

Q2 2024

- Revenue increased to 180.7M€ (174.8)
- EBITDA excluding non-recurring items decreased to 16.8M€ (20.0)
- EBITDA margin excluding non-recurring items decreased to 9.3% (11.4%)
- Operating cash flow increased to 6.2M€ (5.8)
- Net debt/EBITDA increased to 4.3 (3.5)

Jan-Jun 2024

- Revenue increased to 369.9M€ (367.6)
- EBITDA excluding non-recurring items decreased to 38.7M€ (45.5)
- EBITDA margin excluding non-recurring items decreased to 10.5% (12.4%)
- Operating cash flow increased to 26.1M€ (23.7)
- Net debt/EBITDA increased to 4.3 (3.5)

Q2 results in line with expectations

Q2 results were, as expected, with subdued revenue growth and a lower EBITDA margin compared to the same period last year. Overall revenue increased 3.4%, whereof 3.1% inorganic, and 0.3% from currency impact. While net organic revenue change was flat, the underlying growth of new and existing clients was 3.9%, fully compensating for the Q2 impact of exited and ended contracts. The underlying growth demonstrates a strong core and sales engine. This is reinforced by our most recent client satisfaction survey, where we are proud to report an NPS score of 73, amongst best in class.

EBITDA excluding non-recurring items decreased by 3.2M€ compared to last year, primarily due to lower margins in Europe, but also impacted by sales investments. We are actively addressing these challenges as we reassess our EMEA strategy. We will continue to be aggressive in adapting to the changing market conditions by partnering with our clients to reshore services to markets that create the most value for both parties. We will further rationalize our capacity in markets where it makes sense to do so. Sector performance remains mixed. eCommerce & Tech sector, while still our largest revenue contributor, experienced slower growth this period, primarily onshore.

Substantial investments have been made in our sales team to broaden our depth in the US market, and in our digital sales capabilities. The impact is temporarily dilutive to our margin (-2.3M€ in Q2, run-rate of ca -6M€). We have a strong pipeline of new opportunities, and we are confident our new sales will continue to grow at healthy levels.

While the potential and impacts of AI and Digital remain a key focus for us and our clients, we have not experienced a significant impact on clients' actual capacity demand. Our strategic focus on digital expertise has led to organizational restructuring and alignment with our priorities, including forming tech partnerships and enhancing our digital sales capabilities with innovations like autopilots, copilots, real-time text and voice translation, accent localization, and AI-driven analytical insights. These efforts have resulted in a 41% penetration of advanced digital and AI solutions within our client base and a 32% penetration with our prospects. These propositions are maintaining and, in some cases, increasing our revenue. We see significant opportunities to deploy AI and digital technology to improve operational efficiency, leading to cost reduction and improved pricing, which position us well to continue to win business in a highly competitive market.

Looking ahead, we expect Q3 and Q4 to remain challenging from a year over year perspective as a function of the exited contracts. Expectations should be tempered accordingly. However, our in-year new business sales already in ramp, our current pipeline, and projected run rate at the end of this year offer strong confidence. We anticipate that 2025 will be a year of growth that matches or outpaces the market averages while also delivering improved margins.

We remain committed to our strategic priorities, and being digitally enabled in all that we do. We will continue to pursue growth organically and through acquisitions and drive operational efficiency and cost reductions to improve profitability. We will push further our shoring mix while minimizing our footprint in unfavorable delivery markets. In parallel, we aim to drive higher value partnerships along with a substantial investment in talent and resources actively working to grow our US client base and our competitive off- and nearshore delivery footprint.

Brian Johnson, President & CEO

Group financial overview

(€m)	2024 Q2	2023 Q2	Change Y-o-Y	2024 Jan-Jun	2023 Jan-Jun	Change Y-o-Y	2024 Q2 LTM	2023 Q2 LTM	Change Y-o-Y
Revenue	180.7	174.8	3.4%	369.9	367.6	0.6%	740.2	736.5	0.5%
EBITDA excl. non-recurring items	16.8	20.0	-3.2	38.7	45.5	-6.8	88.9	98.9	-10.0
EBITDA margin excl. non-recurring items	9.3%	11.4%	-2.1pp	10.5%	12.4%	-1.9pp	12.0%	13.4%	-1.4pp
EBITA excl. non-recurring items	8.6	11.6	-3.0	21.8	28.6	-6.8	58.0	65.0	-7.1
EBITA margin excl. non-recurring items	4.7%	6.6%	-1.9pp	5.9%	7.8%	-1.9pp	7.8%	8.8%	-1pp
Operating cash flow	6.2	5.8	0.4	25.0	23.7	1.3	63.8	64.9	-1.1
Net debt	378.1	343.6	34.6	378.1	343.6	34.6	378.1	343.6	34.6
Net debt/EBITDA excl. non-recurring items	4.3	3.5	0.8	4.3	3.5	0.8	4.3	3.5	0.8

