Transcom

Annual Report 2016

CONTENTS

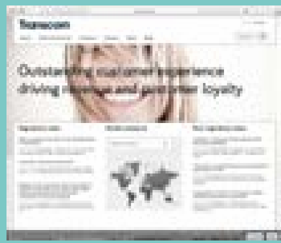
MORE INFORMATION ABOUT TRANSCOM

This annual report is focused on the annual financial review. The resources listed below provide additional information about Transcom and important activities in 2016.

2016.transcom.com

This special website replaces the traditional front section of the annual report, giving you key highlights from 2016. You will also find Transcom’s people & sustainability report here.

Transcom.com



Transcom’s corporate website.

blog.transcom.com

On Transcom’s corporate blog, we share stories from around the company. We also try to exemplify how we work together with our clients to enhance their business performance by improving the experience of their customers.

Hello Transcom

This magazine contains recent stories from around Transcom. It can be downloaded on www.transcom.com.

The formal annual accounts and the consolidated accounts comprise pages 6–52.
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.

Key highlights

TRANSCOM OPENS NEW CONTACT CENTER IN POLAND

Transcom opened a new contact center in the city of Bialystok in northeastern Poland in 2016. The new site will support growth with clients in Poland, focusing on delivering customer care services in the Polish language on behalf of domestic clients. Transcom's other two locations in Poland, in Gdansk and Olsztyn, have evolved into important multilingual delivery hubs for clients in major European countries. The expansion in Bialystok will allow the other sites in Poland to focus on further expanding their multilingual delivery capacity, meeting the high demand for this type of service.

TRANSCOM EXITED COLOMBIA AND PERU

Transcom began a strategic review of its Latin American operations in 2016, as the company has chosen to focus on other markets. At the beginning of 2016, the contact center in Cali, Colombia was closed, and in January 2017, Transcom successfully closed the divestment of its operations in Peru for an equity value of EUR 1.0 million. Transcom's contact center in Concepción, Chile is the company's only remaining asset in Latin America.

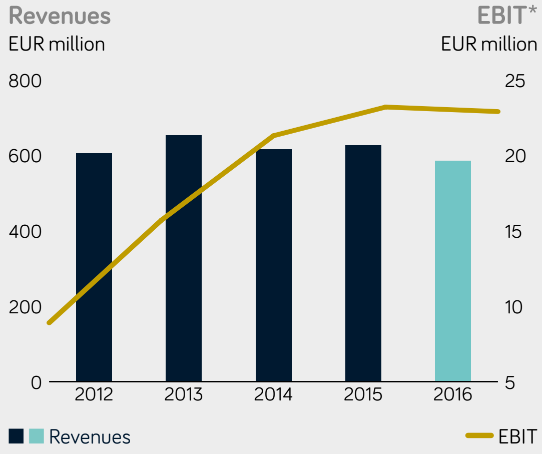
DIVESTMENT OF CMS DENMARK

In March 2016, Transcom successfully closed the divestment of its Danish Credit Management Services operations (CMS Denmark) for an equity value of EUR 13.0 million. This transaction concluded the divestment of Transcom's former CMS business unit, in line with the company's strategy to focus on its core business – outsourced customer care solutions.

NEW CREDIT FACILITY

In March 2016, Transcom signed a syndicated credit agreement with ING, Nordea and SEB to implement a EUR 90 million multi-currency revolving credit facility. The facility has a tenor of three years with an option to extend for one year. The purpose of the new agreement was to refinance an existing facility which was due to expire in January 2017. Given the change of ownership in Transcom (see below), the company has terminated its credit facility and has together with Altor AB signed a new credit facility with another bank.

Key financial highlights



* Excluding non-recurring items

PUBLIC OFFER FOR ALL OUTSTANDING SHARES IN TRANSCOM

On December 21, 2016, Altor announced a public cash offer to the shareholders of Transcom to transfer all of their shares in Transcom to Altor. Altor offered SEK 87.50 in cash per share in Transcom. On March 13, 2017, Altor announced that all conditions for completion of the offer had been satisfied and Altor therefore declared the offer unconditional and completes the offer.

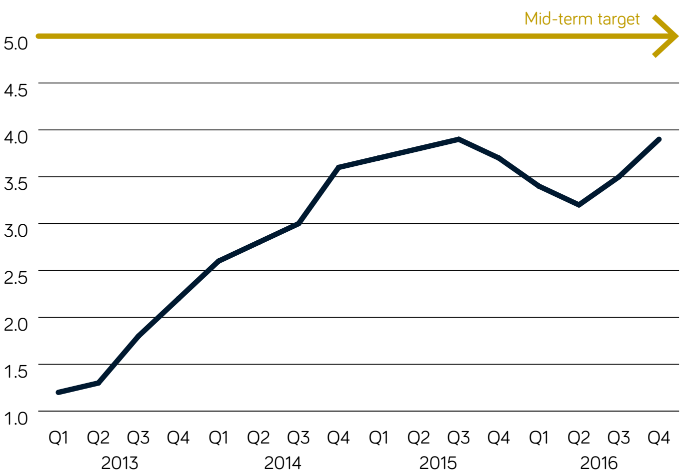
Comments from the CEO

We are continuing to progress well against our mid-term financial targets, despite a challenging first half of the year. In the first and second quarters, we experienced an unexpected temporary volume drop in the English-speaking markets & APAC region, as well as soft volumes in the telecom sector in North Europe. In response, we implemented a number of initiatives in order to boost growth, control cost, and raise efficiency. These measures brought about a quick performance recovery during the second half of 2016, as evidenced by the improvement in our EBIT margin from 2.2 percent in the January–June period to 5.5 percent during July–December. This means that we are now within reach of our target to generate an annual EBIT margin of at least 5 percent.

BACK TO POSITIVE ORGANIC GROWTH IN THE LAST QUARTER OF THE YEAR

While we are not yet back to last year's revenue level, our efforts to win new business in order to fill unused capacity in the English-speaking markets & APAC region started to yield good results during the third quarter. We ramped up new business volumes with several of our existing clients, as well as with a few new clients. The positive trend continued into the fourth quarter, with a fast-improving utilization of available capacity. In Europe, solid growth with clients in other sectors compensated for lower volumes with telecom clients compared to last year. Our full-year and Q4 financials clearly reflect this positive progression during the year. While organic revenue growth was negative from a full-year perspective (-4.4 percent), we managed to return to positive organic growth in the fourth quarter (+1.4 percent).

12-month rolling EBIT* margin development, %



* Excluding items affecting comparability

We signed several new client agreements in 2016, both with new clients and with existing ones. In order to build stronger partnerships with global clients, and facilitate further expansion with them in new geographies, we established a number of new global account teams during the year. We also expanded our footprint in 2016 by opening a new site in the city of Bialystok in Poland. This new site will support growth with clients in Poland, focusing on delivering customer care services in the Polish language on behalf of domestic clients. Our other two locations in Poland, in Gdansk and Olsztyn, have evolved into important multilingual delivery hubs for clients in major European countries. The expansion in Bialystok will allow these other sites in Poland to focus on further expanding their multilingual delivery capacity, meeting the high demand for this type of service.

Because business volumes (demand for customer care support) can vary significantly over time in our industry, it is critical that we keep growing and broadening our client base, while also maintaining a high degree of flexibility and responsiveness. Our target is to generate organic revenue growth of at least 5 percent per year.

IMPROVED EFFICIENCY AND STRENGTHENED COST CONTROL

The fact that we have been filling unused capacity with new business volumes is a key factor behind our positive profitability trend. But we also made significant progress during the year in terms of improved operational efficiency and cost effectiveness. First, the realignment of our regional management structure in the Conti-

"Innovation is one of Transcom's core values, signifying that we are progressive and move quickly to anticipate new customer trends and needs."

nental Europe region was fully implemented during the fourth quarter. This program is estimated to yield EUR 2.9 million in annual cost savings.

Another key project in 2016 was our Group-wide operational excellence program, which also included a comprehensive internal site benchmarking exercise. A majority of our sites were scrutinized during the year, focusing on root cause analysis and the identification of best practices. This project has improved the level of transparency throughout our organization, contributing to a strengthened performance culture and internal competition mindset. I am happy to report that the operational excellence program delivered positive results in all regions. We made good progress in terms of reducing staff attrition and sickness, along with improvements in workforce management, recruitment processes and standardization. Overhead reduction and improved support ratios have also contributed to cost savings. Apart from cost optimization and efficiency improvements, we have also managed to make some enhancements from a commercial standpoint as a result of renegotiations with clients.

Driving standardization and efficiency across our global business will continue to be an important priority for Transcom, key to protecting and enhancing our competitive position in the marketplace.

INNOVATION AND BUSINESS DEVELOPMENT

The customer care outsourcing industry is growing at an attractive rate, exceeding expected global GDP growth. Transcom anticipates that the global market will grow at an average annual rate of around 4–5 percent up to 2020. At the same time, the nature of customer service is gradually changing, not least because of the migration to digital channels such as apps, social media, chat, and self-service. Customers increasingly expect customer service to be accessible at all times. They also expect to be able to resolve their issues via the channel of their choice, without the hassle of having to switch modes of communication.

We have supported many clients on their digital journeys, helping them to manage the shift towards non-voice solutions for customer care. Today, approximately 30 percent of Transcom's revenue is related to non-voice activities, and that number will keep increasing. We are well-positioned to deliver services via digital, non-voice channels as well as through the traditional voice channel.

Innovation is one of Transcom's core values, signifying that we are progressive and move quickly to anticipate new customer trends and needs. There are plenty of great opportunities to create value together with our clients, but it is critical that we keep evolving our offerings and capabilities, staying adaptive and proactive in response to changing market conditions and competitive dynamics in our industry. The proliferation of new technologies and changing consumer preferences require us to constantly innovate and refine best practices together with our clients in order to remain competitive. To this end, Transcom's Innovation Council was established in 2016, with members from different functional as well as operational areas. This group is charged with overseeing the development of Transcom's value proposition and offerings. They also ensure effective coordination and sharing of best practices internally, and manage the development of partnerships with external parties.

PEOPLE & SUSTAINABILITY

Transcom's customer experience specialists handle 1.5 million interactions with our clients' customers every day. We hire and train thousands of new people every year. So the way we take care of and develop our people lies at the core of our strategy and activities. By the same token, people are at the focus of Transcom's sustainability strategy. Our stakeholder dialogues have confirmed our view. Transcom's sustainability program, Transcom Cares, was launched in 2013, focusing on people development, equality & diversity and community engagement. While the focus of our sustainability efforts remains unchanged, we reviewed and calibrated our priorities during the year. We also strengthened the program's governance and processes for target follow-up.

Talent management and training are absolutely central to our people and sustainability strategy. Promoting diversity and equal opportunity is equally important to us. We strive for gender equality on all levels, and are dedicated to providing equal opportunity employment. We are focused on attracting top talent and retaining people to build a truly global company that is prepared to meet and deliver towards diverse business cultures in all corners of the world.

Transcom adds value to our clients' businesses by supporting the creation of outstanding customer experiences, while reducing cost and helping to drive growth. The customer care industry is exceptionally data-driven. In order to run the business efficiently and track our performance against key performance indicators, an immense amount of data is collected on millions of customer interactions every day. This information can offer crucial insights for Transcom and our clients in terms of enhancing the understanding of customers, and the drivers of loyalty and disloyalty. Our clients entrust us with their customers' and their own data and they expect us to protect it well. Ensuring customer data protection and security, as well as taking proactive measures against fraud, are clearly very important sustainability issues for us.

Getting involved in the communities in which we operate not only strengthens our employer brand, but also maintains our license to operate in the markets where we choose to compete. Community engagement has been a part of Transcom's culture since the beginning, and it is clear that our activities in this area support recruitment and staff retention. I am proud to say that many of our community engagement projects depend on our employees' passion to contribute their time and energy.

At Transcom, we strive to reduce the environmental impact of

"Transcom's customer experience specialists handle 1.5 million interactions with our clients' customers every day. We hire and train thousands of new people every year."

our operations, with a particular focus on managing e-waste, limiting business travel and lowering energy consumption in our facilities. We conduct training and support local initiatives with our employees in order to encourage greater environmental responsibility in our workplaces. Our environmental policy, which is in agreement with the precautionary principle, guides us in lowering emissions from air travel, supports us in selecting goods and services produced with respect for the nature and constitutes a tool for pushing our environmental demands throughout our supply chain.

In addition to the sustainability focus areas we have defined, Transcom fully supports the ten principles of the UN Global Compact with respect to human rights, labor rights, environmental care and anti-corruption work. These principles are an integral part of our corporate strategy, business culture and day-to-day operations. Therefore, as part of our on-going pledge to deliver an outstanding customer experience in a global sustainable society, Transcom is a signatory of the UN Global Compact. We are whole-heartedly committed to ensuring that we comply with the UN Global Compact and its principles.

Finally, we are committed to offering transparent reporting and communication on sustainability at Transcom. This year, we are taking an important step in further improving our reporting by publishing our first sustainability report in accordance with the GRI Standards (Core option) of the Global Reporting Initiative. You will find the GRI Index at 2016.transcom.com. We have started to report on a number of new KPIs, not least in our focus areas People Development and Equality & Diversity. On this site, you will also find content in other areas, such as business development and finance. Let me also invite you to read Transcom's magazine, Hello Transcom, which features stories from the year. It is available on transcom.com.

ALTOR ACQUIRES ALL SHARES IN TRANSCOM

On December 21, 2016, Altor AB announced a public cash offer to the shareholders of Transcom, offering SEK 87.50 in cash per share, corresponding to a total value for all outstanding shares in Transcom of SEK 2,294 million. Transcom's independent Bid Committee unanimously recommended that the shareholders of Transcom accept the offer. On March 13, 2017, Altor announced that all conditions for completion of the offer had been satisfied and Altor therefore declared the offer unconditional and completes the offer. On March 22, 2017, when the final acceptance period expired, Altor owned approximately 98.3 percent of the shares and votes in Transcom. Altor has called for compulsory redemption of the remaining shares. The Board of Directors has applied for delisting of Transcom's shares. Nasdaq Stockholm has approved the application and resolved that the last day of trading in the Transcom share will be April 10, 2017.

Altor has stated that they support Transcom's strategy, and they are planning to accelerate the implementation of some activities, increase investments to support digitalization and also make targeted acquisitions.

Let me close by thanking our clients for their continued support, as well as all 29,000 colleagues for their hard work, commitment and dedication during 2016.

Stockholm, April 5, 2017

Johan Eriksson
President & CEO of Transcom

Administration report

The Board of Directors and the CEO of Transcom WorldWide AB (publ), corporate registration number 556880-1277, hereby submit the Annual Report and Consolidated Financial Statements for the 2016 financial year.

Transcom is a global customer experience specialist, providing customer care, sales, technical support and collections services through an extensive network of contact centers and work-at-home agents. Transcom's principal role 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 customer experience specialists engage with customers in multiple channels, including phone, e-mail, chat and social media networks.

Market definition – what business are we in?

Customer management comprises the processes linking an organization with its existing and potential customers, and includes four sub segments: customer selection, customer acquisition, customer retention and customer extension. Services are delivered via four primary channels:
- Telephony, including voice and interactive voice response (IVR) self-service
- Email response management
- Web chat
- Knowledge management for web-based self-service

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.

Transcom serves clients across the globe in virtually every industry and area of public service. Many of our clients compete in fast-moving, mass 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 telecommunications & media, financial services, retail, and travel. 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.

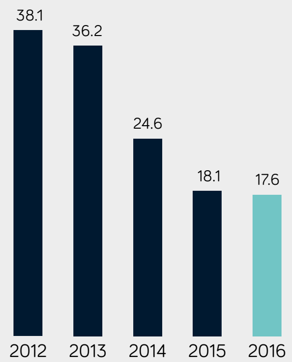
Transcom's operations add value to clients' businesses by supporting the creation of outstanding customer experiences, while reducing cost and helping to drive growth. Transcom does this directly, by delivering multi-channel customer service and support in a cost-effective way. But Transcom's goal is also that the Company's activities benefit other parts of clients' businesses.

For example, Transcom's analytics capabilities can generate insights that ultimately contribute to the creation of a differentiated customer experience, setting Transcom's clients apart in an increasingly competitive marketplace.

As a global specialist of outsourced customer care solutions, Transcom has an important role in helping to make sure that end customers form positive perceptions of their interactions with the companies that Transcom supports. To many of the Company's

	2016	2015	2014	2013	2012
Revenue (EUR million)	586.1	626.5	616.8	653.2	605.6
Profit/loss before tax (EUR million)	21.2	17.4	18.8	–12.2	–23.6
Profit/loss for the year (EUR million)	16.1	8.7	6.9	–18.6	–30.6
Operating margin	4.0%	3.2%	3.5%	–0.8%	–2.9%
Net debt/EBITDA	0.6	0.6	0.9	1.5	2.0

Net debt
EUR million



clients, the quality of their customer care operations is fundamental to their ability to execute their service-based strategies to increase loyalty, retention and customer sales. This is why they partner with Transcom, whose core business is to deliver excellent multi-channel customer service and support.

The Company's services are delivered through a structured and proven process with rigorous quality controls. Continuous improvement practices, focused on strengthening service quality and enhancing operational efficiency, are embedded into daily operations.

The impact of the Company's service delivery on customer experience is constantly validated, e.g. through Customer Satisfaction, Customer Effort, and Net Promoter indices.

At the end of 2016, Transcom had approximately 29,000 customer experience specialists at 52 onshore, offshore and near shore contact centers across 20 countries, delivering services in 33 languages to customers in various industry verticals.

The Transcom Group consisted of the following business segments (regions) at the end of 2016: North Europe, Continental Europe, English-speaking markets & APAC, and Latin America.

In Q1 2016, Transcom made a number of changes to the Group's regional and management structure, and comparable figures were restated accordingly. The Continental Europe region combines Transcom's operations in Spain and Portugal with the former Central & South Europe region (excluding the United Kingdom). The English-speaking markets & APAC region integrates the UK organization with Transcom's operations in North America & Asia Pacific. The North Europe region remains unchanged. Following the closure of Transcom's contact center in Colombia in Q1 2016 and the divestment of the Peruvian business in January 2017, Transcom's contact center in Concepción, Chile is the company's only remaining asset in Latin America. As previously disclosed, Transcom's Latin American business is under strategic review, as the company has chosen to focus on other markets.

On March 3, 2016, Transcom announced that the Company has successfully closed the divestment of its Danish Credit Management Services operations (CMS Denmark) for an equity value of EUR 13.0 million. CMS Denmark was part of Transcom's North Europe region in 2015. The divested unit had a turnover of EUR 11.4 million in 2015 and had approximately 80 employees. This transaction concluded the divestment of Transcom's former CMS business unit, in line with the company's strategy to focus on its core business – outsourced customer care solutions.

FINANCIAL OVERVIEW

Revenue development

Revenue in 2016 amounted to EUR 586.1 million (EUR 626.5 million). Revenue adjusted for exchange rate impact and divested operations decreased by 4.4 percent in 2016 (EUR 27.7 million). The divestment of CMS Denmark had a EUR 11.4 million negative impact on the revenue comparison with 2015, while currency effects had a EUR 1.3 million negative impact.

Operating result

Transcoms EBIT in 2016 was EUR 23.4 million compared to EUR 20.0 million in 2015. Non-recurring items amounted to positive EUR 0.5 million in 2016 (-3.2), and consisted of EUR 3.0 million in restructuring costs related to changes to the regional and management structure, and a positive EUR 3.5 million capital gain from the divestment of CMS Denmark. EBIT excluding non-recurring items was EUR 22.9 million (23.2).

Depreciation amounted to EUR 7.3 million in 2016 (7.8) and amortization EUR 0.9 million (1.4). SG&A expenses amounted to EUR 97.6 million (102.8).

Taxes

In 2016, the Group's tax expense amounted to EUR 5.1 million (EUR 8.7 million), with an effective tax rate of 24 percent (50). The effective tax rate is affected by losses for which no deferred tax asset can be recognized. Last year's tax expense included a EUR 2.5 million tax audit provision. Excluding the tax audit provision the effective tax rate was 36 percent in 2015.

Cash flow

EUR million	2016 Jan–Dec	2015 Jan–Dec
Cash flow from operating activities before changes in working capital	17.9	21.5
Change in working capital	-12.9	-0.9
Cash flow from operating activities	5.0	20.6
Cash flow for the year	-9.3	-15.1

Cash flow from operating activities decreased during 2016 compared to the previous year, mainly due to negative working capital and negative cash flow effects from restructuring costs. Cash flow from investments was positively impacted by the sale of CMS Denmark in Q1 2016, amounting to EUR 12.6 million. A dividend amounting to EUR 4.9 million was paid to the shareholders in Q2 2016.

Debt & Financing

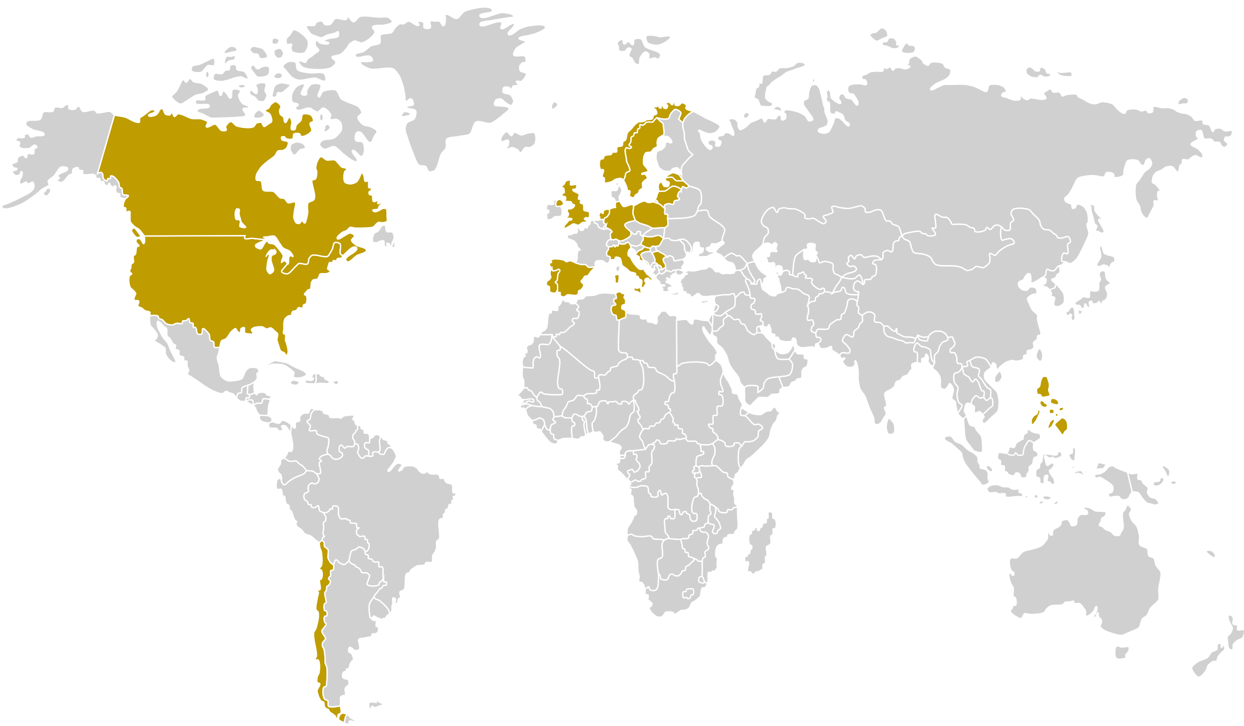
EUR million	2016 Dec 31	2015 Dec 31
Gross debt	30.8	42.9
Net debt	17.6	18.1
Net debt/EBITDA	0.6	0.6
Equity	142.7	132.0
Cash and cash equivalents	15.4	24.8

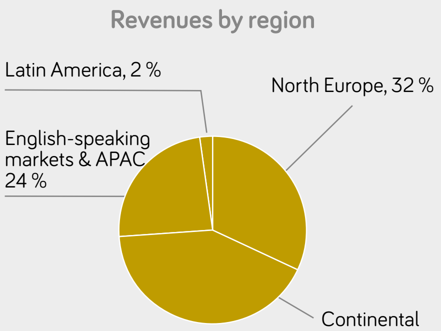
Transcom reduced gross debt from EUR 42.9 million at the end of 2015 to EUR 30.8 million at the end of 2016. Net debt as at December 31, 2016 was EUR 17.6 million, compared to EUR 18.1 million at the end of 2015. Net Debt/EBITDA was 0.6, compared to 0.6 at the end of 2015. Transcom is well within its financial covenant thresholds.

