Transcom

20 CELEBRATING 20 YEARS OF DELIVERING EXCELLENT CUSTOMER EXPERIENCE

Annual Report 2014

Creating Leadership in Customer Experience

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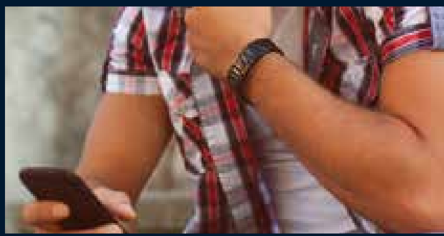
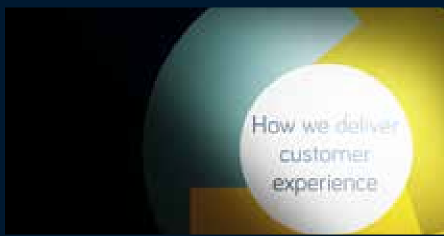
Transcom's positive profitability trend continued in 2014, and we are entering 2015 with strong operational and financial momentum. See page 2.



Markets and trends

The global customer care outsourcing industry is growing at an attractive rate. At the same time, customer requirements are changing fast. See page 10.



Business model and value creation

Transcom's customer experience framework is founded on solid business intelligence. The insight we gain through analytics enables innovation and also drives efficiency and cost savings through process optimization. See page 12.

People and sustainability

Transcom's CSR focus areas are people development, equality & diversity, and community engagement. See page 22.

The formal annual accounts and the consolidated accounts comprise pages 44–95.
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.

This integrated annual and CSR report serves as Transcom's Communication On Progress to the UN Global Compact and is for the first time prepared in accordance with the International Integrated Reporting Council's Framework Principles.

UN Global Compact principles are primarily addressed on the following pages, but also in other parts throughout the Annual Report. Several other issues of importance, such as supply chain management, are also described in our Code of Business Conduct, Supplier Code of Business Conduct and on our website, www.transcom.com.

HUMAN RIGHTS
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COP POLICY AND PROCEDURES can be found on pages: 2, 4, 5, 22, 28–42, 47–48

Key highlights 2014

STRATEGIC REVIEW OF CREDIT MANAGEMENT SERVICES (CMS) COMPLETED

In 2014, a number of CMS country units were divested. Other CMS units have been restructured in order to be integrated with Transcom's core customer care operations. Transcom is now able to direct all organizational resources towards strengthening its position in the core business – outsourced customer management solutions.

RE-DOMICILIATION TO SWEDEN COMPLETED

In November 2014, a re-domiciliation of the Parent Company of the Transcom Group from Luxembourg to Sweden was executed, aligning the legal domicile of the company with that of the majority of its owners. General meetings of the shareholders will now be held in Sweden rather than in Luxembourg, facilitating shareholder participation. Transcom is no longer bound by dual legal systems, which will lower costs and simplify the execution of corporate actions. The listing structure is simpler and less costly, as the Swedish Depository Receipt (SDR) system has been abandoned. Transcom now has one single class of listed ordinary shares, directly admitted to trading in the Mid Cap segment of the Nasdaq Stockholm exchange.

TWO NEW SITES OPENED IN EASTERN EUROPE

Transcom opened two new contact centers in Eastern Europe in 2014, in Hungary and Serbia, in order to expand near shore delivery capacity in Europe.

NORTH AMERICAN OPERATION RETURNED TO PROFITABILITY

Cost reductions and efficiency improvements returned the North American operation to profitability in 2014. At the same time, the positive trend in Asia Pacific continued during the year.

MAJOR IMPROVEMENTS IN NORTH EUROPE

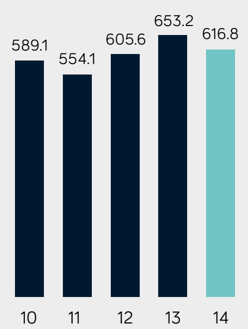
In 2014, significant performance improvements were realized in the North Europe region, both in terms of profitability as well as greater stability and financial predictability.

NEW BUSINESS WON WITH DOMESTIC CLIENTS IN LATIN AMERICA

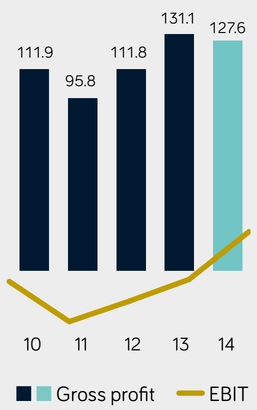
In Latin America, we have won new business with domestic clients, in line with Transcom's strategy to expand in Latin American markets, complementing the offshore services delivered from Latin American centers on behalf of clients in Spain. The focus in 2015 is on further improving capacity utilization in Latin America, which is still insufficient.

Key financial highlights

Revenues
EUR million



Gross profit and EBIT
EUR million



KPI development vs. previous year

Key performance driver	Trend vs. 2013	2014 vs. 2013
Average Seat Utilization ratio	↗	88 % vs. 87 %
Share of revenue generated offshore	↗	23 % vs. 22 %
Average Efficiency ratio (billable over worked hours)	→	slight negative development
Monthly staff attrition	→	Decreased attrition – positive development

Beginning the next phase

Transcom's positive profitability trend continued in 2014, and we are now transitioning out from the turnaround phase that we initiated at the end of 2011 in order to improve operational and financial stability. During the year, we also established a more appropriate corporate structure by executing a re-domiciliation to Sweden. In addition, we concluded the strategic review of our Credit Management Services operations, and are now directing all organizational resources towards strengthening Transcom's position in our core business – outsourced customer management solutions. We have a solid foundation from which to take the next steps in our development, and are entering 2015 with strong operational and financial momentum.

THE POSITIVE PROFITABILITY TREND CONTINUED IN 2014

In 2014, we made significant headway on several strategic initiatives and business priorities, which is also reflected in Transcom's continued positive profitability trend. Our EBIT margin improved by 1.1 percentage point to 3.5 percent in 2014. The fourth quarter was particularly strong from a profitability standpoint, with an EBIT margin reaching 5.8 percent. Like-for-like growth was a modest 0.5 percent in 2014 as a result of our strong focus on enhancing profitability during the year. As we are now starting the next phase in Transcom's development, we are refocusing our efforts on revenue expansion as well. In the fourth quarter, we delivered 3.8 percent like-for-like growth compared to the same period last year. All our regions contributed positively to this increase.

As we entered 2014, I highlighted three issues that we needed to successfully address in order to complete the turnaround of the company: improved efficiency and growth in the North America and Asia Pacific region, operational performance improvements and better financial predictability in the North Europe region, and driving efficiency and growth in Latin America. While we are still facing challenges in Latin America in terms of insufficient volumes and efficiency, I am confident in my declaration that Transcom is now transitioning out from the turnaround phase that we initiated at the end of 2011 in order to improve financial and operational stability.

We successfully returned our North American business to profitability in 2014, and are now focusing on further improving capacity utilization, and on driving future growth. In parallel, performance in Asia Pacific continued to improve during the year. In our North Europe region, we realized major improvements, both in terms of profitability and greater stability and predictability in our operations. Finally, in Latin America, we have won new business with domestic clients, which will contribute to higher capacity utilization and margin expansion in our Latin American operations.

WE HAVE ESTABLISHED A MORE APPROPRIATE CORPORATE STRUCTURE, FOCUSED ON OUR CORE CUSTOMER CARE OUTSOURCING BUSINESS

In 2014, we also made important progress in terms of simplifying and focusing the organization on Transcom's core customer care business.

First, we completed the strategic review of our former Credit Management Services (CMS) business, which largely operated as a separate and distinct entity with its own business model. This means that we are now able to direct all organizational resources towards strengthening Transcom's position in our core business – outsourced customer management solutions. In 2014, we divested a number of CMS country units: CMS Czech, CMS Poland, and CMS Austria. CMS Germany was sold in 2013. We have restructured other CMS units in order to integrate them with our customer care operations: CMS UK, CMS Sweden, and CMS Norway. The parts that have been incorporated with our CRM operations are characterized by services that can be efficiently delivered within the context of our core CRM business model. Finally, CMS Denmark will continue to be managed and further developed within Transcom.

Second, in November 2014, we executed a re-domiciliation of the Parent Company of the Transcom Group from Luxembourg to

"Transcom now has a solid foundation from which to take the next steps in our development, and we are entering 2015 with strong operational and financial momentum."

Sweden, with some important benefits for the Group and our shareholders. This change means that we have aligned Transcom's legal domicile with the domicile of its owners, as the majority of the company's shareholders are Swedish. General meetings of the shareholders will now be held in Sweden rather than in Luxembourg, facilitating shareholder participation. In addition, Transcom is no longer bound by dual legal systems, which will lower costs and simplify the execution of corporate actions. We also have a listing structure that is simpler and less costly, as we have abandoned the SDR system. Transcom now has one single class of listed ordinary shares, directly admitted to trading in the Mid Cap segment of the Nasdaq Stockholm exchange.

TAKING THE NEXT STEP

Transcom now has a solid foundation from which to take the next steps in our development, and we are entering 2015 with strong operational and financial momentum. Our objective is to increase revenue organically, while continuing to improve our operational efficiency in order to strengthen margins. As previously disclosed, Transcom has adopted a set of mid-term financial targets: like-for-like 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. Provided that the net debt/EBITDA target is met, Transcom would be in a financial position to start paying a dividend in 2016, i.e. for the 2015 financial year.

Our strategic priorities in order to achieve these goals are informed by our vision of being recognized as a global leader in customer experience.

First, we aim to grow together with our clients, further strengthening Transcom's position as a strategic partner, while also creating a more balanced industry and client portfolio.

Second, we will continuously improve our service offering, focusing on advanced, value-added services. Our industry is changing fast. Customer needs are evolving and client requirements are shifting from a transactional focus towards quality and value, e.g. empowered agents, high value-added services, analytics and vertical solutions. We also see rapid growth of non-voice multichannel and automated services, requiring more advanced technology platforms as well as process innovation.

Third, we will seek to strengthen Transcom's global footprint, not least in the United States, which is the largest customer care outsourcing market in the world. Latin America is also an attractive future growth area. We are seeking to expand in domestic Latin American markets, complementing the offshore services we deliver from our Latin American centers on behalf of clients in Spain. Our objective is to grow in new attractive markets, diversify our client base, and raise our seat capacity utilization as we increasingly serve clients across several time zones from our centers in Latin America. In addition, there are also attractive opportunities for Transcom to continue growing in our core European market. For example, we opened two new contact centers in Eastern Europe in 2014, in Hungary and in Serbia.

Lastly, we will make sure that Transcom has a competitive operational platform, i.e. that our global business operations are efficient and effective and that the Group's resources are managed in the best possible way. One particular area of focus during 2015 is to drive margins through maximizing our process and technology scalability, not least by increasing the degree of process and system standardization across our global operations.

The key areas I describe above are of vital importance to the company's continued success. Therefore, as previously announced, we are strengthening our management team in order to increase focus and accountability in all of them. Transcom's Group executive management team will now include a Chief Operating Officer (COO), a Chief Commercial Officer (CCO) and a Group HR Director. Our COO will be responsible for Transcom's Group-wide operational processes, and Transcom's new CCO will have a key role in meeting our future growth objectives, strengthening Transcom's position as a strategic partner for our clients. Transcom's Group HR Director is responsible for implementing our human resources strategy and values by planning and managing human resources programs across our global organization. People truly make all the difference in our business. An engaged, skilled and motivated workforce is key to meeting our ambitious goals. During the year, one important priority in the HR area was the implementation of Transcom's strengthened Talent Management Program, with the aim of ensuring the provision of future leaders and specialists.

Strategic priorities

GROW TOGETHER WITH OUR CLIENTS, WHILE CREATING A MORE BALANCED INDUSTRY AND CLIENT PORTFOLIO

CONTINUOUSLY IMPROVE OUR SERVICE OFFERING, FOCUSING ON ADVANCED, VALUE-ADDED SERVICES

STRENGTHEN TRANSCOM'S GLOBAL FOOTPRINT

COMPETITIVE OPERATIONAL PLATFORM

TRANSCOM CARES

At Transcom, we have chosen to focus our corporate social responsibility (CSR) efforts on people, which is reflected in the focus areas of our CSR governance program, Transcom Cares. We focus on people development, equality & diversity and on community engagement. In 2014, we continued our stakeholder dialogues, which supported the overall orientation of our CSR programs. I invite you to read more about Transcom Cares on pages 22–27 of this Annual Report, and also on blog.transcom.com, where we regularly post stories about our Transcom Cares initiatives. In addition to the CSR focus areas we have defined in our Transcom Cares program, 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.

Let me take this opportunity to thank all our 30,000 employees for your hard work, commitment and dedication during 2014.

Stockholm, April 20, 2015

Johan Eriksson
President & CEO of Transcom

A global customer experience specialist

Transcom is a global customer experience specialist, providing customer care, sales, technical support and collections services through our network of 54 contact centers and work-at-home agents across 23 countries on five continents. 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 is a **GLOBAL** customer experience **SPECIALIST**, providing outsourced customer care and collections services
- Established in **1995** and listed on Nasdaq Stockholm since **2001**
- **EUR 616.8 MILLION** revenue in 2014
- **30,000 PEOPLE** representing over **100 NATIONALITIES**
- **400+ CLIENTS** in various industry sectors
- **54** onshore, near shore and off-shore **CONTACT CENTERS** across **23 COUNTRIES**
- Delivering services in **33 LANGUAGES**

AN EXTENSIVE GLOBAL FOOTPRINT

As a global player with operations in 23 countries across five continents employing 30,000 people, Transcom can provide service wherever our clients have customers.

Whether onshore, offshore or near shore, Transcom's people are focused on delivering outstanding customer experiences, helping our clients drive satisfaction, brand loyalty and additional sales.

Country	Domestic delivery	Near shore delivery	Offshore delivery
Sweden	✓	✓	
Norway	✓		
Denmark	✓		
Netherlands	✓		
Estonia	✓	✓	
Lithuania	✓	✓	
Latvia	✓	✓	
Germany	✓		
United Kingdom	✓		
Italy	✓		
Hungary	✓	✓	
Poland	✓	✓	

Country	Domestic delivery	Near shore delivery	Offshore delivery
Croatia	✓	✓	
Serbia		✓	
Tunisia		✓	
Spain	✓		
Portugal	✓		
Chile	✓		
Peru	✓	✓	✓
Colombia	✓	✓	✓
USA	✓		
Canada	✓	✓	
Philippines	✓		✓

MARKET DEFINITION – WHAT BUSINESS ARE WE IN?

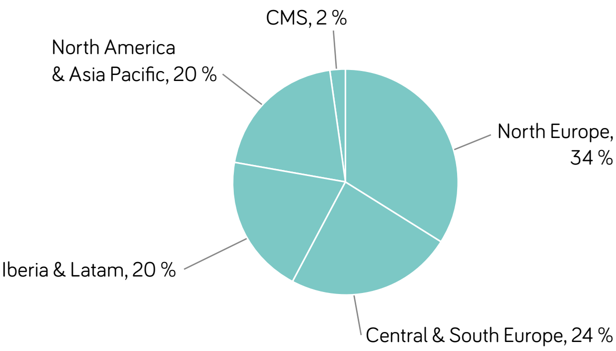
Customer management comprises the processes linking an organization with its existing and potential customers, and includes four sub segments: customer selection, customer acquisition, customer retention and customer extension. Services are delivered via four primary channels:

- Telephony, including voice and interactive voice response (IVR) self-service
- Email response management
- Web chat
- Knowledge management for web-based self-service

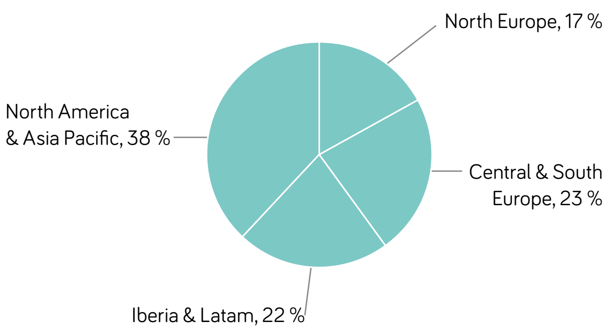
Help Desk outsourcing involves first- and second-level help desk support for information technology services, both for internal stakeholders in an organization and external customers.

Read more about Transcom's service portfolio on pages 12–17.

REVENUES BY REGION



NUMBER OF EMPLOYEES



Transcom celebrates 20 years in business

In 2015, Transcom celebrates 20 years in business. From its beginnings in 1995, the company has gradually evolved from a single-country operation into a global organization spanning 23 countries.

European expansion 1995–2001

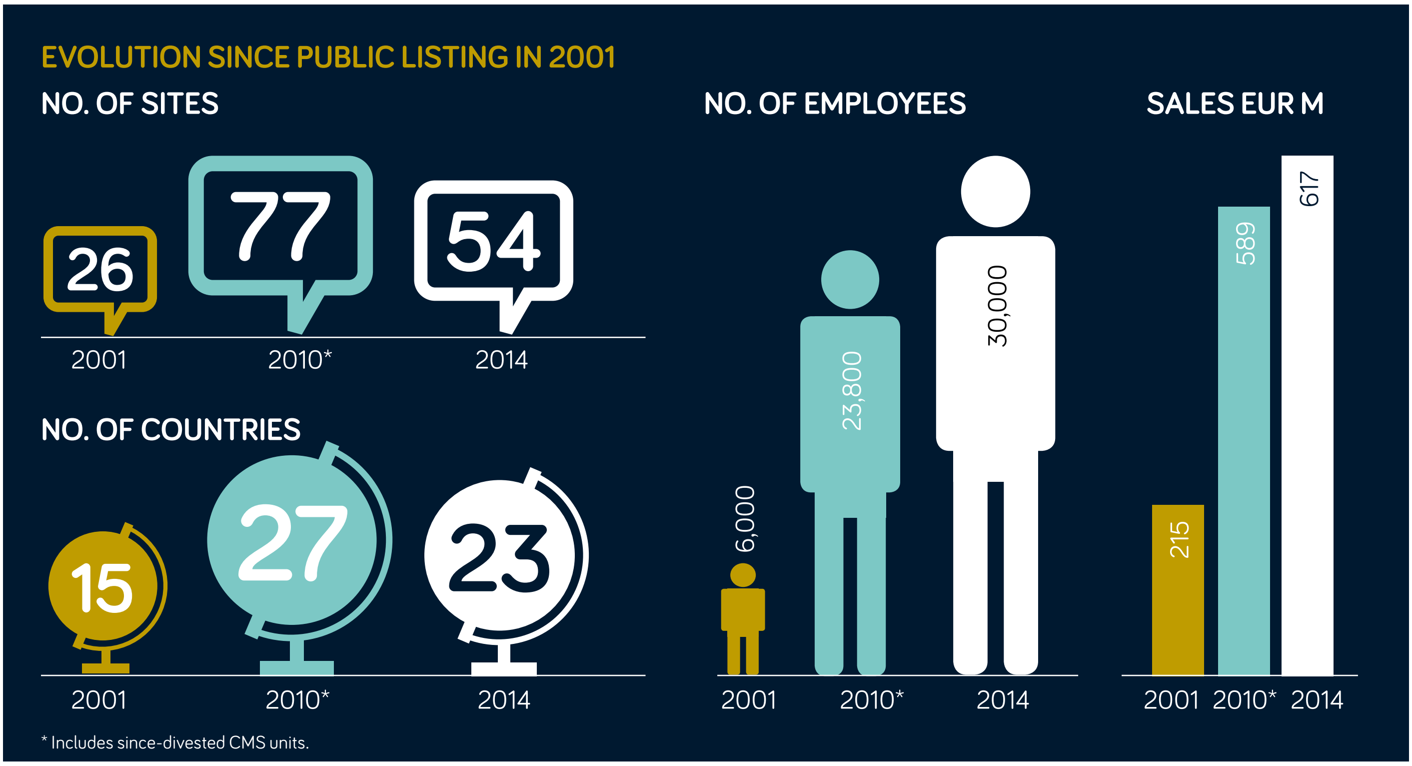
Transcom AB was originally set up in 1995 to provide customer service for Comviq's mobile telephony customers in Sweden. Subsequently, Transcom Europe was formed to support expansion into new European markets. These two parallel Transcom organizations grew rapidly, and were merged in the year 2000 to form Transcom WorldWide.