April-June 2024

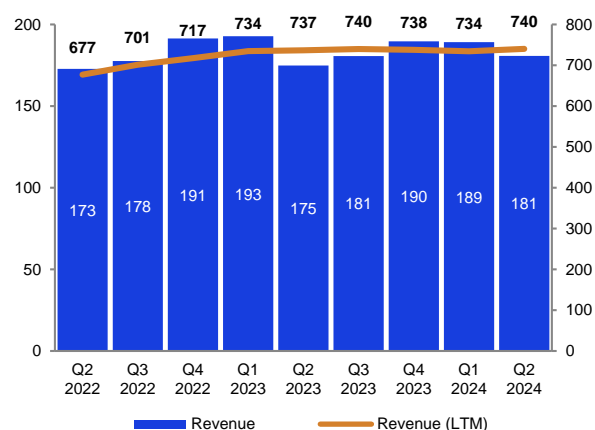
Income and profit

Revenue amounted to €180.7million (174.8) with a growth of 3.4%. Organic growth was 0.0%, growth from acquisitions in the last twelve months was 3.1% along with a positive impact from currency of 0.3%. Comparable organic growth, excluding the exited low margin contract in Spain in the beginning of Q2 2023, was 0.5%.

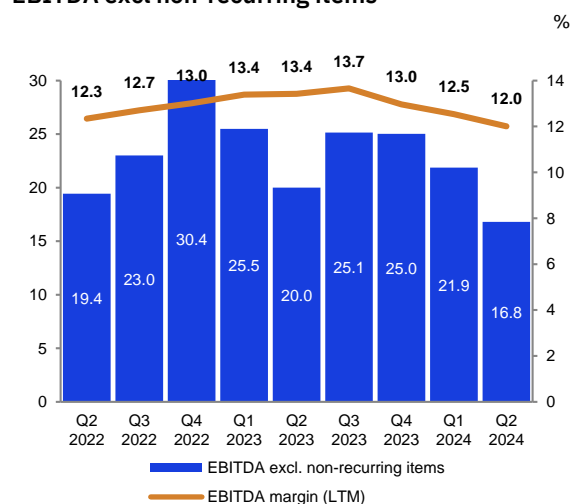
EBITDA excluding non-recurring items amounted to €16.8 million (20.0) with a margin of 9.3% (11.4%).

The lower EBITDA margin compared to the same period last year is mainly related to the eCommerce & Tech sector in the European segment.

