658
Tax losses not recognized as a deferred tax asset in the balance sheet	47,400	46,276
Total	97,488	99,934
Expires within 1 to 5 years	931	1,274
Expires within 6 to 10 years	21,028	5,325
Expires in more than 10 years	1,139	20,313
No expiration date	74,390	73,022
Total	97,488	99,934

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, 2023, Transcom has uncertain tax positions of 2,2 MEUR due to possible challenges during tax audits. Two of the eight ongoing tax audits started in 2023, while the others continued from previous years. 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 11 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.

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. Amortization is calculated using the straightline method over the expected life of the customer relationship which is 9 to 10 years.

Brand

Brands acquired in a business combination are recognized at fair value at the acquisition date. Brands are estimated to have an indefinite useful life and are carried at cost less accumulated impairment losses.

Development costs

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 if the requirements for capitalization are met.

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.

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
Accumulated acquisition value						
As at January 1, 2023	236,335	128,371	22,847	20,115	18,811	426,479
Acquisitions ¹	1,330	–	–	–	–	1,330
Investments	–	–	–	2,460	5,495	7,955
Translation differences	–745	–964	10	0	–312	–2,010
As at December 31, 2023	236,921	127,407	22,857	22,575	23,994	433,753
Accumulated amortization and impairment						
As at January 1, 2023	–	–67,212	–	–17,526	–10,801	–95,539
Amortization for the year	–	–13,720	–	–1,566	–1,791	–17,076
Translation differences	–	502	–	–102	21	422
As at December 31, 2023	–	–80,430	–	–19,192	–12,571	–112,193
Carrying value as at December 31, 2023	236,921	46,977	22,857	3,382	11,423	321,559

1) Acquisition is related to timeframe and preliminary allocated to goodwill. Acquisition of Forcontact 2022 has been finalised and decreased goodwill.

Note 11 Goodwill and other intangible assets, cont.

EUR thousand	Goodwill	Customer relationships	Brand	Development cost	Other	Total
Accumulated acquisition value						
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
Translation differences	125	1,033	–361	–176	325	946
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

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

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 per September 2023 gave no indication of a need for goodwill impairment, as per September 2022. 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 profits 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 percent (2022: 2 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 6.6% (2022: 10.7%) in Europe and 7.3% (2022: 1.7%) in English-speaking. The anticipated average annual EBITDA-margin, excluding non-recurring items, growth totalled 10.1% (2022: 13.9%) for Europe and 13.5% (2022: 6.3%) for English-speaking.

Applied pre-tax discount rates were applied to Europe segment of 13.8% (2022: 11.6%) and English-speaking segment 13.7% (2022: 9.1%), 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.

Sensitivity analyses have been carried out regarding the calculation of the value in use, where impairment tests have been performed applying a higher discount rate and reduced EBITDA-margin, excluding non-recurring items. The sensitivity analyses did not demonstrate any impairment.

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

Goodwill

EUR thousand	2023	2022
Europe	182,005	170,952
English-speaking	54,916	65,383
Total	236,921	236,335

Brand

EUR thousand	2023	2022
Europe	18,597	17,330
English-speaking	4,260	5,517
Total	22,857	22,847

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 12 Tangible assets

Accounting principle

All property, plant and equipment are stated at historical cost less depreciation.

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

EUR thousand	Telephone switch	Fixtures and fittings	Computer hardware and software	Office improvements	Total
Accumulated acquisition value					
As at January 1, 2023	28,111	33,648	80,722	47,260	189,741
Investments	1,302	3,472	6,698	2,825	14,298
Disposals	-1,229	-2,376	-5,647	-4,762	-14,014
Reclassifications	-	169	1,588	-1,757	-
Translation differences	-340	-50	-1,068	-1,239	-2,696
As at December 31, 2023	27,845	34,864	82,293	42,327	187,330
Accumulated depreciation and impairment					
As at January 1, 2023	-26,550	-27,259	-65,182	-33,774	-152,765
Depreciation for the year	-754	-2,176	-8,040	-4,151	-15,121
Disposals	1,296	2,358	5,201	4,911	13,767
Translation differences	250	9	501	762	1,521
As at December 31, 2023	-25,758	-27,067	-67,520	-32,252	-152,598
Carrying value as at December 31, 2023	2,087	7,797	14,773	10,075	34,733

EUR thousand	Telephone switch	Fixtures and fittings	Computer hardware and software	Office improvements	Total
Accumulated acquisition value					
As at January 1, 2022	27,521	31,361	73,659	38,149	170,690
Investments	716	2,743	8,037	9,247	20,743
Disposals	-474	-683	-1,259	-832	-3,248
Reclassifications	1	301	-311	9	-
Translation differences	347	-74	596	687	1,556
As at December 31, 2022	28,111	33,648	80,721	47,260	189,741
Accumulated depreciation 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	-14,962
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

Note 13 Right-of-use assets

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 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 future lease payments, discounted using the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The Group is separating the non-lease component, and using the recognition exemption for short-term leases and low-value leases, e.g. office equipment are classified as low-value assets. The payments are recognized on a straight-line basis as an expense in the income statement.