- Transcom founded in Sweden in 1995
- Focus on organic growth; European expansion began in 1997
- Presence in 15 European countries at the end of 2001, the widest geographical coverage of any customer contact center organization in Europe at the time
- Transcom's shares were listed in September 2001

Diversification and acquisitions 2002–2010

In 2002, Transcom started to diversify its business, both in terms of services offered and the company's geographical presence. The debt collection business was entered through acquisitions in a number of countries, establishing the Credit Management Services (CMS) business unit. Transcom also made acquisitions to expand its core customer care outsourcing business in new geographies, not least in North America and Asia.

- Acquisition-led growth started in 2002 with the purchase of Gestel, a Spanish CRM operator
- Diversification into debt collection business through acquisitions in several European countries.
- Expansion of near-shore services, serving high-cost countries from low-cost locations
- Establishment of centers in Latin America to serve Spanish clients
- Expansion into North America and Asia via acquisition of Cloud10 and NuComm



Turnaround 2011–2014

In 2011, Transcom entered a turnaround phase. In the following years, the company executed a number of restructuring actions which have improved financial and operational stability, creating a solid foundation for future profitable growth. The CMS business unit was divested, in line with Transcom's strategy to focus on its core customer care business.

- Restructuring program in order to strengthen competitiveness and improve profitability
- Focus on growth in prioritized geographies; divestment of a number of smaller country operations
- Divestment of Credit Management Services (CMS) in order to focus on core customer care business
- Re-domiciliation to Sweden from Luxembourg completed

Leadership in customer experience 2015–

We are now exiting the turnaround phase with strong operational and financial momentum. Transcom's fundamental objective is to create shareholder value through profitable growth. Our strategic priorities going forward are informed by our vision of being recognized as a global leader in customer experience. We aim to increase revenue organically while continuing to improve our operational efficiency in order to further strengthen margins.

- Growth with clients, while creating a more balanced industry and client portfolio
- Continuously Improving service offering, focusing on advanced, value added services
- Strengthen global footprint supporting the European core market
- Competitive operational platform

A rapidly changing and growing industry

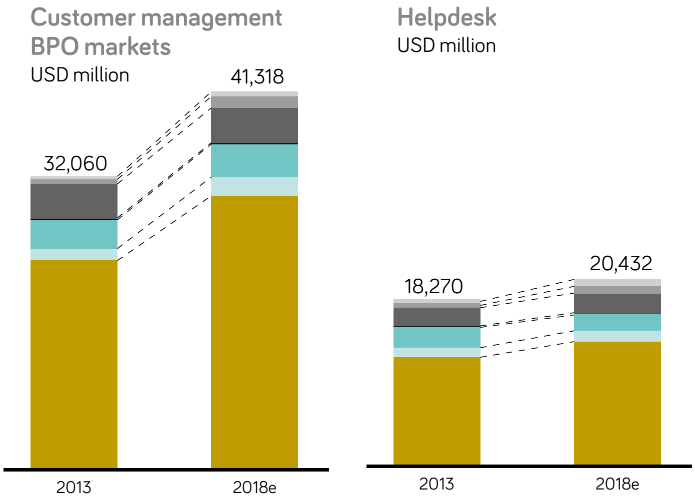
The global customer care outsourcing industry is growing at an attractive rate. At the same time, customer requirements are changing fast. In order to capitalize on growth opportunities, industry players need the capability to bring together innovative solutions, process changes and technology with people.

Customer care outsourcing – an expanding industry

The customer care outsourcing industry is growing at a healthy rate, exceeding global GDP growth. Looking ahead, this development is expected to continue. Based on external research, Transcom anticipates that the global outsourced customer contact center market will grow at an average annual rate of five to six percent in the next five-year period.

While we expect to see expansion in all our key markets, growth patterns differ quite significantly across regions, with the highest numbers expected in emerging markets in the Asia Pacific region (up to 20 percent or more) and Latin America (around 10 percent). While growth rates are lower in Europe (around 3 percent) and the United States (5–6 percent), the larger size of these mature markets means that the bulk of the global industry increase in the next five years will be generated there.

A growing middle class and an increased penetration of smartphones and mobile technologies in emerging markets will drive the need for services in native (non-English) languages. This domestic expansion will generate new growth opportunities for customer care outsourcing companies, and we are seeing traditional offshore locations developing into delivery centers for domestic clients as well.



2013–18 CAGR
Customer management BPO

5.5 %	North America
9.4 %	Latin America
2.7 %	Western Europe
0.6 %	Eastern Europe
0.2 %	Mature Asia/Pacific
21.0 %	Emerging Asia/Pacific
9.5 %	Other
5.2 %	**Total**

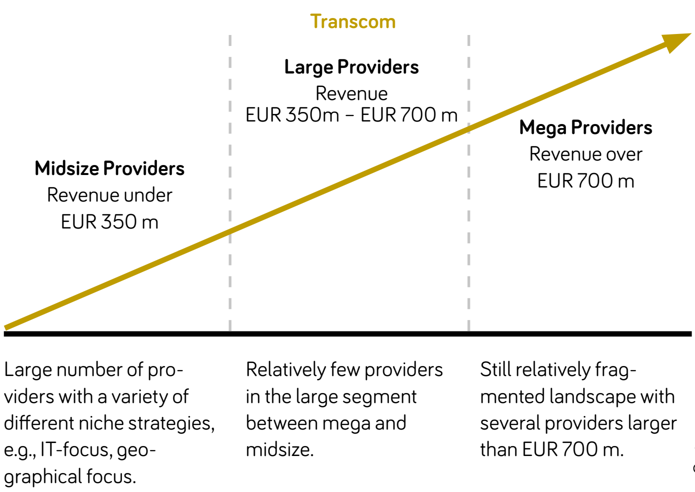
2013–18 CAGR
Helpdesk

2.7 %	North America
2.5 %	Latin America
–4.6 %	Western Europe
–0.9 %	Eastern Europe
0.8 %	Mature Asia/Pacific
14.2 %	Emerging Asia/Pacific
10.0 %	Other
2.3 %	**Total**

Source: Gartner

Consolidation trend continues

Customer care outsourcing is a fragmented industry with many small and medium-sized players that operate locally or regionally. However, a number of mergers and acquisitions in the last two years have increased the industry concentration level. Gartner estimates that the top ten global players accounted for approximately 50 percent of the total market at the end of 2013. The consolidation trend will likely continue in the years to come, as industry players seek to expand, realize superior economies of scale, acquire capabilities or new technology, and enter new service or geographical markets.



Source: Gartner

New services and increased use of technology

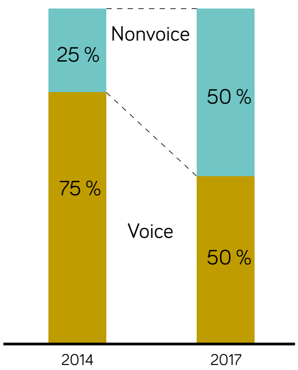
Voice-based services, i.e. phone, still accounts for the bulk of customer care outsourcing companies' revenue. However, this is changing rapidly, as shifting customer behavior is driving the adoption of new multichannel and automated services. Digital natives expect customer service to be accessible at all times, and they want to be able to resolve their issues via the channel of their choice. Gartner expects that non-voice services will overtake the voice channel in 2017, with the highest growth in the web, chat, SMS and mobile app channels.

While we see a rapid move to non-traditional service channels, many customers will still prefer voice calls for more complex issues. This will be even truer in the near future, as voice interactions are increasingly enhanced by the use of video. Gartner expects that 20 percent of the 500 largest global businesses will introduce video-based chat by 2018 for customer-facing interactions.

The rapid increase of the amount of data available to a contact center agent will also make technology more important as a competitive differentiator. Obtaining a single view of the customer is becoming ever more challenging, and requires investments in technology to enable the provision of real-time, contextual information that can be used to improve customer experience.

While technology is a key factor in the future evolution of the industry, customer experience ultimately comes down to people interacting with people. To succeed, companies need to train and empower their agents to deliver excellent customer experience. The ability to provide an environment that brings together solutions, process changes and technology with people will be a fundamental competitive differentiator in the years ahead.

Customer management BPO markets by channels



Source: Gartner

PRIMARY CHANNELS USED:

- Telephone, including voice and interactive voice response (IVR) self-service
- Email response management
- Web chat
- Social media monitoring and response
- Knowledge management for Web-based self-service

Value proposition and service portfolio

Delivering outstanding customer experience

As a global specialist of outsourced customer care solutions, we have 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 our 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.

Our vision:

Recognized as a global leader in customer experience

Our mission:

Transcom enables companies to enhance their business performance by improving the experience of their customers.

We accomplish this through:

- Talented, experienced and **committed** people, who deliver outstanding customer experiences across a multitude of channels
- Innovative **technology** for capturing, processing and analyzing customer intelligence
- Continuously improved **processes**, working methods and systems, for serving customers and advising clients
- Deep **understanding** of customer trends, needs and behavior

"Transcom's business is to help make sure that customers form positive perceptions of their interactions with our clients."

Services that increase loyalty, customer retention and sales

Transcom's service portfolio is designed to enable the creation of outstanding customer experiences, while also reducing cost and helping to drive growth for our clients.

Our suite of services includes customer care, sales, technical support and collections services, delivered through our extensive network of contact centers and work-at-home agents. Our customer experience specialists engage with our clients' customers in multiple channels, including phone, e-mail, chat and social media networks.

Our 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 our daily operations. We constantly validate the impact of our service delivery on customer experience, e.g. through Customer Satisfaction, Customer Effort, and Net Promoter indices.

Customer service

Customer experience specialists trained to support best-in-class product, service and brand experiences for our clients' customers.

Customer acquisition

Acquiring new customers cost-efficiently, and building strong customer relationships as a basis for future interactions.

Cross- and upselling

Building relationships and identifying customer needs during any type of interaction, and taking appropriate action to satisfy the customer's need.

Transcom

Customer retention

Preventing defection and maximizing the lifetime of a customer.

Technical support

Tiered support models, from the simplest questions to more complex support scenarios.

Collections services

Early collections services, e.g. payment reminder calls.

Delivering value to our clients and their customers

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. Our clients expect us to deliver service to their customers in a reliable, consistent, and cost-effective way. At the same time, it is essential to stay agile as conditions and client requirements can change quickly. Also, the proliferation of new channels and technologies requires us to constantly innovate and refine best practices together with our clients in order to remain competitive.

VALUE FOR OUR CLIENTS' CUSTOMERS

- Ability to get information, or resolve an issue, quickly and with minimal effort
- Ability to use voice and non-voice channels as required
- Receive attractive, personalized offers, based on an understanding of potential needs

TRANSCOM

- Transcom's operations add value to our clients' businesses by supporting the creation of outstanding customer experiences, while reducing cost and helping to drive growth

VALUE FOR OUR CLIENTS

- Improved customer experience, leading to higher loyalty
- Increased sales
- Lower cost and improved quality of business processes
- Access to technology and best practices
- Analytics capabilities, improving customer understanding

Service and support in multiple channels

Companies have to invest in, and consistently engage with customers, in an ever-growing number of channels. Transcom can assist clients in providing a consistent, customized customer experience that can move seamlessly across voice and non-voice channels as the customer requires.

Primary channels used:

- Telephone, including voice and interactive voice response (IVR) self-service
- Email response management
- Web chat
- Social media monitoring and response
- Knowledge management for web-based self-service

How Transcom contributes to a better customer experience

Besides cost savings, the most important reasons for outsourcing customer care are to improve business processes and create a better customer experience.

Transcom's approach is built on the collection and analysis of sound and solid data. The insight we gain together with our clients enables innovation and also drives efficiency and cost savings through operational process optimization.

ANALYTICS – THE KEY TO HAVING REAL IMPACT ON CUSTOMER EXPERIENCE

At Transcom, business intelligence and analytics is all about understanding how to maximize the positive impact we have on our clients' organizations. Data collection and analysis is becoming more critical as our clients expect us to play an ever-greater role in improving customer loyalty. Also, analytics is being applied to an increasing number of areas, both to improve customer experience and create efficiency improvements.

ONGOING PROCESS IMPROVEMENTS, DRIVING EFFICIENCY AND COST SAVINGS

Given the high level of complexity in successfully managing a contact center, coupled with the rapid pace of change, effective process management is vital. Streamlining and standardizing basic aspects of service delivery, and ensuring quality control, is fundamental.

We are continuously investing in processes, methods and tools that help our people deliver better services with lower risk, higher consistency and better efficiency.

CONTINUOUS INNOVATION IN ORDER TO STAY AHEAD

Innovation, agility, and best practice implementation are some of the most important things our clients say they expect Transcom to bring to their customer service organizations. They want us to push them to stay ahead and to help put them in a position from which they are able to benefit from the unrelenting change that characterizes many industries today. Multichannel solutions are an area which has been in particular focus in recent years. The share of non-voice in Transcom's overall service mix continued to increase in 2014, and we expect this development to accelerate in the coming years.

Transcom's customer experience framework

BUSINESS INTELLIGENCE AND ANALYTICS

- Data Mining
- Reporting and Information Accuracy
- Analytics
  - –Operational Efficiency
  - –Business Process Improvement

PROCESS IMPROVEMENT

- Continuous Improvement
  - –Process Development
  - –Process Implementation
  - –Process Audit and Control
  - –Change Management
- Performance Management
  - –Operational Insight

INNOVATION

- Knowledge Management
- Web/self-service design
- Social Media
- System Development
- Marketing and Promotion
  - –Portfolio Management
  - –Cost Benefit Analysis

Customer care – a real-time business

The continuous balancing of cost efficiency and productivity with the delivery of great customer experience is a challenge that Transcom helps its clients face up to every day. Success hinges on continuous real-time resource management, and a client-vendor partnership that is characterized by trust, open communication, and collaborative decision-making.

CONTINUOUS REAL-TIME MANAGEMENT ESSENTIAL IN ORDER TO MANAGE VOLATILITY

The customer care business truly runs in real time. A high degree of flexibility and responsiveness is vital as the volume of customer interactions can vary significantly, both during the course of a single day and from month to month. Even though self-service channels are on the rise, a significant share of customer contacts is handled by people interacting directly with people using various communications channels.

Ensuring a consistently high service level, at a justifiable cost, depends in large part on the ability to make available the appropriate number of customer service representatives with the right skills, at the right time. A multitude of factors have a direct impact on the volume of customer inquiries a company can expect to receive at any given point in time. In order to estimate future customer service staffing requirements, a volume forecast is created, based on an aggregate view of known factors, e.g. planned campaigns, new product launches, invoicing changes, recent volume trends, seasonality factors, etc. However, the target is continuously moving as various hard-to-predict events influence the actual number of customer contacts that need to be responded to, e.g. weather conditions, service changes or interruptions, delays in sending out invoices, etc. At the same time, changes in staffing availability can occur, e.g. due to sickness or staff attrition.

Transcom's capability to successfully manage this inherent volatility in customer care management operations is fundamental to delivering a great customer experience while at the same time keeping costs under control and generating a profit. An effective partnership with clients is critical to success, with close collaboration on important issues such as volume forecasting and process improvements.

My Transcom Experience

To learn more about how Transcom works together with our clients to enhance their business performance, please visit our blog at blog.transcom.com. Our goal with this site is to open a window into our company, culture and day-to-day operations. We would like to let people take a look inside Transcom, and give visitors the opportunity to interact with us.

THE PRICING MODEL – AN IMPORTANT TOOL IN STRIKING THE RIGHT BALANCE

The commercial model, governing the relationship between Transcom and our clients, is an important factor in striking the right balance between revenue, service levels and cost. This balance varies, e.g. depending on the industry, the type of customer contacts, and client priorities. The pricing models that Transcom uses with its clients generally fall into four key categories, as outlined in the table below. Although the basic terms are usually set out in multi-year frame agreements, the models are regularly reviewed and adjusted, as our partnerships evolve over time and our clients' priorities shift.

Each pricing model has its own tradeoffs in terms of cost, quality, and predictability for Transcom and our clients. For example, a cost-per-contact unit rate creates an incentive to reduce handling times, in contrast to a cost-per-minute model. This can, in turn, have implications in terms of customer service quality and, ultimately, customer loyalty. Therefore, various KPIs are used in order to manage quality, e.g. first-call resolution and customer satisfaction scores. Performance against these KPIs is usually tied to bonuses or financial penalties.

The pricing model used also has important implications for Transcom in terms of financial predictability and stability. For example, models based on a price per customer contact or per minute spent resolving a customer issue, imply a higher exposure to the accuracy of volume forecasts than a contract based on an agreed staffing level (price per hour worked). Transcom's target is to achieve an appropriate mix of pricing models used in all regions, in order to avoid excessive financial risk associated with poor forecast accuracy. Irrespective of the commercial model used, effective workforce management is fundamental to successfully operating a contact center, not least in order to manage volatile demand. Therefore, workforce optimization is at the very core of Transcom's client proposition, and is an integral part of our Customer Experience Management framework.

PRICING MODEL	KEY CHARACTERISTICS
Price per transaction (e.g. call or data entry)	• Transcom gets paid for each transaction, e.g. each call taken • Time spent per transaction is capped – critical to balance quality and time spent on each transaction • Accuracy of volume forecast is key to planning and profitability
Price per activity	• Typically used for back-office tasks/processes • Time spent per activity is capped – important to balance quality and time spent on each task • Transcom uses client systems and pre-defined processes • Back-office tasks usually take longer to complete than the typical call
Price per minute	• Transcom gets paid based on the time the agent spends with each customer (usually no cap) • Accuracy of volume forecast is key to planning and profitability, but less risk than in price per call models
Price per hour	• Provides a greater degree of financial predictability and stability

The cases below are just a few examples of how Transcom's services and solutions enhance customer loyalty and improve process efficiency. The key to success is partnering with our clients to create an environment that brings together people with innovative solutions, processes and technology.

A STRUCTURED APPROACH TO CREATING OUTSTANDING CUSTOMER EXPERIENCE

CLIENT SITUATION

Our client is a leading online media company, broadcasting TV shows, movies and other content over the internet. They have ambitious goals in terms of service quality and customer satisfaction, but were unable to reach them together with their previous partners. The results achieved were in line with the industry average. Given our client's aim to provide an above-average service, a change was necessary and they decided to partner with Transcom.