Revenue



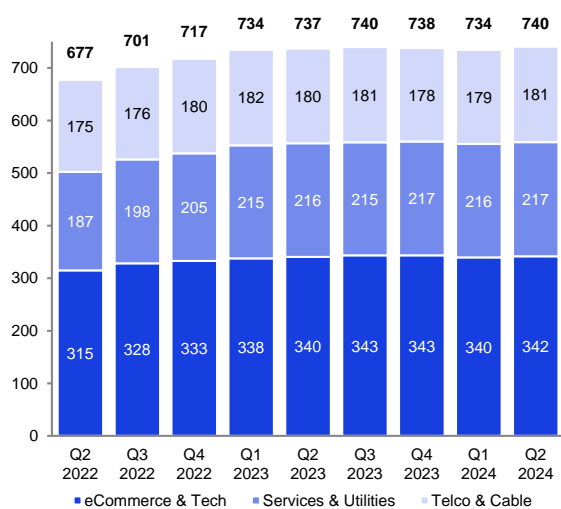
EBITDA excl non-recurring items



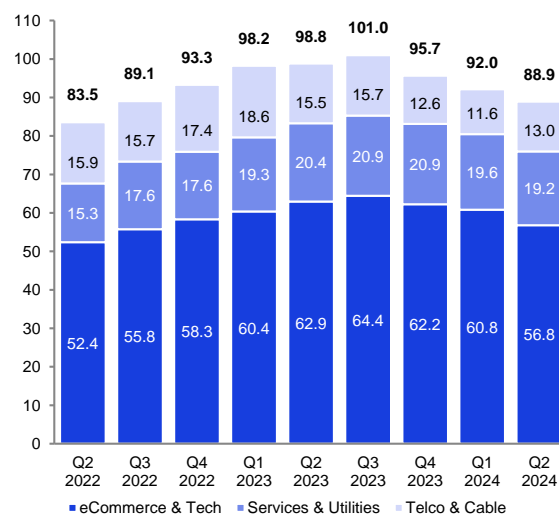
Sector development

The eCommerce & Tech had a growth of 1.6% in the quarter compared to the same period last year and remains the largest sector with 46% (46%) of the total revenue in the last twelve months. The EBITDA margin for the same period was 16.6% (18.5%).

Revenue by sector (LTM)*



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



*Reclassification of clients has been done in Q3 2023 with retroactive effect.

Development by geographical segment

European segment

Revenue amounted to €132.2 million (123.0) with a growth of 7.5%, despite the impact from the exited low margin contract in Spain during beginning of Q2 2023. The growth is mainly related to the eCommerce & Tech sector, positively impacted by the Timeframe acquisition completed in Q3 2023, as well as Telco & Cable sector.

EBITDA excl. non-recurring items amounted to €9.5 million (12.1) with a margin of 7.2% (9.9%). The lower EBITDA is primarily driven by smaller eCommerce & Tech clients due to lower volume and lower capacity utilization onshore.

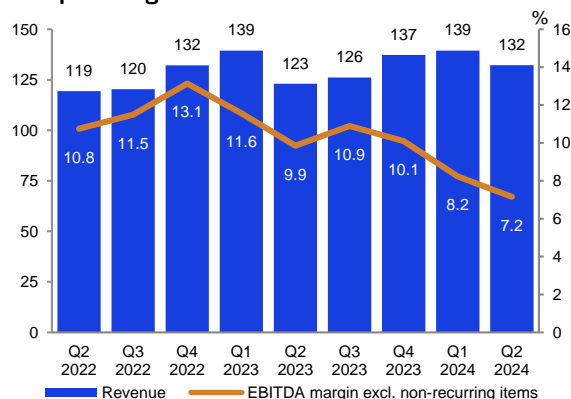
The decreased EBITDA margin is mainly driven by the Service & Utilities sector.

English-speaking segment

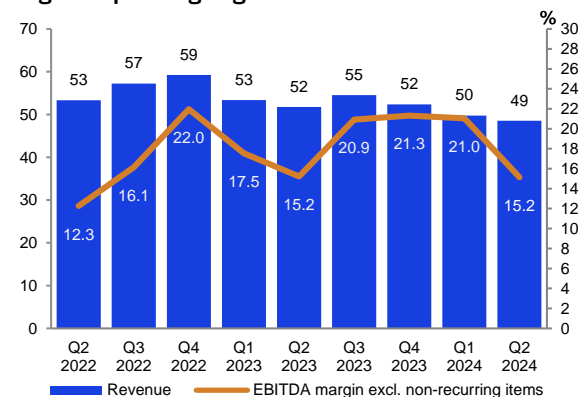
Revenue amounted to €48.5 million (51.8), a decrease of -6.2%, driven by lower volumes from eCommerce & Tech contracts, mainly onshore.

EBITDA excl. non-recurring items amounted to €7.4 million (7.9) with a margin of 15.2% (15.2%).

European segment



English-speaking segment



Cash flow and financial position

Operating cash flow was €6.2 million (5.8) with slight improvement driven by changes in the Net Working Capital compared with the same period as last year.

Cash flow from investing activities amounted to €-2.8 million (-4.3). Cash flow from financing activities amounted to €-15.1 million (-1.8). Cash flow totaled €-11.8 million (-0.3).

Net debt amounted to €378.1 million (343.6) including IFRS16 liabilities.

Net debt/EBITDA amounted to 4.3 (3.5). Financing in the Group includes €380 million Senior Secured Floating Rate Notes due in December 2026 and a Super Senior Revolving Credit Facility Agreement (SSRCF) of €75 million with termination date in June 2026. As per June 30, 2024, the SSRCF was unutilized in loans, excluding guarantees and overdraft facility usage. Unused credit facilities totaled €68.9 million.