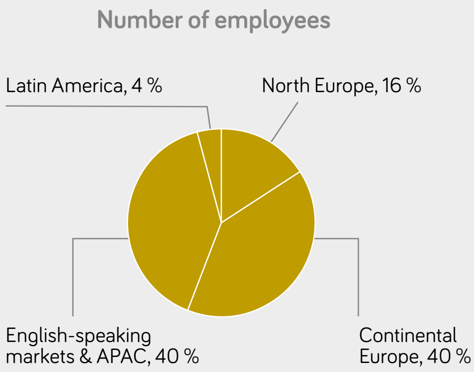
On March 9, 2016, Transcom announced that the Company has signed a syndicated credit agreement with ING, Nordea and SEB to implement a EUR 90 million multi-currency revolving credit facility. The facility has a tenor of three years with an option to extend for one year. The purpose of the new agreement was to refinance an existing facility which was due to expire in January 2017.

REGIONAL OVERVIEW

As a global player with approximately 29,000 people in 20 countries across five continents, Transcom can provide service wherever our clients have customers. Our global delivery network with 52 sites across five continents is one of the most extensive in our industry. We deliver services from onshore, near shore as well as from offshore contact centers. Our wide geographic presence means that we can offer our clients flexibility with regards to sourcing options and devise solutions that are well-adapted to clients' needs. During 2016, Transcom's global business was managed within four segments.







North Europe

Services delivered from Denmark (deconsolidated from March 2016), Estonia, Latvia, Lithuania, the Netherlands, Norway and Sweden.

Performance highlights 2016

In 2016, lower business volumes in the telecom sector in Sweden and Norway impacted on results in the region. However, this declining trend started to flatten out during the third quarter. At the same time, we experienced good growth in the Netherlands, the Baltics and in the Swedish interpretation business. Efficiency improvements and cost savings improved margins during the year.

EUR million	2016 Jan–Dec	2015 Jan–Dec
Revenue	186.6	201.9
EBIT*	9.4	10.0
EBIT margin*	5.0%	5.0 %

* Excluding non-recurring items amounting to EUR +3.5 million in 2016

English-speaking markets & APAC

Services delivered from Canada, the Philippines, the United Kingdom and USA.

Performance highlights 2016

During the first half of 2016, we experienced a drop in volumes on some client accounts in the region, which impacted our capacity utilization negatively. This trend was successfully reversed in the third quarter, as a result of winning new business with several of our existing clients. The positive development continued in the fourth quarter, with a positive impact on the EBIT margin.

EUR million	2016 Jan–Dec	2015 Jan–Dec
Revenue	138.7	149.2
EBIT*	4.5	7.3
EBIT margin*	3.2 %	4.9 %

* Excluding non-recurring items amounting to EUR -0.8 million in 2015

Continental Europe

Services delivered from Italy, Germany, Poland, Portugal, Spain, Tunisia, Hungary, Croatia and Serbia.

Performance highlights 2016

At the beginning of 2016, profitability in the region was impacted by low efficiency at one of our Spanish contact centers and low volumes in Germany. However, performance improved in the second quarter, and we saw this positive trend continue into the second half of the year. The realignment of the regional structure was fully implemented during the fourth quarter, and is yielding cost savings according to plan.

EUR million	2016 Jan–Dec	2015 Jan–Dec
Revenue	248.8	262.4
EBIT*	9.2	9.5
EBIT margin*	3.7 %	3.6 %

* Excluding non-recurring items amounting to EUR -3.0 million in 2016 (EUR -0.1 million in 2015)

Latin America

Services delivered from Chile and Peru.

Performance highlights 2016

Transcom's operations in Latin America were profitable during the latter part of the year, driven by volume increases in the remaining business and efficiency improvements. As previously announced, Transcom is evaluating strategic alternatives for the Latin American business. On January 9, 2017, it was announced that Transcom has successfully closed the divestment of its operations in Peru for an equity value of EUR 1.0 million. Transcom's contact center in Concepción, Chile is the company's only remaining asset in Latin America.

EUR million	2016 Jan–Dec	2015 Jan–Dec
Revenue	12.0	13.1
EBIT*	-0.2	-3.7
EBIT margin*	-1.3 %	-28.0 %

* Excluding non-recurring items amounting to EUR -2.5 million in 2015

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

Transcom Group's Parent Company, Transcom WorldWide AB (publ), does not perform CRM services, but is responsible for corporate management and administrative services to other Group companies as well as holding company functions. The Parent Company is also the counterparty to a limited number of client contracts. On the closing date, the Company was listed on the Nasdaq Stockholm exchange under the ticker symbol TWW. Transcom WorldWide AB (publ) is a registered company domiciled in Stockholm, Sweden. The address of the Company's headquarter is Gjörwellsgatan 30, SE-112 60 Stockholm.

Gross profit was roughly flat compared to 2015. The equity ratio improved to 52 percent (42 percent in 2015) mainly due to a net capital gain of EUR 86.1 million (3.2) as a result of internal reorganizations of the legal structure. In 2016, the Parent Company received dividends from Group companies amounting to EUR 46.9 million (66.3) and EUR 4.8 million (8.8) in Group contribution. Impairments of Investment in Group companies, mainly in connection with capital injections to the same Group companies, amounted to EUR 77.1 million (0.1).

Transcom has one foreign branch, in Switzerland. The Swiss branch carried out no operations during the year, and will be discontinued.

PUBLIC CASH OFFER TO THE SHAREHOLDERS OF TRANSCOM

On December 21, 2016, Altor AB announced a public cash offer to the shareholders of Transcom, offering SEK 87.50 in cash per share, corresponding to a total value for all outstanding shares in Transcom of SEK 2,294 million. Transcom's independent Bid Committee unanimously recommended that the shareholders of Transcom accept the offer.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

On January 9, 2017, Transcom announced the successful closing of the divestment of its operations in Peru for an equity value of EUR 1.0 million to BPO Consulting S.A.C.

On 13 March 2017, Altor AB announced that they will complete the public takeover offer to the shareholders of Transcom World-Wide AB (publ). After completion of the offer, Altor holds more than 90 percent of the shares and votes in Transcom and has notified Transcom's board of directors that Altor has resolved to call for compulsory redemption of the remaining shares in the Company. In light of the above, Transcom's board of directors no longer finds it motivated for the Company to remain listed and has therefore applied for delisting of the Company's shares from Nasdaq Stockholm. Nasdaq Stockholm has approved the application and resolved that the last day of trading in the Transcom share will be Monday 10 April, 2017.

The change in ownership has triggered a change of control clause in the Company's long-term incentive programs (LTIP 2014, 2015 and 2016), and Transcom's board of directors has therefore, in accordance with the terms of the programs, resolved to replace the estimated number of shares to be vested by a cash payment to the participants amounting to approximately EUR 1.3 million in total. In addition, the Swap agreement connected to LTIP 2015 was terminated.

Given the change of ownership of the Company, the Company terminated its credit facility and has together with Altor AB signed a new credit facility with another bank.

OUTLOOK

Transcom has a solid foundation from which to take the next steps in its development. The Company's objective is to increase revenue organically, while continuing to improve operational efficiency in order to strengthen margins. As disclosed on February 5, 2015, Transcom has adopted a set of mid-term financial targets: organic revenue growth of at least 5 percent per year, an EBIT margin of at least 5 percent, and a net debt/EBITDA ratio of maximum 1.0.

RISKS AND UNCERTAINTIES

There are a number of risk factors that may affect Transcom's operations which, to varying degrees, have an impact on Transcom's revenue, operations, profitability and financial position. These risks are monitored and to the extent possible, managed by Transcom. 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 and to provide reliable financial information. Transcom's approach to enterprise risk management, as well as a more comprehensive depiction of risk factors, is described in the Corporate Governance report on pages 66–67. Key risks specific to Transcom's operations are:

- The risk of overcapacity situations in the case of volume reductions or termination of client contracts.
- The risk of significant volume reduction in relation to key clients, since a significant portion of Transcom's revenue is generated from a limited number of clients. Furthermore, since Transcom is highly dependent on the Communications and Financial services industries, any future prolonged downturn in these industry verticals may lead to volume reductions.
- The risk of failure to achieve the desired flexibility in staffing in each local market. Transcom is also exposed to the risk of adverse movements in labor costs, legislation or other conditions related to staffing.
- The risks of Transcom's clients terminating contracts before their scheduled expiration dates, or reduce business volumes, since some of these contracts do not require any termination fees or the possibility by Transcom to invoice any costs to recover client-specific investments. In addition, many client contracts have performance-related bonus and/or penalty provisions which are driven by Transcom's performance vis-à-vis agreed-upon performance metrics. In the event that Transcom is unable to deliver on the agreed-upon performance metrics, the Group could face penalties.
- The risk of high staff attrition in some of Transcom's markets or the inability to attract and retain personnel, since Transcom's long-term success largely depends on the ability to attract and develop the right people.
- The risk of disruption in technological infrastructure due to host of reasons including natural disaster, lapses from vendors, operating malfunction, lapses in change management procedures, cyber attacks, sabotage, etc. Furthermore, continuity in Transcom's operations may be affected by natural events, wars, terrorist attacks, other civil disturbances, epidemics, technical failures, etc.
- The risk of adverse foreign exchange movements, involving transaction exposure where Transcom invoices clients in one currency and incurs costs in another currency. Transcom is also exposed to translation exposure due to conversion of assets, liabilities, revenues and costs denominated in non-reporting currencies, into Transcom's reporting currency, which is the Euro.

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.

PERSONNEL AND SUSTAINABILITY

At the end of 2016, Transcom had approximately 29,000 specialists in 20 countries. Every year, Transcom hires thousands of new people on whom its business results depend. An engaged, skilled and motivated workforce is key to meeting the Company's ambitious goals. In a people-intensive business like Transcom's, where long-term success largely depends on the ability to attract and develop the right people, it makes sense to focus our sustainability efforts on people as well. This is reflected in Transcom Cares, the Company's overarching sustainability governance program, which is focused on people development, equality & diversity, and community engagement.

In order to ensure that Transcom is successful in finding the right people, the Company has a clear goal of becoming an employer of choice in its industry. Besides offering a stimulating working experience, competitive compensation and robust training, the opportunity for career development is one of the key factors that attracts new talents to the Company.

There is a multitude of opportunities for employees to develop and grow at Transcom, which is reflected in the Company's clearly defined career progression, either as a line manager or specialist. Over 90 percent of our Team Leaders are internally recruited, and almost three out of four Business Managers. When recruiting externally, many candidates come to us through referrals from employees. At the same time, Transcom actively develops the company's presence on various social networks in order to enhance the company's employer brand and attract highly skilled candidates. One key project in 2016 was to establish a global career page on LinkedIn.

Programs for continuously upgrading our employees' skills are an important part of people development at Transcom. Examples of training courses organized during 2016 include stress resistance, soft skill trainings, team leader development training, communication skills, COPC training, sales training, information security awareness, and project management.

Environment

Transcom strives to reduce the environmental impact of its operations, with a particular focus on e-waste management, limiting business travel and decreasing energy consumption in its facilities.

There are training programs in place in the area, and the Group supports local initiatives with employees in order to encourage greater environmental responsibility in its workplaces. Our employees are committed to minimizing the impact and to working together to contribute to a better environment. Our environmental policy, which includes respect for the precautionary principle, guides us in lowering emissions from air travel, supports us in selecting goods and services produced with respect for the nature and is a tool to push our environmental demands throughout our supply chain.

In 2016, electricity consumption in our facilities was essentially flat compared to 2015, while CO_2 emissions from business travel decreased by 13 percent. CO_2 emissions per employee were also slightly lower compared to 2015 (from 0.034 ton per employee to 0.031 ton).

Further information about Transcom's activities in the area of people and sustainability is available at 2016.transcom.com.

CORPORATE GOVERNANCE

Transcom's Corporate Governance report is published on www.transcom.com, and is also included in this document on pages 59–73.

PROPOSED GUIDELINES ON REMUNERATION FOR SENIOR EXECUTIVES

The board of directors proposes that the annual general meeting resolves to adopt guidelines for remuneration to senior executives in accordance with the following:

The remuneration to the senior executives shall consist of a well-balanced combination of fixed salary, variable cash remuneration and/or long term incentive programs, pension benefits and other benefits.

Performance targets for variable remuneration may be quantitative and/or qualitative and shall aim to fulfill Transcom's long term strategy. Variable cash remuneration shall not exceed the fixed salary.

Pension benefits shall as far as possible be defined contribution. The managing director's and the other senior executives' notice period shall be a maximum 18 months. Fixed salary during notice periods and severance pay are together not to exceed an amount equivalent to the individual's fixed salary for two years.

In special circumstances and in a certain case, the board of directors may deviate from these guidelines.

The total amount of remuneration granted directly or indirectly by Transcom to the senior executives is fully described in note 5.

THE TRANSCOM SHARE

Transcom's ordinary shares are listed on Nasdaq Stockholm under the ticker symbol TWW. The ISIN code is SE0006168316. Each share entitles the holder to one vote at general meetings of shareholders and each holder may vote for the entire number of shares owned or represented by him or her without any limitation of the voting rights.

As at December 31, 2016, Transcom's issued capital amounts to EUR 56,083 thousand divided into a total of 26,322,212 ordinary shares with one voting right each and 594,372 class C shares, also with one voting right each. All class C shares are held as treasury shares by the Company. The total number of treasury shares amounts to 702,966 (594,372 class C shares and 108,594 ordinary shares).

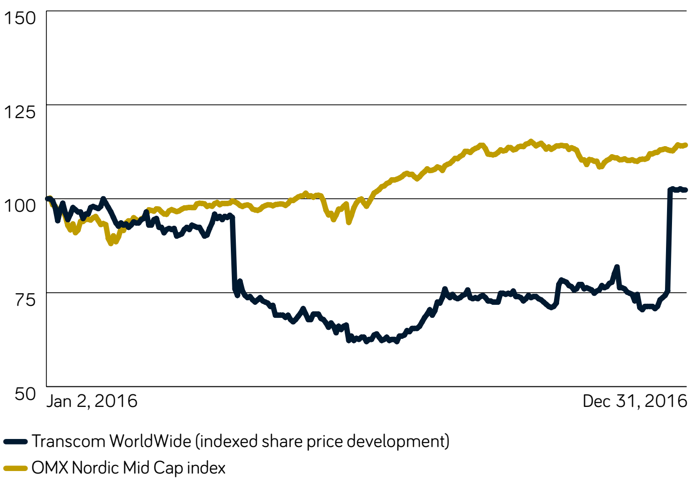
During September 2016, Transcom issued and repurchased 210,000 class C shares for potential delivery to long-term incentive plan (LTIP) participants. During April 2016, Transcom converted 150,000 class C shares to ordinary shares to be used when vesting long-term incentive plans. 75,805 shares held by Transcom were used when the long-term incentive plan 2013 was vested during the second quarter 2016.

During 2015, 115,000 class C shares were converted to ordinary shares. In addition, 108 272 shares held by Transcom were used when the long-term incentive plan 2012 was vested.

As at December 31, 2016, there were two shareholders whose holdings exceeded ten percent of the voting capital: Altor AB (24.3 percent) and Creades AB (10.8 percent).

Further information on the Transcom share can be found in note 17 for the Group and note A17 for the Parent Company.

The Transcom share



Transcom's top ten shareholders as at December 30, 2016

Shareholder	Shares	% of capital and votes*
ALTOR AB**	6,377,238	24.3 %
CREADES AB	2,672,196	10.8 %
SEB S.A.	2,529,239	9.6 %
FIDELITY FUNDS	1,342,483	5.1 %
FJÄRDE AP-FONDEN	1,311,899	5.0 %
UNIONEN	976,098	3.7 %
NORDNET PENSIONSFÖRSÄKRING AB	913,657	3.5 %
BP2S PARIS / CIC CIGOGNE UCITS SE	855,104	3.3 %
AAGCS NV RE AACB NV RE EURO CCP	622,157	2.4 %
DEUTSCHE BANK AG LDN-PRIME. BROKERAGE	616,970	2.4 %
LANCELOT AVALON	608,209	2.3 %
ÖHMAN SWEDEN MICRO CAP	531,074	2.0 %
FÖRSÄKRINGSAKTIEBOLAGET AVANZA PENSION	511,684	2.0 %

* Excluding treasury shares

** On 21 December 2016, Altor AB announced a recommended public cash offer to the shareholders of Transcom WorldWide AB to tender all their shares in Transcom to Altor AB for SEK 87.50 per share. Altor owned approximately 98.3% of the shares and votes in Transcom after the expiry of the final acceptance period on March 22, 2017.

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 on April 26, 2017.

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

Retained earnings	47,264,051
Profit/loss for the year	54,163,991
Total	**101,428,042**

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

Carried forward:	
Retained earnings	101,428,042
Total	**101,428,042**

Consolidated financial overview

	2016	2015	2014	2013	2012
Revenue (EUR million)	586.1	626.5	616.8	653.2	605.6
EBIT (EUR million)	23.4	20.0	21.3	-5.4	-17.6
EBIT margin	4.0 %	3.2 %	3.5 %	-0.8 %	-2.9 %
EBITDA (EUR million)	31.7	29.1	29.7	24.8	14.1
EBITDA margin	5.4 %	4.6 %	4.8 %	3.8%	2.3 %
Profit/loss before tax (EUR million)	21.2	17.4	18.8	-12.2	-23.6
Profit/loss for the year (EUR million)	16.1	8.7	6.9	-18.6	-30.6
Net cash flow from operating activities (EUR million)	5.0	20.6	11.5	9.9	-12.4
Net cash flow from operating activities per share (EUR cents)	19	79	44	38	-48
Earnings per share (EUR cents)	61.5	33.2	26.4	-71.3	-117.4
Return on Equity	12.1 %	6.7 %	6.0 %	-15.2 %	-23.0 %
Equity ratio	52.1 %	46.2 %	39.5 %	32.2 %	37.1 %
Net debt/EBITDA	0.6	0.6	0.9	1.5	2.0

Consolidated income statement

January to December

EUR thousand	Note	2016	2015
Revenue	3, 27	586,119	626,522
Cost of sales	4, 5, 6, 8, 27	-468,471	-502,833
Gross profit	3	**117,648**	**123,689**
Marketing expenses	4, 5, 6	-3,369	-3,585
Administrative expenses	4, 5, 6, 7	-94,227	-99,218
Net gain/loss on disposal of business	26	3,530	-109
Other operating income/expenses		-203	-827
Operating profit/loss	3	**23,379**	**19,950**
Financial income	9	275	360
Financial expenses	9	-2,463	-2,913
Profit/loss before tax		**21,191**	**17,397**
Income tax expense	10	-5,091	-8,744
Profit/loss for the year		**16,100**	**8,653**
Attributable to:			
equity holders of the parent		16,100	8,653
non-controlling interests		–	–
Earnings per share attributable to equity holders of the parent	11		
Earnings before dilution per Ordinary share, EUR cent per common share		61.5	33.2
Earnings after dilution per Ordinary share, EUR cent per common share		61.4	33.1

Consolidated statement of comprehensive income

January to December

EUR thousand	Note	2016	2015
Profit/loss for the year		16,100	8,653
Other comprehensive income			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		405	4,672
Net loss on cash flow hedges		-1,309	–
		-904	**4,672**
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Actuarial profit/loss on post employment benefit obligations	20	-12	262
Income tax effect		35	10
		23	**271**
Other comprehensive income for the year, net of tax		**-881**	**4,943**
Total comprehensive income for the year, net of tax		**15,218**	**13,596**
Attributable to:			
– equity holders of the parent		15,218	13,596
– non-controlling interests		–	–

Consolidated statement of financial position

as at December 31

EUR thousand	Note	2016	2015
ASSETS			
Non-current assets			
Goodwill	12	108,835	107,491
Other intangible assets	12	5,244	4,175
Tangible assets	13	15,989	16,398
Deferred tax assets	10	340	917
Other receivables		1,173	1,283
	25	**131,581**	**130,264**
Current assets			
Trade receivables	14, 25	75,878	87,070
Income tax receivables		3,685	3,147
Other receivables	15	12,885	18,517
Prepaid expenses and accrued income		32,706	22,115
Cash and cash equivalents	16	15,415	24,826
		140,570	**155,675**
Assets classified as held for sale	26	1,980	–
		142,550	**155 675**
TOTAL ASSETS	25	**274,131**	**285,939**
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent	17		
Share capital		56,084	56,084
Other contributed capital		8,993	8,993
Reserves		-7,767	-8,172
Retained earnings including net profit/loss for the year		85,404	75,108
Total equity		**142,714**	**132,013**
Non-current liabilities			
Interest-bearing liabilities	19	27,887	34,894
Employee benefit obligations	20	2,537	3,177
Provisions	21	450	–
Deferred tax liabilities	10	937	1,343
Income tax payables		–	283
Other liabilities		174	72
	25	**31 985**	**39,769**
Current liabilities			
Interest-bearing liabilities	19	2,940	7,992
Provisions	21	2,671	3,850
Trade payables		21,352	25,428
Income tax payables		2,370	4,669
Other liabilities	22	24,548	27,360
Accrued expenses and prepaid income	23	44,950	44,858
		98,830	**114,157**
Liabilities classified as held for sale	26	602	–
		99,432	**114,157**
Total liabilities	25	**131,417**	**153,926**
TOTAL EQUITY AND LIABILITIES		**274,131**	**285,939**

Consolidated statement of changes in equity

EUR thousand	Note	Equity attributable to equity holders of the parent				
		Share capital	Other contributed capital	Foreign translation reserve	Retained earnings	Total
As at January 1, 2015		**56,084**	**8,993**	**-12,844**	**67,763**	**119,996**
Profit/loss for the year		–	–	–	8,653	**8,653**
Other comprehensive income for the year, net of tax		–	–	4,672	271	**4,943**
Total comprehensive income for the year, net of tax		**–**	**–**	**4,672**	**8,924**	**13,596**
Share swap	19	–	–	–	-1,939	**-1,939**
Share-based payments	18	–	–	–	360	**360**
As at December 31, 2015		**56,084**	**8,993**	**-8,172**	**75,108**	**132,013**
As at January 1, 2016		**56,084**	**8,993**	**-8,172**	**75,108**	**132,013**
Profit/loss for the year		–	–	–	16,100	**16,100**
Other comprehensive income for the year, net of tax		–	–	405	-1,286	**-881**
Total comprehensive income for the year, net of tax		**–**	**–**	**405**	**14,814**	**15,219**
Share-based payments	18	–	–	–	384	**384**
Dividend	A17	–	–	–	-4,902	**-4,902**
As at December 31, 2016		**56,084**	**8,993**	**-7,767**	**85,404**	**142,714**

Consolidated statement of cash flows

January to December

EUR thousand	Note	2016	2015
Cash flows from operating activities			
Profit/loss before tax		21,191	17,397
Adjustments to reconcile profit before tax to net cash:			
Depreciation and amortization	8	8,275	9,135
Change in provisions including employee benefit obligations		1,229	941
Result from disposal of business	26	-3,530	109
Other non-cash adjustments		-2,956	3,798
Net financial items		2,188	2,553
Income taxes paid		-8,477	-12,424
Cash flows from operating activities before changes in working capital		**17,920**	**21,509**
Changes in working capital			
Change in operating receivables		-6,684	13,163
Change in operating liabilities		-6,261	-14,024
Changes in working capital		**-12,945**	**-861**
Net cash flow from operating activities		**4,975**	**20,648**
Cash flows from investing activities			
Investments in tangible assets	13	-6,571	-8,767
Investments in intangible assets	12	-1,974	-1,209
Disposals of tangible assets		130	96
Disposal of business, net of cash	26	12,622	-324
Changes in other non-current assets		-22	267
Net cash flow from investing activities		**4,185**	**-9,937**
Cash flows from financing activities			
Proceeds from borrowings	19	47,384	7,004
Repayment of borrowings	19	-59,753	-30,982
Payment of finance lease liabilities		-118	-343
Dividend	A17	-4,902	–
Interest paid		-1,072	-1,514
Net cash flow from financing activities		**-18,461**	**-25,835**
Net cash flow for the year		**-9,301**	**-15,124**
Cash and cash equivalents at beginning of the year		24,826	38,173
Net cash flow for the year		-9,301	-15,124
Exchange rate differences in cash and cash equivalents		212	1,777
Cash attributible to assets classified as held for sale	26	-322	–
Cash and cash equivalents at end of the year		**15,415**	**24,826**

Notes to the consolidated financial statements

Note 1 Summary of significant accounting and valuation policies

1.1 General

Transcom Worldwide 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, technical support and credit management services through our extensive network of contact centers and work-at-home agents. We are 29,000 customer experience specialists at 52 contact centers across 20 countries, delivering services in 33 languages to international brands in various industry verticals. Transcom WorldWide AB's share is listed on the Nasdaq Stockholm Exchange under the ticker symbol TWW.