The Group is a lessee, leasing mainly real estate and IT equipment.

Amounts recognised in the balance sheet

EUR thousand	Premises	IT equipment	Total
As at January 1, 2023	29,734	418	30,152
Additions	14,891	–	14,891
Extensions	465	–	465
Terminations	–277	–	–277
Depreciation	–15,520	–182	–15,702
Translation differences	–139	–2	–141
Carrying value as at December 31, 2023	29,154	234	29,388

EUR thousand	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	29,734	418	30,152

Amounts recognised in the income statement

EUR thousand	2023	2022
Depreciation right of use assets, Premises	–15,520	–16,526
Depreciation right of use assets, IT equipment	–182	–183
Interest expense on lease liability	–2,075	–1,987
Expense relating to short-term leases	–2,800	–2,238
Expense relating to leases of low-value	–993	–316
Variable lease payments	–1,282	–17
Total	–22,852	–21,267

Cash flow from IFRS 16 contracts

EUR thousand	2023	2022
Cash flow from IFRS 16 contracts	14,981	16,332

Note 14 Other financial assets

EUR thousand	2023	2022
Deposit guarantees	4,358	3,768
Loan receivable parent company	2,276	2,393
Other	653	378
Total	7,287	6,539

Note 15 Trade receivables

Accounting principle

Trade receivables are classified in the category financial instruments at amortized cost. Trade receivables are recognized initially at fair value and subsequently measured at amortized cost less provision for impairment. The company applied the simplified approach for estimating credit losses on trade receivables. Impairment is determined individually based on historical losses and current- and forward looking economic conditions.

EUR thousand	2023	2022
Trade receivables, gross	99,490	92,716
Provision for impairment of trade receivables	–523	–707
Trade receivables, net	98,967	92,009

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

Provision for impairment

EUR thousand	2023	2022
As at January 1	–707	–580
Provisions made	–17	–177
Provisions reversed	137	36
Provisions used	200	2
Translation differences	–136	12
As at December 31	–523	–707

Overview of the ageing of trade receivables

EUR thousand	2023		
	Gross	Provision	Net
Not due	87,641	–	87,641
<30 days	8,557	–27	8,530
30–60 days	1,282	0	1,282
60–90 days	368	0	368
90–120 days	307	–1	306
>120 days	1,335	–495	840
Total	99,490	–523	98,967

EUR thousand	2022		
	Gross	Provision	Net
Not due	78,648	–	78,648
<30 days	8,455	–36	8,419
30–60 days	1,742	0	1,742
60–90 days	978	0	978
90–120 days	294	–2	292
>120 days	2,600	–670	1,930
Total	92,716	–707	92,009

Outstanding gross trade receivables overdue has decreased from the prior year and amounts to EUR 11,849 thousand (14,069). Based on previous experience, and communication with the clients, Transcom sees a low risk for significant credit losses. Credit losses amounted to EUR 0 thousand (2) during the year.

Note 16 Other receivables, prepaid expenses and accrued income

Other receivables

EUR thousand	2023	2022
VAT recoverable	10,563	6,338
Amount due from public authorities	6,669	4,664
Client deposit related assets	1,026	796
Revaluation of derivatives	621	264
Other receivables ¹	6,232	10,709
Total	25,111	22,771

1) Other receivables mainly relates to advance payments.

Prepaid expenses and accrued income

EUR thousand	2023	2022
Prepaid expenses	8,497	8,407
Accrued income	40,459	46,096
Total	48,956	54,503

Note 17 Cash and cash equivalents

Cash and Cash equivalents include	2023	2022
Cash in hand and balances with banks	35,830	31,404
Total cash and cash equivalents	35,830	31,404

Note 18 Equity

Share capital

Transcom's share capital as of December 31, 2023 was distributed among 11,937,773 shares (2022: 11,937,773) with a nominal value of EUR cent 0.0046 per share (2022: 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.

Other contributed capital

Refers to equity contributed by shareholders. This includes share premiums paid in connection with share issues.