OUR SOLUTION

Transcom established a special organization dedicated to this client, with one overriding goal: creating outstanding customer experience. All aspects necessary to meeting the overall objective were analyzed in depth. Based on this analysis, a structured methodology was put in place in order to manage towards the identified key performance indicators.

RESULTS

- The key objectives agreed on with the client were reached within a few months, and the results achieved are above expectations on all measures
- Significant increase in customer satisfaction scores (CSAT), with an eight percentage-point improvement in the first three months. In some areas, CSAT has reached levels as high as 96 percent.
- Efficiency has improved and continues to develop positively

PARTNERSHIP TO DRIVE INCREASED CROSS-SELLING IN BANKING

CLIENT SITUATION

Transcom has handled all customer relations for this major European bank since 2007. Cross-selling has been introduced as a key objective for the partnership, and Transcom is evaluated in terms of how well we support our client's business strategy.

OUR SOLUTION

Agents in two contact centers manage a significant volume of customer contacts in several different languages via multiple channels, including voice, email, chat, Facebook and Twitter. Cross-selling is an integrated feature of the service, and Transcom's agents are adept at building relationships, identifying customer needs during any type of interaction, and taking appropriate action to satisfy the customer's need while maximizing cross-sales for our client.

RESULTS

- Very high conversion ratio
- Client acknowledges Transcom's key role in creating new opportunities across their business
- For the past five years, Transcom has received the "Contact Center Efficiency in Banking Operations Award"
- For the past three years, Transcom has been awarded the by the CRC as a top outsourcer in banking and financial services

STRATEGIC PARTNERSHIP TO IMPROVE CUSTOMER RETENTION

CLIENT SITUATION

Our client, a North American Cable TV, Phone and internet services provider, was experiencing elevated customer churn in parts of their business due to intense competition. The company needed a partner to help them improve customer retention. They chose Transcom.

OUR SOLUTION

Transcom created attractive offers that were competitive across the market, while achieving a high level of consistency in how they were presented to customers. Transcom put together a team of skilled Retention Agents who were extensively trained and continuously coached in order to effectively communicate offers to our client's customers. In addition, Transcom tracked and reported on the top reasons for customer churn. This enabled the client to calibrate its offers in order to compete more effectively in the changing market place.

RESULTS

- The customer retention rate improved by 22 percentage points in six months.

SUPPORTING EXPANSION INTO NEW MARKETS

CLIENT SITUATION

Our client, a fast-growing online travel operator, needed a partner that had the ability to support the company's expansion into new markets. Transcom was selected as the company's sole strategic partner, primarily because of the ability to manage international growth.

OUR SOLUTION

Transcom's solution is based on a near- and offshore business model that ensures cost-effectiveness while delivering high service standards. Our multilingual contact centers enable the addition of more languages as the operation expands to new geographical areas. Being able to serve a global operation with a single customer care partner has been a bonus for our client that runs a lean, virtual business operation.

RESULTS

- Significant reduction in client's operating costs despite rapid growth in bookings
- Successfully supporting year-on-year sales growth of up to 200 percent, and expansion into new global markets.

INNOVATIVE HOME AGENT SOLUTION

CLIENT SITUATION

Our fast-growing consumer electronics client needed an approach to efficiently and cost-effectively recruit, train and manage technical support agents assisting customers in several different Nordic languages. Recruiting at the scale and speed required was very challenging for our client due to the language and technical skills requirements, and the resulting lack of suitable candidates in any one single region or area where a contact center was located.

OUR SOLUTION

Transcom's work-at-home agent concept proved to be ideally suited to addressing this particular client's needs. The virtual model, based on agents working from home, allowed us to tap into a much larger talent pool than would have been possible using a conventional contact center-based approach. The home agent concept enabled us to recruit agents with the right profile across a large geographical area. State-of-the-art tools and technology allow us to manage and coach all agents from a single location, ensuring consistency and efficiency.

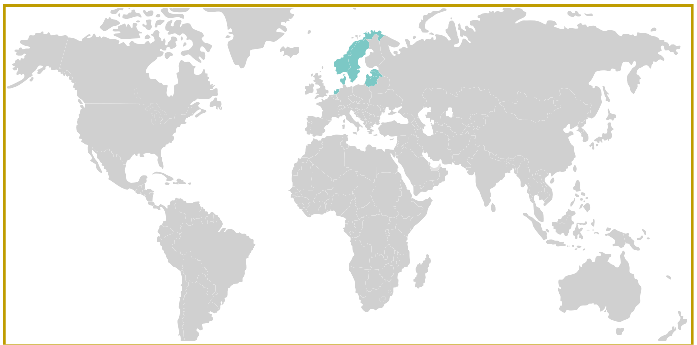
RESULTS

- Consistently high levels of service quality and customer satisfaction
- Cost efficient for client and Transcom
- Highly scalable and flexible model

An extensive global footprint

As a global player with operations in 23 countries employing 30,000 people, Transcom can provide service wherever our clients have customers. Our global delivery network with 54 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. Transcom's global business is managed within four units.

NORTH EUROPE



Share of total revenue 34%

Services delivered from Sweden, Norway, Denmark, Latvia, Lithuania, Estonia, and the Netherlands.

Highlights 2014

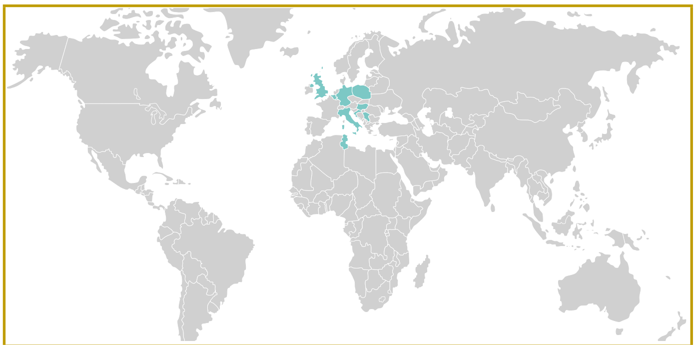
- Focus on strengthening operational efficiency
- Continued implementation of new price model with large client, enhancing financial predictability and stability

Focus 2015

- Continued margin improvements
- New business development

EUR million	2014 Jan–Dec	2013 Jan–Dec
Revenue	207.7	216.7
Gross profit	38.7	37.0
Gross margin	18.6 %	17.1 %
EBIT	11.0	8.2
EBIT margin	5.3 %	3.8 %

CENTRAL & SOUTH EUROPE



Share of total revenue 24%

Services delivered from Croatia, Germany, Hungary, Italy, Poland, Serbia, Tunisia and the United Kingdom.

Highlights 2014

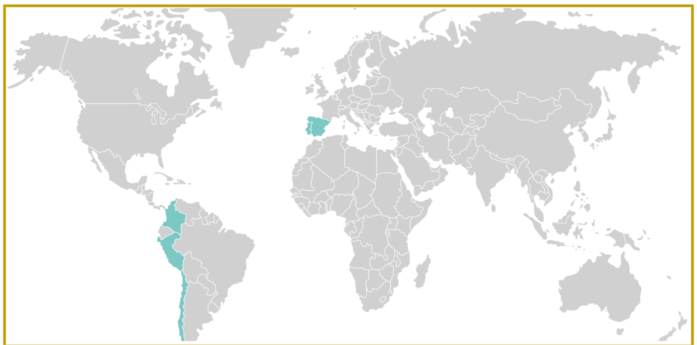
- New sites opened in Hungary and Serbia, expanding near shore delivery capacity in Europe
- Growth with existing and new clients
- Increased efficiency in Italy, Germany and Poland

Focus 2015

- Further develop multilingual near shore delivery capacity
- New business development

EUR million	2014 Jan–Dec	2013 Jan–Dec
Revenue	149.5	150.1
Gross profit	28.5	28.6
Gross margin	19.0 %	19.0 %
EBIT	5.0	4.3
EBIT margin	3.3 %	2.9 %

IBERIA & LATAM



Share of total revenue 20%

Services delivered from Chile, Peru, Portugal, Spain and Colombia.

Highlights 2014

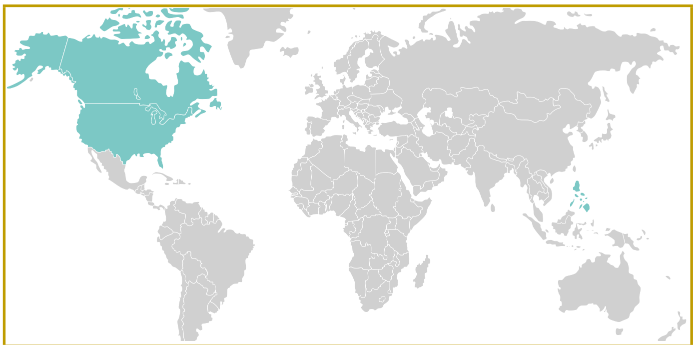
- Gradual ramp-up of volumes at our new contact center in Cali, Colombia
- Focus on increasing capacity utilization and efficiency in Chile
- We have won new business with domestic clients, but volumes in Latin America are still too low

Focus 2015

- Improving capacity utilization and efficiency in Latin America
- Expansion with local clients in Latin America
- Explore near shore opportunities to the United States
- New business development

EUR million	2014 Jan–Dec	2013 Jan–Dec
Revenue	124.1	130.9
Gross profit	21.6	25.2
Gross margin	17.4 %	19.3 %
EBIT	1.1	3.1
EBIT margin	0.9 %	2.3 %

NORTH AMERICA & ASIA PACIFIC



Share of total revenue 20%

Services delivered from Canada, the Philippines and USA.

Highlights 2014

- Significant performance improvement, both through new business development, increased operational efficiency and cost reductions
- The North American operation is now profitable, and the positive development in Asia continues

Focus 2015

- Focus on further improving capacity utilization in North America
- New business development

EUR million	2014 Jan–Dec	2013 Jan–Dec
Revenue	123.2	122.7
Gross profit	34.4	30.4
Gross margin	27.9 %	24.8 %
EBIT	4.3	–1.4
EBIT margin	3.5 %	–1.1 %

People development – an essential part of building a sustainable business

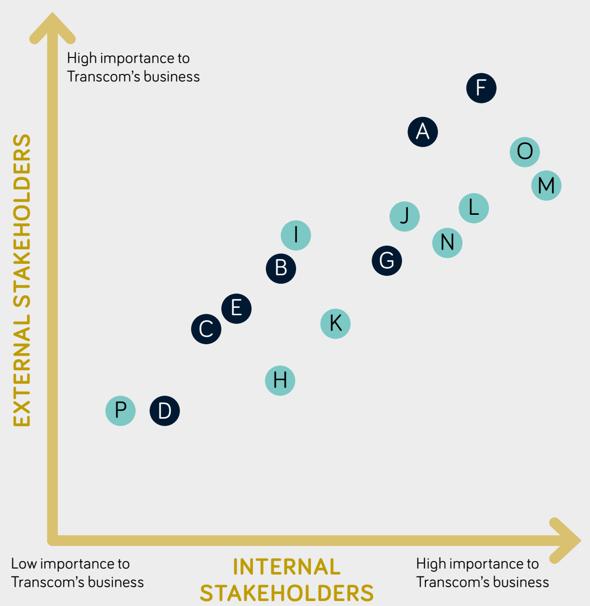
Every day, our 30,000 customer experience specialists handle a multitude of interactions with our clients' customers in more than 33 languages all over the world. People truly make all the difference in our business. Our ambition to deliver a great customer experience in every single interaction depends on an engaged, skilled and highly motivated workforce. Our ability to attract people with the right attitudes and mindset, in combination with efficient training methods and processes to drive performance, is essential to achieving our goals.

MOST IMPORTANT ASPECTS TO EACH STAKEHOLDER GROUP

Employees	• Be an equal opportunity employer • Be transparent with financial reporting • Work proactively with anticorruption
Owners	• Provide continuous training for employees • Be transparent with financial reporting • Have fair and transparent recruitment practices
Investors	• Provide continuous training for employees • Focus on fair working conditions for employees • Ensure high degree of customer satisfaction • Focus on health and safety management for employees
Equity analysts	• Be transparent with financial reporting • Focus on fair working conditions for employees • Be an equal opportunity employer
ESG analysts	• Focus on fair working conditions for employees • Uphold freedom of association and right to collective bargaining • Ensure high degree of customer satisfaction
Clients	• Have fair and transparent recruitment practices • Be an equal opportunity employer • Focus on fair working conditions for employees

MATERIALITY ANALYSIS RESULT

Perceived degree of importance to Transcom's business



ECONOMIC

A Be transparent with financial reporting
B Work proactively with anticorruption
C Conduct sustainability risk assessments on emerging markets
D Source from local suppliers
E Ensure a sustainable supply chain
F Ensure high degree of customer satisfaction
G Have a great customer experience brand

SOCIAL AND ENVIRONMENTAL

H Increase our commitment to community engagement
I Uphold freedom of association and right to collective bargaining for employees
J Have fair and transparent recruitment practices
K Recruit from the local communities
L Be an equal opportunity employer
M Provide continuous training for employees
N Focus on health and safety management for employees
O Focus on fair working conditions for employees
P Reduce our CO_2 emissions

In a people-intensive business like ours, where long-term success largely depends on the ability to attract and develop the right people, we believe it makes sense to focus our Corporate Social Responsibility (CSR) efforts on people as well. Our stakeholder dialogues, which continued in 2014, have verified this view.

In previous years, Transcom conducted a number of materiality analyses in order to identify which sustainability aspects are considered to be most material and to prioritize amongst these in order to allocate adequate resources to achieve the highest impact. The process began in 2012 and continued in 2013 and 2014. Regular dialogues are conducted with investors to keep them informed of our performance, challenges and opportunities.

This year, Transcom conducted specific stakeholder dialogues though web-based surveys and feedback meetings on significant CSR aspects with employees. In addition, at the recent meeting with the European Workers Council (EWC), CSR was a focus area. At this meeting, the employee representatives listed the following items as being most critical: Ensure a high degree of customer satisfaction, a great customer experience brand, focus on fair working conditions for employees, in addition to being an equal opportunity employer.

The result can be seen in diagram on page 22, which shows how our internal and external stakeholders rate the importance and relevance of different sustainability issues. The materiality analysis is regularly updated. Given the relatively low environmental impact of Transcom's operations, both internal and external groups rated environmental issues the lowest. This does not imply that they are unimportant, but simply that they are considered to be the least material sustainability aspect for Transcom. In previous years, we reported performance on one environmental KPI, i.e. business travel, but in 2014 we started to disclose information on energy consumption at our sites as well.

The issues considered to be most material are: being transparent with financial reporting, being an equal opportunity employer and to ensure a high degree of customer satisfaction. The external and internal ratings were very similar with no major discrepancies.

TRANSCOM'S GLOBAL CSR PROGRAM, "TRANSCOM CARES", IS ALL ABOUT PEOPLE

At Transcom, Corporate Social Responsibility (CSR) means that we always do our utmost to do the right thing by our clients, our people and our communities. We are convinced that our commitment to sustainability also helps us to attract, retain and develop the best people, which is critical to our long-term success.

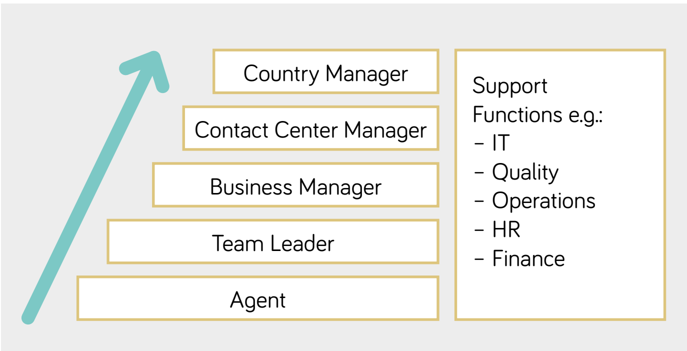
Transcom Cares is the overarching governance program for Transcom's CSR activities, which are an integral part of our day-to-day business. Transcom Cares was initially started several years ago as a concept for our community engagement activities in the Philippines. In 2013, Transcom Cares was established as a global program with a broadened scope in order to provide strengthened governance and coordination for all of Transcom's CSR focus areas: **people development, equality & diversity,** and **community engagement.**

FOCUS ON PEOPLE DEVELOPMENT

People development is one of the most important aspects in attracting new employees and retaining our talents. Transcom's ability to attract and develop top talents is business critical. In order to ensure that we are successful in finding the right people, the company has a clear goal of becoming an employer of choice in our 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.

At Transcom, we truly believe in developing our people and we offer unique opportunities for our employees to develop in their roles. There is a clearly defined career progression, either as a line manager or in a specialist role. There are hundreds of examples of senior leaders at Transcom who started out as agents or in junior support roles.

The absolute majority of our first line management positions, as well as functional specialist roles, are filled by internal candidates. All of our Business Managers, and five out of six Team Leaders, are internally recruited. When recruiting externally, many candidates come to us through referrals from employees.



Please visit blog.transcom.com for stories about people who have chosen to build their careers with us.

WORKING WITH OUR TALENTS

Our talents are one of Transcom's most valuable assets. Therefore, in order to become better at identifying and developing high-potential employees, we recently launched a new Talent Management Program, which was implemented throughout the organization in 2014. This program aims to identify potential future leaders on all levels in the organization. Our talents are evaluated thoroughly and assigned an individual development plan. An important benefit of the Talent Management Program is that future potential successors are identified, helping Transcom to ensure the provision of future leaders and specialists. The program is an ongoing activity and will continue in 2015 and beyond.

EQUAL OPPORTUNITIES

Transcom is 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. We strive for gender equality on all levels, and are dedicated to showing that equal opportunity employment is part of our DNA. Diversity of cultures and languages is fundamental to our service delivery capability, e.g. in our multilingual near shore centers.

The gender distribution among managers is good overall, with women making up 52 percent of managerial employees. Our target is to improve this number even more.

A unique position that Transcom is proud to fill in many markets is that of a platform for career development for young people and new graduates. In many countries, we are a top employer of people aged 18–26. Our agents learn about direct client interaction in a dynamic environment, strengthening their communication and technology skills; they become product specialists, handle conflicts and, in turn, are rewarded for a job well done. Transom is proud of the role we play in the lives of our current and former employees.

UN GLOBAL COMPACT

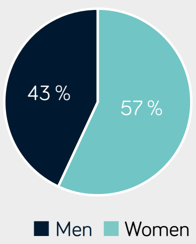
In addition to the three Transcom Cares focus areas described above, Transcom fully supports the ten principles of the UN Global Compact with respect to human rights, labor rights, environmental care and anti-corruption work. These principles are an integral part of our corporate strategy, business culture 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.

Read more about our CSR governance in the Corporate Governance report on pages 28–42.