The Company is a registered company domiciled in Stockholm, Sweden. The address of the Company's headquarter is Gjörwellsgatan 30, SE-112 60 Stockholm.

The consolidated financial statements were authorized for issue by the Board of Directors on April 5, 2017. These consolidated financial statements will be submitted for approval at the Annual General Meeting on April 26, 2017.

1.2 Basis of preparation

The consolidated financial statements of Transcom WorldWide AB (publ) have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The consolidated financial statements pertain to January 1–December 31 for income statement items and December 31 for balance sheet items.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 2.

1.2.1 Changes in accounting policies and disclosures

New and amended standards that are effective for the first time for the financial year 2016 and adopted by the Group.

- Amendments to IAS 16 and IAS 38 *Clarification of Acceptable Methods of Depreciation and Amortization.* The amendments clarify the principle in IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets* that revenue reflects a pattern of economic benefits that are generated from operating a business rather than the economic benefits that are consumed through use of the asset. The amendments to the standard have not had any material impact on the Group's reporting.
- Amendments to IAS 1 Disclosure Initiative – The amendments clarify existing IAS 1 requirements. The amendments to the standard have not had any material impact on the Group's reporting.
- In the 2012–2014 annual improvements cycle the IASB issued four amendments to four standards in which includes IFRS 5 Non-Current Assets Held for Sale and Discounted Operations; IFRS 7 *Financial Instruments Disclosures;* IAS 19 E*mployee Benefits* and IAS 34 *Interim Financial Reporting.* The amendments to the standard has not had any material impact on the Group's reporting.

Other new and amended standards effective for the first year are considered to not have an effect on the Group.

Standards in issue but not yet effective, up to date of issuance of the Group's financial statements, are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

- IFRS 9 *Financial Instruments replace* IAS 39 *Financial Instruments: Recognition and Measurement* and all previous versions of IFRS. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. The standard is effective on or after 1 January 2018. The Group plan to adopt the new standard on the required effective date. A high-level impact assessment shows that no significant impact on the Group's balance sheet and equity is expected except; Loans and trade receivables are expected to still be measured at amortized cost under IFRS 9. Credit losses in the Group has historically been very low and are expected to be continued at a low level why a preliminary assessment give no expectations that this could have a material impact on the Group's equity. The Group's hedge relationship is expected to still qualify for hedge accounting under IFRS 9. The preliminary assessment may be subject to changes when more detailed analysis is performed, and the Group will quantify the effect for the Group's financial statement year 2017.
- IFRS 15 *Revenue from Contracts with Customers* outlines the principles to measure and recognize revenue. The standard is effective from 1 January 2018, either with a full retrospective application or a modified retrospective application. The Group plan to adopt the new standard on the required effective date. During the year, the Group has performed a preliminary assessment by performing a high-level review of a few of the largest contracts with Clients. The preliminary assessment shows that the contractual term are normally 1-3 years, however the contractual period according to IFRS 15 might be 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. The preliminary assessment shows no material impact is expected regarding revenue recognition but instead more disclosures and more detailed information in existing disclosures in the Group's financial statements will be required. The preliminary assessment is performed on a high-level and based on currently available information and therefor may be subject to changes. During 2017, the Group will continue to quantify the effect for the Group's financial statements.
- IFRS 16 *Leases* sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of "low-value" assets (e.g. personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). A lessee will recognize a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset. The standard will require more extensive disclosures than under IAS 17. The standard is effective from 1 January 2019 and the Group expect the new standard to have an impact both on the Group's balance sheet and disclosures in the Group's financial statements. The Group will quantify the effect before the effective date.
- Amendments to IAS 7, IAS 7 D*isclosure Initiative.* The amendments to IAS 7 *Statement of Cash Flows* require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. These amendments are effective for annual periods beginning on 1 January 2017 and will result in additional disclosure provided by the Group.
- Amendments to IAS 12, IAS 12 *Recognition of Deferred Tax Assets for Unrealized Losses* clarifies that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount. These amendments are effective for annual periods beginning on or after 1 January 2017 and is not expected to have any material impact on the Group's financial statements.
- Amendments to IFRS 2 *Classification and Measurement of Share-based Payment Transactions* address the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction, the classification of a share-based payment transaction with net settlement features for withholding tax obligations and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled. The amendments are effective for annual periods beginning on or after 1 January 2018 and the Group will quantify the effect but it is not expected to have a material impact on the Group's financial statements.

Other standards in issue but not yet effective are considered not material for the Group.

1.3 Consolidation

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

The consolidated accounts are prepared according to the acquisition method, which entails acquisitions of subsidiaries being viewed as transactions through which the Group indirectly acquires the subsidiary's assets and assumes its liabilities and contingent liabilities. The Group's equity therefore includes only the portion of the subsidiary's equity added since acquisition. The Group's cost is determined through an acquisition analysis in connection with the acquisition. This analysis determines, in part, the cost of the holdings or operations and, in part, the fair value of the identifiable assets, liabilities and contingent liabilities assumed on the date of acquisition. The cost of the subsidiary's shares or operations consists of the fair value of the compensation on the transfer date. The cost includes conditional purchase considerations recognized as liabilities at fair value per the acquisition date.

In acquisitions where there is a positive difference between the cost of the acquisition and the net value of acquired assets and assumed liabilities and contingent liabilities, the difference is reported as goodwill. When the difference is negative, it is recognized in the Income statement.

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

1.4 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 (EUR)', which is the Group's presentation currency.

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

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

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

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

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

1.5 Property, plant and equipment

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

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

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

• Telephone switch	5 years
• Fixtures and fittings	3–5 years
• Computer, hardware and software	3–7 years
• Office improvements and others	3–5 years

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

1.6 Intangible assets

(a) Goodwill

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

(b) 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 finite useful life and are carried at cost less accumulated amortization and are assessed for impairment whenever there is an indication that the asset is impaired. Amortization is calculated using the straight-line method over the expected life of the customer relationship which is between 7 to 15 years.

(c) Development costs

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

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

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

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

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

1.7 Impairment of non-financial assets

Assets that have an indefinite useful life – for example, goodwill or intangible assets not ready to use – are not subject to amortization and are tested annually for impairment, or if events or circumstances change which may Indicate that there may be need for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Transcom's operations in each segmental region are considered the Group's cash-generating units in this regard. Non- financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date. An impairment loss is recognized for the amount by which an asset's or cash-generating unit's carrying amount exceeds its recoverable amount.

Impairment losses are recognized in the income statement. Impairment losses attributable to a cash-generating unit are mainly allocated to goodwill after which they are divided proportionately among other assets in the unit. The recoverable amount of cash-generating units is the higher of their fair value less costs to sell and value in use. Value in use is measured by discounting future cash flows using a discounting factor that takes into account the risk-free rate of interest and the risk associated with the specific asset.

Impairment of goodwill is not reversed. Impairment of other assets is reversed if a change has been made in the assumptions that served as the basis for determining the recoverable amount. Impairment is reversed only to the extent the carrying value of the assets following the reversal does not exceed the carrying value that the asset would have had if the impairment had not been recognized.

1.8 Financial assets and liabilities

A financial instrument is defined as any form of agreement giving rise to a financial asset in a company and a financial liability or equity instrument in a counterparty. Financial instruments recognized in the balance sheet include, on the asset side, cash and bank balances, accounts receivable and other equity instruments, loans receivable. Included among liabilities and equity are accounts payable, debt and equity instruments in issue and loan liabilities.

Financial instruments are recognized at amortized cost including transaction expenses. An exception is made for financial instruments in the category financial assets or liabilities recognized at fair value through profit and loss, that are recognized at fair value excluding transaction costs. Measurement depends on how they are classified, as indicated below.

A financial asset or financial liability is recognized in the balance sheet when the Company becomes party to the instrument's contractual terms. Receivables are recognized when the Company has performed and there is a contractual obligation on the counterparty to pay. Trade receivable are recognized in the balance sheet when an invoice has been sent. Liabilities are recognized when the counterparty has performed and there is a contractual obligation to pay, even if an invoice has not yet been received. Trade payables are recognized when an invoice is received.

A financial asset is removed from the balance sheet when the rights in the agreement are realized, expire or the Company loses control over them. A financial liability is removed from the balance sheet when the obligation in the agreement has been discharged or otherwise extinguished.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis.

1.9 Non-current receivables and other receivables

These receivables fall into the category Loans and receivables and are assessed at their discounted current value if their expected maturity exceeds 12 months. If their maturities are shorter, they are assessed at accrued cost.

1.10 Trade receivables

Trade receivables are classified in the category loans and receivables. Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. The anticipated receivable is short, so they are carried at accrued cost without discounting.

Impairment are determined individually. Impairment needs are addressed when receivables have fallen overdue for payment by a certain number of days, or if Transcom becomes aware that the counterparty has become insolvent. Provisions for impaired receivables are recognized as administrative expenses in the Consolidated Income Statement.

1.11 Cash and cash equivalents

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

1.12 Interest-bearing liabilities

Interest-bearing liabilities are classified as financial liabilities at amortized cost. Amortized cost is determined based on the effective interest rate calculated when the liability was assumed. This means that surplus and deficit values as well as direct costs in conjunction with assuming of loans are distributed over the term of the liability.

Non-current interest-bearing liabilities have an anticipated maturity of more than one year, while current interest-bearing liabilities have a maturity of less than one year.

1.13 Trade Payables

Trade payables are classified in the category financial liabilities at amortized cost.

Trade payables have short expected term and are valued at nominal value.

1.14 Derivatives for cashflow hedges

The derivative instrument for cashflow is classified in the category derivatives for cashflow hedges. The hedging derivative instrument refers to sale and purchasing of forward contracts for a period of normally 6 to 12 months.

The hedging derivative instrument is measured at fair value each period where the effective portion of the change in fair value is deferred in Other Comprehensive Income and presented within equity. The difference between the effective portion of the change in the fair value of the derivative hedging instrument and the full change in the fair value (the ineffective portion)
is recognized in the Income statement. The change in fair value of the hedging instrument that is deferred in OCI is reclassified to Income statement in the same period as when the hedged item affects Income statement, and is recorded within Revenue.

1.15 Other payables, other liabilities, accrued expenses and prepaid income

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

1.16 Leasing

The Group leases certain property, plant and equipment. Leasing is classified in the consolidated accounts as either finance or operating leasing.

When the Group, as lessee, essentially enjoys the economic benefits and bears the economic risks attributable to the leased asset, it is classified as a finance lease. The leased asset is recognized in the balance sheet as a fixed asset, while the estimated present value of future lease payments is recognized as a liability. The portion of the lease fee that falls due for payment within one year is recognized as a current liability, while the remainder is recognized as a long-term liability. Finance leases are capitalized at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Minimum lease fees for finance leases are divided between interest expense and amortization of the outstanding liability. Interest expense is divided over the lease term so that each reporting period is charged with an amount corresponding to a fixed interest rate for the liability recognized in each period. Variable fees are expensed in the period in which they arise.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

1.17 Current and deferred income tax

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

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

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

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

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

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

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

1.18 Employee benefits

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

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

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

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

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

The Group's main defined benefit plans are a termination indemnity plan in Italy and a pension plan in Philippines.

1.19 Share capital and treasury shares

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any Group Company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

1.20 Share-based payments

The Group issues equity-settled share-based payments to certain employees and Senior executives. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is recognized as an expense on a graded vesting basis over the vesting period, based on the Group's estimate of the shares that will eventually vest and adjusted for the effect of non market vesting conditions. Fair value is measured using the Black-Scholes pricing model or any relevant valuation model. The expected life used in the model is adjusted at the end of each reporting period, based on Group management's best estimate, for the effect of non-transferability, exercise restrictions and behavioral considerations.

1.21 Dividend

Dividend is recognized as a liability in the Group's financial statements in the period in which the dividends are approved by the Annual General Meeting.

1.22 Provisions

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

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

1.23 Contingent liabilities

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

1.24 Revenue recognition

Revenue comprises the fair value of the compensation received or receivable for the sale of services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

In relation to its CRM business (Customer Relationship Management), revenue mainly arise from call services operations. The Group recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Group and when specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

- Revenues related to inbound teleservices are recognized at the time services are provided on a per-call basis.
- Revenues on outbound teleservices and debt collection are recognized at the time services are provided on either a per-call, per-sale or per-collection basis under a fully executed contractual agreement and record reductions to revenues for contractual penalties and holdbacks for failure to meet specified minimum service levels and other performance based contingencies.
- Revenues from other CRM services are recognized as services are provided. Generally service revenues are billed in the month following provision of related services. Contracts to provide call center services typically do not involve fees related to customer set-up, initiation or activation.

CMS revenue mainly arise from fees and commissions generated from the collection of receivables on behalf of customers.

Accrued income on CMS activities is recognized on incomplete activities where a fair assessment of the work achieved to date and the future cash inflows associated with it can be measured with reasonable accuracy. The Company calculates accrued income based on the number of collection cases expected to be solved ("success rates") in the future multiplied by the estimated cost incurred per case.

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

1.26 Fair value measurement
The Group measures financial instruments, such as, derivatives, and non-financial assets, at fair value at each balance sheet date. Also, fair values of financial instruments measured at amortized cost are disclosed in note 25.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:
- In the principal market for the asset or liability,
- or in the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:
- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

1.27 Cash flow statement
The cash flow statement includes changes in the balance of liquid assets. The Group's liquid assets consist of cash and bank balances with original maturities of three months or less. Cash flow is presented according to the indirect method, and divided into cash flows from operating activities, investing activities and financing activities.

Cash flow from investing activities includes only actual disbursements for investments during the year.

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

1.28 Segment reporting
Operating segments are reported in a manner consistent with the internal reporting provided to and is evaluated regularly by the chief operating decision maker, i.e. the Group's CEO. Transcom's operating segments are North Europe region (Denmark deconsolidated from March 2016, Estonia, Latvia, Lithuania, the Netherlands, Norway and Sweden), Continental Europe region (Italy, Germany, Poland, Portugal, Spain, Tunisia, Hungary, Croatia and Serbia), English-speaking markets & APAC region (the Philippines, UK, USA and Canada), Latin America (Colombia closed in December 2015, Peru and Chile).

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.

(a) Deferred tax assets
Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits. Recognized value for each balance sheet date for deferred tax assets, see note 10.

(b) Impairment of goodwill and intangible assets
The Group annually evaluates the carrying value of goodwill for potential impairment by comparing projected discounted cash flows (using a suitable discount rate) associated with such assets to the related carrying value. An impairment test is also carried out should events or circumstances change which may indicate that there may be need for impairment. An impairment loss would be recognized when the estimated future discounted cash flow generated by the asset is less than the carrying amount of the asset. An impairment loss would be measured as the amount by which the carrying value of the asset exceeds the recoverable amount. The Group performed its annual impairment test of goodwill during the 4th quarter of 2016. Changes in the assumptions and estimates used may have a significant effect on the income statement and statement of financial position. Please see note 12 for further details including a sensitivity analysis of some of the assumptions made.

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

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

Note 3 Segmental information

EUR thousand	2016 North Europe	Continental Europe	English-speaking markets & APAC	Latin America	Total Group
Revenue					
Total segment revenue*	191,804	253,713	138,725	12,371	**596,613**
Inter-segment revenue*	-5,210	-4,949	–	-335	**-10,494**
Revenue from external customers	186,594	248,764	138,725	12,036	**586,119**
Gross profit	34,972	43,848	35,892	2,936	**117,648**
Operating profit/loss	12,907	6,481	4,489	-498	**23,379**

EUR thousand	2015 North Europe	Continental Europe	English-speaking markets & APAC	Latin America	Total Group
Revenue					
Total segment revenue*	207,090	267,541	149,160	14,348	**638,139**
Inter-segment revenue*	-5,202	-5,150	–	-1,265	**-11,617**
Revenue from external customers	201,889	262,390	149,160	13,083	**626,522**
Gross profit	37,047	45,609	40,323	711	**123,689**
Operating profit/loss	10,046	9,424	6,424	-5,945	**19,950**

* The revenue is presented for each segment after elimination of the intra-segment transactions. The inter-segment revenue shows the transactions between regions.

In Q1 2016 the regional structure was changed in the Group and comparable figures were restated accordingly. The Continental Europe region combines Transcom's operations in Spain and Portugal with the former Central & South Europe region (excluding the United Kingdom). The English-speaking markets & APAC region integrates the UK organization with Transcom's operations in North America & Asia Pacific. Region North Europe remains unchanged.

The Group reportable segments are composed as follows:

- North Europe region: services delivered from Denmark (deconsolidated from March 2016), Estonia, Latvia, Lithuania, the Netherlands, Norway and Sweden
- Continental Europe region: services delivered from Italy, Germany, Poland, Portugal, Spain, Tunisia, Hungary, Croatia and Serbia.
- English-speaking markets & APAC region: services delivered from the Philippines, UK, USA and Canada.
- Latin America region: services delivered from Colombia (closed in December 2015), Peru and Chile.

Revenues from the largest single client amounted to EUR 77,586 thousand during 2016, referring to North Europe region and Continental Europe region, and revenue from the second largest client amounted to EUR 47,148 thousand 2016 referring to Continental Europe region (2015: EUR 92,287 thousand, North Europe region and Continental Europe region, 2015: EUR 60,568 thousand English-speaking markets & APAC region). External revenue for Sweden amounted to EUR 106,881 thousand 2016 (2015: EUR 124,012 thousand) and total assets in Sweden amounted to EUR 30,867 thousand (2015: EUR 35,799 thousand).

Goodwill per segment is reflected in note 12.

Not 4 Expenses by nature

EUR thousand	2016	2015
Production costs	-22,817	-34,290
Personnel expenses	-476,676	-497,949
Other	-58,299	-64,263
Amortization and depreciation	-8,275	-9,135
Expenses charged to the income statement	**-566,067**	**-605,636**

Note 5 Employees

Salaries, other remuneration and social security charges

EUR thousand	2016	2015
Salaries and other remunerations	-374,547	-393,927
Social security charges	-66,057	-67,270
Pension expenses	-10,406	-10,194
Total	**-451,009**	**-471,391**

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

EUR thousand	2016	2015
Cost of sales	-412,651	-434,273
Marketing expenses	-2,516	-2,684
Administrative expenses	-35,842	-34,434
Total	**-451,009**	**-471,391**

Note 5 Employees cont.

Average number of employees

	2016			2015		
EUR thousand	Women	Men	Total	Women	Men	Total
Canada	444	372	**816**	493	316	**809**
Chile	312	221	**533**	288	196	**484**
Colombia	1	1	**2**	30	214	**244**
Croatia	470	243	**713**	640	341	**981**
Denmark	–	–	**–**	59	24	**83**
Estonia	153	86	**239**	193	83	**276**
Germany	402	383	**785**	460	380	**840**
Hungary	204	123	**327**	223	360	**583**
Italy	767	277	**1,044**	613	471	**1,084**
Latvia	303	202	**505**	326	216	**542**
Lithuania	523	287	**810**	558	234	**792**
The Netherlands	140	219	**359**	140	211	**351**
Norway	109	144	**253**	131	154	**285**
Peru	406	347	**753**	380	328	**708**
Philippines	4,886	4,517	**9,403**	4,882	4,657	**9,539**
Poland	346	198	**544**	286	166	**452**
Portugal	154	67	**221**	211	85	**296**
Serbia	138	48	**186**	104	36	**140**
Spain	3,500	1,165	**4,665**	3,615	1,263	**4,878**
Sweden	883	1,094	**1,977**	929	1,020	**1,949**
Tunisia	512	411	**923**	665	555	**1,220**
United Kingdom	25	46	**71**	38	63	**101**
United States	641	323	**964**	472	302	**774**
Total*	**15,319**	**10,774**	**26,093**	**15,736**	**11,675**	**27,411**

* Total average number of employees excludes agency staff.

Women in Board and Executive management, %

	2016	2015
Board of Directors	17%	– %
Executive management	17%	20 %

Remuneration to the Board

EUR thousand	2016	2015
Chairman of the Board:		
Henning Boysen	-105	-105
Other members of the Board:		
Mikael Larsson	-59	-59
Alexander Izosimov	–	-43
Klas Johansson	-55	-55
Per Frankling	–	-53
Fredrik Cappelen	-46	-43
Lise-Lotte Hägertz Engstam	-43	–
Erik Törnberg	-50	–
Total	**-358**	**-358**

No fees for special assignment have been paid.

Remuneration and other benefits to Executive management

	2016				
EUR	Base salary	Variable compen-sation	Other benefits*	Pension fees	Total
President and CEO:					
Johan Eriksson	-559,813	-134,355	-242,126	-168,294	**-1,104,588**
Other members of Executive management:					
6 positions	-1,664,733	-282,462	-416,254	-355,951	**-2,719,400**
Total	**-2,224,546**	**-416,818**	**-658,380**	**-524,246**	**-3,823,989**

* Refers to vacation pay, company car, medical insurance etc. During the year the long-term incentive plan 2013 have been closed and shares allotted, see note 18.

During 2016, executive management consisted of the following persons: Ulrik Englund, Christian Hultén, Philip Sköld, Siva Subramaniam, Rosana Garcia, Pär Christiansen (until August 2016), Roberto Boggio (until November 2016).

The following guidelines were approved by the AGM of Transcom WorldWide A.B. on 28 April, 2016 and applied on remuneration for senior executives within the Group which currently include five 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, variable salary as well as the possibility to participate in long-term incentive programs. 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 depend on the level of responsibility and seniority and calculated according to a combination of results achieved and individual performances. Other benefits 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 the respective employment relationship.

Note 5 Employees cont.

In the event of notice of termination of employment being served by the Company, the CEO is entitled to salary during a period of a maximum of 18 months and the other Executive Managers 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, elected at shareholders' meetings, 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 shareholders. For information of Transcom's long-term incentive plans, see note 18.

	2015				
EUR	**Base salary**	**Variable compen-sation**	**Other benefits***	**Pension fees**	**Total**
President and CEO:					
Johan Eriksson	-553,450	-200,604	-485,157	-166,310	**-1,405,521**
Other members of Executive management:					
9 positions	-1,916,809	-678,842	-652,649	-240,727	**-3,489,027**
Total	**-2,470,259**	**-879,446**	**-1,137,806**	**-407,037**	**-4,894,548**

* Refers to vacation pay, company car, medical insurance etc. During the year the long-term incentive plan 2012 have been closed and shares allotted, see note 18.

During 2015, executive management consisted of the following persons: Pär Christiansen, Christian Hultén, Roberto Boggio, Isabel Sanchez- Lozano, Neil Rae, Siva Subramaniam, Ulrik Englund (from June 2015), Philip Sköld (from August 2015), Rosana Garcia (from August 2015), Jörgen Skoog (until June 2015), Sytze Koopmans (until June 2015).

Note 6 Leases

Operating leasing costs as a lessee

EUR thousand	2016	2015
Premises	-19,675	-23,101
IT Equipment	-1,415	-3,165
Office equipment	-324	-342
Cars	-772	-893
Others	-136	-1,271
Total	**-22,322**	**-28,772**

Generally, the Group's lease contracts require deposits and certain provisions for inflation-indexed rental increases.