Reserves

Reserves consists of fair value reserve of financial assets and translation reserve. Fair value reserve consists of remeasurement of change in pension liability attributable to employment benefit obligations and revaluation of cash flow hedges. Translation reserve includes all exchange-rate differences that arise from the translation of the financial statements of foreign operations that have compiled their reports in a currency other than that in which the consolidated financial statements are presented (EUR).

Retained earnings

Retained earnings, including net profit/loss of the year, includes accrued profits/losses earned in the parent company and its subsidiaries.

EUR thousand	Cash flow hedge reserve	Actuarial profit/loss	Translation reserve	Total
As at January 1, 2023	1,166	-2,350	-1,628	-2,812
Exchange differences on translation of foreign operations	-	-	-2,154	-2,154
Currency forward contracts	132	-	-	132
Remeasurement on employee benefit obligations	-	-483	-	-483
As at December 31, 2023	1,298	-2,833	-3,782	-5,316

EUR thousand	Cash flow hedge reserve	Actuarial profit/loss	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 employee benefit obligations	-	1,129	-	1,129
As at December 31, 2022	1,166	-2,350	-1,628	-2,812

Note 19 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.

EUR thousand	2023	2022
EUR revolving credit facility	21,000	–
USD revolving credit facility	22,624	13,595
EUR floating rate notes (Secured)	315,000	315,000
Amortized costs	–5,539	–6,807
Lease liabilities	30,849	30,961
Accrued interest	1,800	1,103
Other loans	409	1,982
Total	386,143	355,834

EUR thousand	2023	2022
Non-current interest-bearing liabilities	353,176	322,250
Current interest-bearing liabilities	2,118	2,623
Total	355,294	324,873

EUR thousand	2023	2022
Non-current lease liabilities	17,142	18,265
Current lease liabilities	13,707	12,696
Total	30,849	30,961

EUR thousand	2023	2022
Unused credit facilities ¹	26,929	26,538
Total	26,929	26,538

1) Unused credit facilities include unused cash pool limits.

Financing in the Group includes EUR 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 EUR75 million with termination date in June 2026. On May 5 2023, the Super Senior Revolving Credit Facility limit (SSRCF) was increased from EUR 45 million to EUR 75 million through an Additional Facility Notice. Interest rates in the SSRCF are based on USD SOFR, 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 2023. The Notes and the SSRCF shares 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 has the right to cancel their commitments and the holders of the Notes have the right to request a repurchase of the Notes.

Interest bearing liabilities including interests

EUR thousand	2023	2022
Less than six months	16,634	12,076
Between six and twelve months	16,408	11,906
Between one and two years	32,750	23,329
Between two and five years	384,205	368,117
Total	449,997	415,428

Note 20 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.

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.

Pension expenses, employee benefit obligations

EUR thousand	2023			2022		
	Philippines	Other	Total	Philippines	Other	Total
Current service cost	21	–	21	136	–	136
Past service cost	–	–	–	–	–	–
Interest on obligation	13	20	33	24	11	35
Actuarial gain/loss	622	–52	570	1,344	0	1,344
Total cost of employee benefit obligations	656	–32	624	1,504	11	1,515
Whereof reported in:						
the income statement	34	20	54	160	11	171
other comprehensive income	622	–52	570	1,344	0	1,344

Movement in provision for employee benefit obligations

EUR thousand	2023			2022		
	Philippines	Other	Total	Philippines	Other	Total
As at January 1	1,895	462	2,356	5,085	429	5,514
Movement in the year						
Current service cost	21	–	21	136	–	136
Interest on obligation	13	20	33	24	11	35
Contributions	–1,756	–	–1,756	–1,761	–	–1,761
Actuarial gain/loss	622	–52	570	–1,344	–	–1,344
Benefits paid	–253	–57	–310	–	–	–
Translation difference	–136	0	–136	–245	22	–223
As at December 31	406	373	779	1,895	462	2,356

The liability in the Philippines would increase with EUR 70 thousand (46) if the discount rate would be lowered by 1 percentage point. An increase with the same percentage would lower the liability with EUR 49 thousand (32).