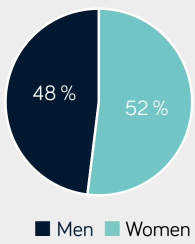
Number of employees by region, December 2014	
North	5,363
Central & South	6,802
Iberia & Latam	6,465
North America & Asia Pacific	11,394
CMS	183
TOTAL	**30,207**

Full-time employees and temporary staff, December 2014	
Full-time employees	25,780
Temporary staff	4,427
TOTAL	**30,207**

Gender distribution, all employees, 2014



Gender distribution, managers, 2014



Frost & Sullivan Awards Transcom

In 2014, Transcom was awarded the **Frost & Sullivan Philippines Contact Center Outsourcing Growth Excellence Leadership Award**, as well as the **Peru Frost & Sullivan Award for Growth Excellence Leadership**.

More recently, Transcom received the **Frost & Sullivan 2015 Visionary Innovation Leadership Award** in Europe.

The Award report states: "With its strong overall performance and forward-thinking initiatives in Europe, Transcom has earned **Frost & Sullivan's 2015 Visionary Innovation Leadership Award** for that region of the world."

Environmental care at Transcom

At Transcom, we strive to reduce the environmental impact of our operations, with a particular focus on limiting business travel and decreasing 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 employees are committed to minimizing the impact and to working together to contribute to a better environment. Our environmental policy that 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.

We also promote environmentally friendly technologies and equipment. During 2015, Transcom will move all its employees to the Google Apps for Work platform. We expect that this move will also be beneficial from an environmental standpoint. It will be easier for all our people to collaborate across teams and geographical locations, thereby reducing the need for travel. In addition to this, Apps is powered by Google's energy-efficient data centers, less energy and carbon-intensive than on-premise servers.

Carbon emissions	2014	2013
CO_2 emission, business travel (tonnes)	1,575	1,827
CO_2 emissions, per employee (tonnes/employee)	0.055	0.065
CO_2 emissions, by Revenue (tonnes/million euros)	2.56	2.80

Transcom continues to make efforts to minimize our carbon emissions, e.g. by reviewing the meeting needs in the company and creating suitable alternatives to travel. We know that what gets measured gets done, which is why we closely track our environmental expenditures. During 2014, our energy costs decreased by EUR 1.4 million.

We are committed to encouraging, educating and promoting a sustainable business model that keeps environmental impact at a minimum and reduces the carbon emissions at a steady pace for us today and, most importantly, for generations to come.

Community engagement

Local community engagement is how Transcom Cares started. People want to work for a company that has a sustainable approach to business and that contributes to building communities. Many of our community engagement activities depend on our employees' passion to contribute their time and energy. It is clear that these activities support recruitment and staff retention. 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.

Transcom also runs programs to make life easier for our employees. On-site child care centers, pharmacies, and employee microloans are some examples.

Visit our blog to stay informed about Transcom Cares activities and other news from Transcom! Our goal for the blog is to open a window into our company, culture and day-to-day operations.
blog.transcom.com

Sustainable supply chain management

During the past year, we have focused on further strengthening Transcom's supply chain management practices. Key areas include the implementation of sustainable practices in our procurement process, evaluating the sustainability performance of our suppliers, and reviewing anti-corruption controls.

CSR IN THE PROCUREMENT PROCESS

Our top procurement areas are IT equipment and human resources related services. We have assessed the inherent overall CSR risks at a medium level from a value chain perspective based on respect for human and labor rights, anti-corruption practices and environmental protection. As our agents are key assets, whether they are temporary or permanent employees, it is a top priority that equal and fair working conditions are given to all employees. Therefore, we are extending the scope to include all staffing agencies, regardless of size.

In order to further strengthen our procurement process, a central Purchasing Manager will be appointed.

EVALUATING SUSTAINABILITY

A detailed CSR assessment of our key vendors was carried out in 2014 by a third party through web-based self-assessments covering all ten principles of the UN Global Compact on Human rights, labor rights, environmental care, anti-corruption and information on their implementation of ethical governance practices. A systematic evaluation of the responses is done to ensure a fair judgment on the replies against internationally ratified conventions and declarations and OECD guidelines for multinational companies.

The impartial and immediate judgment regarding the performance of our suppliers enables us to take quick action if any malpractice or breach of our Supplier Code of Conduct is identified. Our escalation process consists of three main steps; dialogue and learning, visits and relationship building and, as a last step, contract termination.

To begin with, we engage in discussions regarding the appropriate corrective action plan (CAP) for the supplier. At this stage, we focus on assessing the management process and evidence of genuine understanding of the impact of the area of concern.

If necessary we continue with a supplier site visit to ensure compliance and comprehension of the supplier code of conduct. If major non-conformities are detected, these must be addressed within three months. For minor non-conformities we request a change within the coming year. If, at the end of this period, the supplier still does not comply with Transcom's Supplier Code of Business Conduct, we initiate a process of exiting the cooperation with this partner, as our commitment to a sustainable value chain is critical to our license to operate in society.

ANTI-CORRUPTION PRACTICES

To combat all forms of corruption, we have the following governing documents in place: Supplier Code of Business Conduct, Code of Business Conduct for employees and our Whistleblower reporting policy & mechanism. We enforce periodic mandatory and refresher training on Whistleblower reporting and the Code of Business Conduct. Furthermore, the awareness of the Code of business conduct is evaluated during internal audits.

Transcom has decided to formalize the refresher-training schedule, ensuring that training is conducted frequently, and to continue with communication activities to increase awareness among all our employees. We have received positive feedback from the investor community, our employees and our partners on our dedicated efforts to uphold the highest ethical standards in our operations and to push the boundaries of responsibility throughout our full value chain. In the coming years, we will strive to be recognized as one of the most sustainable global customer experience specialists on the market. Sustainability at Transcom is an integral part of safeguarding not only our values but also the reputation of the clients that choose to partner with us.

Corporate Governance Report 2014

OVERVIEW

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

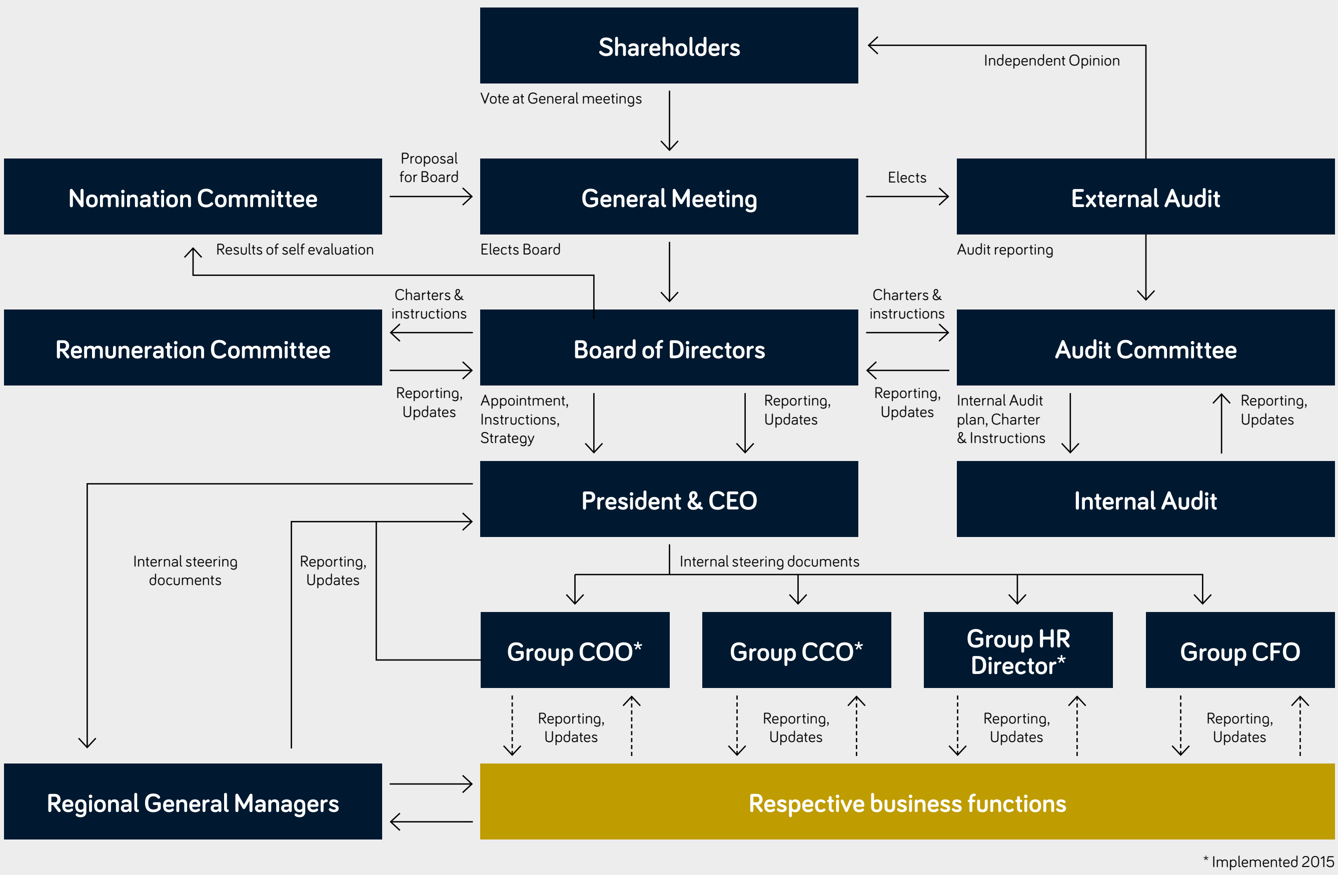
Transcom recognizes the importance of, and is committed to following Corporate governance standards. The Company's governance framework encapsulates key principles which govern the relationship between the numerous stakeholders of Transcom. It further includes an internal framework for decision making, 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.

The governance structure below reflects previously disclosed changes to Transcom's Executive Committee.

In 2014, Transcom initiated a process of re-domiciliation from Luxembourg to Sweden (the "Re-domiciliation"). The Re-domiciliation became effective on 26 November, 2014 (the "Re-domiciliation Date"), and was executed by way of a cross-border merger of the former Parent Company of the Group, Transcom WorldWide S.A. with its wholly-owned Swedish subsidiary, Transcom WorldWide AB (the "Merger"). Following the Merger, Transcom WorldWide AB is the surviving entity of the Merger and is the new listed Parent Company of the Transcom Group. The decisions taken by the shareholders in order to implement the Merger and the Re-domiciliation are outlined further down in the section EGM (as defined below).

Transcom adheres to principles of Corporate governance found in both internal and external rules and regulations. Prior to the Re-domiciliation Date, the Corporate governance within Transcom WorldWide S.A. was based on the Luxembourg law, in particular the "Ten Principles of Corporate governance" of the Luxembourg Stock Exchange, as published in May 2013, the Luxembourg law on commercial companies dated 10 August 1915, as amended, and the listing requirements of Nasdaq Stockholm.

TRANSCOM'S CORPORATE GOVERNANCE STRUCTURE



After the Re-domiciliation Date, Corporate governance is no longer subject to Luxembourg laws; instead, as a Swedish public limited company listed on Nasdaq Stockholm, Transcom is subject to the Swedish Companies Act and the Annual Accounts Act, as well as the Rule Book for Issuers of Nasdaq Stockholm and the Swedish Corporate governance Code (the "Code"). The Code provides that companies whose shares are admitted to trading on a regulated market are to apply the Code as soon as possible and no later than the date of the first annual general meeting held after the stock exchange flotation i.e. 12 May 2015 in the case of Transcom.

This report is prepared in accordance with the Swedish Annual Accounts Act and the provisions of the Code. Since Luxembourg Law was the main applicable jurisdiction for the greater part of 2014, this report also refers to events of the former Parent Company Transcom WorldWide S.A. and the situation before the Re-domiciliation Date, where deemed fit.

EXPLANATION FROM THE COMPANY OF ITS DECISION RELATING TO CORPORATE GOVERNANCE AND KEY DEVIATIONS FROM THE SWEDISH CORPORATE GOVERNANCE CODE

Prior to the Re-domiciliation Date

The Corporate governance within Transcom WorldWide S.A. was based on Luxembourg law and Transcom WorldWide S.A. followed the "Ten Principles of Corporate governance" issued by the Luxembourg Stock Exchange, except as described below.

Instead of recommendation 4.2 and the associated recommendations related to structure of nomination committee of the Ten Principles of Corporate governance, the Nomination Committee of the Company is made up of representatives of major shareholders and two out of three representatives are not members of the Board of the Directors.

The governance framework adopted by Transcom WorldWide S.A. was in principle compliant with the Swedish applicable regulations in particular the ones contained in the Code, subject to the key deviations mentioned below.

Instead of rule 1.5 and 1.7 of the Code, the shareholders' meetings were conducted in English; the related material presented at such meetings and the minutes were also in English. English was the official language of the Company and the only language comprehensible to all key shareholders given that Transcom WorldWide S.A.'s place of registration and stock market listing were in different countries.

Instead of rule 6.1 of the Code, the Chairman of the Board was elected by the Board of Directors at the statutory board meeting following the AGM. This was in line with the Luxembourg law, Transcom WorldWide S.A.'s articles of association and the recommendation 2.4 of the Ten Principles of Corporate governance.

During the period between the date of 2014 AGM (as defined below) and the appointment of the Nomination Committee in Q3 2014 Transcom WorldWide S.A. was not compliant with rule 2.4 of the Code, since board members until that point constituted a majority of the Nomination Committee. The reason for the deviation was that this was customary under Luxembourg law. This noncompliance was remediated as of the appointment of the Nomination Committee in Q3 2014.

As of the Re-domiciliation Date

Transcom's Corporate governance is no longer subject to Luxembourg laws and Transcom is following the Code with no deviation.

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

Prior to the Re-domiciliation Date, the share capital of Transcom WorldWide S.A. consisted of class A shares carrying one (1) vote each and class B shares entitling the holder to, amongst other, a preferential right to dividends and carrying in general no voting rights except in certain circumstances and/or for certain material resolutions as set out in Luxembourg applicable laws.

As part of the Re-domiciliation process and after the Re-domiciliation Date, the share capital of Transcom was modified several times and as at 31 December 2014 it is composed of ordinary shares and class C shares. As previously disclosed, Transcom WorldWide AB (publ) has assumed obligations to participants under long-term incentive plan (LTIP) agreements for 2012, 2013 and 2014, entered into by Transcom WorldWide S.A., the Group's former Parent Company, and has therefore issued and repurchased 649,372 class C shares for potential delivery to LTIP participants.

The holders of the ordinary shares have one (1) voting right each.

Transcom's share ownership is disclosed on page 43 under "The Transcom share and shareholders" section of this Annual Report. All other significant relationships between Transcom and its major shareholders, in so far as it is aware of them, are described in note 26 "Related Party Transactions".

Corporate governance principles in Luxembourg and Sweden – Key differences

For the benefit of stakeholders who may not be familiar with the Swedish Corporate governance requirements, the table below outlines some key differences vis-à-vis the requirements in Luxembourg:

Aspect	Luxembourg	Sweden
Shareholders/ Shareholder's meeting	• Right to participate if you are registered as a shareholder as of the date of meeting. • Recommended to have majority of directors present. • Notice – Two notices with a minimum interval of eight days and eight days before meeting.	• Right to participate if you are registered as a shareholder five days before the general meeting and you have notified Transcom regarding your intention within the timelines specified in the notice. • Directors shall be present at general meetings of shareholders in such number that the Board quorum is met, including the Chairman. Also the CEO is to attend. One member of the company's nomination committee, at least one of the company's auditors. • Proxy can be valid up to five years from the date of issuance. • Notice – minimum three weeks in advance (if articles will not be amended in the meeting).
Nomination Committee	• The Board of Directors establishes a Nomination Committee from amongst its members.	• Nomination Committee is made up of representatives of major shareholders. Members of the Board of Directors may be members of the nomination committee but may not constitute a majority thereof. Neither the company chair nor any other member of the board may chair the nomination committee.
Board of Directors	• Can be appointed for a maximum of six years. • The Chairman is appointed by the Board of Directors. • Shall include the shareholders' representatives, and must include an appropriate number of independent directors. There must be at least two independent directors.	• Shall be elected for one year at a time. Swedish trade unions have the right to appoint two additional directors in all companies with at least 25 employees in Sweden. • The Chairman of the Board of directors shall be elected by the shareholders' meeting. • The majority of the directors are to be independent of the company and its executive management. At least two of the members of the board who are independent of the company and its executive management are also to be independent in relation to the company's major shareholders.
Audit Committee	• Shall consist exclusively of non-executive directors, of which at least half shall be independent directors. Shall be chaired by an independent director.	• Minimum of three board members whereas: – The majority of the members are to be independent of the company and its executive management. – At least one member who is independent of the company and its executive management is also to be independent of the company's major shareholders.
External Auditor	• One or more auditors may be elected by the general meeting of shareholders who will also determine their number and duration of appointment for a period of maximum six years.	• At least one auditor to be appointed. Such appointment shall be valid until the close of the general meeting which is held during the first financial year after the election as auditor, unless provided otherwise in the articles of association.

To know more about the requirements, please visit the website of the Swedish Corporate Governance Board

The 2014 EGM – New Parent (as defined below) authorized, in relation to the respective incentive plans, the issuance and repurchase of class C shares. During 2014, the board of Transcom WorldWide S.A. had authorization to repurchase shares under the share repurchase plan approved at the 2012 AGM. This authorization of Transcom WorldWide S.A. (former Parent Company) was not utilized during 2014, whereas Transcom (new Parent Company) issued and repurchased class C share accordingly.

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 2014, the following shareholder meetings were held:

a. An annual general meeting of shareholders ("AGM") of Transcom WorldWide S.A. ("2014 AGM") and
b. An extraordinary general meeting of shareholders ("EGM") of Transcom S.A. ("2014 EGM") and
c. An extraordinary general meeting of shareholders of Transcom ("2014 EGM – New Parent").

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. Please refer to the table above.

2014 AGM

Prior to the Re-domiciliation Date, the AGM had the rights conferred by Luxembourg laws and the operating processes of the AGM were in line with the applicable Luxembourg laws. In 2014, the statutory AGM was held on 28 May 2014. At the meeting, shareholders representing 57.26 percent of the total number of class A 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 annual accounts and the consolidated accounts for the financial year ended 31 December 2013.
- Allocation of the results as of 31 December 2013.
- Discharge of the liability of the members of the Board of Directors of the Company (the Board of Directors) for, and in connection with, the financial year ended 31 December 2013.
- Re-election of some existing Directors and election of new Directors for the period until the close of the next AGM.
- Election of external auditors.
- Determination of Directors' fees.
- Approval of the procedures for the Nomination Committee.
- Approval for guidelines on remuneration of Senior Executives.
- Approval of a long term incentive plan for executive management of Transcom for 2014–2017.

The minutes of the AGM 2014 are available on Transcom's website.

2014 EGM

The 2014 EGM was held on 4 September 2014, when shareholders exercised their rights to decide, amongst others, the following items:

- Acknowledgement of the merger plan adopted by the Board of Directors.
- Acknowledgement of the reports on the merger plan prepared by the independent auditor of Transcom WorldWide S.A.
- Acknowledgement of the date of the effectiveness of the Merger as being on the date of the final registration of the Merger with the Swedish Companies Registration Office.
- Acknowledgment of the fact that, as a result of the Merger, Transcom WorldWide S.A. would cease to exist by dissolution without liquidation by way of the transfer of all assets and liabilities of Transcom WorldWide S.A. to Transcom in accordance with the Merger Plan and applicable laws.
- Approval of the Merger Plan and the Merger.
- Granting of full discharge to the directors of Transcom WorldWide S.A.