Future payments for non cancellable leases as at December 31, 2016

EUR thousand	Less than one year	Between one and five years	Total
Premises	-16,729	-22,508	**-39,237**
IT Equipment	-1,814	-1,608	**-3,422**
Office equipment	-283	-401	**-684**
Cars	-586	-557	**-1,143**
Others	-109	-30	**-139**
Total	**-19,521**	**-25,104**	**-44,625**

Future payments for non cancellable leases as at December 31, 2015

EUR thousand	Less than one year	Between one and five years	Total
Premises	-18,901	-30,673	**-49,574**
IT Equipment	-1,430	-1,355	**-2,785**
Office equipment	-356	-661	**-1,017**
Cars	-1,002	-1,254	**-2,256**
Others	-13	-4	**-17**
Total	**-21,702**	**-33,947**	**-55,649**

Assets utilized under finance leases as a lessee

EUR thousand	2016	2015
Cost	72	365
Accumulated depreciation	-36	-182
Carrying value	**36**	**183**

Gross finance lease liabilities – minimum lease payments

EUR thousand	2016	2015
Less than one year	15	55
Between one and five years	5	93
	20	**149**
Future finance charges on finance leases	-1	-8
Present value of finance lease liabilities	**19**	**141**

Present value of finance lease liabilities

EUR thousand	2016	2015
Less than one year	14	49
Between one and five years	5	92
Present value of finance lease liabilities	**19**	**141**

There are no un cancellable leasing contracts that has duration further than five years.

Note 7 Remuneration to auditors

EUR thousand	2016	2015
Ernst & Young		
Audit services	-755	-603
Audit services outside the assignment	-290	-56
Tax advice	-30	-2
Other	–	-3
Other audit firms		
Audit services	-62	-30
Total	**-1,137**	**-694**

Audit services refer to the statutory audit, i.e. the reviewing of the annual report, the accounts and the administration by the Board of Directors and Managing Director. Audit services also include any other tasks that the company's auditor is required to perform.

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

Note 8 Amortization, depreciation and impairment

Amortization and depreciation

EUR thousand	2016	2015
Customer relationships	-241	-243
Development costs	-520	-1,054
Other intangibles	-185	-90
Telephone switch	-450	-403
Fixture and fittings	-1,184	-1,509
Computer hardware and software	-3,293	-3,922
Office improvements	-2,402	-1,914
Total	**-8,275**	**-9,135**

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

EUR thousand	2016	2015
Cost of sales	-8,275	-9,135
Total	**-8,275**	**-9,135**

Note 9 Financial income and expenses

Financial income

EUR thousand	2016	2015
Interest income on bank deposits	81	90
Foreign exchange gain, net	194	270
Total	**275**	**360**

Financial expenses

EUR thousand	2016	2015
Interest expense on bank borrowings	-941	-1,476
Other financing costs	-1,501	-1,297
Bank fees	-21	-140
Total	**-2,463**	**-2,913**

Note 10 Taxes

Income tax expense

EUR thousand	2016	2015
Current income tax on profit/loss for the year	-5,477	-5,793
Adjustments in respect of prior years	894	-1,933
Current taxes	**-4,583**	**-7,727**
Current year origination and reversal of temporary differences	-508	-809
Adjustments in respect of prior years	–	-209
Deferred taxes	**-508**	**-1,018**
Income tax expense	**-5,091**	**-8,744**

Current income tax on profit/loss for the year includes corporate income tax of EUR 4,058 thousand (2015: EUR 4,887 thousand) and withholding tax of EUR 1,419 thousand (2015: EUR 906 thousand).

Adjustments in respect of prior years mainly represents provisions, or reversal thereof, with respect to claims brought against the Group by tax authorities in various jurisdictions.

As at December 31 2016, four Group entities are subject to tax audits. Some of these tax inquiries have resultetd in reassessments, while others are still at an early stage and no reassessments have yet been raised. The group has during the year used the mainpart of the provision recorded last year. As at December 31, 2016 the provision amounts to EUR 816 thousand related to tax audits (December 31, 2015 EUR 2,375 thousand).

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	2016	%	2015	%
Profit/loss before tax	**21,191**		**17,397**	
Calculated tax based on tax rate in Sweden 22.00 %	-4,662	-22.0	-3,827	-22.0
Foreign tax rate differential	2,520	11.9	2,515	14.5
Tax exempt income	719	3.4	-3	0
Non-deductible expenses	-906	-4.3	-1,368	-7.9
Adjustments in respect of prior years	973	4.6	-2,142	-12.3
Losses for which no tax benefit is recognized	-2,178	-10.4	-2,215	-12.7
Losses previously recognized impaired current year	-452	-2.1	-643	-3.7
Losses utilized for which no deferred tax assets were previously recognized	364	1.7	389	2.2
Change in tax rates	–	–	14	0.1
Withholding tax	-1,419	-6.6	-906	-5.2
Other tax not at standard rate*	-50	-0.2	-557	-3.2
Income tax expense	**-5,091**	**-24.0**	**-8,744**	**-50.2**

* Other tax not at standard rate mainly relates to regional business tax.

Note 10 Taxes cont.

Deferred tax assets

EUR thousand	Tangible assets	Tax losses	Other	Netting	Total
As at January 1, 2016	**609**	**428**	**429**	**-549**	**917**
Income statement movement	-14	-332	208	–	**138**
Change in accounting policy	–	–	-8	–	**-8**
Translation differences	-1	16	0	–	**15**
Netting of assets/liabilities	–	–	–	-446	**446**
As at December 31, 2016	**594**	**112**	**629**	**-995**	**340**

EUR thousand	Tangible assets	Tax losses	Other	Netting	Total
As at January 1, 2015	905	1,316	695	-779	**2,137**
Income statement movement	-294	-866	-266	–	**-1,426**
Translation differences	-2	-22	1	–	**-23**
Netting of assets/liabilities	–	–	–	230	**230**
As at December 31, 2015	**609**	**428**	**429**	**-549**	**917**

Deferred tax liabilities

EUR thousand	Tangible assets	Intangible assets	Other	Netting	Total
As at January 1, 2016	**111**	**1,089**	**692**	**-549**	**1,343**
Income statement movement	-86	68	389	–	**371**
Change in accounting policy	–	–	-8	–	**-8**
Disposal of business	–	–	-313	–	**-313**
Translation differences	–	12	-22	–	**-10**
Netting of assets/liabilities	–	–	–	-446	**-446**
As at December 31, 2016	**25**	**1,169**	**738**	**-995**	**937**

EUR thousand	Tangible assets	Intangible assets	Other	Netting	Total
As at January 1, 2015	82	1,143	1,018	-779	**1,464**
Income statement movement	29	-105	-332	–	**-408**
Translation differences	-	51	6	–	**57**
Netting of assets/liabilities	-	–	–	230	**230**
As at December 31, 2015	**111**	**1,089**	**691**	**-549**	**1,343**

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 97,790 thousand (2015: EUR 91,253 thousand). 38,877 thousand (2015: EUR 30,616 thousand) of these losses have no expiration date. The corresponding deferred tax assets for the losses would have been EUR 27,288 thousand (2015: EUR 24,851 thousand) based on each country expected tax rate.

Note 11 Earnings per share

Basic earnings per share

	2016	2015
Profit/loss for the year attributable to equity holders of the parent (EUR thousand)	16,100	8,653
Weighted average number of shares in issue during the year (thousand)	26,185	26,100
Basic earnings per share (EUR cent)	**61.5**	**33.2**

Diluted earnings per share

	2016	2015
Profit/loss for the year attributable to equity holders of the parent (EUR thousand)	16,100	8,653
Weighted average number of shares in issue during the year adjusted for outstanding share options (thousand)	26,220	26,162
Diluted earnings per share (EUR cent)	**61.4**	**33.1**

Per December 31, 2016 outstanding Ordinary shares are 26,213,618 (excluding adjustment for ourstanding share options). For further information of total number of shares, see note 17 for the Group and note A17 for the Parent Company.

Basic earnings per share amounts were calculated by dividing profit/ loss for the year attributable to equity holders of the parent by weighted average number of shares in issue during the year.

Diluted earnings per share amounts were calculated by dividing profit/loss for the year attributable to equity holders of the parent by the weighted average number of shares in issue during the year adjusted for outstanding share options of 40 thousand (2015: 72 thousand).

Note 12 Goodwill and other intangible assets

Cost

EUR thousand	Goodwill	Customer relationships	Development cost	Others	Total
As at January 1, 2016	**124,948**	**13,951**	**13,319**	**2,510**	**154,728**
Investments	–	–	1,660	314	**1,974**
Disposal	–	–	–	-9	**-9**
Translation differences	244	239	–	3	**486**
As at December 31, 2016	**125,192**	**14,190**	**14,979**	**2,818**	**157,179**
Accumulated amortization and impairment					
As at January 1, 2016	-17,457	-12,290	-10,879	-2,436	-43,062
Amortization for the year	–	-241	-520	-185	**-946**
Disposal	–	–	–	9	**9**
Translation differences	1,100	-196	–	-5	**899**
As at December 31, 2016	**-16,357**	**-12,727**	**-11,399**	**-2,617**	**-43,100**
Carrying value as at December 31, 2016	**108,835**	**1,463**	**3,580**	**201**	**114,079**

EUR thousand	Goodwill	Customer relationships	Development cost	Others	Total
As at January 1, 2015	**118,740**	**12,517**	**11,310**	**3,358**	**145,925**
Investments	–	–	1,202	7	**1,209**
Translation differences	6,208	1,434	807	-855	**7,594**
As at December 31, 2015	**124,948**	**13,951**	**13,319**	**2,510**	**154,728**
Accumulated amortization and impairment					
As at January 1, 2015	**-16,917**	**-10,804**	**-9,829**	**-2,340**	**-39,890**
Amortization for the year	–	-243	-1,054	-90	**-1,387**
Translation differences	-541	-1,243	4	-6	**-1,786**
As at December 31, 2015	**-17,457**	**-12,290**	**-10,879**	**-2,436**	**-43,062**
Carrying value as at December 31, 2015	**107,491**	**1,661**	**2,440**	**74**	**111,666**

Goodwill
Impairment testing for cash generating units containing goodwill
The impairment test gave no indication of a need for goodwill impairment (2015: nil).

The Group treats the geographical regions as cash-generating units in the sense referred to in IAS 36 Impairment of assets. The carrying amounts of goodwill allocated to each region are:

EUR thousand	2016	2015
North Europe	9,178	42,953
Continental Europe	44,037	11,451
English-speaking markets & APAC	55,620	53,087
Latin America	–	–
Total*	**108,835**	**107,491**

* As explained in note 3, in 2016, the regional structure was changed in the Group. Consequently, the carrying value of the goodwill has been restated accordingly to reflect the new Group structure.

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

Cash flows were projected based on past experience, actual operating results and the 3-year financial plans approved by the Board of Directors. Beyond the specifically forecasted period of three years, the Company extrapolates cash flows based on estimated constant growth rates of 2.1 percent (2015: 2.1 percent) depending on executive management's understanding of the market in the region in which the unit is based. 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 within geographical markets and executive management's estimations of change within these markets. These rates do not exceed the average long-term growth rates for the relevant markets.

Pre-tax discount rates ranging from 9.8 percent to 16.0 percent; North Europe region 9.8%, Continental Europe region 16.0% and English-speaking markets & APAC 13.9% (2015: 7.3 percent to 14.3 percent) were applied in determining the recoverable amounts of the units. The discount rates were 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. Main changes in discount rates 2016 compared to 2015 is explained by lower risk-free rate and due to change in the Company's capital structure since lower net debt ratio.

Reasonably possible changes in key assumptions (such as discount rates, Revenue/Operating margin and terminal growth rate) would not trigger any impairment loss to be recognized in neither of the segments.

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. During the fourth quarter 2016 these assets were tested for impairment. The impairment test gave no indication of need of impairment (2015: nil).

Development costs consist of amounts identified by executive management's 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. These costs relate to development of assets for the use in the Group. As at December 31, 2016 these assets were tested for impairment. The impairment test gave no indication of need of impairment (2015: nil).

Note 13 Tangible assets

Cost

EUR thousand	Telephone switch	Fixtures and fittings	Computer hardware and software	Office improvements	Total
As at January 1, 2016	**32,485**	**26,888**	**56,615**	**22,126**	**138,114**
Investments	357	839	3,776	1,599	**6,571**
Disposals	-6,363	-2,131	-13,615	-810	**-22,919**
Translation differences	174	-367	885	483	**1,175**
Assets held for sale*	–	-92	-391	-54	**-537**
As at December 31, 2016	**26,653**	**25,137**	**47,270**	**23,344**	**122,404**
Accumulated amortization and impairment					
As at January 1, 2016	**-31,055**	**-24,187**	**-50,517**	**-15,957**	**-121,716**
Depreciation for the year	-450	-1,184	-3,293	-2,402	**-7,329**
Disposals	6,285	2,012	13,579	805	**22,681**
Translation differences	-153	357	-246	-344	**-386**
Assets held for sale*	–	41	269	25	**335**
As at December 31, 2016	**-25,373**	**-22,961**	**-40,208**	**-17,873**	**-106,415**
Carrying value as at December 31, 2016	**1,280**	**2,176**	**7,062**	**5,471**	**15,989**

*For further information, see note 26.

EUR thousand	Telephone switch	Fixtures and fittings	Computer hardware and software	Office improvements	Total
As at January 1, 2015	**31,285**	**27,615**	**53,588**	**17,391**	**129,879**
Investments	428	909	3,496	3,934	**8,767**
Disposals	-429	-2,269	-2,086	-359	**-5,143**
Translation differences	1,201	633	1,617	1,160	**4,611**
As at December 31, 2015	**32,485**	**26,888**	**56,615**	**22,126**	**138,114**
Accumulated amortization and impairment					
As at January 1, 2015	**-29,727**	**-23,443**	**-47,188**	**-13,369**	**-113,727**
Depreciation for the year	-403	-1,509	-3,922	-1,914	**-7,748**
Disposals	361	1,379	2,061	186	**3,987**
Translation differences	-1,286	-614	-1,468	-860	**-4,228**
As at December 31, 2015	**-31,055**	**-24,187**	**-50,517**	**-15,957**	**-121,716**
Carrying value as at December 31, 2015	**1,430**	**2,701**	**6,098**	**6,169**	**16,398**

Note 14 Trade receivables

EUR thousand	2016	2015
Trade receivables gross	76,544	87,471
Provision for impairment of trade receivables	-291	-401
	76,253	**87,070**
Assets classified as held for sale*	-375	–
Trade receivables net	**75,878**	**87,070**

*For further information, see note 26.

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

Provision of trade receivables

EUR thousand	2016	2015
As at January 1	**-401**	**-557**
Provisions made	-12	-76
Provisions used	51	96
Provisions reversed	67	145
Disposal of business	7	–
Translation differences	-2	-9
As at 31 December	**-291**	**-401**

Overview of the ageing of trade receivables

EUR thousand	2016	2015
< 30 days*	70,885	81,244
30–60 days	3,283	2,754
60–90 days	42	349
90–120 days	257	1,563
> 120 days	1,786	1,160
Total	**76,253**	**87,070**

*Assets classified as held for sale (375 EUR thousand) is reported in <30 days.

The Group operates in several jurisdictions and payment terms vary upon this, as well as on a client by client basis. Therefore, based upon the maximum payment terms, trade receivables of EUR 5,368 thousand are past due more than 30 days but not provided for (2015: EUR 5,826 thousand). These relates to independent customers for whom there is no recent history of default. Details of credit risk are included in note 25.

Note 15 Other receivables

EUR thousand	2016	2015
VAT recoverable	6,412	2,397
Amount due from public authorities	1,444	1,332
Right to collect portfolio	–	7,906
Client deposit related assets	980	3,083
Other receivables*	4,184	3,799
	13,020	**18,517**
Receivables classified as held for sale**	-135	–
Total	**12,885**	**18,517**

* Other receivables mainly relates advances to suppliers and employees.
** For further information, see note 26.

Note 16 Cash and cash equivalents

Cash and cash equivalents does not include any restricted cash.

Note 17 Equity

Share capital

As of December 31, 2016 the share capital amounted to EUR 56,084 thousand (2015: 56,084 thousand) and was divided into a total of 26,322,212 ordinary shares with one voting right each and 594,372 class C shares, also with one voting right each. All class C shares are held as treasury shares by the Company. The total number of treasury shares held in own custody amounts to 702,966 (594,372 class C shares and 108,594 ordinary shares). For further information of the Equity, please refer to note A17.

During 2016, Transcom converted 150,000 class C shares to ordinary shares to be used when vesting long-term incentive plans. 75,805 shares held by Transcom were used when the long-term incentive plan 2013 was vested during the second quarter 2016. Transcom also issued and repurchased 210,000 class C shares for potential delivery to long-term incentive plan (LTIP) participants. For information of the long-term incentive plan, please refer to note 18.

During 2015 115,000 class C shares were converted to ordinary shares. 108,272 shares held by Transcom was used when the long-term incentive plan 2012 was vested in 2015.

Note 18 Share-based payments

As at 27 March 2017 Transcom reported that the change in ownership has triggered a change of control clause in the Company's long-term incentive programs (LTIP 2014, 2015 and 2016), and Transcom's board of directors has therefore, in accordance with the terms of the programs, resolved to replace the estimated number of shares to be vested by a cash payment to the participants amounting to approximately EUR 1.3 million in total. In addition, the Swap Agreement connected to LTIP 2015 was terminated.

Long-term incentive plan 2016 ("LTIP 2016")

At the Annual General Meeting held in April 2016, the LTIP 2016 was approved. The plan consists of two elements, a matching share award plan ("loyalty element") and a performance share plan ("performance element"). The LTIP was granted to Transcom's Senior Executives following the annual general meeting 2016 in connection with, the agreement made between the Senior Executive and the Company concerning participation in the LTIP 2016.

The shares awarded are subject to market conditions based on the "total shareholder return", the average normalized EBIT margin, the average normalized Earnings Per Share (EPS) during the performance period. The performance element vest over a three year period. The achievement of a certain level of each condition, measured at each vesting date, yields a specific percentage of shares awarded to each employee at the grant date.

The loyalty element requires eligible employees to invest a certain percentage of their salary in shares of the Company on the market in order to receive potential matching shares. In addition the participants need to be employed by Transcom at the time of the vesting date. The shares awarded under this plan vest at the end of a three year period.

The value of the plan is apportioned equally over the total period of the plan and charged through the income statement. The expense recognized in the consolidated income statement with respect to LTIP 2016 amounted to EUR 80 thousand (2015: nil).

Long-term incentive plan 2015 ("LTIP 2015")

At the Annual General Meeting held in May 2015, the LTIP 2015 was approved. The plan consists of two elements, a matching share award plan ("loyalty element") and a performance share plan ("performance element"). The LTIP was granted to Transcom's Senior Executives and the grant date was determined to be 12th May, 2015.

The shares awarded are subject to market conditions based on the "total shareholder return", the average normalized EBIT, the average normalized Earnings Per Share (EPS) and Transcom average TSR vs a peer Group's average TSR during the performance period. The performance element vest over a three year period. The achievement of a certain level of each condition, measured at each vesting date, yields a specific percentage of shares awarded to each employee at the grant date.

The loyalty element requires eligible employees to invest a certain percentage of their salary in shares of the Company on the market in order to receive potential matching shares. In addition the participants need to be employed by Transcom at the time of the vesting date. The shares awarded under this plan vest at the end of a three year period.

The value of the plan is apportioned equally over the total period of the plan and charged through the income statement. The expense recognized in the consolidated income statement with respect to LTIP 2016 amounted to EUR 239 thousand (2015: EUR 113 thousand).

Long-term incentive plan 2014 ("LTIP 2014")

At the Annual General Meeting held in May 2014, the LTIP 2014 was approved. The plan consists of two elements, a matching share award plan ("loyalty element") and a performance share plan ("performance element"). The LTIP was granted to Transcom's Senior Executives and the grant date was determined to be 28th May, 2014.

The shares awarded are subject to market conditions based on the "total shareholder return", the accumulated normalized EBIT, the average normalized EBIT and Transcom average TSR vs a peer Group's average TSR during the performance period. The performance element vest over a three year period, however that entitlement to shares based on fulfilment of the EBIT related conditions may also accrue on a year-for-year basis. The achievement of a certain level of each condition, measured at each vesting date, yields a specific percentage of shares awarded to each employee at the grant date.

The loyalty element requires eligible employees to invest a certain percentage of their salary in shares of the Company on the market in order to receive potential matching shares. In addition the participants need to be employed by Transcom at the time of the vesting date. The shares awarded under this plan vest at the end of a three year period.

The value of the plan is apportioned equally over the total period of the plan and charged through the income statement. The expense recognized in the consolidated income statement with respect to LTIP 2014 amounted to EUR 65 thousand (2015: EUR 79 thousand).

Long-term incentive plan 2013 ("LTIP 2013")

The 2013–2016 LTIP was approved at the Annual General Meeting, held on 29 May 2013. This plan consists of two elements, a performance share plan ("performance element") and a matching share award plan ("loyalty element"). This LTIP was granted to Transcom's Senior Executives and the grant date was determined to be May 29, 2013.

The shares awarded are subject to market conditions based on the "total shareholder return", the accumulated normalized EBIT, the average normalized EBIT and average normalized seat utilization ratio under the performance element vest over a three year period, however that entitlement to shares based on fulfilment of the EBIT related conditions may also accrue on a year-for-year basis. The achievement of a certain level of each condition, measured at each vesting date, yields a specific percentage of shares awarded to each employee at the grant date.

The loyalty element requires eligible employees to invest a certain percentage of their salary in shares of the Company on the market in order to receive potential matching shares. The shares awarded under this plan vest at the end of a three year period.

The value of the plan is apportioned equally over the total period of the plan and charged through the income statement. The expense recognized in the consolidated income statement with respect to LTIP 2013 amounted nil (2015: EUR 182 thousand). During the year 2016 this plan was vested and number of shares allotted amounted to 75,805.

Note 18 Share-based payments cont.

Movement in number of outstanding share options	LTIP 2016	LTIP 2015	LTIP 2014	LTIP 2013
As at January 1, 2016	**–**	**30,572**	**21,861**	**30,698**
Granted	22,240	–	–	–
Cancelled	–	-6,801	-4,741	-30,698
Vested	–	–	–	–
As at December 31, 2016	**22,240**	**23,771**	**17,120**	**–**
Estimated number of performance shares as at January 1, 2016	**–**	**178,769**	**132,981**	**204,521**
New incentive plan	62,587	–	–	–
Allotment	–	–	–	-75,805
Cancelled	–	-105,624	-82,770	-128,716
Estimated number of performance shares as at December 31, 2016	**62,587**	**73,145**	**50,211**	**–**

Estimated number of outstanding share options	LTIP 2015	LTIP 2014	LTIP 2013
As at January 1, 2015	**–**	**21,861**	**30,698**
Granted	30,572	–	–
Vested	–	–	–
As at December 31, 2015	**30,572**	**21,861**	**30,698**
Estimated number of performance shares as at January 1, 2015	**–**	**132,981**	**204,521**
New incentive plan	178,769	–	–
Allotment	–	–	–
Cancelled	–	–	–
Estimated number of performance shares as at December 31, 2015	**178,769**	**132,981**	**204,521**

Note 19 Interest-bearing liabilities

EUR thousand	2016	2015
EUR revolving credit facility	22,400	20,000
USD revolving credit facility	5,487	20,208
Other loans	2,921	2,943
Unamortized transaction costs	–	-406
	30,808	**42,745**
Finance leases	19	141
Total	**30,827**	**42,886**
Non-current interest-bearing liabilities	27,887	34,894
Current interest-bearing liabilities	2,940	7,992
Total	**30,827**	**42,886**

On March 9, 2016, Transcom signed a syndicated credit agreement with ING, Nordea and SEB to implement a EUR 90,000 thousand multi-currency revolving credit facility. The facility has a tenor of three years with an option to extend for one year. The purpose of the new agreement is to refinance the existing facility which was due to expire in January 2017. Interest rates in the facility are based on IBOR and EURIBOR plus margins. The Company is also committed under this agreement to maintain certain financial ratios within agreed limits. The loan is unsecured. There was no breach of covenants in 2016. In the event of change of control the syndicated facility will need to be renegotiated or replaced by a new credit facility. Due to the change of ownership of the Company in 2017, the Company has in beginning of 2017 terminated its credit facility and together with Altor AB signed a new credit facility with another bank.

As of December 31, 2016, an amount of EUR 22,400 thousand and USD 6,000 thousand was drawn (December 31, 2015: EUR 20,000 thousand and USD 22,000 thousand). In addition, an equivalent of EUR 137 thousand of the facility is utilized to cover the issuance of bank guarantees. Net proceeds from borrowing during 2016 was EUR 2,400 thousand, and net repayment of borrowings in USD was USD 16,000 thousand. An unused amount of EUR 61,771 thousand on the revolving borrowing facility exists on December 31, 2016 (December 31, 2015: EUR 17,382 thousand in previous facility). In addition to the credit facility, a local short-term loan amounted to EUR 1,452 thousand as of December 31, 2016.