Key assumptions used in the valuation of the pension liability (weighted average)

%	2023		2022	
	Philippines	Other	Philippines	Other
Rate of increase in salaries	2.0	2.0	2.0	2.0
Discount rate	6.3	4.4	5.1–7.7	2.67

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

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 2023 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 21 Provisions

EUR thousand	Legal claims	Restructuring	Other ¹	Total
As at January 1, 2023	10,698	162	19,379	30,239
Provisions made	7	6,408	2,369	8,784
Provisions used	-6,622	-1,267	-8,434	-16,323
Provisions reversed	-121	-99	-3,614	-3,834
Reclassifications	-	617	-617	-
Translation differences	0	-44	-193	-237
As at December 31, 2023	3,962	5,777	8,890	18,629
Non-current provisions	-	-	3,507	3,507
Current provisions	3,962	5,777	5,383	15,122
Total	3,962	5,777	8,890	18,629

1) Other provisions as at December 31, 2023, were mainly related to expected future payments for costs to obtain contracts and earn-outs in relation to the acquisition of Forcontact and timeframe.

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

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 22 Other liabilities

EUR thousand	2023	2022
VAT payable	8,502	3,143
Personnel taxes	8,431	9,823
Liabilities to public authorities	5,145	2,042
Amounts payable to employees	6,835	6,989
Governmental support programs relating to Covid-19	5,834	9,836
Other current liabilities	4,526	4,433
Total	39,273	36,266

Note 23 Accrued expenses and prepaid income

EUR thousand	2023	2022
Accrued personnel expenses	28,564	25,532
Other accrued expenses ¹	18,037	18,156
Prepaid income	159	456
Total	46,760	44,144

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

Note 24 Commitments and contingencies

Contingent liabilities

The Group has contingent liabilities related to litigations and legal claims arising in the ordinary course of business.

In November 2023, Transcom announced a strategic partnership with Netomi, a pioneering leader in Artificial Intelligence (AI) for CX. Transcom will offer clients access to Netomi's AI solutions and equip agents with Copilot solutions to deliver outstanding customer experience. The partnership is based on revenue-sharing model, and Transcom has a sales target commitment towards Netomi up until 2028. This commitment can lead to a liability in future in case commercial success of the partnership is below expectations.

The group has no no further contingent liabilities as per December 31, 2023.

Note 25 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. The Board 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 Group'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), or if the loan is in USD Secured Overnight Financing Rate (SOFR), 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 3 360 thousand and if the USD interest rates increased by 100 basis points it will have an effect on the profit before tax by EUR 226 thousand, based on the outstanding loans as per December 31st, 2023. 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

Currency	2023		2022	
	Average rate	Closing rate	Average rate	Closing rate
US Dollar, USD	1.08	1.11	1.06	1.07
Swedish krona, SEK	11.46	11.10	10.63	11.12
Philippine peso, PHP	60.12	61.28	57.23	59.32

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. The main exposure for the Group is in the Philippines with exposures in PHP vs. USD. In 2023, 43 percent (56) 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 other currencies than the Group's reporting currency, into the Group reporting currency, which is the Euro. In 2023, 46.3 percent (52.2) 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, 2023 of the exchange rate for the USD vs. EUR would have affected shareholders' equity in the Group with EUR -14,689/17,953 thousand and EUR -9,718/11,878 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 2023 average exchange rate for the USD vs. EUR would have affected the Group's net income of EUR 1,069/-1,307 thousand and EUR 644/-787 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 15. 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 19, 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, 2023 was EUR 26,929 thousand including unutilized overdraft limit (2022: 26,538 including unutilized overdraft 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 2024 fiscal year.

Note 25 Financial instrument risk management objectives and policies, cont.

Classification of the Group's financial assets and liabilities

2023 ¹ EUR thousand	Financial instruments at amortized cost	Financial instruments at fair value to the income statement	Derivatives for cashflow hedges ⁴	Total carrying amount	Level ³
Financial assets					
Other financial assets	7,287	–	–	7,287	
Total non-current financial assets	7,287	–	–	7,287	
Trade receivables	98,967	–	–	98,967	
Other receivables incl. accrued income	64,949	–	621	65,570	
Cash and cash equivalents	35,830	–	–	35,830	
Total current financial assets	199,746	–	621	200,367	
Total financial assets	207,033	–	621	207,654	
Financial liabilities					
Interest-bearing liabilities	353,176	–	–	353,176	2
Lease liabilities	17,142	–	–	17,142	
Provisions and earn-out ²	3,507	–	–	3,507	3
Total non-current financial liabilities	373,825	–	–	373,825	
Interest-bearing liabilities	2,118	–	–	2,118	2
Lease liabilities	13,707	–	–	13,707	
Provisions and earn-out ²	12,181	2,941	–	15,122	3
Trade payables	17,646	–	–	17,646	
Other liabilities incl. accrued expenses	56,709	–	–	56,709	2
Total current financial liabilities	102,361	2,941	–	105,302	
Total financial liabilities	476,186	2,941	–	479,127	

2022 ¹ EUR thousand	Financial instruments at amortized cost	Financial instruments at fair value to the income statement	Derivatives for cashflow hedges ⁴	Total carrying amount	Level ³
Financial assets					
Other financial assets	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	54,461	–	–	54,461	2
Total current financial liabilities	103,564	9,485	–	113,049	
Total financial liabilities	447,727	13,092	–	460,819	

1) Book value of financial instrument equals fair value due to the short term nature of receivables and liabilities. The book value of interest bearing liabilities equals fair value as they are carried at floating rates.