January-June 2024**INCOME AND PROFIT**

Revenue amounted to €369.9 million (367.6), a growth of 0.6%. Organic growth was -2.4%, inorganic growth was 3.0% and impact from currency was 0.0%. Comparable growth, also excluding the exited Spain in the beginning of Q2 2023, was 0.0%.

EBITDA excluding non-recurring items amounted to €38.7 million (45.5) with a margin of 10.5% (12.4%). Non-recurring items totaled €-4.4 million (-2.9).

Net financial items amounted to €-22.0 million compared to €-17.8 million last year. Taxes amounted to €-1.8 million (-2.9).

Cash flow

Operating cash flow was €25.0 million (23.7). Cash flow from investing activities amounted to €-12.4 million (-15.4). Cash flow from financing activities amounted to €-9.7 million (-3.9). Cash flow totaled €2.9 million (4.4).

Significant events after the reporting period

No significant events after the end of the period.

Other information

Earnings call

Transcom will host a webcast at 9:00 CET on August 22, 2024. The webcast will be held in English. The presentation will be available on <https://www.transcom.com/global/about-us/investor-relations>.

Important note: Please register via the link above at least 5-10 minutes prior the webcast in order to obtain the webcast link. If you register in advance, you will be sent an email reminder an hour prior to the webcast.

Online registration link: <https://app.livestorm.co/transcom-holding/transcom-holding-ab-q2-2024-results-presentation>

Financial calendar

Transcom's Q3 2024 report will be published on Nov 14, 2024

Other information

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

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Transcom Group - Condensed consolidated income statement

(€ '000)	Notes	2024 Q2	2023 Q2	2024 Jan-Jun	2023 Jan-Jun	2024 LTM	2023 Jan-Dec
Revenue	4	180,735	174,777	369,851	367,577	740,169	737,895
Cost of sales	5	-143,537	-135,827	-289,734	-282,008	-569,134	-561,408
Gross profit		37,198	38,950	80,117	85,568	171,035	176,486
Sales and marketing expenses		-3,735	-2,191	-6,920	-4,497	-11,991	-9,569
Administrative expenses	5	-33,887	-31,128	-66,029	-63,677	-138,389	-136,038
Other operating income/expenses	5	-151	442	467	870	-1,324	-921
Operating profit/loss	4,5	-575	6,073	7,636	18,263	19,330	29,959
Net financial items		-10,401	-9,202	-22,060	-17,886	-41,783	-37,610
Profit/loss before tax		-10,976	-3,129	-14,424	377	-22,452	-7,651
Income tax expense/income		-407	-1,114	-1,791	-2,897	-3,011	-4,116
Profit/loss for the period		-11,383	-4,243	-16,215	-2,519	-25,463	-11,768
Profit/loss for the period attributable to:							
Equity holders of the Parent Company		-11,260	-4,243	-16,067	-2,519	-25,315	-11,768
Non-controlling interest		-123	-	-148	-	-148	-

Transcom Group - Condensed consolidated statement of comprehensive income

(€ '000)	2024 Q2	2023 Q2	2024 Jan-Jun	2023 Jan-Jun	2024 LTM	2023 Jan-Dec
Profit/loss for the period including non-controlling interest	-11,383	-4,243	-16,215	-2,519	-25,463	-11,768
Other comprehensive income:						
Translation differences from foreign operations	-555	-199	13	-3,486	1,345	-2,154
Revaluation of cash flow hedges, net of tax	-1,138	-923	-1,532	440	-1,840	132
Total items that subsequently may be reclassified to the income statement, net of tax	-1,693	-1,122	-1,518	-3,046	-494	-2,022
Remeasurement of employee benefit obligations, net of tax	-	47	-	47	-530	-483
Total items that will not be reclassified to the income statement, net of tax	-	47	-	47	-530	-483
Other comprehensive income for the period, net of tax	-1,693	-1,076	-1,518	-3,000	-1,022	-2,504
Total comprehensive income for the period, net of tax	-13,076	-5,319	-17,733	-5,519	-26,486	-14,272
Total comprehensive income for the period, net of tax attributable to:						
Equity holders of the Parent Company	-12,946	-5,319	-17,594	-5,519	-26,347	-14,272
Non-controlling interest	-130	-	-139	-	-139	-