The table below shows the maturity profile of the Groups's interest bearing liabilites including interests:

EUR thousand	2016	2015
Less than six months	1,467	3,338
Between six and twelve months	1,473	4,286
Between one and two years	5	36,089
Between two and five years*	28,781	–
Total	**31,726**	**43,713**

* The syndicated credit agreement matures March 9, 2019.

On October 23, 2015, Transcom entered into a Swap Agreement with Nordea Bank AB (publ) ("Nordea"). As per the shareholders' authorization, the purpose of the agreement is to secure the obligation of the Company to deliver ordinary shares under the LTIP 2015 via a swap arrangement. Under the Swap Agreement, Nordea will deliver the ordinary shares to the participants in the LTIP 2015 once vested. In the meantime, while the shares are in Nordea's custody, the Company will pay interest on the cost for purchasing the ordinary shares. Any dividend on the ordinary shares during such period will be refunded to the Company. Any remaining ordinary shares not delivered to the participants will be sold on Nasdaq Stockholm. Any profit will be paid to the Company, who also will carry the risk of potential losses. As a result of the LTIP 2015, a maximum of 220,000 ordinary shares in the Company may be allotted, including compensation for dividends paid (if any) on the underlying share. The swap agreement was rolled over in 2016 for another 12 months. A liability amounting to EUR 1,503 thousand is recorded per December 31, 2016. (December 31, 2015: EUR 1,865 thousand).

As at 27 March 2017 Transcom reported that the change in ownership has triggered a change of control clause in the Company's long-term incentive programs (LTIP 2014, 2015 and 2016), and Transcom's board of directors has therefore, in accordance with the terms of the programs, resolved to replace the estimated number of shares to be vested by a cash payment to the participants amounting to approximately EUR 1.3 million in total. In addition, the Swap Agreement connected to LTIP 2015 was terminated.

Note 20 Employee benefit obligations

The Group has employee benefit schemes in Italy and Phillippines in relation to termination indemnity and defined benefit pensions. A full actuarial valuation was carried out to December 31, 2016 by a qualified, independent actuary. There are no plan assets in connection with the pension plans in Italy and Philippines.

Reconciliation to the statement of financial position

EUR thousand	Value at 2016	Value at 2015
Italy	2,212	2,122
Philippines	325	1,055
Present value of scheme liabilities	**2,537**	**3,177**

Analysis of the amount charged to operating profit

	2016			2015		
EUR thousand	Italy	Philippines	Total	Italy	Philippines	Total
Current service cost	–	-251	-251	–	-291	-291
Past service cost	–	65	65	–	-67	-67
Total operating charge	–	**-186**	**-186**	**–**	**-358**	**-358**

Analysis of the amount credited to other finance costs

	2016			2015		
EUR thousand	Italy	Philippines	Total	Italy	Philippines	Total
Interest on pension scheme liabilities	20	44	64	-29	-45	-74
Total finance cost	**20**	**44**	**64**	**-29**	**-45**	**-74**

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

	2016		2015	
%	Italy	Philippines	Italy	Philippines
Rate of increase in salaries	2.0	6.0	2.0	3.0
Discount rate	2.0	3.0	2.4	5.2

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

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

	2016			2015		
EUR thousand	Italy	Philippines	Total	Italy	Philippines	Total
As at January 1	**2,122**	**1,055**	**3,177**	**2,372**	**891**	**3,263**
Movement in the year						
Current service cost and settlements	–	251	**251**	–	291	**291**
Recalssification to asset	–	-666	**-666**			
Interest cost	20	44	**64**	29	45	**74**
Past service cost	-	-65	**-65**	–	67	**67**
Contributions	68	–	**68**	–	–	**-**
Actuarial gains/losses from changes in demographic assumptions	102	-132	**-30**	34	-196	**-162**
Actuarial gains/losses from changes in financial assumptions	–	18	**18**	–	-100	**-100**
Benefits paid	-100	-4	**104**	-145	–	**-145**
Cancellation*	–	–	–	-168	–	**-168**
Translation difference	–	-176	**-176**	–	57	**57**
As at December 31	**2,212**	**325**	**2,537**	**2,122**	**1,055**	**3,177**

* During 2015, part of the Italian defined benefit plan has been cancelled due to reduced number of employees that were included in the plan.

The Italian liability would increase with EUR 17 thousand if the discount rate would be lowered by 5 percent. An increase with the same percentage would lower the liability with EUR 16 thousand.

The liability in the Philippines would increase with EUR 163 thousand if the discount rate would be lowered by 1 percentage point. An increase with the same percentage would lower the liability with EUR 135 thousand. If the inflation rate assumption in the Philippines would increase with 1 percentage point the liability would be EUR 155 thousand higher, the correspondent decrease would lower the liability with EUR 131 thousand.

Note 21 Provisions

EUR thousand	Legal and tax claims	Restructuring	Others	Total
As at January 1, 2016	**2,452**	**997**	**401**	**3,850**
Provisions made*	195	3,056	450	**3,701**
Provisions used	-1,753	-2,606	0	**-4,359**
Provisions reversed	–	-41	-33	**-74**
Translation differences	–	3	0	**3**
As at December 31, 2016	**893**	**1,409**	**818**	**3,121**
Non-current provisions	–	–	450	**450**
Current provisions	893	1,409	369	**2,671**
Total	**893**	**1,409**	**818**	**3,121**

*The Group has as at December 31, 2016 a remaining provision of 816 EUR thousand from a total of 2,375 EUR thousand relating to a tax audit. For further information, see note 24 and 26.

EUR thousand	Onerous contracts	Legal and tax claims	Restructuring	Others	Total
As at January 1, 2015	**43**	**982**	**415**	**196**	**1,636**
Provisions made*	–	2,534	862	243	**3,639**
Provisions used	-44	-855	-299	-33	**-1,231**
Provisions reversed	-3	-274	–	-5	**-282**
Translation differences	4	65	19	–	**88**
As at December 31, 2015	**–**	**2,452**	**997**	**401**	**3,850**
Current provisions	–	2,452	997	401	**3,850**
Total	**–**	**2,452**	**997**	**401**	**3,850**

* For further information, see note 24 and 26.

Provision which are not expected to be paid within the next 12 months have been classified as non-current liabilities.

Note 22 Other liabilities

EUR thousand	2016	2015
VAT payable	4,935	4,556
Liabilities to public authorities	12,681	12,231
Client deposit related liabilities	955	3,083
Advances received from customers	594	1,165
Translation differences on derivatives	1,597	–
Other current liabilities*	3,862	6,325
	24,624	**27,360**
Liabilities classified as held for sale**	-76	–
Total	**24,548**	**27,360**

* Other current liabilities are mainly related to liabilities to subcontractors.
** For further information, see note 26.

Note 23 Accrued expenses and prepaid income

EUR thousand	2016	2015
Accrued staff related expenses	25,676	26,922
Other accrued expenses*	19,004	16,824
Deferred income	682	1,112
	45,362	**44,858**
Liabilities classified as held for sale**	-412	–
Total	**44,950**	**44,858**

* Other accrued expenses are mainly related to temporary agents, subcontractors and rents.
** For further information, see note 26.

Note 24 Commitments and contingencies

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

As at December 31, 2016, four Group entities are subject to tax audits. Some of these tax inquiries have resulted in reassessments, while others are still at an early stage and no reassessments have yet been raised. The Group has during the year used the main part of the provision recorded last year. As at December 31, 2016 the provision amounts to EUR 816 thousand related to tax audits (December 31, 2015: EUR 2,375 thousand). See also note 21 and 26.

The Group has no contingent liabilities as at December 31, 2016. 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.

Guarantees

At December 31, 2016 the Group had outstanding bank guarantees for an amount of EUR 1 385 thousand (2015: EUR 5 157 thousand) with respect to performance and warranty guarantees mainly for the provision of services/ rental agreements. The Company is also supporting its Group companies through guarantees issued in the normal course of business.

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. It has delegated the authority for designing and operating the associated processes to the Group's treasury department.

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

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

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's revolving credit facility. The interest on each loan under the facility agreement for each term is calculated as the aggregate of the Interbank offered rate (IBOR) plus a margin based on the basis of the consolidated total net debt to consolidated EBITDA.

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

If the EUR interest rates increase by 10 percent it will have an effect on the profit by EUR 18 thousand and if the USD interest rates increase by 10 percent it have an effect on the profit by EUR 39 thousand. 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

	2016		2015	
Currency	Average rate	Closing rate	Average rate	Closing rate
US Dollar, USD	1.10	1.05	1.11	1.09
Swedish Krona, SEK	9.45	9.55	9.34	9.19

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 minimise these movements by matching the currency of revenue with the currency of costs, by negotiating pricing adjustments and/or indexation of contracts to foreign exchange rates, and by implementing hedging instruments on a case-by-case basis, under close supervision of the Board and Audit Committee. Main exposure for the Group is in the Philippines with exposures in PHP vs USD. In 2016, 40-50% of the anticipated net flow of sales and costs has been hedged by purchasing of forward contracts for a period of 6 to 12 months.

Translation risk, results from the conversion of assets, liabilities, revenues and costs denominated in non-Euro reporting currencies, into the Group reporting currency, which is the Euro. In 2016, 51.3 percent (2015: also 51.7 percent) of the Group's sales were denominated in currencies other than the reporting currency of the Group. The Board has decided not to hedge these exposures as they do not constitute a direct cash flow exposure.

In terms of shareholders' equity in the Group, a 10 percent change per December 31, 2016 of the exchange rate for the USD vs EUR would have affected shareholders' equity in the Group with EUR +/-12,434 thousand and EUR +/-8,965 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 2016 average exchange rate for the USD vs EUR would have the Group's net income of EUR+/-920 thousand and EUR +/-167 thousand against SEK. Exposures in other currencies have an immaterial impact for the Group.

Credit/counterparty risk

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

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

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

Liquidity risk

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

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

A significant mitigating factor of the Group's liquidity risk is the unused proportion of the Revolving Credit facility agreement as disclosed in note 19, as well as other financing sources which may be implemented from time to time by the Group. The unused proportion of the new Credit Facility at December 31, 2016 was EUR 61 771 thousand (December 31, 2015: EUR 17 382 thousand of the old Credit Facilit.y

Note 25 Financial instrument risk management objectives and policies cont.

Classification of the Group's financial assets and liabilities

	2016					2015			
EUR thousand	Loans and receivables	Financial liabilities at amortized cost	Derivatives for cashflow hedges	Total carrying amount	Fair value	Loans and receivables	Financial liabilities at amortized cost	Total carrying amount	Fair value
Financial assets									
Other receivables	1,230	–	–	1,230	1,230	1,283	–	1,283	1,283
Assets held for sale*	-139	–	–	-139	-139	–	–	–	–
Total non-current financial assets	**1,091**	**–**	**–**	**1,091**	**1,091**	**1,283**	**–**	**1,283**	**1,283**
Trade receivables	76,253	–	–	76,253	76,253	87,070	–	87,070	87,070
Other receivables incl. accrued income	41,100	–	–	41,100	41,100	34,576	–	34,576	34,576
Cash and cash equivalents	15,736	–	–	15,736	15,736	24,826	–	24,826	24,826
Assets held for sale*	-1,638	–	–	-1,638	-1,638	–	–	–	–
Total current financial assets	**131,451**	**–**	**–**	**131,451**	**131,451**	**146,472**	**–**	**146,472**	**146,472**
Total financial assets	**132,542**	**–**	**–**	**132,542**	**132,542**	**147,755**	**–**	**147,755**	**147,755**
Financial liabilities									
Interest-bearing liabilities**	–	27,887	–	27,887	28,786	–	34,894	34,894	34,894
Total non-current financial liabilities	**–**	**27,887**	**–**	**27,887**	**28,786**	**–**	**34,894**	**34,894**	**34,894**
Interest-bearing liabilities	–	2,940	–	2,940	2,940	–	7,992	7,992	7,992
Trade payables	–	21,466	–	21,466	21,466	–	25,428	25,428	25,428
Other liabilities incl. accrued expenses	–	49,497	1,597	51,094	51,094	–	53,153	53,153	53,153
Liabilities held for sale*	–	-528	–	-528	-528	–	–	–	–
Total current financial liabilities	**–**	**73,375**	**1,597**	**74,972**	**74,972**	**–**	**86,573**	**86,573**	**86,573**
Total financial liabilities	**–**	**101,262**	**1,597**	**102,859**	**103,758**	**–**	**121,467**	**121,467**	**121,467**

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

	2016				2015			
EUR thousand	<1 year	1–5 years	>5 years	Carrying amount	<1 year	1–5 years	>5 years	Carrying amount
Financial assets								
Other receivables	–	1,230	–	1,230	–	1,283	–	1,283
Assets held for sale*	–	-139	–	-139	–	–	–	–
Total non-current financial assets	**–**	**1,091**	**–**	**1,091**	**–**	**1,283**	**–**	**1,283**
Trade receivables	76,253	–	–	76,253	87,070	–	–	87,070
Other receivables incl. accrued income	41,100	–	–	41,100	34,576	–	–	34,576
Cash and cash equivalents	15,736	–	–	15,736	24,826	–	–	24,826
Assets held for sale*	-1,638	–	–	-1,638	–	–	–	–
Total current financial assets	**131,451**	**–**	**–**	**131,451**	**146,472**	**–**	**–**	**146,472**
Total financial liabilities	**131,451**	**1,091**	**–**	**132,542**	**146,472**	**1,283**	**–**	**147,755**
Financial liabilities								
Interest-bearing liabilities**	–	28,786	–	28,786	–	35,683	–	35,683
Total non-current financial liabilities	**–**	**28,786**	**–**	**28,786**	**–**	**35,683**	**–**	**35,683**
Interest-bearing liabilities	2,940	–	–	2,940	8,030	–	–	8,030
Trade payables	21,466	–	–	21,466	25,428	–	–	25,428
Other liabilities incl. accrued expenses	51,094	–	–	51,094	53,153	–	–	53,153
Liabilities held for sale*	-528	–	–	-528	–	–	–	–
Total current financial liabilities	**74,972**	**–**	**–**	**74,972**	**86,611**	**–**	**–**	**86,611**
Total financial liabilities	**74,972**	**28,786**	**–**	**103,758**	**86,611**	**35,683**	**–**	**122,294**

* For further information, see note 26.
** Syndicated credit facility expires per March 9, 2019.

Note 26 Significant disposals and restructuring

EUR thousand	2016 CMS Denmark
Consideration received	**13,000**
Total non-current assets	–
Total current assets	11,945
Total assets disposed	**11,945**
Total non-current liabilities	-313
Total current liabilities	-2,755
Total liabilities disposed	**-3,068**
Net carrying value	**8,877**
Currency effects	2
Provision	-500
Transaction costs	-95
Net capital gain/loss	**3,530**
Consideration received	13,000
Cash and cash equivalents disposed	-283
Transaction costs	-95
Net cash flow from disposals of subsidiary	**12,622**

	2015		
EUR thousand	**Austria**	**Germany**	**Total**
Post-settlement adjustments	141	-250	**-109**
Adjusted net capital gain/loss	**141**	**-250**	**-109**
Consideration received/repaid	141	-465	**-324**
Adjusted net cash flow from disposals of subsidiary	**141**	**-465**	**-324**

On March 3, 2016 Transcom divested the Danish Credit Management Services operations (CMS Denmark), a part of region North Europe, for an equity value of EUR 13,000 thousand to an investment company, minority-owned by the current management team. Net capital gain recorded in 2016 amounted to EUR 3,530 thousand and a positive net cash flow effect of EUR 12,622 thousand.

In January 2017, Transcom signed an agreement to divest its Peruvian business, a part of region Latin America, to BPO Consulting S.A.C. for, an equity value of EUR 1,000 thousand. The transaction was closed in January 2017. Consequently the assets and liabilities referring to the entity were reported as Assets and Liabilities classified as held for sale as at December 31, 2016.

There were no disposals during 2015. The net capital gain / loss and the net cash flow from disposals of subsidiaries recorded in 2015 related to previous year's transactions. In 2015 Transcom paid a post-settlement adjustment of EUR 0.5 million related to the divestment of CMS Germany in 2013, of which EUR 0.3 million was recorded as a cost in 2015 (EUR 0.2 million was recorded as a cost in 2014). In 2015 Transcom received a final settlement of EUR 0.1 million related to the previously divested operation in Belgium from 2013.

Restructuring costs

At the beginning of 2016 Transcom made a number of changes to its regional and management structure. Related restructuring costs amounting to €2,715 thousand were recorded as follows, €1,494 thousand in Cost of sales, €73 thousand in Marketing expenses and €1,148 thousand in Administrative expenses. In 2016 also an additional restructuring cost of €341 related to Colombia, was recorded in the caption Administrative expenses.

Restructuring cost amounting to EUR 2,281 thousand was recorded in 2015 related to the site closure in Colombia. Per December 31, 2015, the provision amounted to EUR 862 thousand. See also note 21.

EUR thousand	2016	2015
Cost of sales	-1,494	-212
Marketing expenses	-73	-9
Administrative expenses	-1,489	-689
Other operating expenses	–	-1,371
Total	**-3,056**	**-2,281**

Note 27 Related party transactions

For January to December 2016 no material related party transactions are to be reported.

Previously Investment AB Kinnevik and subsidiaries were defined as related party up until March 20, 2015. Transactions up until this date with Investment AB Kinnevik were as follows: the Group's sales revenue from the Tele2 companies amounted to EUR 26,748 thousand. Operating expenses, mainly for telephone services and switch, paid to Tele2 group companies amounted to EUR 139 thousand.

Note 28 Events after the reporting period

On January 9, 2017, Transcom announced the successful closing of the divestment of its operations in Peru for an equity value of EUR 1.0 million to BPO Consulting S.A.C.

On 13 March 2017, Altor AB announced that they will complete the public takeover offer to the shareholders of Transcom WorldWide AB (publ). After completion of the offer, Altor holds more than 90 percent of the shares and votes in Transcom and has notified Transcom's board of directors that Altor has resolved to call for compulsory redemption of the remaining shares in the Company. In light of the above, Transcom's board of directors no longer finds it motivated for the Company to remain listed and has therefore applied for delisting of the Company's shares from Nasdaq Stockholm. Nasdaq Stockholm has approved the application and resolved that the last day of trading in the Transcom share will be Monday 10 April, 2017.

The change in ownership has triggered a change of control clause in the Company's long-term incentive programs (LTIP 2014, 2015 and 2016), and Transcom's board of directors has therefore, in accordance with the terms of the programs, resolved to replace the estimated number of shares to be vested by a cash payment to the participants amounting to approximately EUR 1.3 million in total. In addition, the Swap agreement connected to LTIP 2015 was terminated.

Given the change of ownership of the Company, the Company terminated its credit facility and has together with Altor AB signed a new credit facility with another bank.

Parent Company Income statement

January to December

EUR thousand	Note	2016	2015
Revenue	A2, A3	22,391	23,664
Cost of sales	A3, A4, A11	-21,895	-23,242
Gross profit		**496**	**422**
Administrative expenses	A4, A5, A6	-7,059	-8,169
Other operating income		14	3,198
Other operating expenses		–	-48
Operating profit/loss		**-6,549**	**-4,597**
Result from participations in Group companies	A7	55,964	49,770
Interest income and similar items	A8	3,015	2,830
Interest expenses and similar items	A8	-1,900	-2,610
Profit/loss before appropriations		**50,531**	**45,393**
Appropriations	A9	4,815	8,816
Profit/loss before tax		**55,346**	**54,209**
Income tax expense	A10	-1,182	-3,537
Profit/loss for the year*		**54,164**	**50,672**

*Net profit corresponds with total comprehensive income

Parent Company Balance sheet

as at December 31

EUR thousand	Note	2016	2015
ASSETS			
Non-current assets			
Intangible assets	A12	1,972	1,441
Tangible assets	A13	227	509
Financial assets			
Shares in Group companies	A14	185,030	94,720
Receivables from Group companies		16,189	44,884
Total financial assets	A19	201,219	139,604
Total non-current assets		**203,418**	**141,554**
Current assets			
Trade receivables	A15	923	889
Income tax receivables		52	41
Receivables from Group companies		95,146	112,229
Other receivables		112	964
Prepaid expenses and accrued income	A16	555	881
Total receivables		96,788	115,004
Cash and cash equivalents		2,457	42
Total current assets	A19	**99,245**	**115,046**
TOTAL ASSETS		**302,663**	**256,600**

Parent Company Balance sheet cont.

as at December 31

EUR thousand	Note	2016	2015
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital (26,916,584 shares, quota value EUR 2.08 per share)	A17	56,084	56,084
Total restricted equity		**56,084**	**56,084**
Unrestricted equity			
Retained earnings		47,264	1,110
Net result		54,164	50,672
Total unrestricted equity		**101,428**	**51,782**
Total equity		**157,512**	**107,866**
Non-current liabilities			
Interest-bearing liabilities	A18	27,882	34,802
Liabilities to Group companies		15,717	29,217
Other liabilities		174	155
Provisions		443	-
Total non-current liabilities	A19	**44,216**	**64,174**
Current liabilities			
Interest-bearing liabilities	A18	2,925	7,943
Provisions	A10	817	2,375
Trade payables		1,127	1,539
Liabilities to Group companies		92,790	69,163
Tax liabilities		768	1,068
Other liabilities		1,168	867
Accrued expenses and prepaid income	A21	1,339	1,605
Total current liabilities	A19	**100,935**	**84,560**
Total liabilities		**145,151**	**148,734**
TOTAL EQUITY AND LIABILITIES		**302,663**	**256,600**

Parent Company Statement of changes in equity

EUR thousand	Note	Total number of shares (thousand)	Number of shares held by the Parent (thousand)	Share capital	Retained earnings incl. Profit/loss for the year	Total equity
As at January 1, 2015		**26,707**	**677**	**56,084**	**2,691**	**58,775**
Profit/loss for the year		–	–	–	50,672	**50,672**
Share swap	A18	–	–	–	-1,939	**-1,939**
Allotment of shares (LTIP 2012)	A17, 18	–	-108	–	–	**–**
Share-based payments	A17, 18	–	–	–	358	**358**
As at December 31, 2015		**26,707**	**569**	**56,084**	**51,782**	**107,866**
As at January 1, 2016		**26,707**	**569**	**56,084**	**51,782**	**107,866**
Profit/loss for the year		–	–	–	54,164	**54,164**
Allotment of shares (LTIP 2013)	A17, 18	–	-76	–	–	–
Issue and repurchase of shares	A17, 18	210	210	–	–	–
Share-based payments	A17, 18	–	–	–	384	**384**
Dividend	A17	–	–	–	-4,902	**-4,902**
As at December 31, 2016	A17, 18	**26,917**	**703**	**56,084**	**101,428**	**157,512**

Parent Company Statement of cash flows

January to December

EUR thousand	Note	2016	2015
Cash flows from operating activities			
Profit/loss before appropriations		50,531	45,393
Adjustments to reconcile profit before appropriations to net cash:			
Depreciation and amortization	A11	711	1,802
Impairment of financial assets	A7	77,146	16,600
Results from disposal of business	A7	-86,172	-3,198
Dividend from Group companies	A7	-46,938	-66,259
Other non-cash adjustments		384	358
Net financial items		-1,115	220
Income taxes paid		-2,433	-447
Cash flows from operating activities before changes in working capital		**-7,886**	**-5,531**
Changes in working capital			
Change in operating receivables		9,778	119,782
Change in operating liabilities		33,865	-104,479
Changes in working capital		**43,643**	**15,503**
Net cash flow from operating activities		**35,757**	**9,772**
Cash flows from investing activities			
Investments in Group companies	A14	-3,550	-9,362
Disposal of business, net of cash	A14	12,905	19
Investments in tangible assets	A13	-39	-48
Investments in intangible assets	A12	-921	-42
Investments in other financial assets		-	243
Change in long-term receivables to Group companies		-9,914	-15,296
Net cash flow from investing activities		**-1,519**	**-24,486**
Cash flows from financing activities			
Received dividends from Group companies		-	45,301
Payment of dividend to shareholders	A17	-4,902	–
Proceeds from borrowings	A18	45,535	6,000
Repayment of borrowings	A18	-57,904	-27,800
Interest paid		-1,072	-1,437
Change in long-term liabilities from Group companies		-13,481	-14,514
Net cash flow from financing activities		**-31,824**	**7,550**
Net cash flow for the year		**2,415**	**-7,164**
Cash and cash equivalents at beginning of the year		42	7,206
Net cash flow for the year		2,415	-7,164
Cash and cash equivalents at end of the year*		**2,457**	**42**

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

Parent Company Notes to the financial statements

Note A1 Parent Company's accounting and valuation policies

Transcom WorldWide AB (publ) ("Parent Company") corporate id number 556880-1277 is a registered company domiciled in Stockholm, Sweden. The address of the Company's headquarter is Gjörwellsgatan 30, SE-112 59 Stockholm.