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 provisions. Provisions as of 31 December 2023 includes mainly potential earn-out for the acquisition of Forcontact and timeframe. These are based on certain EBITDA targets for years 2023–2024. The nominal amount of the provision is EUR 3,000 thousand in 2024.

3) There has been no transfers between Level 1 and Level 2 during 2023.

4) The fair values of the derivatives for cash flow hedges are derived from quoted market prices in active markets.

Note 25 Financial instrument risk management objectives and policies, cont.

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. Interest-bearing liabilities are not valued to fair value.

Valuation techniques level 3

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

Financial liabilities, level 3

EUR thousand	2023	2022
As at 1 January	13,092	9,465
Additions	1,700	8,238
Reversals ¹	-4,980	-
Cash paid	-6,691	-5,000
Changes in fair value	-180	389
As at 31 December	2,941	13,092

1) Relates to finalisation of purchase price allocations.

Accounting principle

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 other comprehensive income is reclassified to income statement in the same period as when the hedged item affects income statement, and is recorded within revenue.

Maturity profile of the Group's financial assets and liabilities

EUR thousand	2023			2022		
	<1 year	1-5 years	Total	<1 year	1-5 years	Total
Financial assets						
Other financial assets	-	7,287	7,287	-	6,539	6,539
Total non-current financial assets	-	7,287	7,287	-	6,539	6,539
Trade receivables	98,967	-	98,967	92,009	-	92,009
Other receivables incl. accrued income	65,570	-	65,570	68,867	-	68,867
Cash and cash equivalents	35,830	-	35,830	31,404	-	31,404
Total current financial assets	200,367	-	200,367	192,280	-	192,280
Total financial assets	200,367	7,287	207,654	192,280	6,539	198,818
Financial liabilities						
Interest-bearing liabilities	-	411,876	411,876	-	391,446	391,446
Lease liabilities	-	17,142	17,142	-	18,265	18,265
Provisions	-	3,507	3,507	-	7,254	7,254
Total non-current financial liabilities	-	432,525	432,525	-	416,966	416,966
Interest-bearing liabilities	29,221	-	29,221	24,519	-	24,519
Lease liabilities	13,707	-	13,707	12,696	-	12,696
Provisions	15,122	-	15,122	22,985	-	22,985
Trade payables	17,646	-	17,646	20,284	-	20,284
Other liabilities incl. accrued expenses	56,709	-	56,709	54,461	-	54,461
Total current financial liabilities	132,405	-	132,405	134,945	-	134,945
Total financial liabilities	132,405	432,525	564,930	134,945	416,966	551,991

Note 26 Acquisition of subsidiaries

As of July 18, 2023, Transcom acquired 100% of the shares in timeframe, a premium service provider of customer care, sales, marketing and video identification services. timeframe has over 700 highly qualified employees which are serving primarily logistic, energy and e-commerce companies from seven locations, in Germany (2), Portugal (2) and Greece (3). A preliminary purchase price allocation has been prepared including the fixed part of the purchase price and estimations for the variable amounts which depend on the achievement of certain goals set up for the acquired business. The variable parts of the purchase price will be paid out in two installments within two years after acquisition date. The total surplus value of the preliminary purchase price allocation has been allocated to goodwill as per December 31, 2023.

During 2023, Transcom paid the second out of two installments for earn out related payments for the acquisition of City Connect in 2021. During the year, Transcom also paid the first payment out of two installments for earn out related to the acquisition of Forcontact in December 2022.

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 near-shore locations in Albania (three sites), Croatia, Kosovo and Spain. The purchase price allocation has been finalised and the total surplus value has been allocated to goodwill. 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.