Transcom Group - Condensed consolidated statement of financial position

(€ '000)	Notes	2024 Jun 30	2023 Jun 30	2023 Dec 31
ASSETS				
Non-current assets				
Goodwill	6	239,957	230,321	236,921
Other intangible assets		77,898	88,408	84,638
Tangible assets		32,020	35,382	34,733
Right of use assets	10	37,018	30,966	29,388
Deferred tax assets		5,680	2,559	5,445
Other financial assets		9,579	7,741	7,287
Total non-current assets		402,153	395,377	398,413
Current assets				
Trade receivables		93,648	85,687	98,967
Income tax receivables		3,818	4,220	2,729
Other receivables		23,206	22,976	25,111
Prepaid expenses and accrued income		56,616	56,455	48,956
Cash and cash equivalents		39,591	34,487	35,830
Total current assets		216,879	203,825	211,593
TOTAL ASSETS		619,032	599,202	610,006
EQUITY AND LIABILITIES				
Equity attributable to equity holders of the Parent Company		63,594	89,896	81,190
Non-controlling interest		-841	-	-
TOTAL EQUITY		62,754	89,896	81,190
Non-current liabilities				
Interest-bearing liabilities	7	375,376	338,938	353,176
Employee benefit obligations		1,013	1,011	779
Lease liabilities	10	23,016	18,071	17,142
Provisions	6	3,702	3,668	3,507
Deferred tax liabilities		9,401	12,541	11,188
Other liabilities	12	702	4,206	2,345
Total non-current liabilities		413,209	378,436	388,137
Current liabilities				
Interest-bearing liabilities	7	3,430	5,989	2,118
Lease liabilities	10	14,881	14,051	13,707
Provisions	6,8	12,850	9,878	15,122
Trade payables		10,066	13,739	17,646
Income tax payables	11	6,052	8,137	6,053
Other liabilities	12	40,348	30,028	39,273
Accrued expenses and prepaid income		55,442	49,048	46,760
Total current liabilities		143,069	130,870	140,679
Total liabilities		556,278	509,306	528,816
TOTAL EQUITY AND LIABILITIES		619,032	599,202	610,006

Transcom Group - Condensed consolidated statement of changes in equity

(€ '000)	Equity attributable to equity holders of the parent						Total Equity
	Total number of shares ('000)	Share capital	Other contributed capital	Other reserves and Retained earnings	Total equity attributable to equity holders of the Parent Company	Non-controlling interests	
Balance, Jan 1, 2023	11,938	55	23,501	71,906	95,462	-	95,462
Profit/loss for the period	-	-	-	-2,519	-2,519	-	-2,519
Other comprehensive income, net of tax	-	-	-	-3,046	-3,046	-	-3,046
Balance, Jun 30, 2023	11,938	55	23,501	66,340	89,896	-	89,896
Profit/loss for the period	-	-	-	-9,249	-9,249	-	-9,249
Other comprehensive income, net of tax	-	-	-	542	542	-	542
Balance, Dec 31, 2023	11,938	55	23,501	57,634	81,190	-	81,190
Profit/loss for the period	-	-	-	-16,067	-16,067	-148	-16,215
Other comprehensive income, net of tax	-	-	-	-1,528	-1,528	10	-1,518
Changes in non-controlling interest	-	-	-	-	-	-702	-702
Balance, Jun 30, 2024	11,938	55	23,501	40,039	63,595	-841	62,755