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

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

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

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

(a) Group companies

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

(b) Dividend from Group companies and Group contributions

Dividend received from Group companies is recognized as Result from participations. Group contributions received and paid are recognized as appropriations.

(c) Development costs

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

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

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

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

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

Note A2 Revenues per market

Revenue

EUR thousand	2016	2015
Europe	17,424	18,116
Asia	2,907	3,900
Africa	586	611
North America	1,474	860
South America	–	177
Total	**22,391**	**23,664**

Note A3 Intra-group revenues and cost of sales

	2016	2015
Intra-group revenues out of total	55%	57 %
Intra-group cost of sales out of total	-51%	-72 %

Note A4 Employees

Salaries, other remuneration and social security charges

	2016			2015		
EUR thousand	Board of Directors and Executive management	Other employees	Total	Board of Directors and Executive management	Other employees	Total
Salaries	-1,605	-1,846	**-3,451**	-1,526	-1,773	**-3,299**
Other remunerations	-824	-760	**-1,584**	-1,739	-35	**-1,774**
Pension expenses	-545	-408	**-953**	-311	-389	**-700**
Social security charges	-926	-537	**-1,463**	-890	-668	**-1,558**
Total	**-3,901**	**-3,550**	**-7,451**	**-4,466**	**-2,865**	**-7,331**

Salaries includes remunerations to the Board. Other remunerations includes allotment of shares (LTIP 2013), see note 18 for the Group. Salaries, other remuneration and other entitlements to the Board, CEO and other Senior Executives, see note 5 for the Group.

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

EUR thousand	2016	2015
Cost of sales	-4,304	-2,214
Administrative expenses	-3,147	-5,117
Total	**-7,451**	**-7,331**

Average number of employees

	2016			2015		
	Women	Men	Total	Women	Men	Total
Sweden	19	15	**34**	16	12	**28**
Switzerland	0	1	**1**	0	0	**0**
Total	**19**	**16**	**35**	**16**	**12**	**28**

Note A5 Leases

Operating leases as a lessee

EUR thousand	2016	2015
Operating leasing costs		
Premises	-380	-418
Office equipment	-5	-24
Cars	-43	-52
Total	**-429**	**-493**

Generally, the Parent Company's lease contracts require deposits and included certain provisions for inflation-indexed rental increases.

Future payments for rent on non-cancellable leases for premises at December 31, are as follows:

EUR thousand	2016			2015		
Future leasing costs	Less than one year	Between one and five years	Total	Less than one year	Between one and five years	Total
Premises	-345	-288	**-633**	-357	-633	**-990**
Office equipment	-5	-3	**-8**	-5	-8	**-13**
Cars	-35	-22	**-57**	-33	-20	**-53**
Total	**-385**	**-313**	**-698**	**-395**	**-661**	**-1 056**

Note A6 Remuneration to auditors

EUR thousand	2016	2015
Ernst & Young		
Audit services	-234	-205
Audit services outside the assignment	–	–
Non audit	–	–
Total	**-234**	**-205**

Note A7 Result from participations

EUR thousand	2016	2015
Dividend from Group companies	46,938	66,259
Provision receivable on Group companies	–	-16,489
Impairment of shares in Group companies*	-77,146	–
Net gain from disposals of Group companies*	86,172	–
Total	**55,964**	**49,770**

* For further information, see note A14

Note A8 Interest income/expense and similar items

Interest income and similar items

EUR thousand	2016	2015
Interest income on bank deposits	-	6
Interest income Group companies	1,501	2,824
Foreign exchange gain, net	1,514	–
Total	**3,015**	**2,830**

Interest expense and similar items

Interest expense on bank borrowings	-567	-1,162
Impairment financial assets	-	-111
Foreign exchange loss, net	-	-272
Interest expense Group companies	-407	-418
Other interest expense	-49	-87
Other financing costs	-877	-560
Total	**-1,900**	**-2,610**

Note A9 Appropriations

EUR thousand	2016	2015
Group contribution	4,815	8,816
Total	**4,815**	**8,816**

Note A10 Taxes

Income tax expense

EUR thousand	2016	2015
Current income tax on profit/loss for the year	-1,445	-875
Adjustments in respect of prior years	177	-2,662
Current taxes	**-1,268**	**-3,537**
Current year origination and reversal of temporary differences	86	0
Deferred taxes	**86**	**0**
Income tax expense	**-1,182**	**-3,537**

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	2016	%	2015	%
Profit/Loss before tax	**55,346**	**-**	**54,209**	**–**
Weighted tax rate for Sweden and Switzerland 22.06 %	-12,192	-22.1	-11,962	-22.1
Internal dividend not taxable	10,326	18.7	14,577	26.9
Other income non taxable	18,958	34.3	-	-
Non-deductible expenses	-17,135	-31.0	-3,007	-5.5
Adjustments in respect of prior years	177	0.3	-2,662	-4.9
Witholding tax	-1,287	-2.3	-483	-0.9
Other	-30	-0.1	–	–
Income tax expense	**-1,182**	**-2,1**	**-3,537**	**-6.5**

The company is subject to one tax audit. The company has during the year used the main part of the provision that was recorded last year relating to this audit. As at December 31, 2016 the provision amounts to EUR 817 thousand (EUR 2,375 thousand).

Note A11 Amortization, depreciation

Amortization and depreciation

EUR thousand	2016	2015
Development costs	-285	-919
Other intangibles	-105	-1
Fixture and fittings	-12	-4
Computer hardware and software	-306	-872
Office improvements	-3	-6
Total	**-711**	**-1,802**

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

EUR thousand	2016	2015
Cost of sales	-711	-1,802
Total	**-711**	**-1,802**

Note A12 Intangible assets

Cost

EUR thousand	Development cost	Others	Total
As at January 1, 2016	**11,521**	**671**	**12,192**
Investments	757	164	**921**
As at December 31, 2016	**12,278**	**836**	**13,113**
Accumulated amortization and impairment			
As at January 1, 2016	**-10,742**	**-9**	**-10,751**
Amortization for the year	-285	-105	**-391**
As at December 31, 2016	**-11,027**	**-114**	**-11,142**
Carrying value as at December 31, 2016	**1,251**	**721**	**1,972**

EUR thousand	Development cost	Others	Total
As at January 1, 2015	**13,911**	**868**	**14,780**
Investments	–	42	**42**
Reclassifications	-2,391	-239	**-2,630**
As at December 31, 2015	**11,521**	**671**	**12,192**
Accumulated amortization and impairment			
As at January 1, 2015	**-10,452**	**-834**	**-11,285**
Amortization for the year	-919	-1	**-920**
Reclassifications	630	826	**1,456**
As at December 31, 2015	**-10,742**	**-9**	**-10,751**
Carrying value as at December 31, 2015	**779**	**662**	**1,441**

Note A13 Tangible assets

Cost

EUR thousand	Telephone switch	Fixtures and fittings	Computer hardware and software	Office improvements	Total
As at January 1, 2016	**257**	**485**	**4,426**	**500**	**5,668**
Investments	–	–	9	30	**39**
As at December 31, 2016	**257**	**485**	**4,435**	**530**	**5,707**
Accumulated amortization and impairment	**-257**	**-433**	**-3,974**	**-495**	**-5,159**
As at January 1, 2016					
Depreciation for the year	–	-12	-306	-3	**-321**
As at December 31, 2016	**-257**	**-445**	**-4,280**	**-498**	**-5,480**
Carrying value as at December 31, 2016	**0**	**40**	**155**	**32**	**227**

Cost

As at January 1, 2015	**257**	**439**	**1,796**	**498**	**2,990**
Investments	–	46	–	2	**48**
Reclassifications	–	–	2,630	–	**2,630**
As at December 31, 2015	**257**	**485**	**4,426**	**500**	**5,668**
Accumulated amortization and impairment					
As at January 1, 2015	**-257**	**-429**	**-1,648**	**-489**	**-2,823**
Depreciation for the year	–	-4	-872	-6	**-882**
Reclassifications	–	–	-1,454	–	**-1,454**
As at December 31, 2015	**-257**	**-433**	**-3,974**	**-495**	**-5,159**
Carrying value as at December 31, 2015	**–**	**52**	**452**	**5**	**509**

Note A14 Investments in Group companies

Group Company	Country of incorporation	Domicile	Corporate identity number	2016 Booked value EUR thousand	2016 Capital/voting interest (%)
Transcom WorldWide GmbH	Austria	Vienna		37	100
Transcom WorldWide Belgium S.A.	Belgium	Milmort		0	100
Transcom WorldWide (North America) Inc.	Canada	St. Catharine's		22,907	100
Transcom Insurance Agency Inc.	Canada	St. Catharine's			
Transcom WorldWide Chile Limitada	Chile	Santiago de Chile		19	100
TWW Colombia SAS	Colombia	Cali		6	100
Transcom WorldWide d.o.o.	Croatia	Osijek		3	100
IK Transcom Europe GmbH	Germany	Düsseldorf			
Transcom WorldWide GmbH	Germany	Rostock		13,422	100
Transcom Halle GmbH	Germany	Halle			
Transcom Rostock GmbH	Germany	Rostock			
Transcom Services GmbH	Germany	Rostock			
CEE Holding Kft.	Hungary	Budapest		0	100
Transcom Hungary Kft.	Hungary	Budapest		2,830	100
Transcom WorldWide SpA	Italy	Milan		4,103	100
Transcom Worldwide Italy Holding Srl	Italy	Milan		40	100
Transcom Worldwide Italy Srl	Italy	Milan		0	100
SIA Transcom WorldWide Latvia	Latvia	Riga		4	100
Transcom WorldWide Vilnius UAB	Lithuania	Vilnius		3	100
Transcom WorldWide Luxembourg S.a.r.l.	Luxembourg	Howald			
Transcom Europe Holding B.V.	The Netherlands	Amsterdam		5,000	100
Transcom AB	Sweden	Karlskoga	556201-3234	122,818	100
Transcom Denmark A/S	Denmark	Vordingborg			
Transcom Eesti OÜ	Estonia	Tallinn			
Transcom Finland OY	Finland	Helsinki			
Transcom Norge AS	Norway	Rolvsoy			
Transcom Collection AS	Norway	Oslo			
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			
Transcom Worldwide Peru S.A.C.	Peru	Lima		0	100
Transcom WorldWide Poland Sp. z o.o.	Poland	Olsztyn		11	100
TWW Serviços de Helpline e de Atendimento Telefónico Lda Famalicão	Portugal	Vila Nova de Famalicão		5	100
Transcom Worldwide D.O.O. Beograd	Serbia	Beograd		50	100
Transcom WorldWide Spain S.L.U.	Spain	Madrid		12,849	100
Transcom Worldwide Global S.L.	Spain	Madrid		3	100
Transvoice Sweden AB	Sweden	Karlskoga	556653-6370	178	100
Stockholms Tolkförmedling AB	Sweden	Stockholm	556482-8654		
Tolk- och språktjänst i Östergötland AB	Sweden	Norrköping	556658-1368		
Transcom WorldWide AG	Switzerland	Zurich		0	100
Transcom WorldWideTunisie Sarl	Tunisia	Tunis		1	100
Transcom WorldWide (UK) Limited*	United Kingdom	St Albans, Herts		567	100
Top Up Mortgages Limited	United Kingdom	St Albans, Herts			
Newman & Company Limited	United Kingdom	Leeds		174	100
Cloud 10 Corp	United States	Denver		0	100
Transcom WorldWide (US) Inc.	United States	Delaware		0	100
Total				**185,030**	

* The Group companies in United Kingdom are exempt from the requirements of the Companies Act 2006 relating to the audits of its respectively individual accounts.

Note A14 Investments in Group companies cont.

Cost

EUR thousand	2016	2015
As at January 1, 2016	**158,982**	**156,941**
Investments in Group companies	176,070	9,467
Divestment of Group companies	-8,614	-7,426
As at December 31, 2016	**326,437**	**158,982**
Impairment		
As at January 1, 2016	**-64,262**	**-64,162**
Impairment	-77,146	-100
As at December 31, 2016	**-141,408**	**-64,262**
Carrying value as at December 31, 2016	**185,030**	**94,720**

Due to internal reorganizations of the legal structure during the year, an increase of Investments in Group companies was recorded. In addition, net capital gains of EUR 86,172 thousand was recorded in Result from participations in Group companies together with impairments of investment in Group companies, mainly in connection with capital injections to the same Group companies, amounting to EUR 77,146 thousand. Cash flow effect was negative and amounted EUR 3,550 thousand.

Net capital gains included the divestment of the Group's Danish Credit Management Services operations (CMS Denmark) for an equity value of EUR 13,000 thousand. The Parent Company's net capital gain for this divestment amounted to EUR 3,809 thousand and a positive net cash flow effect of EUR 12,905 thousand. Please refer to the Group's note 26 for further details.

Note A15 Trade receivables

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

Per December 31, 2016 no trade receivables was overdue and no provision for impairment has been recorded (2015: nil).

Note A16 Prepaid expenses and accrued income

EUR thousand	2016	2015
Prepaid staff related expenses	145	223
Prepaid IT-related expenses	247	559
Other prepaid expenses	163	99
Total	**555**	**881**

Note A17 Equity

Transcom's share capital as at December 31, 2016 was distributed among 26,916,584 shares with a nominal value of EUR 2.08 per share.

Distribution by class of shares was as follows per December 31, 2016

	Number of shares	Number of votes	Nominal value (EUR thousand)
Outstanding			
Ordinary shares	26,213,618	26,213,618	54,619
Ordinary shares in own custody	108,594	–	226
Class C shares in own custody	594,372	–	1,238
Registered number of shares	**26,916,584**	**26,213,618**	**56,084**

All shares entitle to one vote each (regardless of class). The Company holds 108,594 ordinary shares and 594,372 shares of class C of its own shares. The Company cannot exercise the voting rights connected to the shares held in its own custody. Shares of class C do not entitle to dividend. In case the Company is dissolved, shares of class C entitle to an equal right with ordinary shares to the Company's assets. Such right is, however, limited to a maximum amount corresponding to the share's nominal value enumerated on the day of distribution with an interest factor.

During September 2016, Transcom issued and repurchased 210,000 class C shares for potential delivery to long-term incentive plan (LTIP) participants. During April 2016, Transcom converted 150,000 class C shares to ordinary shares to be used when vesting long-term incentive plans. 75,805 shares held by Transcom were used when the long-term incentive plan 2013 was vested during the second quarter 2016. During 2015 115,000 class C shares were converted to ordinary shares. In addition, 108 272 shares held by Transcom were used when the long-term incentive plan 2012 was vested.

As resolved by the AGM at April 28, 2016 SEK 1.75 per share was distributed as dividend to the shareholders during Q2 2016, corresponding to EUR 4,902 thousand.

Note A18 Interest-bearing liabilities

EUR thousand	2016	2015
Revolving credit facility – EUR 20,000	22,400	20,000
Revolving credit facility – USD 22,000	5,692	20,208
Other loans	2,715	2,537
Total	**30,807**	**42,745**

On March 9, 2016, Transcom signed a syndicated credit agreement with ING, Nordea and SEB to implement a EUR 90,000 thousand multi-currency revolving credit facility. The facility has a tenor of three years with an option to extend for one year. The purpose of the new agreement is to refinance the existing facility which was due to expire in January 2017. Interest rates in the facility are based on IBOR and EURIBOR plus margins. The Company is also committed under this agreement to maintain certain financial ratios within agreed limits. The loan is unsecured. There was no breach of covenants in 2016. In the event of change of control, the syndicated facility will need to be renegotiated or replaced by a new credit facility.

As of December 31, 2016, an amount of EUR 22,400 thousand and USD 6,000 thousand was drawn (December 31, 2015: EUR 20,000 thousand and USD 22,000 thousand). In addition, an equivalent of EUR 137 thousand of the facility is utilized to cover the issuance of bank guarantees. An unused amount of EUR 61,771 thousand on the revolving borrowing facility exists on December 31, 2016 (December 31, 2015: EUR 17,382 thousand in previous facility). In addition to the credit facility, a local short-term loan amounted to EUR 1,452 thousand as of December 31, 2016.

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

	2016	2015
EUR thousand	Carrying amount	Carrying amount
Less than six months	1,467	3,314
Between six and twelve months	1,473	4,261
Between one and two years	–	35,997
Between two and five years	28,781	–
Total	**31,721**	**43,572**

On October 23, 2015, Transcom entered into a Swap Agreement with Nordea Bank AB (publ) ("Nordea"). As per the shareholders' authorization, the purpose of the agreement is to secure the obligation of the Company to deliver ordinary shares under the LTIP 2015 via a swap arrangement. Under the Swap Agreement, Nordea will deliver the ordinary shares to the participants in the LTIP 2015 once vested. In the meantime, while the shares are in Nordea's custody, the Company will pay interest on the cost for purchasing the ordinary shares. Any dividend on the ordinary shares during such period will be refunded to the Company. Any remaining ordinary shares not delivered to the participants will be sold on Nasdaq Stockholm. Any profit will be paid to the Company, who also will carry the risk of potential losses. As a result of the LTIP 2015, a maximum of 220,000 ordinary shares in the Company may be allotted, including compensation for dividends paid (if any) on the underlying share. The swap agreement was rolled over in 2016 for another 12 months. A liability amounting to EUR 1,503 thousand is recorded per December 31, 2016. (December 31, 2015: EUR 1,865 thousand).

Note A19 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

Interest rate risk pertains to changes to the market rate of interest impact the company's net interest. The company has mainly financial liabilities that are interest-bearing and very little interest-bearing assets. Calculated on the financial interest-bearing liabilities at December 31, 2016, a 10 percent change in the market interest rate would impact the company's earnings by EUR 57 thousand .

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 483 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 2017 fiscal year.

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

	2016			2015		
EUR thousand	<1 year	1–5 years	Carrying amount	<1 year	1–5 years	Carrying amount
Financial assets						
Receivables from Group companies	–	16,189	16,189	–	44,884	44,884
Other receivables	–	–	–	–	–	–
Total non-current financial assets	**–**	**16,189**	**16,189**	**–**	**44,884**	**44,884**
Trade receivables	923	–	923	889	–	889
Receivables from Group companies	95,146	–	95,146	112,229	–	112,229
Other receivables incl. accrued income	134	–	134	1,005	–	1,005
Cash and cash equivalents	2,457	–	2,457	42	–	42
Total current financial assets	**98,660**	**–**	**98,660**	**114,165**	**–**	**114,165**
Total financial assets	**98,660**	**16,189**	**114,849**	**114,165**	**44,884**	**159,049**
Financial liabilities						
Interest-bearing liabilities	–	28,781	28,781	–	35,997	35,997
Liabilities to Group companies	–	15,717	15,717	–	29,217	29,217
Other liabilities	–	–	–	–	155	155
Total non-current financial liabilities	**–**	**44,498**	**44,498**	**–**	**65,369**	**65,369**
Interest-bearing liabilities	2,925	–	2,925	7,575	–	7,575
Trade payables	1,127	–	1,127	1,539	–	1,539
Liabilities to Group companies	92,790	–	92,790	69,163	–	69,163
Other liabilities incl. accrued expenses	1,601	–	1,601	1,935	–	1,935
Total current financial liabilities	**98,443**	**–**	**98,443**	**80,212**	**–**	**80,212**
Total financial liabilities	**98,443**	**44,498**	**142,941**	**80,212**	**65,369**	**145,581**

Note A19 Financial instrument risk management objectives and policies cont.

Classification of the financial assets and liabilities

EUR thousand	2016 Loans and receivables	2016 Financial liabilities at amortized cost	2016 Carrying amount Dec 31	2016 Fair value Dec 31	2015 Loans and receivables	2015 Financial liabilities at amortized cost	2015 Carrying amount Dec 31	2015 Fair value Dec 31
Financial assets								
Receivables from Group companies	16,189	-	16,189	16,189	44,884	–	44,884	44,884
Other receivables	-	-	-	-	–	–	–	–
Total non-current financial assets	**16,189**	**-**	**16,189**	**16,189**	**44,884**	**–**	**44,884**	**44,884**
Trade receivables	923	-	923	923	889	–	889	889
Receivables from Group companies	95,146	-	95,146	95,146	112,229	–	112,229	112,229
Other receivables incl. accrued income	134	-	134	134	1,005	–	1,005	1,005
Cash and cash equivalents	2,457	-	2,457	2,457	42	–	42	42
Total current financial assets	**98,660**	**-**	**98,660**	**98,660**	**114,165**	**–**	**114,165**	**114,165**
Total financial assets	**114,849**	**-**	**114,849**	**114,849**	**159,049**	**–**	**159,049**	**159,049**
Financial liabilities								
Interest-bearing liabilities	-	27,882	27,882	28,781	–	34,802	34,802	34,802
Liabilities to Group companies	-	15,717	15,717	15,717	–	29,217	29,217	29,217
Other liabilities	-	-	-	-	–	155	155	155
Total non-current financial liabilities	**-**	**43,599**	**43,599**	**44,498**	**–**	**64,174**	**64,174**	**64,174**
Interest-bearing liabilities	-	2,925	2,925	2,925	–	7,943	7,943	7,943
Trade payables	-	1,127	1,127	1,127	–	1,539	1,539	1,539
Liabilities to Group companies	-	92,790	92,790	92,790	–	69,163	69,163	69,163
Other liabilities incl. accrued expenses	-	1,601	1,601	1,601	–	1,935	1,935	1,935
Total current financial liabilities	**-**	**98,443**	**98,443**	**98,443**	**–**	**80,580**	**80,580**	**80,580**
Total financial liabilities	**-**	**142,042**	**142,042**	**142,941**	**–**	**144,754**	**144,754**	**144,754**

Note A20 Contingent liabilities for Group companies

Contingent liabilites are related to litigations and legal claims arising in the ordinary course of business and are covered by issuing guarantees. As at December 31, 2016 contingent liabilites amounted EUR 26,054 thousand (EUR 21,929 thousand).

Note A21 Accrued expenses and prepaid income

EUR thousand	2016	2015
Accrued staff related expenses	668	1,183
Accrued subcontractors	559	208
Accrued audit fee	104	204
Accrued interest	9	10
Total	**1,339**	**1,605**

Note A22 Related party transactions

For January to December 2016 no material related party transactions are to be reported. Previously Investment AB Kinnevik and subsidiaries were defined as related party up until March 20, 2015. Transactions up until this date with Investment AB Kinnevik were as follows: the Group´s sales revenue from the Tele2 companies amounted to EUR 26,748 thousand. Operating expenses, mainly for telephone services and switch, paid to Tele2 group companies amounted to EUR 139 thousand.

Note A23 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 on April 26th, 2017.

The following amounts in EUR are at the disposal of the Parent Company's Annual General Meeting:	
Retained earnings	47,264,051
Profit/loss for the year	54,163,991
Total	**101,428,042**

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

Carried forward:	
Retained earnings	101,428,042
Total	**101,428,042**

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, April 5, 2017

Henning Boysen
Chairman of the Board

Fredrik Cappelen
Member of the Board

Liselotte Hägertz Engstam
Member of the Board

Klas Johansson
Member of the Board

Mikael Larsson
Member of the Board

Erik Törnberg
Member of the Board

Johan Eriksson
President & CEO

Our audit report has been submitted on April 5, 2017

Ernst & Young AB

Erik Åström
Authorized Public Accountant

Auditor's report

Translation from the Swedish original.

To the general meeting of the shareholders of Transcom Worldwide AB (publ), corporate identity number 556880-1277

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

Opinions

We have audited the annual accounts and consolidated accounts of Transcom Worldwide AB (publ) för år 2016 except for the corporate governance statement on pages 59–72 for the year 2016. The annual accounts and consolidated accounts of the company are included on pages 6–52 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 2016 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 2016 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 59–72. 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 for the parent company and the group and the balance sheet for the parent company and the 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Revenue and accounts receivable

The group's revenue amounts to 586 MEUR for 2016. The revenue mainly relates to services in customer support, sales and technical support. The revenue is recognized when it is probable that the economic benefits will flow to the group and when the revenue can be reliably measured. The number of transactions in the various revenue streams is large which put high demands on the company's internal control and administrative processes. We have therefore deemed revenue as a key audit matter.