Note 27 Non-recurring items

EUR thousand	2023	2022
Operational non-recurring items	-15,744	-5,346
Transaction related non-recurring items	-2,241	-5,004
Total	-17,986	-10,350
whereof depreciation and amortization	-188	-1,457
Total excl. depreciation and amortization	-17,797	-8,893

Non-recurring items totalled EUR -17,986 (-10,350) 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	2023	2022
Gross profit	-1,423	-3,423
Administrative expenses	-7,612	-1,923
Other operating income/expenses	-6,709	-
Total	-15,744	-5,346

Transaction related non-recurring items

EUR thousand	2023	2022
Administrative expenses	-2,241	-5,004
Total	-2,241	-5,004

Note 28 Changes in liabilities arising from financing activities

2023, EUR thousand	Opening balance	Net cash flows	Foreign exchange movement	Borrowing costs paid	Other non cash flow changes	Closing balance
Borrowings	324,767	29,675	-472	-600	1,845	355,214
Other loans	106	-26	-	-	-	80
Lease liability	30,961	-14,981	27	-	14,843	30,849
Total	355,834	14,667	-446	-600	16,688	386,143

2022, EUR thousand	Opening balance	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

Note 29 Pledged assets and guarantees

There are share pledges in material companies used as security for the financing of EUR 234,158 thousand (2022: 236,373). A part of the SSRCF is used to cover bank guarantees and cash pool limits. At December 31, 2023 the Group had outstanding bank guarantees for an amount of EUR 4,667 thousand (2022: 5,313) of which EUR 4,059 is under the SSRCF. The Company is also supporting its Group companies through guarantees issued in the normal course of business.

Note 30 Related party transactions

Accounting principle

Related parties are defined as corporations or individuals having a control 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 is provided about transactions that result in the transfer of resources, service or obligations between related parties, regardless of whether a price is charged.

Related party transactions

At year-end, Transcom has an outstanding loan to Transcom TopCo AB, issued in September 2021, amounting to EUR 2,200 million, with an additional EUR 76 thousand of accrued interest.

Other transactions with Altor consist of consulting and legal fees of EUR 8 thousand (2022, 93 thousand) as well as revenue of EUR 103 thousand related to Ideal of Sweden and Svea Solar, companies owned by Altor Fund IV.

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 31 Events after the reporting period

After the end of the reporting period, on January 19, Transcom Holding AB entered into a private placement ("Private Placement") pursuant to which it intends to issue €65.0 million in aggregate principal amount of Senior Secured Floating Rate Notes due in December 2026 (the "Notes"), which have the same terms as its existing Senior Secured Floating Rate Notes, to certain institutional investors at an issue price of 99.51%. The Private Placement was closed on February 2, 2024.

On February 23, Transcom acquired 75.1 percent of Vcosmos, with an agreement to acquire the remaining percentages within the next couple of years. Vcosmos is a high-end CX solution provider in India. Vcosmos serves clients across North America, Asia, and Europe through voice, email, chat, and social media channels in their customer experience centers in Gurgaon and Jaipur, and their rapidly growing work-at-home network. They employ 700 people and can rapidly scale both voice and non-voice multi-lingual and multi-channel CX services.

On February 21, 2024, Jonas Dahlberg informed the Board of Directors about his intention to step down from his position as President & CEO. On March 18, Transcom announced that his successor had been appointed. Brian Johnson assumed the position of President & CEO on March 25.

Parent Company – Income statement

EUR thousand	Note	2023	2022
Revenue	A2	2,658	5,171
Gross profit		2,658	5,171
Administrative expenses	A3, A4	-2,942	-5,136
Other operating expenses		-3	-
Operating profit/loss		-287	35
Interest income and similar items	A5	14,912	11,597
Interest expenses and similar items	A5	-29,067	-20,876
Profit/loss after financial items		-14,442	-9,244
Group contribution received		2,385	2,028
Profit/loss before tax		-12,057	-7,216
Income tax expense	A6	-	-
Profit/loss for the year¹		-12,057	-7,216

1) Net profit corresponds with total comprehensive income.

Parent Company – Balance sheet

EUR thousand	Note	December 31, 2023	December 31, 2022
ASSETS			
Non-current assets			
Financial assets	A10		
Shares in Group companies	A7	281,919	281,919
Receivables from Group companies		151,322	165,309
Total non-current assets		433,241	447,228
Current assets			
Receivables from Group companies		6,861	3,344
Other receivables		159	74
Prepaid expenses and accrued income		35	–
Cash and cash equivalents		504	548
Total current assets	A10	7,559	3,966
TOTAL ASSETS		440,800	451,193
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		117,452	124,668
Profit/loss for the year		–12,057	–7,216
Total unrestricted equity		128,896	140,953
Total equity	A8	128,951	141,008
Non-current liabilities			
Interest-bearing liabilities	A9	310,812	309,289
Other liabilities		52	–
Total non-current liabilities	A9, A10	310,864	309,289
Current liabilities			
Trade payables		37	84
Tax liabilities		–	207
Other liabilities		723	396
Accrued expenses and prepaid income	A11	225	209
Total current liabilities	A10	984	896
Total liabilities		311,848	310,185
TOTAL EQUITY AND LIABILITIES		440,800	451,193