Transcom Group - Condensed consolidated statement of cash flows

(€ '000)	Notes	2024 Q2	2023 Q2	2024 Jan-Jun	2023 Jan-Jun	2023 Jan-Dec
Cash flows from operating activities						
Profit/loss before tax		-10,976	-3,129	-14,424	377	-7,651
Non-cash items:						
Other non-cash adjustments		8,886	9,987	22,826	14,851	45,745
Net financial items		10,401	9,202	22,060	17,886	37,610
Income taxes paid		-2,212	-3,925	-5,060	-4,794	-10,845
Cash flow from operating activities before changes in working capital		6,099	12,135	25,402	28,320	64,859
Changes in working capital		67	-6,313	-388	-4,606	-2,348
Cash flow from operating activities		6,166	5,822	25,014	23,714	62,511
Investments and disposals of tangible assets		-1,662	-1,192	-5,973	-5,833	-14,051
Investments and disposals of intangible assets		-1,216	-872	-2,312	-2,555	-7,955
Acquisition of subsidiaries, net of cash acquired	6	-	-1,755	-2,572	-6,705	-13,947
Changes in financial assets		-13	-564	-1,829	-485	-824
Interest received		53	102	251	171	545
Cash flow from investing activities		-2,838	-4,281	-12,435	-15,406	-36,233
Proceeds from borrowings	7	1,071	10,775	66,832	20,424	31,199
Repayment of borrowings	7	-465	334	-44,414	-668	-1,551
Payment of lease liabilities	10	-3,661	-3,562	-7,285	-7,300	-14,981
Interest paid and other borrowing related costs		-12,030	-9,426	-24,863	-16,317	-34,639
Cash flow from financing activities		-15,085	-1,879	-9,730	-3,861	-19,972
Cash flow for the period		-11,756	-338	2,850	4,448	6,306
Cash and cash equivalents at beginning of the period		50,946	34,975	35,830	31,404	31,404
Cash flow for the period		-11,756	-338	2,850	4,448	6,306
Exchange rate differences in cash and cash equivalents		402	-149	912	-1,364	-1,880
Cash and cash equivalents at end of the period		39,592	34,487	39,592	34,487	35,830

Transcom Holding AB (publ) - Condensed income statement

(€ '000)	2024 Q2	2023 Q2	2023 Jan-Dec
Revenue	1,408	1,404	2,658
Gross profit	1,408	1,404	2,658
Administrative expenses	-1,842	-1,366	-2,942
Other operating income/expenses	-	75	-
Operating profit/loss	-434	113	-283
Net financial items	-4,266	-3,657	-14,158
Profit/loss before tax	-4,699	-3,544	-14,441
Group contribution received	-	-	2,385
Income tax expense/income	-	-	-
Profit/loss for the period*	-4,699	-3,544	-12,056

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

Transcom Holding AB (publ) - Condensed balance sheet

(€ '000)	Notes	2024 Jun 30	2023 Jun 30	2023 Dec 31
ASSETS				
Non-current assets				
Investments in Group companies		281,919	281,919	281,919
Receivables from Group companies		203,640	156,351	151,322
Total non-current assets		485,559	438,270	433,241
Current assets				
Receivables from Group companies		8,568	6,158	6,861
Other receivables		569	144	194
Cash and cash equivalents		203	531	504
Total current assets		9,340	6,833	7,559
TOTAL ASSETS		494,899	445,103	440,800
EQUITY AND LIABILITIES				
Equity				
Restricted equity		55	55	55
Total restricted equity		55	55	55
Unrestricted equity				
Other contributed capital		20,501	20,501	23,501
Retained earnings		103,680	117,281	117,452
Net result		-4,749	-3,543	-12,057
Total unrestricted equity		119,432	134,239	128,896
TOTAL EQUITY		119,487	134,293	128,951
Non-current liabilities				
Interest-bearing liabilities	7	374,919	309,740	310,812
Other liabilities		7	92	52
Total non-current liabilities		374,926	309,832	310,864
Current liabilities				
Trade payables		56	517	37
Other liabilities		271	322	723
Accrued expenses and prepaid income		158	139	225
Total current liabilities		485	978	984
Total liabilities		375,411	310,809	311,848
TOTAL EQUITY AND LIABILITIES		494,899	445,103	440,800

Notes to the condensed financial statements

The accompanying notes are an integrated part of the interim condensed consolidated financial statements. Amounts are in thousands of Euro, unless otherwise stated.

1. General

The Group's parent company, Transcom Holding AB (publ), is a registered company domiciled in Stockholm, Sweden. The address of the Company's headquarters is Gullflossgatan 4, PO Box 1214, SE-164 28 Kista. The parent company is responsible for corporate management and administration and holding functions.

2. Accounting principles

The interim report for the Group has been prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. Application of IFRS complies with the accounting principles set out in the Group's annual financial statements as of December 31, 2023.

3. Risk management

The Group's activities expose it to a variety of business and financial risks, market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Group's risk management and control framework is designed to support the identification, assessment, monitoring, management and control of risks that are significant to the achievement of the Group's business objectives. The condensed consolidated financial statements do not include all risk management information and should be read in conjunction with the Group's annual financial statements as of December 31, 2023. The Russian invasion of Ukraine and the uncertainty in the macro-economic development has not directly impacted Transcom. There have been no material changes in risks, the risk management policy and procedures during the period compared to what was presented in the annual financial statements as of December 31, 2023.