The accounting principles for revenue and accounts receivable are described in note 1 and a description of revenue per segment for the group is disclosed in note 3.

We have audited the company's revenue recognition. We have for example performed analytical review, read agreements and performed verification of payments of revenue in order to confirm the existence. We have also performed a walk-through of the company's routines for invoicing and how the company handles collection of receivables and assessment of bad debts. In our audit we have also reviewed that the disclosures made are appropriate.

Goodwill and shares in subsidiaries

Goodwill amounts to 109 MEUR in the consolidated statement of financial position for the group as of 31 December 2016 equal to 40% of the group's total assets. Shares in subsidiaries amounts to 185 MEUR in the parents balance sheet equalling 61% of the parent company's assets. The company performs an impairment test at least annually or if events or circumstances indicate that the carrying value does not exceed the recoverable amount for these assets. The recoverable amounts are determined by a calculation of the value in use for each cash generating unit by discounting future cash flows. The calculation is based on expected outcome of a number of factors which are based on prior experience of the company's business plans, forecasts and comprises a number of assumptions including earnings trend, growth, investment needs and discount rate.

The impairment test for 2016 did not result in an impairment. Since the assumptions that form the basis for the test includes significant judgements from the company we have deemed accounting for goodwill and shares in subsidiaries as key audit matters.

The accounting principles for goodwill are disclosed in note 1, critical accounting estimates and judgements are described in note 2 and a description of the impairment test is disclosed in note 12. Shares in subsidiaries are disclosed in note A14.

In our audit we have evaluated the company's process for performing the impairment test. We have examined how cash generating units have been identified compared to established criteria and compared this to how the company evaluates goodwill internally. We have evaluated valuation methods and calculation models, assess the reasonableness in the assumptions made and in the sensitivity analysis made with help from our own valuation specialists and made comparisons to historical outcome and the precision in priory made forecasts. The reasonableness in the discount rate used and the terminal growth for each unit has been appraised through analysis with other companies in the same industry. We have also reviewed that the disclosures made are appropriate.

Provisions

The provisions amounts to 3.1 MEUR in the consolidated statement of financial position for the group as of 31 December 2016. The provisions as of 31 December 2016 relates to ongoing tax litigations, ongoing legal litigations, restructuring reserves and other reserves. A provision is recognised when a present legal or constructive obligation as a result of past events exists, it is probable that an outflow of resources will be required to settle the obligation and the amount for the transaction can been reliably estimated. Among the factors that are considered when accounting for a provision is the nature of the obligation and the potential damage in the jurisdiction where the legal process, demand or assessment has occurred and how the matter proceeds. Also evaluations and statements from legal advisors and experience from similar cases are taken into consideration. A changed assessment can affect the carrying amount and we have therefore deemed this a key audit matter.

The accounting principles for provisions are disclosed in note 1, critical accounting estimates and judgements are described in note 2 and a description of the provisions is disclosed in note 21 for the group.

In our audit we have examined the company's process for calculating the provisions. We have obtained statement from the company's in-house legal officer. We have with help from our tax specialists reviewed the provisions and assessed the reasonableness in the assumption that the provisions are based on. We have also evaluated whether the disclosures made are appropriate.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1–5, 57–74. Other information is also presented at the Company's webpage in 'Transcom 2016'. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

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 scepticism 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.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in the auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 Worldwide AB (publ) for the year 2016 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 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, April 5, 2017

Ernst & Young AB

Erik Åström
Authorized Public Accountant

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. The measures and basis for calculation can be found in the historical released financial reports at www.transcom.com.

Organic growth: change in revenue for comparable units, excluding currency effects with purpose to provide a more transparent year-on-year comparison for Transcom's business.

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

Non-recurring items: are defined as rare events or activities that are not part of normal business operations, mainly restructuring activities.

EBIT excluding non-recurring items: is calculated by excluding the non-recurring items from Transcom's Operating profit/loss. The purpose of disclosing Transcom's EBIT excluding non-recurring items is to provide more transparent year-on-year comparison excluding events that are not considered part of Transcom's normal business, such as restructuring cost and net gain or loss from disposed business.

EBITDA: is defined as Operating profit/loss, adding back the recorded depreciation on fixed assets and amortization.

EBITDA excluding non-recurring items: is defined as EBITDA excluding the non-recurring items as defined above.

Net debt: is defined as interest-bearing liabilities and employee benefit obligations less cash and cash equivalents per balance sheet day.

Net debt/EBITDA: is defined as interest-bearing liabilities and pension provisions less cash and cash equivalents divided by rolling 12 months EBITDA. The net debt to EBITDA ratio is a financial target for Transcom.

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.

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– CORPORATE GOVERNANCE REPORT 2016

Corporate Governance Report 2016

OVERVIEW

Transcom WorldWide AB (publ) ("Transcom" or the "Company") is a Swedish public limited company, and its ordinary shares are listed on the Nasdaq Stockholm exchange.

Transcom recognizes the importance of, and is committed to following corporate governance standards. The Company's governance framework encapsulates key principles which govern the relationship between the numerous stakeholders of Transcom. It further includes an internal framework for decision making, and assignment of responsibility for the Company's management, administration and internal control. Transparent reporting is one of the cornerstones of corporate governance at Transcom, in that it facilitates the understanding and monitoring of key developments in the Company by its stakeholders. Transcom's corporate governance framework further supports Transcom in ensuring that it is an ethical corporate citizen.

Transcom adheres to principles of corporate governance found in both internal and external rules and regulations. As a Swedish public limited company listed on Nasdaq Stockholm, Transcom is subject to the Swedish Companies Act, the Annual Accounts Act and other applicable Swedish and foreign laws and regulations, including the Rule Book for Issuers of Nasdaq Stockholm and the Swedish Corporate governance Code (the "Code").

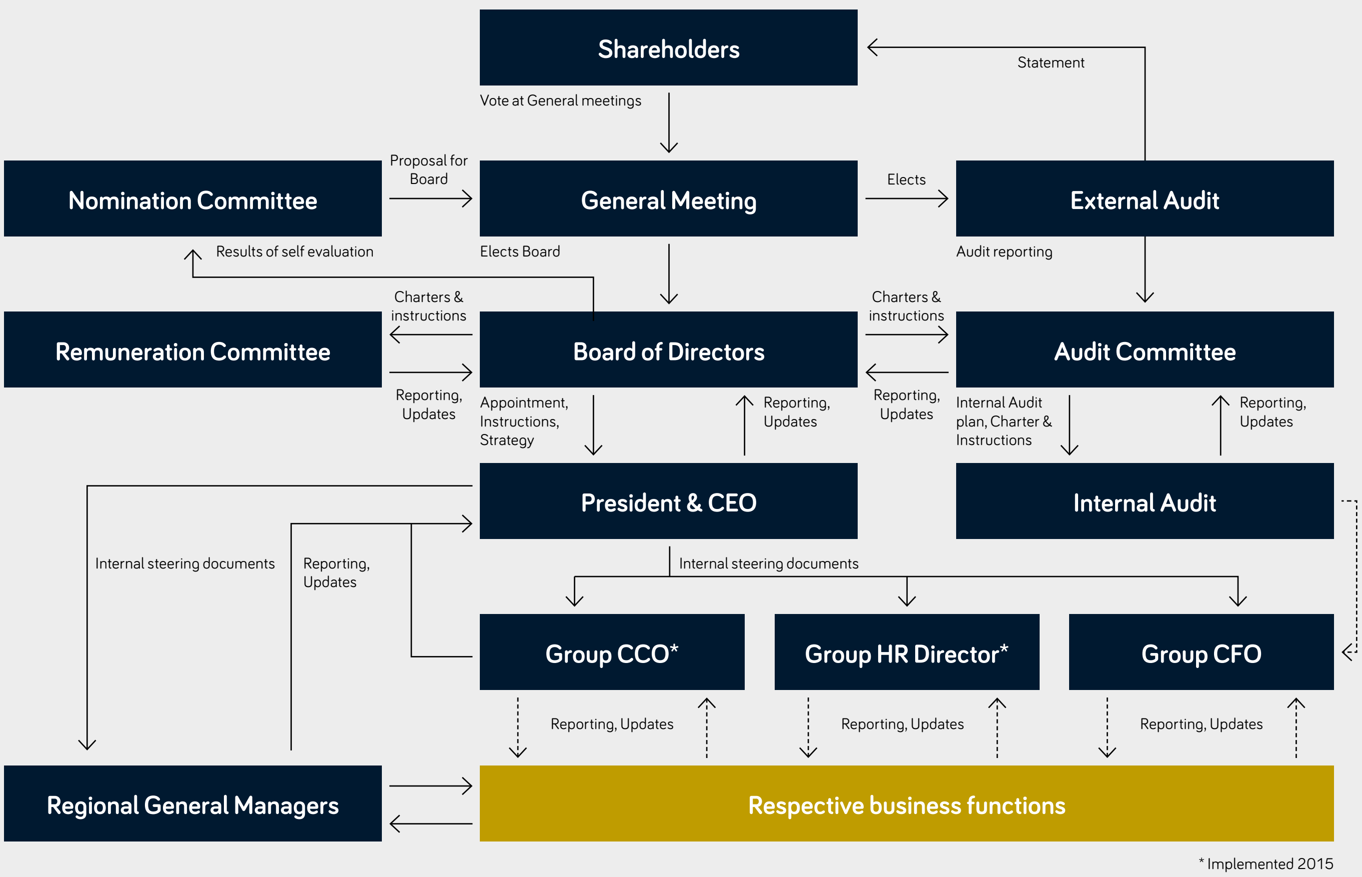
In addition, to ensure compliance with all applicable legal requirements, Transcom has adopted internal instructions that include the Code of Business Conduct, Supplier Code of Business Conduct as well as a number of internal policies as explained further below. The Board of Directors has also approved and implemented its rules of procedures for the work of the Board.

This report is prepared in accordance with the Swedish Annual Accounts Act and the provisions of the Code.

COMPLIANCE WITH THE CODE

Transcom is committed to complying with best-practice corporate governance, which includes continued compliance with the Code. The Code can be found on the website of the Swedish Corporate Governance Board, which administrates the Code (www.corporategovernanceboard.se). Transcom had one deviation from the Code during the 2016 financial year: Since the Board of Directors was not informed of the names of the Nomination Committee mem-

TRANSCOM'S CORPORATE GOVERNANCE STRUCTURE



bers until 23 November 2016, it was not possible to publish this information within six months before the 2017 AGM, as set out in the Code.

ARTICLES OF ASSOCIATION

Transcom's Articles of Association (as defined below), which form the basis of the governance of the Company's operations, set forth the Company's name, the seat of the Board, the object of the business activities, the shares and share capital of the Company and contain rules with respect to the shareholders' meetings. The Articles of Association do not contain any limitations as to how many votes each shareholder may cast at shareholders' meetings, nor any provisions regarding the appointment and dismissal of Board members or amendments to the Articles of Association. The Articles of Association can be found at http://www.transcom.com/en/About-Transcom/Organization-and-Governance/Article-of-Association/.

SHARE AND SHAREHOLDERS

The share capital of Transcom is composed of ordinary shares and class C shares. Each share regardless of series represents one vote.

As previously disclosed, the annual general meeting of Transcom held on 28 April 2016, resolved to adopt a long-term incentive program (the "LTIP 2016") and authorized the Board of Directors to secure the Company's obligations under the LTIP 2016 by a combination of re-allocating class C shares held by the Company that are no longer needed in previously resolved incentive programs to the LTIP 2016 and transfer of own ordinary shares to participants in the LTIP 2016 who are entitled to such (the latter option involving the following actions in addition to the re-allocation from previous programs: (i) issuing shares of series C with deviation of the shareholders' preferential right, (ii) reduction of the Company's share capital, (iii) repurchase of all issued shares of series C, (iv) conversion of shares of series C to ordinary shares and (v) transfer of own ordinary shares to participants in the LTIP 2016). Consequently in September 2016 the Company issued and repurchased 210,000 class C shares for potential delivery to LTIP 2016 participants As a result of the LTIP 2016, following conversion from shares of series C, a maximum of 210,000 ordinary shares in the Company may be allotted, including compensation for dividends paid (if any) on the underlying share.

Transcom's share ownership is disclosed on page 13. All other significant relationships between Transcom and its major shareholders, in so far as it is aware of them, are described in note 27 "Related Party Transactions" and the Board of Directors has no knowledge of any shareholders' agreement or any other agreement regarding voting rights or other rights for the shareholders.

On 21 December 2016, Transcom's largest shareholder, Altor AB, a company jointly owned by Altor Fund IV (No. 1) AB and Altor Fund IV (No. 2) AB, funds managed by Altor Fund Manager AB, (jointly "Altor"), announced a public cash offer to the shareholders of Transcom to sell all of their shares in Transcom to Altor (the "Offer"). Altor offers SEK 87.50 in cash per share in Transcom, corresponding to a total value for all outstanding shares in Transcom of SEK 2,294 million. As at 31 December 2016, Altor was the largest shareholder in Transcom, holding 6,377,238 shares, corresponding to approximately 24.3 percent of the shares in the Company (excluding the 702,966 shares held by the Company). The value of the Offer, excluding shares held by Altor, amounts to approximately SEK 1,736 million.

SHAREHOLDERS' MEETING

The Shareholders' meeting is the highest decision-making body for Transcom and it is at the shareholders' meeting where all shareholders are entitled to participate and exercise their right to decide on issues affecting Transcom and its operations.

In 2016, one shareholder meeting was held, the annual general meeting of shareholders ("AGM") of Transcom ("2016 AGM").

The function of the Shareholders' meeting, the general meeting's primary authority to adopt resolutions, the shareholders' rights and how these rights are exercised are all regulated by law or other statutory instrument.

2016 AGM

In 2016, the statutory AGM was held on 28 April 2016. At the meeting, shareholders representing 58.80 percent of the total number of shares were present either personally or by proxy. Shareholders exercised their rights to decide on the key affairs and the following resolutions were adopted by the AGM:

- Approval of the income statement and the balance sheet as well as the consolidated income statement and the consolidated balance sheet for the financial year ended 31 December 2015
- Appropriation of the results as of 31 December 2015 and payment of a dividend amounting to SEK 1.75 per ordinary share, in total SEK 45,741,173
- Discharge of the liability of the members of the Board of Directors of the Company and the managing director of the Company for, and in connection with, the financial year ended 31 December 2015
- Determination of the number of the members of the Board of Directors of the Company
- Re-election of some existing Directors and election of new Directors and the Chairman of the Board of Directors for the period until the close of the next AGM
- Re-elect the Company auditor Ernst & Young Aktiebolag, with Erik Åström as the main responsible auditor, for a period of four years in accordance with § 6 in the articles of association
- Determination of Directors' and the auditors' fees

- Adoption of the procedures for establishment of the Nomination Committee
- Adoption of guidelines for remuneration of senior executives
- Adoption of LTIP 2016.

The minutes of the 2016 AGM are available on Transcom's website.

2017 AGM

The AGM shall be held within six months after the end of the financial year. Shareholders wishing to have matters considered at the AGM should submit their proposals in writing at least seven weeks before the AGM in order to guarantee that their proposals may be included in the notice to the AGM. Details on how and when to submit proposals to Transcom can be found on Transcom's website. Shareholders who wish to participate in the AGM must be duly registered as such with Euroclear Sweden AB on the record date for the AGM. The shareholders may then attend and vote at the meeting in person or by proxy. A shareholder wishing to attend the AGM must notify Transcom of his or her intention to attend. All relevant instructions in relation to the participation at the AGM shall be included in the convening notice to the AGM.

The AGM for the financial year 2016 is scheduled to be held on 26 April 2017 in Stockholm (the "2017 AGM").

NOMINATION COMMITTEE

According to the instructions adopted by the AGM 2016, the Nomination Committee is to consist of at least three members appointed by the largest shareholders of Transcom (given that they elected to appoint a member). The Nomination Committee is formed each year in October in consultation with the largest shareholders of Transcom as per 30 September each year (the "Nomination Committee").

The Nomination Committee is now comprised of Mattias Holmström representing Altor Fund Manager AB, Daniel Nyhrén representing Creades AB, Johan Strandberg representing SEB S.A. and Arne Lööw representing The Fourth Swedish National Pension Fund (Fjärde AP-fonden). Mattias Holmström has been appointed Committee Chairman. The members of the Nomination Committee do not receive any remuneration for their work.

- Three members are independent vis-à-vis the largest shareholder, and
- Four members are independent vis-à-vis the management and the Company.

The Nomination Committee's tasks include:

- Evaluation of the Board of Directors' work and composition
- Submission of the proposals to the AGM regarding the election of the Board of Directors and the Chairman of the Board
- Preparations of the proposals regarding the election of auditors in cooperation with the Audit Committee (when appropriate)
- Preparations of the proposals regarding the fees to be paid to Board Directors and to the Company's auditors
- Preparations of the proposals for the Chairman of the AGM, and
- Preparations of the proposals for the administration and order of appointment of the Nomination Committee for the AGM.

The Nomination Committee invites proposals from shareholders wishing to propose candidates for election to the Board of Directors. The Nomination Committee will submit a proposal for the composition of the Board of Directors; remuneration for the Board of Directors and the auditor; and a proposal on the Chairman of the 2017 AGM, which will be presented to the 2017 AGM for approval. The Nomination Committee met four times during 2016:

	Meetings attended
Niclas Ekestubbe	3/4
Arne Lööw	4/4
Mattias Holmström	1/4
Daniel Nyhrén	4/4
Johan Strandberg	4/4

BOARD OF DIRECTORS

As per the applicable Swedish laws, the Board of Directors is elected by shareholders' meetings, and can be removed at any time, with or without cause, by a resolution in shareholders' meetings. The Board of Directors of the Company (the "Board of Directors") is ultimately responsible for the organization of Transcom and the management of its operations.

Composition of the Board of Directors of the Company

The Board of Directors as at 31 December 2016 is comprised of six directors whereof:

- Three directors are independent vis-à-vis major shareholders and
- Six directors are independent vis-à-vis the management and the Company.

In the 2016 AGM, Liselotte Hägertz Engstam and Erik Törnberg were elected as new directors whereas Alexander Izosimov and Per Frankling declined re-election. Henning Boysen, Mikael Larsson, Klas Johansson and Fredrik Cappelen were re-elected as directors. For summary curriculum vitae for each director, the list of material positions held by them in other companies, remuneration, attendance in Board and committee meetings, refer to the table on pages 68–69 of this report.

Remuneration of the Board of Directors

The remuneration of the members of the Board of Directors is proposed by the Nomination Committee and approved by the AGM. The Nomination Committee proposal is based on benchmarking of peer group company compensation and company size. The members of the Board of Directors do not participate in the Group's incentive schemes. Furthermore, Transcom did not grant any loan to any member of its Board of Directors.

The total amount of remuneration and other benefits granted directly or indirectly by the Company to the members of its Board of Directors is provided in note 5.

Responsibilities and duties of the Board of Directors

The Board of Directors is in charge of the overall governance and strategic direction of the Company. The Board of Directors provides effective support for, and control of, the activities of the Group Executive Management team. It is responsible for the performance of all acts of administration necessary for accomplishing the Company's purposes, except for matters reserved by Swedish law to the general meeting of shareholders.

The Board of Directors has adopted rules of procedure for its internal activities which include rules pertaining to the number of Board meetings to be held, the matters to be handled at such regular Board meetings, and the duties of the Chairman (the "Rules of Procedure"). The work of the Board is also governed by rules and regulations which include the Swedish Companies Act, the Articles of Association, and the Code as well as internal policy documents.

In order to carry out its work more effectively, the Board of Directors has created a Remuneration Committee and an Audit Committee. The Rules of Procedure specify the duties that the board has delegated to Remuneration and Audit Committee and how the committees are to report to the board. These committees handle business within their respective areas and present recommendations and reports on which the Board of Directors may base its decisions and actions. However, all members of the Board of Directors have the same responsibility for decisions made and actions taken, irrespective of whether issues have been reviewed by such committees or not.

In 2016, the Board addressed and discussed the following (apart from regular matters in the annual Board work cycle):

- Continuous work relating to strategic plans and direction
- Review and approval of new contact centers and other investment proposals
- Corporate social responsibility
- Compliance
- Organizational design and alignment
- The Group Executive Management's updated risk assessment.

The Board held fifteen meetings during 2016. During 2016, the statutory auditor attended one meeting without the presence of management. For details of attendance see pages 68–69.

Evaluation of the Board and its Committees

The Board of Directors carries out an annual assessment wherein the Board of Directors evaluates its own performance and the performance of its committees through a systematic and structured process aimed, among other things, at gathering good documentation as a basis for improvements in the Board of Directors work. As part of the evaluation process, the Chairman of the Board of Directors carried out feedback sessions with board members, which also included feedback on performance in committees. This annual assessment process also entails a review of competencies, board process and internal communication within the board. A summary of the evaluation is also presented to the Nomination Committee. Where deemed relevant, actions were taken to further enhance board performance.

REMUNERATION COMMITTEE

At the statutory Board of Directors meeting following the 2016 AGM, the Board of Directors decided that the Remuneration Committee be comprised of Henning Boysen, Klas Johansson and Fredrik Cappelen. Klas Johansson was elected as its Chairman.

The responsibilities of the Remuneration Committee include:

- Issues concerning principles for remuneration, remunerations and other terms of employment for the Executive Management
- Monitoring and evaluating programs for variable remuneration for the Executive Management
- Reviewing performance of Group Executive Management and of the individual executives at least once a year
- Ensuring that the Group Executive Management Team has an updated succession plan with identified emergency cover; and
- Ensuring the Company has a Talent Management Program in place and an individual development plan for key leaders.

No specific decision-making authority has been delegated to the Remuneration Committee.

The Remuneration Committee held four meetings during 2016. For details of attendance, refer to the table on pages 68–69.

AUDIT COMMITTEE

At the statutory Board of Directors meeting following the 2016 AGM, the Board of Directors decided that the Audit Committee be comprised of Mikael Larsson, Henning Boysen, Erik Törnberg and Klas Johansson. Mikael Larsson was elected as its Chairman.

The responsibilities of the Audit Committee include:

- Ensuring quality and correctness in the Company's financial reporting
- Reviewing and monitoring the impartiality and independence of the External auditor

- Assisting the Nomination Committee to prepare for the election of auditors at the AGM
- Reviewing the process for monitoring compliance with laws and regulations affecting financial reporting and Code of Business Conduct
- Evaluating the overall effectiveness of the internal control and risk management frameworks
- Evaluating the effectiveness of the internal audit function
- Monitoring and securing the quality and fairness of transactions with related parties, when applicable.

No specific decision-making authority has been delegated to the Audit Committee.

The Audit Committee held seven meetings during 2016. For details of attendance, refer to the table on pages 68–69. The CEO, CFO, External auditor, Head of Internal Audit, Group Financial Controller, Head of Group Tax, etc. were called to the meeting as required.

BID COMMITTEE

On 21 December , 2016, Altor announced a public cash offer to the shareholders of Transcom to transfer all of their shares in Transcom to Altor. An independent Bid Committee was formed in order to evaluate the offer and issue a recommendation to the shareholders. The committee consisted of the independent Board members Henning Boysen, MIkael Larsson and Liselotte Hägertz Engstam.

EXTERNAL AUDITORS

The registered audit firm Ernst Young AB, with the authorized public accountant Erik Åström as auditor-in-charge, was elected as auditor in 2016 AGM for the period ending at the close of the annual general meeting held during the fourth financial year after the appointment.

GROUP EXECUTIVE MANAGEMENT

The President and CEO, appointed by the Board of Directors, is responsible for handling the day-to-day management of the Company in accordance with instructions from the Board of Directors. The President and CEO is supported by the Group Executive Management team appointed by the Board of Directors. In 2016, the Group Executive Management team included President and CEO, Group CFO, Chief Commercial Officer (CCO), Group HR Director and Regional General Managers (the "RGMs"). A full list of its members is provided on pages 70–71.

The CEO, along with the rest of the Group Executive Management team, is responsible for the adherence to the Group's overall strategy, financial and business control, financing, capital structure, risk management and acquisitions. Among other tasks, this includes preparation of financial reports, capital markets communication and other issues.