Parent Company – Statement of changes in equity

EUR thousand	Note	Total number of shares (thousand)	Share capital	Other contributed capital	Retained earnings	Total equity
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
As at January 1, 2023		11,938	55	23,501	117,452	141,008
Profit/loss for the year		–	–	–	–12,057	–12,057
As at December 31, 2023	A8	11,938	55	23,501	105,395	128,951

Parent Company – Statement of cash flows

EUR thousand	Note	2023	2022
Cash flows from operating activities			
Profit/loss before tax		-12,057	-7,216
Non-cash items:			
Net financial items		14,155	9,279
Group contribution		-2,385	-2,028
Income taxes paid		-	-
Cash flows from operating activities before changes in working capital		-287	35
Changes in working capital			
Change in operating receivables		-3,245	1,818
Change in operating liabilities		140	-1,071
Changes in working capital		-3,105	747
Cash flow from operating activities		-3,392	782
Cash flows from investing activities			
Interest received		14,912	11,597
Change in long-term receivables		-	2,246
Change in long-term receivables from Group companies		13,987	2,934
Cash flow from investing activities		28,899	16,777
Cash flows from financing activities			
Proceeds from borrowings	A9	1,488	2,032
Interest paid and other borrowing related costs		-29,067	-20,876
Group contribution received		2,028	-
Cash flow from financing activities		-25,551	-18,844
Cash flow for the year		-44	-1,285
Cash and cash equivalents at beginning of the year		548	1,833
Cash flow for the year		-44	-1,285
Cash and cash equivalents at end of the year¹		504	548

1) Cash and cash equivalents at the end of the year consist 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 identity 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 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 2023, intra-group sales amounted to EUR 2,658 thousand (EUR 5,171 thousand) related to administrative costs and services.

Note A3 Employees

Salaries, other remuneration and social security charges

EUR thousand	2023		
	Board of Directors and Executive management	Other employees	Total
Salaries	-1,204	-	-1,204
Pension expenses	-221	-	-221
Social security charges	-432	-	-432
Total	-1,857	-	-1,857

EUR thousand	2022		
	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

Personnel expenses are recognised in the Administrative expenses 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

	2023		
	Women	Men	Total
Sweden	1	1	2
Total	1	1	2

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

Note A4 Remuneration to auditors

EUR thousand	2023	2022
Ernst & Young		
Audit services	-6	-10
Audit services outside the assignment	-	-40
Tax advice	-	-6
Total	-6	-56

Note A5 Interest income/expense and similar items

Interest income and similar items

EUR thousand	2023	2022
Interest income Group companies	14,787	10,869
Foreign exchange gain, net	125	728
Total	14,912	11,597

Interest expenses and similar items

EUR thousand	2023	2022
Interest expense on bank borrowings	-26,569	-17,621
Other financing costs	-2,295	-2,249
Foreign exchange loss, net	-203	-1,006
Total	-29,067	-20,876

Note A6 Taxes

Income tax expense

During 2022 and 2023 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	2023	2022
Profit/Loss before tax	-12,057	-7,216
Calculated tax based on tax rate in Sweden 20,6 % (2022: 20,6 %)	2,484	1,486
Losses for which no tax benefit is recognized	-2,484	-1,486
Income tax expense	-	-

Note A7 Shares in Group companies**Accounting principle**

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

Group Company	Country of incorporation	Domicile	Corporate identity number	December 31, 2023	
				Net book 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 Macedonia	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		

Note A7 Shares in Group companies, cont.

Group Company	Country of incorporation	Domicile	Corporate identity number	December 31, 2023	
				Net book value EUR thousand	Capital/voting interest (%)
Forcontact Europe s.A	Switzerland	Chiasso			
Forcontact Albania shpk	Albania	Vlorë			
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			
Time frame AG	Germany	Essen			
Time frame Hellas Epe	Greece	Thessaloniki			
Time frame Portugal Lda	Portugal	Matosinhos			
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

Cost

EUR thousand	2023	2022
As at January 1	281,919	281,919
Shareholder contribution	–	–
As at December 31	281,919	281,919

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

EUR thousand	2023	2022
Less than six months	14,411	11,397
Between six and twelve months	14,490	11,586
Between one and two years	28,901	22,982
Between two and seven years	338,442	354,243
Total Carrying amount	396,245	400,208