The EGM further noted that an approval of the Merger as set out in the Merger Plan would also mean an approval of the intention of Transcom to resolve to execute a reverse split of the ordinary shares of Transcom, whereby fifty (50) existing ordinary shares of Transcom would become one (1) new share of the same class of shares of Transcom (the "Reverse Split").

Further details and minutes of the 2014 EGM are available on Transcom's website.

2014 EGM – NEW PARENT

Transcom also held the EGM on 4 September 2014 in order to, amongst other, approve (i) the Merger Plan and the issuance of the merger consideration as provided for in the Merger Plan, (ii) the Reverse Split, (ii) the amendment of the articles of association of Transcom accordingly. Furthermore, it was approved that Transcom will undertake the obligation of Transcom WorldWide S.A. owed under the incentive programs as listed in the Merger Plan.

2015 AGM

As of the Re-domiciliation Date the authority and work of the AGM have primarily been based on Swedish law, in particular the Companies Act and the Code as well as on the articles of association of Transcom (the Articles of Association). 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. 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 2014 will be held on 12 May 2015 in Stockholm (the "2015 AGM").

NOMINATION COMMITTEE

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 will consist of at least three members appointed by the largest shareholders of Transcom (given that they elected to appoint a member).

A majority of the Nomination Committee of major shareholders in Transcom has been formed in accordance with the resolution of the 2014 Annual General Meeting. Due to a shareholding change at Transcom, the Nomination Committee changed at the end of March 2015 and is now comprised of Jesper Eliasson representing Altor Fund Manager AB, Daniel Nyhrén representing Creades AB, Cristina Stenbeck representing Investment AB Kinnevik, and Arne Lööw representing The Fourth Swedish National Pension Fund (Fjärde AP-fonden). Jesper Eliasson has been appointed Committee Chairman. The members of the Nomination Committee do not receive any remuneration for their work. The Re-domiciliation did not affect the composition of the Nomination Committee.

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 2015 AGM, which will be presented to the 2015 AGM for approval. The Nomination Committee met three times during 2014:

	Meetings attended
Mia Brunell Livfors	2/2
Stefan Charette	2/2
Arne Lööw	3/3
Cristina Stenbeck	1/1
Daniel Nyhrén	1/1

BOARD OF DIRECTORS

As per the applicable Luxembourg laws and the Swedish laws respectively, 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 2014 is comprised of seven directors whereof:

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

In the 2014 AGM, Mia Brunell Livfors and John C. Freker Jr. were elected as new directors whereas Laurie Bowen and Dermot Jenkinson declined re-election. Henning Boysen, Stefan Charette, Mikael Larsson, Alexander Izosimov and Roel Louwhoff were re-elected as directors. For summary curriculum vitae for each director, the list of paid positions held by them in other companies, remuneration, attendance in Board and committee meetings, refer to the table on pages 38–39 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 4.

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 Executive Committee. It is responsible for the performance of all acts of administration necessary for accomplishing the Company's purposes, except for matters reserved by Luxembourg law and/or Swedish law respectively 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.

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 2014, 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 sites and other investment proposals
- Corporate social responsibility
- Compliance
- Organizational design and alignment
- Executive Committee's updated risk assessment.
- Re-domiciliation

The Board held eleven meetings during 2014. For details of attendance see pages 38–39.

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. As part of the evaluation process, the Chairman of the Board of Directors carried out one-on-one 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.

REMUNERATION COMMITTEE

At the statutory Board of Directors meeting following the 2014 AGM, the Board of Directors decided that the Remuneration Committee be comprised of Henning Boysen, Mia Brunell Livfors, Alexander Izosimov, and Stefan Charette. Mia Brunell Livfors was elected as its Chairman. The same Remuneration Committee was adopted by the new Parent Company.

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 Executive Committee and of the individual executives at least once a year;
- Ensuring that the 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 five meetings during 2014. For details of attendance, refer to the table on pages 37–39.

AUDIT COMMITTEE

At the statutory Board of Directors meeting following the 2014 AGM, the Board of Directors decided that the Audit Committee be comprised of Mikael Larsson, Stefan Charette, Alexander Izosimov and Henning Boysen. Mikael Larsson was elected as its Chairman. The same Audit Committee was adopted by the new Parent Company.

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 2014. For details of attendance, refer to the table on pages 38–39. The CEO, CFO, External auditor, Head of Internal Audit, Group Financial Controller, Head of Group Tax, etc. were called to the meeting as required. The Audit Committee met once in 2014 with the statutory auditors, without the presence of the management.

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 an EGM of Transcom Worldwide AB held in January 2012, for the period ending at the close of the annual general meeting held during the fourth financial year after the appointment, whereas Transcom WorldWide S.A. has been audited by Ernst & Young S.A. Cabinet de Révision Agree with Olivier Lemaire as auditor-in-charge. Following the Re-domiciliation, the consolidated financial statements are accordingly reviewed by the auditor of Transcom WorldWide AB.

During 2014, the external auditors performed services besides the ordinary audit assignments, with regard to Re-domiciliation and also provided some forensic services.

EXECUTIVE COMMITTEE

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 Executive Committee appointed by the Board of Directors. In 2014, the Executive Committee included President and CEO, Group CFO, CIO, Operations and HR Director and Regional General Managers (the "RGMs"). The Company has made some changes to its Executive Committee thereafter, in order to strengthen it further and to increase focus and accountability in important areas. A full list of its members is provided on pages 40–41.

The CEO, along with the rest of the Executive Committee, 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.

Executive Committee remuneration

The guidelines for remuneration for members of the Executive Committee were approved by the 2014 AGM. Refer to the 2014 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 Executive Committee is provided in note 4.

Transcom did not grant any loan to any member of its Executive Committee.

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; and
- 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.

Internal audit (referred to as Group Internal Control in the Company) reviews the effectiveness of risk- and internal control systems throughout the Group in accordance with the approved internal audit plan. The principal features of the control framework and the methods by which the Board of Directors satisfies itself that it is operating effectively 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 to CEO from the Board.
- 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 organisation, 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 Control, which is Transcom's internal audit department, independently evaluates the operations of the Company to identify any shortcomings in internal controls. Group Internal Control reports directly to the CFO and to the Audit Committee.

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 Executive Committee 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.

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 Control function is responsible for coordinating and monitoring 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 36–37.

Information and Communication

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

In 2014, Transcom 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 Executive Committee 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 (read more in the Corporate Responsibility section).

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 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, CIO and Head of Operations & HR) together with forecasts for the income statement and cash flow. Additionally, the Company has taken some initial steps to integrate risk related discussions and actions in the management review.

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 Control 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 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, labour rights and anticorruption practices, all of which Transcom respects and supports fully. The principles are an integral part of Transcom's corporate strategy.

Whistle-blower 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.

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. We have 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 details on pages 23–24 and 46–47). 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	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.	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.
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		
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	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)	Stefan Charette (1972)	John C. Freker Jr. (1958)
Function	Chairman of the Board since 2014 (Chairman of Transcom World-Wide S.A.'s Board, 2012–2014) Member of the Audit Committee and the Remuneration Committee.	Elected to the Board in 2014 (member of the Board of Transcom WorldWide S.A., 2011–2014) Member of the Audit Committee and the Remuneration Committee.	Elected to the Board in 2014
Education	Masters in Economics from Aarhus University, Denmark.	MSc in Mathematical Finance from Cass Business School and a BSc in Electrical Engineering from the Royal Institute of Technology.	Bachelor's Degree from Princeton University and a graduate of The Executive Management Program at the Tuck School of Business at Dartmouth College.
Nationality/Elected	Danish/2009	Swedish/2011	American/2014
Other assignments	Chairman of Apodan Nordic AS, Chairman of Nupo AS.	Chairman of the Board of the Athanase Industrial Partner Group companies, Concentric AB and board member of the public companies Haldex, Lindab and Creades.	N.A.
Share ownership, including related natural and legal persons	32,000	320,994	0
Principal work experience	Chairman of Kuoni, one of Europe's leading leisure travel companies, a position he has held since 2006, 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.	Chairman and CEO of the Athanase Industrial Partner companies, and has experience from 9 public boards and 6 nomination committees. Previously CEO of the public companies Creades AB, Investment AB Öresund, AB Custos and private company Brokk AB.	President of YP Print Media Solutions, a Cerberus Capital portfolio company, since 2014. President and CEO of First Advantage – 2011 to 2013, President and COO of Zenta – 2006 to 2011, and President and CEO of Oblicore – 2005 to 2006., President of the Convergys Corporation's Customer Management Group – 2002 to 2005. On Board of Nuance Communications – 2000 to 2007.
Total fees 2014 (EUR)	105,000	53,000	43,000
Board meeting Attendance	11 out of 11 (Chair)	11 out of 11	9 out of 9
Remuneration Committee Attendance	5 out of 5	3 out of 3	N.A.
Audit Committee Attendance	7 out of 7	7 out of 7	N.A.
Independence to Transcom and its Management	Independent	Independent	Not Independent
Independence to major shareholders	Independent	Not Independent	Independent

Alexander Izosimov (1964)	Mikael Larsson (1968)	Mia Brunell Livfors (1965)	Roel Louwhoff (1965)
Elected to the Board in 2014 (member of the Board of Transcom WorldWide S.A., 2012–2014)	Elected to the Board in 2014 (member of the Board of Transcom WorldWide S.A., 2012–2014)	Elected to the Board in 2014	Elected to the Board in 2014 (member of the Board of Transcom WorldWide S.A., 2007–2014)
Member of the Audit Committee.	Chairman of the Audit Committee.	Chairman of the Remuneration Committee.	Member of the Remuneration Committee.
Master's degree in Science from Moscow Aviation Institute and an MBA from INSEAD.	Graduate in Business Administration from Uppsala University.	Studies in economics and business administration, Stockholm University.	MBA from Rijksuniversiteit, Groningen in the Netherlands.
Russian/2012	Swedish/2012	Swedish/2014	Dutch/2007
Director of LM Ericsson AB, Modern Times Group (MTG), EVRAZ Plc, EVRAZ SA, and Dynasty Foundation.	Until March 2015 member of the boards of a number of subsidiaries within the Investment AB Kinnevik Group.	Member of the Board of Millicom International Cellular S.A., Tele2 AB, Efva Attling Stockholm AB, Modern Times Group MTG AB, Qliro Group AB, Stena AB, Axel Johnson AB, and Reach for Change.	N.A.
140,000	12,540	5,976	351
Chief Executive Officer of VimpelCom Group and, latterly, the enlarged VimpelCom Ltd, – 2003 to 2011. Several senior management positions at Mars, Inc. over a period of seven years, including as a member of the Global Executive Management Board and as Regional President for Russia, the CIS, Eastern Europe and the Nordics. Consultant for McKinsey & Co in Stockholm and London for five years. He is on the Executive Board of international Chamber of Commerce, member of the Board of the GSMA (the governing body for the global mobile telecommunications industry), as well a member of the Russian Prime Minister's Council for Competitiveness and Entrepreneurship.	Appointed Chief Financial Officer of Com Hem (will join Com Hem on May 1, 2015). Chief Financial Officer of Investment AB Kinnevik 2001–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.	President and CEO of Investment AB Kinnevik between August 2006 and April 2014. She held several managerial positions within Modern Times Group MTG AB from 1992 to 2001, and served as the company's Chief Financial Officer between 2001 and 2006.	Currently COO at ING. Previously CEO of BT Operate, part of British Telecom plc. Before that, COO for the international business process outsourcer ClientLogic Corporation and COO at SNT Group, a European call center provider. His early career was as a management consultant with Andersen Consulting where he worked in the CRM practice in Europe and North America.
50,000	59,000	48,000	46,000
8 out of 11	11 out of 11	9 out of 9	7 out of 11
1 out of 2	2 out of 2	3 out of 3	2 out of 3
3 out of 4	7 out of 7	N.A.	N.A.
Independent	Independent	Independent	Independent
Independent	Independent*	Independent*	Independent

* Status was dependent until Investment AB Kinnevik divested 24.5 % of Transcom's ordinary shares, in March 2015, to funds advised by Altor Fund Manager AB.

Executive management




Name	Johan Eriksson (born 1965)	Roberto Boggio	Pär Christiansen	Christian Hultén
Function	President & CEO (and Acting General Manager, North America & Asia Pacific region)	General Manager, Central & South Europe Region	Chief Financial Officer (CFO)*	General Manager, North Europe Region
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.	Roberto joined Transcom's Group Executive team in July 2011, and is responsible for our operations in Italy, Croatia, Germany, Hungary and Poland, as well as the offshore operations in North Africa that serve the French and Italian markets. Prior to his current role, Roberto served as Transcom's Italy Country Manager for seven years. Before joining Transcom, Roberto's career in the outsourcing industry includes ten years of general management experience, and an additional ten years at Hewlett Packard (HP). Roberto is a member of the Board of the Italian Call Center Association since the late 1990s. Roberto holds a degree in Business Administration from Bocconi University in Milan.	Pär Christiansen joined Transcom in 2013 as Chief Financial Officer (CFO). Before joining Transcom, Pär served as CFO of MTR Stockholm, the MTR company that operates the Stockholm underground system. Prior to this role, Mr Christiansen held a number of senior management positions at SAS Group, the Scandinavian airline carrier, most recently as Vice President Group Business & Financial Control at SAS Operations. He also has management consulting experience from Establish Inc. Pär Christiansen holds a Master of Science Degree in Mechanical Engineering from the Lund Institute of Technology, as well as a Bachelor's Degree in Economics and Business Administration from the University of Lund.	Christian joined Transcom in 2012 as General Manager of the North Europe Region, with responsibility for Transcom's operations in Sweden, Norway, Denmark, 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.
Share ownership including related natural and legal persons	52,520	17,585	34,303	7,129

* As previously announced, Pär Christiansen has been appointed as Transcom's Chief Operating Officer (COO). He will remain in his current position as CFO until Ulrik Englund begins his position as Transcom's new CFO on June 15, 2015.

Sytze Koopmans

Chief Information Officer (CIO)

Sytze Koopmans joined Transcom as CIO in 2013, and is responsible for Transcom's ICT infrastructure, ICT infrastructure operations, client ICT offering support and maintaining and implementing the ICT strategic roadmap.

Prior to joining Transcom, Sytze held a number of CIO and CTO positions in the telecommunication, engineering, fulfillment and contact center industries, including with ClientLogic International Operations (now: Sitel).

Sytze holds Master degrees in Electrical Engineering and Computer Science from the Twente University in the Netherlands.

7,001

Neil Rae

General Manager (North America)

In 2014, Neil Rae was given responsibility for Transcom's operations in North America, reporting to the General Manager for the North America & Asia Pacific region. Neil joined Transcom in 2004 as a Key Account Manager and has also served in the roles of Director of Client Services, Director for Sales and Account Management, Country Manager in North America, and as General Manager for the North America & Asia Pacific region between January 2012 and December 2013.

Before joining Transcom, Neil spent two years at the helm of a training and development consulting firm in Toronto, Canada. Neil has also held a leadership position at a business services company specializing in working with commercial properties.

Neil holds a BA from the University of Guelph.

9,889

Isabel Sánchez-Lozano

General Manager, Iberia & Latin America

Isabel joined Transcom in 2011 as General Manager of Iberia and Latin America. She is responsible for our operations and business activities in Spain, Portugal and Latin America.

Before joining Transcom, Isabel spent more than 20 years in the contact center industry, holding senior roles at several key customer care outsourcing players, including Teleperformance Spain, where she served as CEO and President for more than 11 years. Isabel is also the president of the Spanish Contact Centre Association.

Isabel holds a Degree in Law from the Universidad Autónoma de Madrid and a Masters in Marketing, Communication and Publicity, which she completed at the Instituto de Directivos de Empresa.

4,891

Jörgen Skoog

Global Operations and HR Director

Jörgen was appointed to Transcom's Group Executive team in 2011. He joined Transcom in 2002 as HR manager for the North Region and has also served as Head of Operations for North Europe, Acting General Manager for the North Europe Region, and Acting General Manager for the former Central Europe Region.

Jörgen's experience prior to joining Transcom includes 13 years with the Ericsson Group, where he held positions in global management of Human Resources as well as in Administration.

Jörgen holds a degree in Human Resource Management and Enterprise Organization from University of Karlstad.

3,373

Siva Subramaniam

General Manager (Asia Pacific)

In 2014, Siva Subramaniam was given the responsibility for Transcom's activities in Asia Pacific, reporting to the General Manager for the North America & Asia Pacific region.

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).

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Stockholm, April 20, 2015
The Board of Directors in Transcom WorldWide AB (publ)

Henning Boysen
Chairman of the Board

Stefan Charette
Member of the Board

John C. Freker Jr.
Member of the Board

Alexander Izosimov
Member of the Board

Mikael Larsson
Member of the Board

Mia Brunell Livfors
Member of the Board

Roel Louwhoff
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 (publ), corporate identity number 556880-1277.

It is the Board of Directors who is responsible for the Corporate Governance Statement for the year 2014 on pages 28–42 and that it has been prepared in accordance with the Annual Accounts Act.

We have read the Corporate Governance Statement and based on that reading and our knowledge of the company and the Group we believe that we have a sufficient basis for our opinions. This means that our statutory examination of the Corporate Governance Statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

The Corporate Governance Statement has been prepared and in our opinion its statutory content is consistent with the annual accounts and the consolidated accounts.

Stockholm, April 20, 2015
Ernst & Young AB

Erik Åström
Authorized Public Accountant

The Transcom share and shareholders

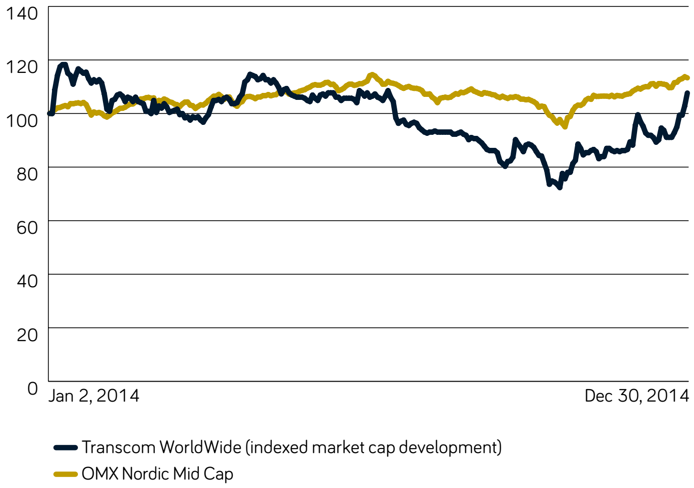
Transcom's ordinary shares are listed on Nasdaq Stockholm under the ticker symbol TWW. The ISIN code is SE0006168316. Each share entitles the holder to one vote at general meetings of shareholders and each holder may vote for the entire number of shares owned or represented by him without any limitation of the voting rights. The total number of shares and votes in Transcom amounts to 26,706,584.

Transcom has an issued capital of EUR 56,083,826.40 divided into a total of 26,057,212 ordinary shares with one voting right each and 649,372 class C shares, also with one voting right each.