4. Segment information

	2024			2023		
	English speaking	Europe	Group	English speaking	Europe	Group
(€ '000) Q2						
Revenue from external customers	48,534	132,201	180,735	51,764	123,018	174,783
EBITDA excl. non-recurring items	7,353	9,459	16,812	7,877	12,119	19,996
Depreciation and amortization			-11,779			-12,108
Non-recurring items			-5,609			-1,817
Operating profit/loss			-575			6,073
Net financial items			-10,401			-9,202
Profit/loss before tax			-10,976			-3,129

	2024			2023		
	English speaking	Europe	Group	English speaking	Europe	Group
(€ '000) Jan-Jun						
Revenue from external customers	98,259	271,591	369,850	105,130	262,451	367,577
EBITDA excl. non-recurring items	17,819	20,928	38,747	17,230	28,255	45,485
Depreciation and amortization			-23,896			-24,310
Non-recurring items			-7,214			-2,908
Operating profit/loss			7,636			18,263
Net financial items			-22,060			-17,886
Profit/loss before tax			-14,424			377

5. Items affecting comparability

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

(€ '000)	2024 Q2	2023 Q2	2024 Jan-Jun	2023 Jan-Jun	2023 Jan-Dec
Operational non-recurring items	-5,717	-2,182	-7,229	-3,170	-15,771
Transaction-related non-recurring items	-6	365	-219	261	-2,214
Total	-5,723	-1,817	-7,448	-2,908	-17,986
whereof depreciation and amortization	-114	-	-234	-	-188
Total excl. depreciation and amortization	-5,609	-1,817	-7,214	-2,908	-17,797

Total non-recurring items (NRI) amounted to EUR -5.7 million (-1.8) for Q2 2024. Operational non-recurring items are due to restructuring activities, mainly related to reorganization and amounted to EUR -5.7 million for the quarter. Transactional non-recurring amounted to EUR -0.0 million (0.4).

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

(€ '000)	2024 Q2	2023 Q2	2024 Jan-Jun	2023 Jan-Jun	2023 Jan-Dec
Gross profit	-110	-	-812	-	-1,423
Administrative expenses	-1,650	-1,296	-2,010	-1,898	-9,853
Other operating income/expenses	-3,963	-521	-4,626	-1,010	-6,709
Total	-5,723	-1,817	-7,448	-2,908	-17,986

(€ '000) Q2	2024			2023		
	Reported	Non-recurring items	Excl. Non-recurring items	Reported	Non-recurring items	Excl. Non-recurring items
Operating profit/loss	-575	-5,723	5,148	6,073	-1,817	7,890
Transaction-related amortization	-3,433	-	-3,433	-3,722	-	-3,722
EBITA	2,857	-5,723	8,580	9,795	-1,817	11,613
Operative depreciation and amortization	-8,346	-114	-8,232	-8,384	-	-8,384
EBITDA	11,203	-5,609	16,812	18,179	-1,817	19,997

6. Acquisitions

During Q1 2024, Transcom paid out an earn out related to the acquisition of timeframe in 2023.

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.

A preliminary acquisition analysis has been prepared as of March 31, 2024. The surplus value has been allocated to goodwill.

7. Interest-bearing liabilities

Net debt/EBITDA amounted to 4.3 (3.5). Financing in the Group includes €380 million Senior Secured Floating Rate Notes due in December 2026 and a Super Senior Revolving Credit Facility Agreement (SSRCF) of €75 million with termination date in June 2026. As per June 30, 2024, the SSRCF was unutilized in loans, excluding guarantees and overdraft facility usage. Unused credit facilities totaled €68.9 million.

Financing in the Group includes €380 million Senior Secured Floating Rate Notes due in December 2026 and a Super Senior Revolving Credit Facility Agreement of €75 million with termination date in June 2026. The Notes are listed on The International Stock Exchange. The Notes and the SSRCF shares security and guarantees in accordance with the provisions of an intercreditor agreement.

As per June 30, 2024, the SSRCF was unutilized in loans, excluding guarantees and overdraft facility usage. Unused credit facilities totaled €68.9 million.