Note A8 Equity

Transcom's share capital as of 31 December 2023 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	2023	2022
EUR floating rate note (Secured)	315,000	315,000
Amortized costs	–5,539	–6,785
Accrued interest	1,351	1,074
Total	310,812	309,289
Non-current interest-bearing liabilities	309,461	308,215
Current interest-bearing liabilities	1,351	1,074
Total	310,812	309,289

Financing in the Parent includes EUR 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 EUR 75 million with termination date in June 2026. On May 5 2023, the Super Senior Revolving Credit Facility limit (SSRCF) was increased from EUR 45 million to EUR 75 million through an Additional Facility Notice. Interest rates in the SSRCF are based on USD SOFR, 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 2023. The Notes and the SSRCF shares security and guarantees in accordance with the provisions of an intercreditor agreement. 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.

There are share pledges in material companies of EUR 281,919 thousand (2022: EUR 281 919 thousand) used as security for the financing. Part of the SSRCF is used to cover bank guarantees and cash pool limits.

As of 31 December, 2023, EUR 43 624 thousand of the SSRCF was utilized by the subsidiary Transcom Worldwide AB, excluding guarantees and cash pool facility usage (31 December 2022: EUR 13 595 thousand).

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 Company'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 derivative 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, 2023.

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 202 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 2024 fiscal year.

Note A10 Financial instrument risk management objectives and policies, cont.**Classification of the financial assets and liabilities**

EUR thousand	2023		2022	
	Financial instruments at amortized cost	Total carrying amount	Financial instruments at amortized cost	Total carrying amount
Financial assets				
Receivables from Group companies	151,322	151,322	165,309	165,309
Total non-current financial assets	151,322	151,322	165,309	165,309
Receivables from Group companies	6,861	6,861	3,344	3,344
Other receivables incl. accrued interest	194	194	74	74
Cash and cash equivalents	504	504	548	548
Total current financial assets	7,559	7,559	3,966	3,966
Total financial assets	158,881	158,881	169,275	169,275
Financial liabilities				
Interest-bearing liabilities	310,812	310,812	309,289	309,289
Other liabilities	52	52	–	–
Total non-current financial liabilities	310,864	310,864	309,289	309,289
Trade payables	37	37	84	84
Tax liabilities	–	–	207	207
Other liabilities incl. accrued expenses	948	948	606	606
Total current financial liabilities	984	984	896	896
Total financial liabilities	311,848	311,848	310,185	310,185

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

EUR thousand	2023			2022		
	<1 year	1–5 years	Total	<1 year	1–5 years	Total
Financial assets						
Receivables from Group companies	–	151,322	151,322	–	165,309	165,309
Total non-current financial assets	–	151,322	151,322	–	165,309	165,309
Receivables from Group companies	6,861	–	6,861	3,344	–	3,344
Other receivables incl. accrued income	194	–	194	74	–	74
Cash and cash equivalents	504	–	504	548	–	548
Total current financial assets	7,559	–	7,559	3,966	–	3,966
Total financial assets	7,559	151,322	158,881	3,966	165,309	169,275
Financial liabilities						
Interest-bearing liabilities	–	310,812	310,812	–	309,289	309,289
Other liabilities	–	52	52	–	–	–
Total non-current financial liabilities	–	310,864	310,864	–	309,289	309,289
Trade payables	37	–	37	84	–	84
Other liabilities incl. accrued expenses	948	–	948	813	–	813
Total current financial liabilities	984	–	984	896	–	896
Total financial liabilities	984	310,864	311,848	896	309,289	310,185

Note A11 Accrued expenses and prepaid income

EUR thousand	2023	2022
Accrued personnel expenses	113	108
Other accruals	112	101
Total	225	209

Note A12 Pledged assets and Guarantees

There are share pledges in material companies EUR 281,919 thousand (2022: 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 2023.

Note A13 Related party transactions

Altor has invoiced consulting and legal fees of EUR 8 thousand (93).

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 76 thousand of accrued interest.

Please also refer to notes 6, 25 and A3 for related party transactions.

Note 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	117,451,475
Profit/loss for the year	-12,056,577
Total	128,895,940

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	105,394,898
Total	128,895,940

Signatures of the Board of Directors

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

Brian Johnson
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 2023. The annual accounts and consolidated accounts of the company are included on pages 1–37 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 2023 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 2023 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS Accounting Standards), 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 2023 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 activities that are not part of normal business operations, such as restructuring- and M&A 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.

Operating cash flow: is defined as Cash flow from operating activities.

Net debt: is defined as interest-bearing liabilities and employee benefit obligations 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

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