All class C shares are held as treasury shares by Transcom. The total number of treasury shares held by Transcom amounts to 677,043.

In November 2014, Transcom executed a re-domiciliation of the Parent Company of the Group from Luxembourg to Sweden. Prior to the change of legal domicile, Transcom WorldWide S.A.'s (previous Parent Company of the Transcom Group) class A and B Share SDRs were listed on Nasdaq Stockholm under the symbols "TWW SDB A" and "TWW SDB B".

The Transcom share



Transcom top 10 shareholders as at 30 December 2014

Shareholder	Number of shares	Share of capital and votes[1]
INVESTMENT AB KINNEVIK[2]	8,306,523	31.9 %
CREADES AB	2,672,196	10.3 %
FIDELITY FUNDS	1,630,003	6.3 %
AVANZA PENSION	1,191,725	4.6 %
FJÄRDE AP-FONDEN	1,118,613	4.3 %
NORDNET PENSIONS-FÖRSÄKRING	1,080,857	4.2 %
UNIONEN	976,098	3.7 %
NORDEA FONDER	968,603	3.7 %
PICTET	668,766	2.6 %
FÖRSÄKRINGSBOLAGET PRI	298,917	1.1 %

1) Excluding treasury shares
2) In March 2015, funds advised by Altor Fund Manager AB acquired 6.4 million shares in Transcom, corresponding to 24.5 percent of the ordinary shares, from Investment AB Kinnevik. Following this transaction, Investment AB Kinnevik had 1.9 million shares in Transcom, corresponding to 7.4 percent of the ordinary shares.

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 2014 financial year.

Transcom (the "Company") 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 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.

At the end of 2014, Transcom employed approximately 30,000 customer experience specialists at 54 contact centers across 23 countries, delivering services in 33 languages to over 400 international brands in various industry verticals. Whether onshore, offshore or near shore, Transcom's agents are focused on delivering outstanding customer experiences, driving satisfaction, brand loyalty and additional sales while also adding insights and value to clients' business operations.

The Transcom Group consisted of the following business segments (regions) at the end of 2014: North Europe, Central & South Europe, Iberia & Latam, and North America & Asia Pacific. During Q3 2014, the strategic review of Transcom's former Credit Management Services (CMS) business unit was finalized. A number of CMS country units were divested during the year, while parts of the CMS business have been integrated with the Company's core customer care operations.

FINANCIAL OVERVIEW

Revenue development

Revenue in 2014 amounted to EUR 616.8 million (EUR 653.2 million). Like-for-like revenue, adjusted for exchange rate impact and divested and closed operations, increased slightly in 2014, by 0.5 percent (EUR 3.2 million). EUR 31.7 million of the EUR 36.4 million in reported revenue decrease is attributable to site closures and the divestment of a number of Credit Management Services (CMS) units during the year. Currency effects had a EUR 7.9 million negative effect on revenue.

Operating result

Transcoms EBIT in 2014 was EUR 21.3 million compared to EUR −5.4 million in 2013. EBIT in 2013 includes a EUR −21.1 million intangible asset impairment. The improved performance was mainly driven by considerable performance improvements in the North America & Asia Pacific region. Profitability in the North Europe and Central & South Europe regions also developed strongly in 2014. Depreciation amounted to EUR 6.2 million in 2014 (EUR 6.3 million) and amortization EUR 2.2 million (EUR 2.8 million). SG&A expenses amounted to EUR 101.9 million (EUR 113.2 million) and include one-off costs in Q2 2014 amounting to EUR 1.1 million due to the re-domiciliation from Luxembourg to Sweden. The EUR 11.3 million cost decrease in 2014 is a result of Transcom's focus on margin improvements and reduction of the complexity of the organization.

Taxes

During 2014, tax expenses amounted to EUR 11.9 million (EUR 6.3 million). Reported tax consists of three main components: current tax, deferred tax and adjustment of tax audit provisions. The Group's reported tax referring to current tax was EUR 8.6 million in 2014 (EUR 9.3 million). The effective tax rate differs from the statutory rate mainly due to losses for which no deferred tax assets can be recognized, but also due to prior year tax expenses resulting from tax audits and a change of deferred tax assets as a result of the disposal of Credit Management units. The effective tax rate is currently high, and it is expected that continued performance improvements will lower the tax rate to the level of the average statutory tax rates in the countries where the Group operates.

Cash flow

EUR million	2014 Jan–Dec	2013 Jan–Dec
Cash flow from operating activities before changes in working capital	17.7	13.9
Change in working capital	−6.2	−4.0
Cash flow from operating activities	11.5	9.9
Cash flow for the year	−22.0	16.6

Cash flow was positively affected by improved operating result, strong collections and disposal of businesses. Repayment of loans amounted to EUR 39.1 million in 2014.

Debt & Financing

EUR million	2014 Dec. 31	2013 Dec. 31
Gross debt	62.8	94.4
Net debt	24.6	36.2
Net debt/EBITDA	0.9	1.5
Equity	120.0	111.3
Cash and cash equivalents	38.2	58.4

Transcom reduced gross debt from EUR 94.4 million at the end of 2013 to EUR 62.8 million at the end of 2014. Net debt as at December 31, 2014 was EUR 24.6 million compared to EUR 36.2 million at the end of 2013. Net Debt/EBITDA was 0.9, compared to 1.5 at the end of 2013. Transcom is well within its financial covenant thresholds.

Divestitures

A strategic review of Transcom's former Credit Management Services (CMS) operations was completed during 2014. A number of CMS country units were divested during the year: CMS Czech, CMS Poland, and CMS Austria. CMS Germany was divested in 2013. Other units have been restructured in order to be integrated with Transcom's customer care operations: CMS UK, CMS Sweden, and CMS Norway. The parts that have been incorporated with our core operations are characterized by services that can be efficiently delivered within the context of our CRM business model. CMS Denmark will continue to be managed and further developed within Transcom.

In July 31, 2014, Transcom closed the divestment of its Austrian Credit Management Services operations (CMS Austria) to the private equity investor HANNOVER Finanz Group, for EUR 15.0 million on a cash and debt free basis. In Q2 2014, when the agreement was signed, Transcom recorded an adjustment to fair value less costs to sell of EUR 1.9 million classified as Gain/loss on disposal of operating unit. Total assets disposed included goodwill of EUR 14.1 million. Net cash flow from disposal of CMS Austria amounted to EUR 12,108 thousand.

In May, 2014 Transcom divested its Polish and Czech CMS business to Credit Express Group for EUR 2.0 million on a cash and debt free basis (including an escrow balance of EUR 0.6 million that was released six months after the closing upon fulfillment of contractual conditions). Net capital gain of EUR 0.6 million was recorded in Q2 2014. A post-settlement adjustment of the 2013 divestment of CMS Germany was recorded in Q4 2014 of EUR –215 thousand.

Re-domiciliation to Sweden from Luxembourg

In November 2014, Transcom executed a re-domiciliation of the Parent Company of the Transcom Group from Luxembourg to Sweden.

The change of domicile to Sweden aligns Transcom's legal domicile with the domicile of its owners, as the majority of Transcom's shareholders are Swedish. Following the re-domiciliation to Sweden, general meetings of the shareholders will be held in Sweden rather than in Luxembourg, thus facilitating shareholder participation at general meetings. Furthermore, Transcom is no longer bound by dual legal systems – Swedish and Luxemburgish. This will lower costs and simplify the execution of corporate actions. The change of domicile also simplifies Transcom's listing set-up, abandoning the SDR system and establishing one class of shares, listed on Nasdaq Stockholm.

A 1:50 reverse split of the ordinary shares of Transcom WorldWide AB (publ) was executed shortly after the implementation of the re-domiciliation, whereby 50 ordinary shares became one (1) new share of the same class. December 11, 2014 was the first day of trading after the reverse share split.

Events after the reporting period

March 20, 2015 Transcom announced that funds advised by Altor Fund Manager AB have acquired 6.4 million shares in Transcom, corresponding to 24.5 percent of the ordinary shares, from Investment AB Kinnevik. Following this transaction, Investment AB Kinnevik will retain 1.9 million shares in Transcom, corresponding to 7.4 percent of the ordinary shares.

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: like-for-like 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. Provided that the net debt/EBITDA target is met, Transcom would be in a financial position to start paying a dividend in 2016, i.e. for the 2015 financial year.

Change in Group Executive management

As disclosed on February 5, 2015, Transcom is strengthening its Group executive management team in order to increase focus and accountability in areas of vital importance to the company's continued success. The following changes will be implemented:

- Transcom's executive management team will now include a Chief Operating Officer (COO), a Chief Commercial Officer (CCO) and an HR Director.
- Pär Christiansen, Transcom's current CFO, has been appointed new COO with overall responsibility for Transcom's Group-wide operational processes. As part of his new role, Pär will also assume overall responsibility for global IT operations. Transcom has appointed Ulrik Englund as its new CFO. He will take up his position on June 15, 2015. Until then, Pär Christiansen will remain in his current position as Transcom's CFO.
- A Chief Commercial Officer (CCO) will be added to the executive team. The CCO will be responsible for further strengthening Transcom's position as a strategic partner for our clients. The search for Transcom's new CCO is underway. In the interim, Roberto Boggio is assuming the CCO role, in addition to his role as General Manager for the Central & South Europe region.

• The new Group HR Director will be responsible for implementing Transcom's human resources strategy across its global organization. The search for a new HR Director has started.

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. 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 34–37.

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 that future impairment tests in respect of decreases in the value of goodwill should lead to impairment, since a substantial part of Transcom's intangible fixed assets consists of goodwill.
• 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.
• Tax risks such as risks with different tax systems where Group companies may be subject to certain taxes to which local companies are not subject. Further tax risks include that Transcom may be subject to tax claims, due to e.g. tax audits, and that deferred tax assets may need to be written off.

Personnel and sustainability

At the end of 2014, Transcom had 30,207 employees in 23 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 corporate social responsibility (CSR) efforts on people as well. This is reflected in "Transcom Cares", the Company's overarching CSR 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 85 percent of managers are internally recruited, translating into a skilled workforce with a high degree of specialist knowledge. A redesigned Talent Management Program was implemented in 2014, putting the necessary tools in place to manage the process on a global level, ensuring greater transparency and efficiency.

Environment

Transcom strives to reduce the environmental impact of its operations, with a particular focus on 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 2014, Transcom's energy costs decreased by EUR 1.4 million. CO_2 emissions from business travel decreased by 14 percent, and CO_2 emissions per employee were also lower compared to 2013 (from 0.065 ton per employee to 0.055 ton).

Guidelines on remuneration for senior executives

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

These guidelines apply to remuneration for senior executives within the group which currently include nine members of the executive management of Transcom ("Senior Executives"), as well as members of the board of directors to the extent they are remunerated outside their directorship.

The total amount of remuneration granted directly or indirectly by Transcom to the Senior Executives is fully described in Note 4.

The remuneration to the Senior Executives shall consist of fixed salary, variable salary as well as the possibility to participate in long-term incentive programs. These components shall create a well-balanced remuneration which reflects individual performance and which offers a competitive remuneration package adjusted to conditions on the market.

The fixed salary and the bonus percentage may vary amongst Senior Executives according to their level of responsibility or seniority.

The level of variable salary shall be in accordance with market practice and shall depend on the level of responsibility and seniority and shall be calculated according to a combination of results achieved and individual performances. The maximum bonus entitlement is capped at 80 % of the fixed annual salary. There is currently one exception to this provision.

Other benefits shall only constitute of a limited amount in relation to the total remuneration and shall correspond to 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.

The Senior Executives shall be entitled to pension commitments based on those that are customary in the country in which they are employed. The maximum pension commitment shall not exceed 30 % of the fixed annual salary. Pension commitments will be secured through premiums 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 and outside of their duties on the board of directors. Compensation for these services shall be paid on 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.

Current remuneration guidelines are described in note 4.

Research & Development

Transcom, being a service company, does not carry out any R&D activities as defined in IAS 38 Intangible assets. 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, 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. The Company is 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 Rålambsvägen 17, SE-112 59 Stockholm.

On November 26, 2014, Transcom's re-domiciliation to Sweden and merger between Transcom WorldWide S.A. and Transcom WorldWide AB (publ) was registered by the Swedish Companies Registration Office. Transcom WorldWide S.A. (previous Parent Company of the Group) was per that date dissolved and all of its assets and liabilities were transferred to its subsidiary, Transcom WorldWide AB (publ), the new Parent Company of the Group. The consolidation scope and the Group's activities remain unchanged. As a result of the merger, the Income statement includes the former Parent Company for the period January 1 to November 26, 2014. Assets and liabilities in the former Parent Company were transferred to the new Parent Company per November 26, 2014. For the year 2013 the Income statement and the Balance sheet are excluding the former Parent Company.

In 2014, Transcom WorldWide AB received EUR 13,060 thousand in dividends from Group companies, and EUR 4,883 thousand in Group contribution.

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

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.

The total number of shares and votes in Transcom amounts to 26,706,584. Transcom has an issued capital of EUR 56,083,826.40 divided into a total of 26,057,212 ordinary shares with one voting right each and 649,372 class C shares, also with one voting right each. The nominal value per share is EUR 2.10. All class C shares are held as treasury shares by Transcom. The total number of treasury shares held by Transcom amounts to 677,043.

In November 2014, Transcom executed a re-domiciliation of the Parent Company of the Group from Luxembourg to Sweden. Prior to the change of legal domicile, Transcom WorldWide S.A.'s (previous Parent Company of the Transcom Group) class A and B Share SDRs were listed on Nasdaq Stockholm under the symbols "TWW SDB A" and "TWW SDB B".

In connection with the re-domiciliation to Sweden in November 2014, 1,301,581,530 new ordinary shares were issued by the Company in accordance with the merger plan. Thereafter, the Company had 1,302,860,600 outstanding ordinary shares in total, of which 1,383,551 were treasury shares held by the Company itself. During December 2014, the number of shares and votes in the Company was first reduced from 1,302,860,600 to 26,057,212 through a reverse split and then increased to 26,706,584 shares and votes due to a new issue of class C shares related to the re-domiciliation to Sweden. As previously disclosed, Transcom WorldWide AB (publ) has assumed obligations to participants under long-term incentive plan (LTIP) agreements for 2012, 2013 and 2014, entered into by Transcom WorldWide S.A., the Group's former Parent Company, and has therefore issued and repurchased 649,372 class C shares for potential delivery to LTIP participants.

As per December 31, 2014, there were two shareholders whose holdings exceeded 10 percent of the voting capital: Investment AB Kinnevik (31.9 percent) and Creades AB (10.3 percent).

Further information on the Transcom share can be found in note 16 for the Group and note A18 for the Parent Company.

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 May 12, 2015.

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

Retained earnings	-6,718,057
Profit/loss for the year	9,409,388
Total	**2,691,331**

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	2,691,331
Total	**2,691,331**

Corporate governance

Transcom's Corporate Governance report is published on www.transcom.com, and is also included in this Annual Report, on pages 26–39.

Financial overview

	2014	2013	2012	2011	2010
Revenue (EUR million)	616.8	653.2	605.6	554.1	589.1
Profit/loss before tax (EUR million)	18.8	-12.2	-23.6	-32.0	-5.6
Profit/loss for the year (EUR million)	6.9	-18.6	-30.6	-50.4	-8.0
Net cash flow from operating activities (EUR million)	11.5	9.9	-12.4	27.5	29.1
Net cash flow from operating activities per share (Euro cents)	44	38	-48	106	112
Earnings per share (Euro cents)	26.4	-71.3	-117.4	-193.5	-31.0
Return on Equity	6.0 %	-15.2 %	-23.0 %	-29.5 %	-4.6 %
Operating margin	3.5 %	-0.8 %	-2.9 %	-5.1 %	-1.1 %
Equity ratio	39.5 %	32.2 %	37.1 %	43.0 %	45.8 %
Net debt/EBITDA	0.9	1.5	2.0	0.8	2.5

Consolidated income statement

for the year ended December 31, 2014

EUR thousand	Note	2014	2013
Revenue	3, 26	616,840	653,184
Cost of sales	4, 5, 7, 26	-489,257	-522,086
Gross profit	**3**	**127,583**	**131,098**
Marketing expenses	4, 5	-4,451	-5,963
Administrative expenses	4, 5, 6	-97,468	-107,255
Restructuring expenses	25	-515	-7,082
Impairment of intangible assets	7	–	-21,125
Net gain/loss on disposal of business	25	-1,498	5,128
Other operating income/expenses	7	-2,325	-246
Operating profit/loss	**3**	**21,326**	**-5,445**
Financial income	8	2,334	123
Financial expenses	8	-4,858	-6,913
Profit/loss before tax		**18,802**	**-12,235**
Income tax expense	9	-11,934	-6,328
Profit/loss for the year		**6,868**	**-18,563**
Attributable to:			
– equity holders of the parent		6,868	-18,563
– non-controlling interests		–	–
Earnings per share attributable to equity holders of the parent	10		
Earnings before and after dilution per Ordinary share, Euro cent per common share		26.4	–
Earnings before and after dilution per A class share, Euro cent per common share		–	-71.3
Earnings before and after dilution per B class share, Euro cent per common share		–	-71.3

Consolidated statement of comprehensive income

for the year ended December 31, 2014

EUR thousand	Note	2014	2013
Profit/loss for the year		6,868	-18,563
Other comprehensive income			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		1,700	-3,198
Exchange differences recycled to profit and loss		115	–
		1,815	**-3,198**
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Actuarial profit/loss on post employment benefit obligations	19	-311	-138
Income tax effect		58	75
		-253	**-63**
Other comprehensive income for the year, net of tax		**1,562**	**-3,261**
Total comprehensive income for the year, net of tax		**8,430**	**-21,824**
Attributable to:			
– equity holders of the parent		8,430	-21,824
– non-controlling interests		–	–

Consolidated statement of financial position

for the year ended December 31, 2014

EUR thousand	Note	2014	2013
ASSETS			
Non-current assets			
Goodwill	11	101,824	111,119
Other intangible assets	11	4,211	5,215
Tangible assets	12	16,152	15,609
Deferred tax assets	9	2,137	4,784
Other receivables	24	1,534	1,143
		125,858	**137,870**
Current assets			
Trade receivables	13, 24, 26	91,935	98,557
Income tax receivables		2,483	4,823
Other receivables	14, 24	24,586	26,039
Prepaid expenses and accrued income	24	20,645	19,966
Cash and cash equivalents	15, 24	38,173	58,362
		177,822	**207,747**
TOTAL ASSETS		**303,680**	**345,617**

Consolidated statement of financial position (continued)

for the year ended December 31, 2014

EUR thousand	Note	2014	2013
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent	16		
Share capital		56,084	53,558
Other contributed capital		8,993	11,458
Reserves		-12,844	17,583
Retained earnings including net profit/loss for the year		67,763	28,743
Total equity		**119,996**	**111,342**
Non-current liabilities			
Interest-bearing liabilities	18, 24	47,635	16
Employee benefit obligations	19	3,264	2,635
Provisions	20	135	2,225
Deferred tax liabilities	9	1,464	2,680
Income tax payables		2,093	4,417
Other liabilities		–	73
		54,591	**12,046**
Current liabilities			
Interest-bearing liabilities	18, 24	15,119	94,425
Provisions	20	1,501	2,576
Trade payables	24, 26	27,279	25,562
Income tax payables		8,304	9,809
Other liabilities	21, 24	27,017	37,931
Accrued expenses and prepaid income	22, 24	49,873	51,926
		129,093	**222,229**
Total liabilities		**183,684**	**234,275**
TOTAL EQUITY AND LIABILITIES		**303,680**	**345,617**