There are share pledges in material group companies €225.2 million (237.5) used as security for the financing. Part of the SSRCF is used to cover bank guarantees and cash pool limits.

8. Contingent liabilities and provisions

The Group has no material contingent liabilities as per June 2024.

In 2018, a provision was recorded relating to that the Group had a dispute in Spain with professionals hired as consultants where the social security inspection claims that they should be considered as employees. During Q1 2023, first payment of €6.6 million was made. Second and final payment is expected during 2024.

As per June 2024, the total current and non-current provisions amounted to €16.5 million (13.5).

9. Financial instruments

Classification of the Group's financial assets and liabilities:

	Financial instruments at amortized cost	Financial instruments at fair value to the P&L	Derivatives for cashflow hedges	Carrying amount	Fair value
(€ '000) Jun 30, 2024					
Total non-current assets	9,567	-	-	9,567	9,567
Total current assets	213,873	-	82	213,955	213,955
Total financial assets	223,439	-	82	223,521	223,521
Total non-current liabilities	401,220	-	-	401,220	462,589
Total current liabilities	50,895	1,270	-	52,165	85,597
Total financial liabilities	452,115	1,270	-	453,385	548,186
(€ '000) Dec 31, 2023					
Total non-current assets	7,287	-	-	7,287	7,287
Total current assets	199,746	-	621	200,367	200,367
Total financial assets	207,033	-	621	207,654	207,654
Total non-current liabilities	373,825	-	-	373,825	432,525
Total current liabilities	102,361	2,941	-	105,302	132,405
Total financial liabilities	476,186	2,941	-	479,127	564,930

10. Leasing

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

	2024	2023	2024	2023
(€ '000)	Q2	Q2	Jan-Jun	Jan-Jun
Reversed cost (EBITDA effect)	4,276	4,067	8,431	8,318
Depreciations	-3,869	-3,720	-7,594	-7,625
Operating profit/loss	407	347	837	693
EBITDA effect	4,276	4,067	8,431	8,318
Interest expense leases	-615	-178	-1,146	-701
Income tax expense	358	-62	425	-41
Profit/loss for the period	150	106	116	-49
Right-of-use assets	36,078	30,966	37,018	30,966
Lease liabilities, non-current	22,657	18,071	23,016	18,071
Lease liabilities, current	14,491	14,051	14,881	14,051

11. Income tax payables

As per June 30, 2024 income tax payables include uncertain tax positions in the amount of €2,232 thousand (€2,013 thousand) related to group operations in Tunisia, Colombia and Croatia. At the time of this report, eleven group entities located in the Philippines, Germany, Serbia, Macedonia, Bosnia and Albania are under tax audit. Three new audits started in 2024 while others continue from the 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.

Alternative performance measures

The purpose of Transcom's alternative performance measurements is to disclose additional information to support a more comprehensive year-on-year comparison and provide an indication of the Group's performance and financial position. These alternative performance measurements defined below are considered to be widely accepted.

EBIT: corresponds to the Operating profit/loss presented in the Condensed Consolidated Income Statement.

EBITA: is defined as Operating profit/loss, adding back the recorded transaction-related amortization.

Non-recurring items: are defined as 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 excl non-recurring items: is defined as Net debt, as defined above, divided by EBITDA excl non-recurring items (LTM).

LTM: refers to the timeframe of the immediately preceding last twelve months.

Organic growth: is defined as the revenue change in percent, excluding impact from currency changes versus the previous period and the revenue of acquired or discontinued operations in the last 12 months, as compared to the total revenue of the last period.

Inorganic growth: is defined as the revenue change in percent of acquired or discontinued operations in the last 12 months, as compared to the total revenue of the last period.

Other definitions

English-speaking segment: services delivered to multinational clients predominantly domiciled in US and UK.

European segment: services delivered to clients based in Europe.

ABOUT TRANSCOM

Transcom provides AI and digitally enhanced customer experience (CX) services to some of the world's most ambitious brands. More than 300 clients globally, including disruptive e-commerce players, category redefining fintechs, and technology legends rely on us for on-, off-, and nearshoring services. Transcom's over 30,000 employees work in 90 contact centers and work-at-home networks across 29 countries, creating brilliant experiences in customer care, sales, content moderation and backoffice services. We help our clients drive their brands forward, customer satisfaction up and operating costs down. For more information, visit www.transcom.com.