Group Executove Management remuneration

The guidelines for remuneration for members of the Group Executive Management team were approved by the 2016 AGM. Refer to the 2016 AGM minutes on Transcom's website for details. The total amount of remuneration and other benefits granted directly or indirectly by the Company to the members of its Group Executive Management team is provided in note 5.

Transcom did not grant any loan to any member of its Group Executive Management team .

INTERNAL CONTROL

The Board of Directors has overall responsibility for Transcom's risk and internal control systems and for monitoring their effectiveness. The Board of Directors monitors the ongoing process by which critical risks to the business are identified, evaluated and managed.

Transcom's internal control systems are designed to manage, rather than eliminate risks that might affect the achievement of its objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. In assessing what constitutes reasonable assurance, the Board of Directors and the Executive Management considers the materiality of financial and non-financial risks and the relationship between the costs of, and benefit from, internal control systems.

The principal features of the Group's systems of internal control are designed to:

- Maintain proper accounting records
- Provide reliable financial information
- Identify and manage business risks
- Maintain compliance with appropriate legislation and regulation;
- Identify and adopt best practice; and
- Safeguard assets.

Each year the Audit Committee assesses the effectiveness of Transcom's risk management and internal controls system on the basis of:

- Established policies, including those already described, which are in place to manage perceived risks
- The continuous enterprise-wide process for identifying, evaluating and managing the significant risks to the achievement of the Group's objectives
- Reports to the Audit Committee on the results of External auditor's work and Internal audit reviews, both including action plans from the concerned Management
- Results of control self-assessments over financial reporting, presented by the Management.

The Audit Committee chairman informs the Board of Directors of the results of the above.

Group Internal Audit (GIA) reviews the effectiveness of risk- and internal control systems throughout the Group in accordance with the approved internal audit plan and provides the Audit Committee and the Board of Directors with an assessment of the overall effectiveness of the governance, risk management and control processes. The principal features of the control framework are detailed below.

Control environment

The Board of Directors reviews and approves the annual budget and three-year plan which includes a quantified assessment of planned operating and financial performance for the next financial year for each business unit, together with a strategic plan for the Group for the following two years.

Transcom has an established governance framework, the key features of which include:

- Rules of procedures for the Board of Directors and instruction for each of its committees
- A clear organizational structure, with documented delegation of authority from the Board to the CEO
- Board-approved key policies including Financial and Treasury Management policy, Instruction for financial reporting, Insider Trading policy and Communications policy
- Board-approved Whistleblower policy, Environmental policy, Code of Business Conduct and Supplier Code of Business Conduct to promote ethical, sustainable and transparent business practices within the Group
- A living internal governance manual, which sets out clear guidance on key decisions and risk governance across key processes; and
- Accounting manual and reporting instructions to ensure the completeness and correctness of financial reporting and its compliance with IFRS requirements.

Furthermore, a number of corporate functions are responsible for promoting effective internal controls in separately defined areas. Among these, the central finance organization, including Group Financial Control and Group Business Control, as well as the Group Communications department play important roles in ensuring correct and timely financial reporting. In addition, Group Internal Audit independently evaluates the operations of the Company to identify any shortcomings in internal controls.

Risk assessment

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 and to provide reliable financial information. Transcom's risk management is based on the following key principles:

a. Comprehensive scope: Risks are assessed for a number of defined categories. The Group Executive Management team is responsible for reviewing and monitoring the financial, strategic, human resources, operational, commercial, technological, compliance and other applicable risks. It monitors the completeness of the Group's risk profile on a regular basis through a Group risk monitoring framework. This helps the Company to proactively identify the most important risks. The risk assessment process also entails identification of risk owners in the Company
b. Regular reporting: Risks are evaluated in terms of their potential impact and likelihood. The results of the risk assessment along with mitigation plans for key risks are presented to the Audit Committee on a periodic basis for review. Further, results of risk assessment are also reported to the Board
c. Follow-up: Risk mitigation plans are followed up on a periodic basis and the status of mitigation plans/activities are periodically reported to the Audit Committee
d. Risks and business planning: The business plans are based on key market, client, economic and financial assumptions. The business planning process also includes an assessment of the risk and sensitivities underlying the projections.

The Group Internal Audit function is responsible for coordinating the risk management processes in the Group and consolidating the periodic risk reporting for the Board of Directors and the Audit Committee.

Transcom continuously works to improve the policies which govern the management and control of both financial and non-financial risks. The adoption of these policies throughout the Group enables a broadly consistent approach to the management of risk at business unit level.

For a summary of key risks Transcom faces while operating in a highly fragmented and competitive global industry, refer to pages 66–67.

Information and Communication

Policies and guidelines of significance to financial reporting are regularly updated and communicated to the employees concerned. Detailed reporting instructions are provided to Group companies periodically.

Transcom has strengthened information and communication related to policies and governance principles by publishing an internal governance manual, which among other things incorporates a list of key policies and procedures. Key management personnel (everyone who reports into Group Executive Management members) have signed the internal governance manual.

Further, all employees are required to sign the Code of Business Conduct when starting their employment with Transcom and are given suitable training on the key values. Also, Transcom has implemented a Supplier Code of Business Conduct to promote ethical business practices in our supply chain.

Control activities

The RGMs, with support from their respective management teams, are responsible for the implementation of control activities in compliance with Transcom's policies and governance documents (including the Accounting policy) as well as for managing any further risks that they may identify. This includes controls in the financial reporting processes as well as controls in other processes which could be expected to impact financial reporting.

The Audit Committee, in addition to the Board, reviews every interim and Annual Report prior to publication.

Follow-up

Monthly performance and financial reports are produced for each business unit, with comparisons to budget. Reports are consolidated for overall review by the corporate team (CEO, CFO, CCO and Group HR Director) together with forecasts for the income statement and cash flow.

The Board of Directors also regularly reviews the actual performance of the business compared with budgets and forecasts, as well as other key performance indicators. The Board of Directors reviews the effectiveness of established internal controls through the Audit Committee, as described above.

Transcom's Group Internal Audit function is responsible for following up on critical risks and action plans and reporting the status of action plans to the Audit Committee on a periodic basis. Further Transcom's annual internal audit plan, that is, the scope and the areas of operations to be reviewed during audits, is reviewed and approved each year by the Audit Committee. Risk-based internal audits are carried out independently to evaluate if the key risks are managed appropriately.

CORPORATE RESPONSIBILITY

Control against corruption

Transcom is a signatory of the UN Global Compact. In order to be successful and create value, Transcom needs to meet the expectations of all its key stakeholders: clients, employees and investors, as well as the communities that the Company is a part of. This is the basis for Transcom's CSR work, which forms an integral part of the Company's day-to-day business activities. At Transcom, CSR means that we always do our utmost to do the right thing by our clients, our people and our communities. This ambition is encapsulated in Transcom Cares, the Company's CSR governance framework, launched on a global level in 2013. Transcom's Code of Business Conduct, available in 17 languages, covers the four areas of The UN Global Compact, environmental care, human rights, labor rights and anticorruption practices, all of which Transcom respects and supports fully. The principles are an integral part of Transcom's corporate strategy.

Whistleblower process

The Board of Directors has established a whistle blowing process which enables personnel to report violations in accounting, reporting, internal controls, non-compliance with Code of Business Conduct, Group policies, applicable laws, etc. Personnel are requested to report the matters to local Human Resources manager or to Transcom's internal whistle blower function at whistleblower.reporting@transcom.com. The whistleblower reporting mechanism also facilitates anonymous reporting. All allegations are taken seriously and an enquiry is conducted to not only investigate the alleged violations, but also to identify root causes to facilitate further strengthening of internal controls.

RISKS AND RISK MANAGEMENT

Risk	How it may impact Transcom	Transcom's management of risks
Business risks		
Macro-economic risks	Deterioration and/or sustained volatility in economic conditions in the markets in which Transcom operates may adversely affect its clients' businesses and the level of demand for Transcom's services which could have a material adverse effect on our revenue, profitability & strategy.	We continuously observe the economic development and evolution of our clients' business trends to align our strategy and goals in view of the ever-evolving economic condition.
Client & industry concentration	A significant portion of the Company's revenues is generated from a limited number of key clients in few industry sectors. Any significant loss of work from one or more of these clients, or a prolonged downturn in one or more of these industry verticals, could adversely affect our business.	We systematically monitor this risk with multiple variables at site level. Our strategy aims to increasingly diversify the risks by operating in different geographies, clients and industry verticals. The Company has a rigorous governance process for oversight and management of commercial risks.
Capacity utilization & productivity/efficiency risks	Our financial results depend on our capacity utilization and our ability to manage our workforce efficiently in view of client demands. Any sustained failure in ensuring optimal capacity utilization and/or optimal efficiency may have a material adverse effect on the Company's overall profitability.	We have established a governance structure for review of investments in capacity. Our core processes are designed to optimize these critical KPIs. We systematically and continuously monitor capacity utilization and efficiency for each client, site, and program and continuously identify remediation plans and focus areas for improvement.
People related risks	If Transcom is unable to attract and retain skilled staff, this may adversely impact the Company's business. The customer care outsourcing industry is prone to high staff attrition.	Transcom has deployed robust talent management and career development programs which help us in talent retention (more information available at 2015.transcom.com). Furthermore, the Company carries out periodic employee satisfaction surveys and other benchmarking exercises to identify improvement areas and further strengthen our position as an employer of choice in our industry.
Disasters, disruption & hazard risks (including IT or Network failure)	Continuity of our operations may be affected by natural events, wars, terrorist attacks, other civil disturbances, epidemics, technical failures etc. Any sustained disruption of our services may lead to significant deterioration in our profitability from the affected site/country/region. Information technology infrastructure failures can cause severe disruptions in our business activities.	We carry out detailed business impact analysis and have developed business continuity plans, which are periodically evaluated and updated. For technological risks, we have developed back up & disaster recovery plans and strategies. We have secured insurance against business interruptions.
Exchange rate fluctuation risks	We are exposed to exchange rate fluctuations: Transaction exposure: In some contracts (mostly offshore delivery) we have costs and revenues in different currencies. Translation exposure: A movement in the value of a currency relative to the Euro (which is Transcom's reporting currency) could impact the results.	Transcom continuously monitors foreign exchange fluctuations. As a principle, we aim to avoid foreign exchange fluctuation risks by trying to negotiate contracts with costs and revenues in the same currency. Furthermore, the Audit Committee has established a formal hedging policy which governs the terms, conditions and procedure for any hedging transaction executed by the Company.
Impairment risk	A substantial part of our assets consists of goodwill and any significant impairment would affect our results and shareholders' equity.	We annually evaluate the Goodwill on our balance sheet to identify any necessary impairment requirements, in view of the best available information.

Risk	How it may impact Transcom	Transcom's management of risks
Significant increase in input costs	If we are unable to pass on any significant increase in our key input costs – Human resources, technology, telecommunication, etc. to clients, our operating results could be adversely affected. Historically, there have been shifts in the relative geographic concentration of contact centers, following the trend in production costs.	Transcom strives to apply bespoke pricing and/or commercial models with clients, where possible. We continuously evaluate new locations for our delivery centers in countries with stable and competitive wages and other input costs.
Data privacy	Today's business environment is faced with the risk of data theft or data leakage (client, customer and employee data). There is a possibility that our security controls and practices are not able to prevent improper access to, or disclosure of, personally identifiable or proprietary information. Data privacy is also subject to frequently changing rules and regulations, which sometimes conflict among the various jurisdictions and countries.	We continuously monitor new requirements for the General Data Protection Regulation (GDPR) (Regulation (EU) 2016/679) set by the EU to ensure that we strengthen and unify data protection for individuals. Our data privacy policy and program is being refined to comply with the May 2018 deadline for GDPR.
Information security, technology and cyber-attacks	We are exposed to the risk of inadequate information security from internal sources (Data leakage) and external sources (Cyber-attacks). Weak information security controls across entities expose the company to cyber attacks. Data leakage causes distrust amongst our clients and their customers, and could possibly lead to a monetary impact on Transcom.	We systematically and continuously monitor IT incidents and continuously identify remediation plans and focus areas for improvement. Our processes are constantly strengthened to ensure that cyber-attacks, if any, are averted, and they do not result in liability and reputational harm to the company.
Employee misconducts	Our employees owing to the inherent nature of the industry and service offerings may be able to perpetrate frauds or other misconducts which may not only affect Transcom, but also its clients. Most of the client contracts hold Transcom liable for damages and/or liabilities arising due to fraud.	We collaborate with our clients continuously to identify and address fraud risks in a structured manner. We have secured insurance against such misconducts.
Tax audits & litigation risks	The Group is subject to tax audits in the normal course of business. A negative outcome in respect of such audits or litigation may have a materially adverse effect on the Group's business, financial condition and results of operations, beyond what has already been provided for. Refer to note 23 for details.	We observe all applicable laws, rules, regulations and disclosure requirements. We seek to plan and manage our tax affairs efficiently in all the jurisdictions in which we operate and to ensure that decisions taken are supported with documentation that supports the facts, conclusions and risks involved. We engage external tax experts for advice in complex matters to ensure that our interpretation and application of tax laws of the concerned jurisdiction is consistent and prudent. We follow tax litigations closely and create provisions in relation to tax risks for which management believes it is probable. All transactions we engage in must have business purpose or commercial rationale.
Corporate Social Responsibility-related risks		
Fraud, corruption and other unethical practices	We have operations in countries which have been assessed as more risky for corrupt practices. Any corrupt practices engaged in by our employee(s) may affect our goal to be a responsible corporate citizen.	We have zero tolerance towards any corrupt and unethical practices. Our Code of Business Conduct is available in 17 languages. All our employees sign this document when they start their employment. They are given suitable training on the key values of the Code. All managers receive training on this topic every year.
Supply chain malpractices (Third-party risks)	Any violations of ethical business practices by our vendor(s) may affect our goal to be a responsible corporate citizen.	We have a formal Supplier Code of Business Conduct (SCBC) based on the 10 principles of the UN Global compact. SCBC covers ethical business practices, respect for human and labor rights, and environmental care. All suppliers, including their employees, agents and subcontractors are expected to adhere to SCBC and make a commitment by signing. We have established a process of supplier self-assessment to control adherence to the requirements in our SCBC, starting with the largest suppliers.

Board of Directors



Name (born)	Henning Boysen (1946)	Fredrik Cappelen (1957)	Liselotte Hägertz Engstam (1960)
Function	Chairman of the Board since 2014 (chairman of Transcom WorldWide S.A.'s Board, 2012–2014). Elected to the Board in 2014 (joined Transcom WorldWide S.A.'s Board in 2009). Member of the Remuneration Committee and the Audit Committee.	Elected to the Board in 2015.	Elected to the Board in 2016.
Education	Mr Boysen holds a Masters in Economics from Aarhus University, Denmark.	Mr. Cappelen holds a MSc in Economics from Uppsala University.	Ms Engstam holds an MSc in Civil Engineering from Chalmers University of Technology and INSEAD International Directors Program Certification (IDP-C).
Nationality	Danish citizen	Swedish citizen	Swedish citizen
Other assignments	Chairman of Apodan Nordic, Chairman of Nupo AS.	Chairman of the board of directors of Dustin Group AB, Dometic AB and Terveystalo Oy, and board member of Securitas AB.	Chairman of the Board of Digoshen AB, board member of Knowit Group AB (publ), Zalaris A/S (publ), S-Group AB and Itello AB.
Principal work experience	Mr Boysen was Chairman of Kuoni, one of Europe's leading leisure travel companies, 2006-2014, board member since 2003. Chairman of Global Blue SA 2008-2012. Mr Boysen was formerly President and CEO of Gate Gourmet from 1996 to 2004. Between 1988 and 1992 he was COO and Deputy President of Saudia Catering in Saudi Arabia. Mr Boysen holds a Masters in Economics from Aarhus University, Denmark.	Previously the chairman of the board of directors of Byggmax Group AB, Svedbergs i Dalstorp AB, Sanitec Oy, Granngården AB, Munksjö AB, Munksjö Holding AB, GG Holding AB, Carnegie Holding AB and Carnegie Investment Bank AB as well as board member in Cramo Oy, Munksjö Oy and WPO Service AB.	Previously Vice President Head Nordic region at HCL Technologies, various international executive positions at IBM, member of the board of Moment Projektkonsult AB and GAIA Leadership AB.
Total fees 2016 (EUR)	105,000	46,000	43,000
Board meeting Attendance[1]	15 out of 15 (Chair)	15 out of 15	10 out of 10
Remuneration Committee Attendance	4 out of 4	2 out of 3	N.A.
Audit Committee Attendance	6 out of 7	N.A.	N.A.
Independence to Transcom and its Management	Independent	Independent	Independent
Independence to major shareholders	Independent	Not independent	Independent

1) Board meeting attendance of former board members during 2016: Per Frankling (5 out of 5), Alexander Isozimov (4 out of 5)



Klas Johansson (1976)	Mikael Larsson (1968)	Erik Törnberg (1970)
Elected to the Board in 2015. Member of the Audit Committee and chairman of the Remuneration Committee.	Elected to the Board in 2014 (member of the Board of Transcom WorldWide S.A., 2012–2014). Chairman of the Audit Committee.	Elected to the Board in 2016. Member of the Audit Committee.
Mr. Johansson holds a MSc from the Stockholm School of Economics.	Mr. Larsson is a graduate in Business Administration from Uppsala University.	Erik Törnberg holds a MSc from the Stockholm School of Economics.
Swedish citizen	Swedish citizen	Swedish citizen
Board member of Carnegie, CTEK, Gelato Group and Nova Austral.	Member of the boards of a number of subsidiaries within the Com Hem Holding AB Group.	Member of the Board of Röhnisch Sportswear, Tink AB and Kaching AB.
Klas Johansson is a Partner at Altor. Previously, Klas was an employee of McKinsey & Company and has served as board member of Ewos and as deputy board member of Lindorff.	Mr Larsson is Chief Financial Officer of Com Hem since May 2015. He served as Chief Financial Officer of Investment AB Kinnevik between 2001 and February 2015. Prior to joining Kinnevik, Mr. Larsson worked six years with audit and transaction advisory services at Arthur Andersen in Stockholm and held a position as Group Controller at Thomas Cook Northern Europe.	Erik Törnberg is Head of Investments at Creades AB. Previously Head of Investments at Investment AB Öresund, Investment Director at AB Custos and TMT One AB and Investment Manager at AB Custos. Previously board member of e.g. Carnegie Holding AB, Carnegie Investment Bank AB, eWork Scandinavia AB (publ), Creades AB, Klarna Holding AB, Klarna AB, HQ Fonder Sverige AB, Catena AB (publ) and C. Tybring-Gjedde ASA.
55,000	59,000	50,000
14 out of 15	15 out of 15	9 out of 10
4 out of 4	N.A.	N.A.
7 out of 7	7 out of 7	5 out of 5
Independent	Independent	Independent
Not independent	Independent	Not independent.

Group Executive management

Name	Johan Eriksson	Ulrik Englund	Rosana Garcia
Function	President & Chief Executive Officer and Acting General Manager, Continental Europe region.	Chief Financial Officer (CFO).	Group Human Resources Director.
Work experience/education	Johan was appointed President and Chief Executive Officer of Transcom in 2011. He joined Transcom in October 2010 to head up our operations in the Nordics as General Manager of the North Europe Region. Immediately before joining Transcom Johan spent three years as President & CEO of international staffing and recruitment company, Poolia AB (publ). He joined Poolia from Loomis, one of the world's leading players in Cash Handling services, where he held the post of Chief Operating Officer, responsible for operations in 14 countries. Between 1992 and 2007 he worked for the global outsourced security business, Securitas, latterly as Regional President for the Nordic Region. During his time with the company he also held posts in the UK, Germany, Austria and Sweden. Johan holds a Bachelor of Science (BSc) in Business Administration and Economics from the University of Karlstad. **Other assignments:** Chairman of the Board and Board member in a number of companies in the Transcom Group. Board member in RenoNorden ASA.	Ulrik Englund joined Transcom in 2015 as Chief Financial Officer (CFO). Before joining Transcom, Mr Englund served as CFO of Mobile Climate Control (MCC), a wholly- owned subsidiary of Ratos AB that develops, manufactures and sells customized climate control systems for commercial vehicles, since 2009. Prior to this role, Mr Englund held a number of senior finance positions at ASSA ABLOY, the largest global supplier of lock and security solutions, most recently as Group Controller. Ulrik Englund holds a Bachelor of Science degree in Finance and Accounting from Umeå University in Sweden. **Other assignments:** Board member of various companies in the Transcom Group.	Rosana Garcia joined Transcom in 2006 as Human Resources (HR) Manager for Barcelona. In the same year, she was promoted to HR Director for Iberia. Between 2007 and 2015, Rosana served as HR Director for the Iberia and Latam region. In 2015, she was appointed Group HR Director. Before joining Transcom, Rosana served as HR Manager at Mitsubishi Electric Europe B.V. Spanish Branch for 7 years. Rosana Garcia holds a Master Degree in Human Resources Management and Labor Relations from Ramon Llull University in Barcelona, Spain.

Christian Hultén

General Manager,
North Europe Region.

Christian joined Transcom in 2012 as General Manager of the North Europe Region, with responsibility for Transcom's operations in Sweden, Norway, the Netherlands, and the Baltic countries.

Prior to joining Transcom, Christian was CEO of ZeroLime, a software company developing and deploying video-based recruitment solutions. Christian also spent several years in senior management roles at Sykes. He was also part of the management team that established the Excellent Group in the Nordics.

Christian holds a Masters Degree in Political Science, International Relations from the University of Uppsala.

Other assignments:
Board member of various companies in the Transcom Group.

Philip Sköld

Chief Commercial Officer (CCO).

Philip Sköld joined Transcom in 2015 as Chief Commercial Officer (CCO).

Philip has over 17 years of international strategy consulting experience from Bain & Company (1997–2014), where he was elected Partner in 2006. He has held various senior leadership positions at Bain & Company, including Head of the Nordic Customer Strategy & Marketing practice and leader in the EMEA practice. He has extensive experience of growth strategy, M&A and all aspects of commercial excellence, having led some of the largest customer centricity change programs for Bain globally. His experience also includes serving as Director of Marketing & Business Development at Duni AB.

Philip Sköld holds a Master of Science degree in Industrial Engineering & Management from the Royal Institute of Technology (KTH) in Stockholm, Sweden. He is also a graduate of the Advanced Management Program at Harvard Business School.

Siva Subramaniam

General Manager, English-speaking markets and APAC.

Siva joined Transcom's Group Executive team in 2014 and is responsible for our operations in Asia Pacific, North America and the UK.

Prior to this role, Siva served as Transcom's Country Manager for The Philippines and Head of Sales for the Asia Pacific region since 2009.

Siva has more than 26 years of contact center management experience. Prior to joining Transcom, Siva was the Vice President for Customer Experience at AIG Consumer Finance Group in Asia. He also held senior roles with Aspect Software as the Vice President for Business Development & Marketing (Asia Pacific & Middle-East), TeleTech International, Avaya Global Services Asia Pacific and Deloitte Consulting (Customer Relationship Management Practice).

Other assignments:
Board member of various companies in the Transcom Group.

Stockholm, April 5, 2017

The Board of Directors in Transcom WorldWide AB (publ)

Henning Boysen
Chairman of the Board

Fredrik Cappelen
Member of the Board

Liselotte Hägertz Engstam
Member of the Board

Klas Johansson
Member of the Board

Mikael Larsson
Member of the Board

Erik Törnberg
Member of the Board

Johan Eriksson
President & CEO

Translation from the Swedish original

Auditor’s report on the Corporate Governance Statement

To the annual meeting of the shareholders of Transcom WorldWide AB, corporate identity number 556880-1277

The board of directors is responsible for the corporate governance report on pages 59–72 and that it has been prepared in accordance with the Annual Accounts Act.

We have performed our review in accordance with FAR’s statement RevU 16 The auditor’s review of the corporate governance report. This means that our review of the corporate governance report is limited compared to an audit in accordance with ISA and generally accepted auditing standards in Sweden. We believe that our review is sufficient and provides a basis for our opinions.

A corporate governance report has been prepared. Disclosures in accordance with chapter 6, 6 § second section, item 2–6 in the Swedish Annual Accounts Act and chapter 7, 31 § second section of the same law are consistent with other parts of the annual accounts and consolidated accounts and in accordance with the Swedish Annual Accounts Act.

Stockholm, April 5, 2017
Ernst & Young AB

Erik Åström
Authorized Public Accountant

Contact

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