Consolidated statement of changes in equity

for the year ended December 31, 2014

		Equity attributable to equity holders of the parent							
				Reserves					
EUR thousand	Note	Share capital	Other con-tributed capital	Legal reserve	Share-based payments	Foreign translation reserve	Other reserves	Retained earnings	**Total**
As at January 1, 2014		**53,558**	**11,458**	**4,213**	**182**	**-14,659**	**27,847**	**28,743**	**111,342**
Profit/loss for the year		–	–	–	–	–	–	6,868	**6,868**
Other comprehensive income for the year, net of tax		–	–	–	–	1,815	–	-253	**1,562**
Total comprehensive income for the year, net of tax		**–**	**–**	**–**	**–**	**1,815**	**–**	**6,615**	**8,430**
Merger	16	2,465	-2,465	-4,213	-182	–	-27,847	32,242	**0**
Issue of C class shares	16	1,396	–	–	–	–	–	–	**1,396**
Repurchase of C class shares	16	–	–	–	–	–	–	-1,396	**-1,396**
Impact of change of nominal value	16	-1,335	–	–	–	–	–	1,335	**0**
Share-based payments, expense	17	–	–	–	–	–	–	224	**224**
As at December 31, 2014		**56,084**	**8,993**	**0**	**0**	**-12,844**	**0**	**67,763**	**119,996**
As at January 1, 2013		**53,558**	**11,458**	**4,213**	**42**	**-11,461**	**27,910**	**47,306**	**133,026**
Profit/loss for the year		–	–	–	–	–	–	-18,563	**-18,563**
Other comprehensive income for the year, net of tax		–	–	–	–	-3,198	-63	–	**-3,261**
Total comprehensive income for the year, net of tax		**–**	**–**	**–**	**–**	**-3,198**	**-63**	**-18,563**	**-21,824**
Share-based payments, expense	17	–	–	–	140	–	–	–	**140**
As at December 31, 2013		**53,558**	**11,458**	**4,213**	**182**	**-14,659**	**27,847**	**28,743**	**111,342**

Consolidated statement of cash flows

for the year ended December 31, 2014

EUR thousand	Note	2014	2013
Cash flows from operating activities			
Profit/loss before tax		18,802	-12,235
Adjustments to reconcile profit before tax to net cash:			
Depreciation and amortization	7	8,642	9,123
Impairment losses	7	–	21,125
Change in provisions including employee benefit obligations		-687	1,678
Result from disposal of business		1,498	-5,128
Other non-cash adjustments		-189	431
Net financial items		2,524	6,790
Income taxes paid		-12,883	-7,885
Cash flows from operating activities before changes in working capital		**17,707**	**13,899**
Changes in working capital			
Change in operating receivables		5,896	-5,500
Change in operating liabilities		-12,069	1,511
Changes in working capital		**-6,173**	**-3,989**
Net cash flow from operating activities		**11,534**	**9,910**
Cash flows from investing activities			
Investments in tangible assets	12	-6,606	-8,467
Investments in intangible assets	11	-1,653	-631
Investments in business, net of cash		–	-80
Disposals of tangible assets		25	193
Disposal of business, net of cash	25	12,849	4,475
Changes in other non-current assets		-162	-8
Net cash flow from investing activities		**4,453**	**-4,518**
Cash flows from financing activities			
Proceeds from borrowings	18	5,286	14,000
Repayment of borrowings		-39,082	–
Payment of finance lease liabilities		-69	-147
Interest paid		-4,152	-2,630
Net cash flow from financing activities		**-38,017**	**11,223**
Net cash flow for the year		**-22,030**	**16,615**
Cash and cash equivalents at beginning of the year		58,362	42,600
Net cash flow for the year		-22,030	16,615
Exchange rate differences in cash and cash equivalents		1,841	-853
Cash and cash equivalents at end of the year	**15**	**38,173**	**58,362**

Notes to the consolidated financial statements

for the year ended December 31, 2014

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") provide multilanguage customer relationship management products and services and collections services, including customer help lines and other telephone-based marketing and customer service programs ("teleservices") to clients in customer-intensive industries.

The Company is a registered company domiciled in Stockholm, Sweden. The address of the Company's headquarter is Rålambsvägen 17, SE-112 59 Stockholm. On November 26, 2014, Transcom's executed a re-domiciliation to Sweden from Luxembourg through a merger between the former parent entity Transcom WorldWide S.A. and its subsidiary Transcom WorldWide AB (publ). Transcom WorldWide AB (publ) is per November 26, 2014 the new Parent Company of Transcom. During 10–12 December 2014, Transcom executed a 1:50 reverse split of the ordinary share of the Company following the re-domiciliation. Disclosures of the merger and the reversed split is presented in notes A17 and A18.

The consolidated financial statements were authorized for issue by the Board of Directors on April 20, 2015. These consolidated financial statements will be submitted for approval at the Annual General Meeting on May 12, 2015.

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 are presented in Euros which is the Group's reporting currency, rounded in thousands of Euros. The 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 beginning January 1, 2014 adopted by the Group.

- IFRS 10 *Consolidated Financial Statements* replaces parts of IAS 27 *Consolidated and Separate Financial Statements* which focuses on when and how a controlling entity must prepare consolidated financial statements. IFRS 10 contains rules on when a company must be consolidated and the basis is controlling interest. The purpose of IFRS 10 is to ensure that there is only one basis for consolidation of all entities regardless of the nature of the investment. That basis is controlling interest. IFRS 10 has not had any impact on the Group's reporting.
- IFRS 12 *Disclosure of Interests in Other Entities* will be applied when disclosing interests in subsidiaries, joint arrangements, associated companies and structured non-consolidated companies. IFRS 12 has increased the disclosure requirements.
- *Investment Entities* (Amendments to IFRS 10, IFRS 12 and IAS 27). These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10 *Consolidated Financial Statements* and must be applied retrospectively, subject to certain transition relief. The exception to consolidation requires investment entities to account for Group companies at fair value through profit or loss. These amendments have no impact on the Group, since none of the entities in the Group qualifies to be an investment entity under IFRS 10.
- Offsetting Financial Assets and Financial Liabilities – Amendments to IAS 32. These amendments clarify the meaning of 'currently has a legally enforceable right to set-off'. These amendments have no impact on the Group, since none of the entities in the Group has any offsetting arrangements.
- In the 2010–2012 Annual improvements cycle, the IASB issued seven amendments to six standards, which included an amendment to IFRS 13 *Fair Value Measurement*. The amendment to IFRS 13 is effective immediately and, thus, for periods beginning at 1 January 2014, and it clarifies in the Basis for Conclusions that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. This amendment to IFRS 13 has no impact on the Group.
- In the 2011–2013 Annual improvements cycle, the IASB issued four amendments to four standards, which included an amendment to IFRS 1 *First-time Adoption of International Financial Reporting Standards*. The amendment to IFRS 1 is effective immediately and, thus, for periods beginning at 1 January 2014, and clarifies in the Basis for Conclusions that an entity may choose to apply either a current standard or a new standard that is not yet mandatory, but permits early application, provided either standard is applied consistently throughout the periods presented in the entity's first IFRS financial statements. This amendment to IFRS 1 has no impact on the Group, since the Group is an existing IFRS preparer.

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*, as issued, reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurements of the Group's financial liabilities. The Group will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.
- IFRS 15 *Revenue from Contracts with Customers* – outlines the principles to measure and recognize revenue. The standard is effective from 2017 and the Group will quantify the effect for 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. The financial reports of the Group companies are included from the acquisition date until control ceases. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvment 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

(a) Functional and presentation currency

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

(b) Transactions and balances

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.

(c) Group companies

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. The carrying amount of the replaced part is derecognized. All other 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 — 3–5 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 tested annually for impairment, or if indications for possible need of impairment, and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposals of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segment.

(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

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly 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. The Group's non-current interest-bearing liabilities generally have short or long fixed interest periods, which means that the nominal loan amount plus accrued interest is a good approximation of the interest-bearing liabilities calculated according to the effective rate model.

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 Other payables, other liabilities, accrued expenses and prepaid income

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

1.15 Leasing

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.

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.

The Group leases certain property, plant and equipment. Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. 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.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

1.16 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.

1.17 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 plan is a pension plan that is not a defined contribution plan. Typically defined benefit plans define an 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 termination indemnity plan in Italy and a pension plan in Philippines.

1.18 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.

1.19 Share-based payments
The Group issues equity-settled share-based payments to certain employees and key management. 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 management's best estimate, for the effect of non-transferability, exercise restrictions and behavioral considerations.

1.20 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.

1.21 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.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

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.

1.22 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.

1.23 Revenue recognition
Revenue comprises the fair value of the consideration 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.

1.24 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.

1.25 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 24.

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, maximising 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 categorised 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.

1.3 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.

1.4 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 Chief executive officer. Transcom's operating segments are North Europe region (Sweden, Norway, the Netherlands, Denmark, Estonia, Latvia and Lithuania), Central & South Europe region (Italy, Germany, Poland, Tunisia, Hungary, UK, Croatia and Serbia), Iberia & Latam region (Spain, Portugal, Colombia, Peru and Chile), North America & Asia Pacific region (the Philippines, USA and Canada).

Note 2 Critical accounting estimates and judgements

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed 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 9.

(b) Provisions for bad and doubtful debts
The Group continually monitors provisions for bad and doubtful debts; however a significant level of judgment is required by Executive management to determine appropriate amounts to be provided. Executive management reviews and ascertains each debt individually based upon knowledge of the client, knowledge of the sector and other economic factors, and calculates an appropriate provision considering the time that a debt has remained overdue. The provision for each balance sheet date for bad and doubtful debts, see note 13.

(c) Useful lifetimes of intangible and tangible fixed assets
Executive management establishes assessed useful lifetimes and thus consistent amortization and depreciation for the Group's intangible and tangible fixed assets. These estimates are based on historical knowledge of equivalent assets' useful lifetimes. Useful lifetimes and estimated residual values are tested on each balance sheet date and adjusted when necessary. Recognized values for each balance sheet date for intangible and tangible fixed assets see notes 11 and 12.

(d) 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 as at December 31, 2014. Please refer to note 11 for further details. Changes in the assumptions and estimates used may have a significant effect on the income statement and statement of financial position. Please see note 11 for a sensitivity analysis of some of the assumptions made.

(e) Pension assumptions
The liabilities of the defined benefit pension schemes operated by the Group are determined using methods relying on actuarial assumptions and estimates. Details of the key assumptions are set out in note 19. The Group takes advice from independent actuaries relating to the appropriateness of the assumptions. Changes in the assumptions and estimates used may have a significant effect on the income statement, statement of financial position and other comprehensive income.

(f) 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 following developments in the legal proceedings and at each reporting date, 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, claim or assessment.

(g) Share-based payments
The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note 17.

Note 3 Segmental information

	2014						
	CRM					CMS	
EUR thousand	North Europe	Central & South Europe	Iberia & Latam	North America & AP	**Total CRM**	**Total CMS**	**Total Group**
Revenue							
Total segment revenue	215,689	171,951	125,526	139,442	652,608	12,676	**665,284**
Inter-segment revenue	-8,001	-22,426	-1,443	-16,252	-48,122	-322	**-48,444**
Revenue from external customers	207,688	149,525	124,083	123,190	604,486	12,354	**616,840**
Gross profit	38,700	28,453	21,570	34,394	123,117	4,466	**127,583**
Profit/loss from segments	10,971	4,978	1,127	4,318	21,395	-69	**21,326**
Operating profit/loss							**21,326**

	2013						
	CRM					CMS	
EUR thousand	North Europe	Central & South Europe	Iberia & Latam	North America & AP	**Total CRM**	**Total CMS**	**Total Group**
Revenue							
Total segment revenue	224,997	171,884	131,805	167,775	696,461	33,541	**730,002**
Inter-segment revenue	-8,254	-21,778	-938	-45,098	-76,068	-750	**-76,818**
Revenue from external customers	216,743	150,106	130,867	122,677	620,393	32,791	**653,184**
Gross profit	37,045	28,554	25,220	30,426	121,245	9,853	**131,098**
Profit/loss from segments	8,160	4,337	3,068	-1,408	14,157	1,523	**15,680**
Goodwill impairment*							**-21,125**
Operating profit/loss							**-5,445**

* Goodwill impairment 2013 related to the CMS segment (not restated according to change of the Group segments in 2014), see note 11.

The Group reportable segments are composed as follows:

- North Europe region: Sweden, Norway, the Netherlands, Denmark, Estonia, Latvia and Lithuania
- Central and South Europe region: Italy, Germany, Poland, Tunisia, Hungary, UK, Croatia and Serbia (France deconsolidated per March 1, 2013)
- Iberia & Latam region: Spain, Portugal, Colombia, Peru and Chile
- North America & Asia Pacific region: the Philippines, USA and Canada
- CMS region: Credit Management Services in Austria (deconsolidated per July 31, 2014), Czech Republic and Poland (deconsolidated per May 28, 2014) and Germany (deconsolidated per December 30, 2013).

In 2014, the management changed the structure of the internal organization of the Group in a manner that has caused the composition of the Group reportable segments to change, compared to the prior financial year. CMS business in Sweden, Norway and Denmark were integrated with the CRM operations in the North Europe region, CMS business in UK was integrated in the Central & South Europe region. Consequently, the corresponding items of segment information for the year ended 31 December 2013 have been restated.

Inter-segment transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties. A mark-up is being applied according to Transcom's Transfer Pricing Policy, in order to encourage use of Group resources.

Revenues from the two largest single customers and arising from sales by both the CRM and CMS segments amounted to EUR 108,306 thousand December 31, 2014 (December 31, 2013: EUR 111,794 thousand) and EUR 55,964 thousand December 31, 2014 (December 31, 2013: EUR 64,634 thousand) respectively. The revenues amounted to EUR 108,306 thousand comes from the segments CMS, Central & South Europe and North and the revenues amounted to EUR 55,964 thousand comes from the segment Iberia & Latam.

Goodwill per segment is reflected in note 11.

Note 4 Employees

Salaries, other remuneration and social security charges

EUR thousand	2014	2013
Salaries and other remunerations	373,569	425,918
Social security charges	65,872	66,095
Pension expenses	10,099	8,949

Personnel expenses are recognized in the following line items in the income statement:

EUR thousand	2014	2013
Cost of sales	414,009	457,701
Marketing expenses	2,720	3,563
Administrative expenses	32,811	39,698
Total	**449,540**	**500,962**

Average number of employees

	2014			2013		
	Women	Men	Total	Women	Men	Total
Austria	20	14	**34**	49	33	**82**
Belgium	–	–	**–**	28	18	**46**
Canada	417	355	**772**	476	439	**915**
Chile	265	146	**411**	726	400	**1,126**
Colombia	226	172	**398**	125	96	**221**
Croatia	280	177	**457**	230	143	**373**
Czech Republic	30	20	**50**	73	49	**122**
Denmark	62	31	**93**	79	38	**117**
Estonia	183	27	**210**	235	33	**268**
France	–	–	**–**	52	35	**87**
Germany	427	253	**680**	436	205	**641**
Hungary	355	224	**579**	311	175	**486**
Italy	659	440	**1,099**	1,345	431	**1,776**
Latvia	272	147	**419**	292	158	**450**
Lithuania	403	190	**593**	395	171	**566**
Luxembourg	3	5	**8**	17	11	**28**
The Netherlands	137	164	**301**	122	133	**255**
Norway	145	174	**319**	174	188	**362**
Peru	171	148	**319**	85	74	**159**
Philippines	4,794	4,365	**9,159**	4,304	3,972	**8,276**
Poland	232	152	**384**	268	179	**447**
Portugal	83	34	**117**	85	35	**120**
Serbia	24	19	**43**	–	–	**–**
Spain	3,459	1,168	**4,627**	3,414	1,153	**4,567**
Sweden	783	897	**1,680**	711	796	**1,507**
Tunisia	453	400	**853**	443	392	**835**
United Kingdom	48	59	**107**	57	64	**121**
United States	441	238	**679**	518	331	**849**
Total*	**14,372**	**10,019**	**24,391**	**15,050**	**9,752**	**24,802**

* Total average number of employees excludes agency staff.

Note 4 Employees (cont.)

Women in Board and Executive management, %

	2014	2013
Board of Directors	14 %	14 %
Executive management	11 %	14 %

Remuneration to the Board

EUR thousand	2014	2013
Chairman of the Board:		
Henning Boysen	105.0	94.5
Other members of the Board:		
Mikael Larsson	59.0	57.5
Stefan Charette	53.0	46.0
Alexander Izosimov	50.0	42.5
Roel Louwhoff	46.0	40.0
Mia Brunell Livfors	48.0	–
John C Freker Jr	43.0	–
Laurie Bowen	–	46.0
Dermot Jenkinson	–	42.5
Total	**404.0**	**369.0**

Remuneration and other benefits to Executive management

	2014				
EUR	Base salary	Variable compensation	Other benefits*	Pension fees	Total
President and CEO:					
Johan Eriksson	540,603	379,653	14,177	158,738	**1,093,171**
Other members of Group:					
Management (8 positions)	1,798,885	522,074	82,017	336,562	**2,739,538**
Total	**2,339,487**	**901,727**	**96,194**	**495,300**	**3,832,709**

Executive management consists on the following persons; Pär Christiansen, Jörgen Skoog, Sytze Koopmans, Christian Hulten, Roberto Boggio, Isabel Sanchez-Lozano, Neil Rae, Siva Subramaniam.

	2013				
EUR	Base salary	Variable compensation	Other benefits*	Pension fees	Total
President and CEO:					
Johan Eriksson	473,725	444,360	9,504	95,749	**1,023,338**
Other members of Group:					
Management (7 positions)	1,629,121	157,330	38,515	205,247	**2,030,213**
Total	**2,102,846**	**601,690**	**48,019**	**300,996**	**3,053,551**

Executive management consists on the following persons; Pär Christiansen, Jörgen Skoog, Sytze Koopmans, Christian Hulten, Roberto Boggio, Isabel Sanchez-Lozano, Neil Rae.

* Refers to vacation pay, company car, medical insurance etc. No benefits for share-based payments have been received.

The following guidelines were approved by the AGM of Transcom WorldWide S.A. on May 28, 2014 and by the EGM of Transcom WorldWide AB on July 16, 2014 and applied on remuneration for senior executives within the Group which currently include nine 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.

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 17.

Note 5 Leases

Operating leases as a lessee

Operating leasing costs

EUR thousand	2014	2013
Premises	22,823	24,525
IT Equipment	5,382	6,661
Office equipment	338	292
Cars	1,078	833
Others	2,161	2,183
Total	**31,782**	**34,494**

Future payments for non cancellable leases as at December 31, 2014

EUR thousand	Less than one year	Between one and five years	Total
Premises	21,044	34,279	**55,323**
IT Equipment	3,555	2,032	**5,587**
Office equipment	385	294	**679**
Cars	801	1,043	**1,844**
Others	1,261	21	**1,282**
Total	**27,046**	**37,669**	**64,715**

Future payments for non cancellable leases as at December 31, 2013

EUR thousand	Less than one year	Between one and five years	Total
Premises	20,222	30,251	**50,473**
IT Equipment	4,882	3,493	**8,375**
Office equipment	463	774	**1,237**
Cars	757	747	**1,504**
Others	1,312	124	**1,436**
Total	**27,636**	**35,389**	**63,025**

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

Finance leases as a lessee

Assets utilized under finance leases

EUR thousand	2014	2013
Cost	327	293
Accumulated depreciation	-98	-158
Carrying value	**228**	**135**

Lease liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

Gross finance lease liabilities – minimum lease payments:

EUR thousand	2014	2013
Less than one year	125	53
Between one and five years	132	16
	257	**69**
Future finance charges on finance leases	-14	-9
Present value of finance lease liabilities	**243**	**60**

The present value of finance lease liabilities is as follows:

EUR thousand	2014	2013
Less than one year	116	44
Between one and five years	127	16
Present value of finance lease liabilities	**243**	**60**

Note 6 Remuneration to auditors

For the financial year ended December 31, 2014 and December 31, 2013 the approved statutory auditor, and as the case may be affiliated companies of the auditor, billed fees to the Group in relation with the following services:

Remuneration to auditors

EUR thousand	2014	2013
Ernst & Young		
Audit fees according to audit assignment	628	748
Other audit related fees	80	58
Non audit	9	–
Other audit firms		
Audit fees according to audit assignment	36	17
Tax	–	10
Total	**753**	**833**

Note 7 Amortization, depreciation and impairment

Amortization and depreciation

EUR thousand	2014	2013
Customer relationships	-1,065	-1,941
Development costs	-967	-894
Other intangibles	-186	-179
Telephone switch	-474	-626
Fixture and fittings	-1,627	-1,575
Computer hardware and software	-3,243	-2,847
Office improvements	-876	-1,061
	-8,438	**-9,123**
Impairment		
Goodwill	–	-21,125
	–	**-21,125**
Total	**-8,438**	**-30,248**

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

EUR thousand	2014	2013
Cost of sales	-6,556	-6,305
Impairment of intangible assets	–	-21,125
Other operating expenses	-1,882	-2,818
Total	**-8,438**	**-30,248**

Note 8 Financial income and expenses

Financial income

EUR thousand	2014	2013
Interest income on bank deposits	61	123
Foreign exchange gain, net	2,273	–
Total	**2,334**	**123**

Financial expenses

EUR thousand	2014	2013
Interest expense on bank borrowings	-2,863	-3,275
Other financing costs	-1,239	-1,265
Bank fees	-756	-1,068
Foreign exchange loss, net	–	-1,305
Total	**-4,858**	**-6,913**

Note 9 Taxes

Income tax expense

EUR thousand	2014	2013
Current income tax on profit/loss for the year	-9,623	-9,987
Adjustments in respect of prior years	-527	2,285
Current taxes	**-10,150**	**-7,702**
Current year origination and reversal of temporary differences	-1,398	930
Adjustments in respect of prior years	-386	444
Deferred taxes	**-1,784**	**1,374**
Income tax expense	**-11,934**	**-6,328**

Current income tax on profit/loss for the year consists of current income tax EUR 8,647 thousand (EUR 9,290 thousand) and witholding taxes EUR 976 thousand (EUR 697 thousand).

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

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	2014	%	2013	%
Profit/loss before tax	**18,802**		**-12,235**	
Calculated tax based on tax rate in Sweden 22.00 % (Luxembourg 29.97 %)	-4,136	-22.0	3,667	-30.0
Foreign tax rate differential	8,604	45.8	3,378	-27.6
Tax exempt income	1	0.0	3,134	-25.6
Non-deductible expenses	-5,558	-29.5	-5,837	47.7
Adjustments in respect of prior years	-913	-4.9	2,729	-22.3
Losses for which no tax benefit is recognized	-6,875	-36.6	-13,800	112.8
Losses previously recognized impaired current year	-1,345	-7.2	–	–
Losses utilized for which no deferred tax assets were previously recognized	563	3.0	448	-3.7
Change in tax rates	37	0.2	–	–
Withholding tax	-976	-5.2	–	–
Other tax not at standard rate*	-1,336	-7.1	–	–
Other	–	–	-47	0.4
Income tax expense	**-11,934**	**-63.5**	**-6,328**	**51.6**

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

Note 9 Taxes (cont.)

Deferred tax assets

EUR thousand	Tangible assets	Tax losses	Others	Netting	Total
As at January 1, 2014	**880**	**2,737**	**1,167**	**–**	**4,784**
Income statement movement	32	-1,336	-434	–	**-1,738**
Tax relating to components of other comprehensive income	–	–	58	–	**58**
Disposal of business	–	–	-95	–	**-95**
Translation differences	-7	-85	-1	–	**-93**
Netting of assets/liabilities	–	–	–	-779	**-779**
As at December 31, 2014	**905**	**1,316**	**695**	**-779**	**2,137**
As at January 1, 2013	**98**	**2,912**	**530**	**–**	**3,540**
Income statement movement	782	-15	641	–	**1,408**
Translation differences	–	-160	-4	–	**-164**
As at December 31, 2013	**880**	**2,737**	**1,167**	**–**	**4,784**

Deferred tax liabilities

EUR thousand	Tangible assets	Intangible assets	Others	Netting	Total
As at January 1, 2014	**44**	**1,503**	**1,133**	**–**	**2,680**
Income statement movement	38	-274	284	–	**48**
Disposal of business	–	-143	-373	–	**-516**
Translation differences	–	57	-26	–	**31**
Netting of assets/liabilities	–	–	–	-779	**-779**
As at December 31, 2014	**82**	**1,143**	**1,018**	**-779**	**1,464**
As at January 1, 2013	**447**	**1,156**	**1,047**	**–**	**2,650**
Income statement movement	-403	347	91	–	**35**
Translation differences	–	–	-5	–	**-5**
As at December 31, 2013	**44**	**1,503**	**1,133**	**–**	**2,680**

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 of EUR 19,743 thousand (2013: EUR 80,072 thousand) in respect of losses amounting to EUR 72,041 thousand (2013: 274,405 thousand).

The main reason the amount of losses for which no deferred tax assets have been recognized has been decreased, is due to the Merger, where as a result Transcom S.A. ceased to exist and forfeited all of its tax losses. Losses that do not expire amounted to EUR 23,736 thousand per 2014.

Note 10 Earnings per share

Basic earnings per share

	2014	2013
Profit/loss for the year attributable to equity holders of the parent (EUR thousand)	6,868	-18,563
Weighted average number of shares in issue during the year (thousand)	26,030	26,030
Basic earnings per share (EUR cent)	**26.4**	**-71.3**

Diluted earnings per share

	2014	2013
Profit/loss for the year attributable to equity holders of the parent (EUR thousand)	6,868	-18,563
Weighted average number of shares in issue during the year adjusted for outstanding stock options (thousand)	26,061	26,061
Diluted earnings per share (EUR cent)	**26.4**	**-71.3**

Per December 31, 2014 oustanding Ordinary shares are 26,057,212 and C-class shares 649,372 (2013: 622,768 thousand Class A Shares and 622,764 thousand Class B shares). During December, 2014 Transcom WorldWide AB (publ) executed a 1:50 reverse split of the ordinary share of the Company following the re-domiciliation. During December 2014 the Company issued and repurchased C-class shares for future distribution for long-term incentive plans (note 17). Earnings per share for 2013 has been adjusted to reflect the reverse split as if it had occurred 2013.

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 31 thousand (2013: nil).

Note 11 Goodwill and other intangible assets

Cost

EUR thousand	Goodwill	Customer relationships	Development cost	Others	Total
As at January 1, 2014	**143,912**	**25,625**	**10,606**	**2,663**	**182,806**
Investments	–	3	704	946	**1,653**
Disposal of business*	-29,780	-14,599	–	-263	**-44,642**
Translation differences	4,608	1,488	–	12	**6,108**
As at December 31, 2014	**118,740**	**12,517**	**11,310**	**3,358**	**145,925**
Accumulated amortization and impairment					
As at January 1, 2014	**-32,793**	**-22,491**	**-8,862**	**-2,326**	**-66,472**
Amortization for the year	–	-1,065	-967	-186	**-2,218**
Disposal of business*	15,396	14,029	–	176	**29,601**
Translation differences	481	-1,277	–	-4	**-801**
As at December 31, 2014	**-16,917**	**-10,804**	**-9,829**	**-2,340**	**-39,890**
Carrying value as at December 31, 2014	**101,824**	**1,713**	**1,481**	**1,018**	**106,035**

* For further information, see note 25.

Note 11 Goodwill and other intangible assets (cont.)

Cost

EUR thousand	Goodwill	Customer relationships	Development cost	Others	Total
As at January 1, 2013	**154,962**	**26,126**	**10,137**	**2,533**	**193,758**
Investments	–	2	469	160	**631**
Acquisition of business	310	–	–	–	**310**
Disposals	–	–	–	-4	**-4**
Disposal of business*	-8,577	–	–	-28	**-8,605**
Translation differences	-2,783	-503	–	2	**-3,284**
As at December 31, 2013	**143,912**	**25,625**	**10,606**	**2,663**	**182,806**

* For further information, see note 25.

Accumulated amortization and impairment

As at January 1, 2013	**-14,729**	**-21,016**	**-7,968**	**-2,124**	**-45,837**
Amortization for the year	–	-1,941	-894	-179	**-3,014**
Impairment charge for the year	-21,125	–	–	–	**-21,125**
Disposals	–	–	–	4	**4**
Disposal of business*	2,688	–	–	19	**2,707**
Translation differences	373	466	–	-46	**793**
As at December 31, 2013	**-32,793**	**-22,491**	**-8,862**	**-2,326**	**-66,472**
Carrying value as at December 31, 2013	**111,119**	**3,134**	**1,744**	**337**	**116,334**

* For further information, see note 25.

Goodwill

Impairment testing for cash generating units containing goodwill

The impairment test gave no indication of need of goodwill impairment (2013: EUR 21,125 thousand).

The Group treats the geographical regions stated below 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	2014	2013
North Europe	42,751	36,096
Central & South Europe	1,675	1,395
Iberia & Latam	10,121	10,121
North America & Asia Pacific	47,277	41,621
CMS	–	21,886
Total*	**101,824**	**111,119**

* As explained in note 3, in 2014, the management changed the structure of the internal organization of the Group in a manner that has caused the composition of the Group reportable segments to change, compared to the prior financial year. Consequently, the carrying value of the goodwill allocated to each operating division for year 2014 has been modified compared to the prior financial year in order to reflect the new Group structure.

Value in use was determined by discounting the future cash flows generated from the continuing use of the units and it was concluded that the fair value less cost to sell did not exceed the value in use.

The calculation of the value in use was based on the following key 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 ranging from 2.0 percent to 2.1 percent (2013: 2.0 percent to 2.1 percent) depending on 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 management's estimations of change within these markets. These rates do not exceed the average long-term growth rates for the relevant markets.

Post-tax discount rates ranging from 8.0 percent to 11.5 percent (2013: 9.3 percent to 14.0 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 management's assessment of specific risks related to the unit. While post-tax discount rates to post-tax cash flows was applied, it was concluded that the result were not materially different from applying pre-tax discount rates to pre-tax cash flows.

For North Europe, Central & South Europe, Iberia & Latam and North America & Asia Pacific units, 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.

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. As at December 31, 2014 these assets were tested for impairment. The impairment test gave no indication of need of impairment (2013: nil).

Development costs consist of amounts identified by management where it is considered that technological and economical feasibility exists, usually determined by reference to the achievement of defined milestones according to an established project management model. These costs relate to development of assets for the use in the Group. As at December 31, 2014 these assets were tested for impairment. The impairment test gave no indication of need of impairment in 2014 (2013: nil).

Note 12 Tangible assets

Cost

EUR thousand	Telephone switch	Fixtures and fittings	Computer hardware and software	Office improvements	Total
As at January 1, 2014	**30,890**	**26,694**	**51,462**	**18,111**	**127,157**
Investments	1,196	958	3,036	1,664	**6,854**
Disposals	-1,060	-326	-1,289	-2,429	**-5,104**
Disposal of business*	-298	-136	-789	-965	**-2,188**
Translation differences	557	425	1,168	1,010	**3,160**
As at December 31, 2014	**31,285**	**27,615**	**53,588**	**17,391**	**129,879**

* For further information, see note 25.

Accumulated amortization and impairment

As at January 1, 2014	**-30,017**	**-21,829**	**-44,844**	**-14,858**	**-111,548**
Depreciation for the year	-474	-1,627	-3,243	-876	**-6,220**
Disposals	1,060	326	1,272	2,308	**4,966**
Disposal of business*	296	123	716	857	**1,992**
Translation differences	-592	-436	-1,089	-800	**-2,917**
As at December 31, 2014	**-29,727**	**-23,443**	**-47,188**	**-13,369**	**-113,727**
Carrying value as at December 31, 2014	**1,558**	**4,172**	**6,400**	**4,022**	**16,152**

* For further information, see note 25.

Cost

As at January 1, 2013	**36,132**	**27,058**	**54,644**	**22,332**	**140,166**
Investments	97	3,195	3,966	1,209	**8,467**
Disposals	-1,364	-1,992	-1,832	-1,994	**-7,182**
Disposal of business*	-3,144	-1,372	-4,348	-3,049	**-11,913**
Reclassifications	-6	184	-179	1	**0**
Translation differences	-825	-379	-789	-388	**-2,381**
As at December 31, 2013	**30,890**	**26,694**	**51,462**	**18,111**	**127,157**

* For further information, see note 25.

Accumulated amortization and impairment

As at January 1, 2013	**-34,611**	**-23,801**	**-48,655**	**-18,581**	**-125,648**
Depreciation for the year	-626	-1,575	-2,847	-1,061	**-6,109**
Disposals	1,295	1,895	1,661	1,975	**6,826**
Disposal of business*	3,111	1,363	4,246	2,477	**11,197**
Reclassifications	3	-50	45	2	**0**
Translation differences	811	339	706	330	**2,186**
As at December 31, 2013	**-30,017**	**-21,829**	**-44,844**	**-14,858**	**-111,548**
Carrying value as at December 31, 2013	**873**	**4,865**	**6,618**	**3,253**	**15,609**

* For further information, see note 25.

Note 13 Trade receivables

EUR thousand	2014	2013
Trade receivables gross	92,492	99,692
Provision for impairment of trade receivables	-557	-1,135
Trade receivables net	**91,935**	**98,557**

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

Provision for impairment of trade receivables

EUR thousand	2014	2013
As at January 1	**-1,135**	**-1,785**
Movements during the year		
–provisions made	-279	-77
–provisions used	857	63
–provisions reversed	–	45
–disposal of business*	–	616
Translation differences	–	3
As at 31 December	**-557**	**-1,135**

* For further information, see note 25.

Overview of the ageing of trade receivables

EUR thousand	2014	2013
<30 days	88,987	91,669
30–60 days	1,018	4,185
60–90 days	253	655
90–120 days	283	108
>120 days	1,394	1,940
Total	**91,935**	**98,557**

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 2,948 thousand are past due more than 30 days but not provided for (2013: EUR 6,888 thousand). These relates to a number of independent customers for whom there is no recent history of default. Details of credit risk are included in note 24.

Note 14 Other receivables

EUR thousand	2014	2013
VAT recoverable	2,546	2,160
Amount due from public authorities	5,380	3,028
Client deposit related assets	9,932	15,152
Other receivables*	6,728	5,699
Total	**24,586**	**26,039**

* Other receivables mainly relates to deposits and advanced payments.

Note 15 Cash and cash equivalents

EUR thousand	2014	2013
Cash	38,173	55,925
Restricted cash maturities less than 3 months	–	2,437
Total	**38,173**	**58,362**

Note 16 Equity

On November 26, 2014, Transcom executed a re-domiciliation to Sweden from Luxembourg through a merger between the Parent Company Transcom WorldWide S.A. (RCS B59528) and its subsidiary Transcom WorldWide AB (publ) (org.no 556880-1277). Transcom WorldWide AB (publ) is per November 26, 2014 the new Parent Company of Transcom Group.

The merger has not had any impact on the assets or liabilities of the Group, and consequently not on the total equity, over and above from the merger costs (amounting to EUR 1.1 million and reported in 2014 in the caption Administrative expenses). Due to the change in share capital and of Parent Company, the composition within equity has changed. For information of the change of equity composition due to the merger, see the report Consolidated Statement of Changes in Equity.

Share capital

As of December 31, 2014 the share capital amounted to EUR 56,084 thousand. Number of Ordinary shares is 26,057,212 and C class shares 649,372. For information of change in Share capital and shares, see note A18.

As of December 31, 2013 the share capital amounted to EUR 53,558 thousand. The share capital was divided into 622,768 thousand Class A voting shares with a quota value of EUR 0.043 each, and 622,764 thousand Class B non voting shares with a quota value of EUR 0.043 each; All shares were fully paid. Each Class A share had one vote attached and the right to receive dividends as shown below. Each Class B share had no voting rights attached and the right to receive dividends to the greater of (i) a cumulative preferred dividend corresponding to 5 percent of the nominal value of the Class B non voting shares in the Company; and (ii) 2 percent of the overall dividend distributions made in a given year. Any balance of dividends must be paid equally on each Transcom WorldWide Class A and Transcom WorldWide Class B Share.

Movement during the year in other reserves

EUR thousand	Actuarial reserve	Treasury shares reserve	Other non distributable reserve	Total
As at January 1, 2014	**-412**	**-134**	**28,393**	**27,847**
Merger	412	134	-28,393	**-27,847**
As at December 31, 2014	**–**	**–**	**–**	**–**
As at January 1, 2013	**-349**	**-134**	**28,393**	**27,910**
Other comprehensive income for the year, net of tax	-63	–	–	**-63**
Total comprehensive income for the year, net of tax	**-63**	**–**	**–**	**-63**
As at December 31, 2013	**-412**	**-134**	**28,393**	**27,847**

Note 16 Equity (cont.)

Nature and purpose of reserves

Share-based payment reserve

Share-based payment reserve is used to record the value of equity-settled payments provided to certain employees, including key management personnel. In connection with the merger the reserve has been reclassified to be included in Retained earnings.

Foreign Currency Translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of Group companies which have a non Euro functional currency.

Actuarial reserve

The pension reserve is used to record actuarial losses and gains on post employment benefit obligation plans (note 19).

In connection with the merger the actuarial reserve has been reclassified to be included in Retained earnings.

Treasury shares reserve

The treasury shares reserve is used to record purchases of the Company's own shares from the market.

In connection with the merger the treasury shares reserve has been reclassified to be included in Retained earnings.

Note 17 Share-based payments

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 2014 with respect to LTIP 2014 amounted to EUR 40 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 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 2014 with respect to LTIP 2013 amounted to EUR 81 thousand (2013: EUR 23 thousand).

Long-term incentive plan 2012 ("LTIP 2012")

In May 2012, at the Annual General Meeting, the 2012–2015 LTIP was approved. 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 executives and the grant date was determined to be May 30, 2012.

The shares awarded under the performance element vest over a three year period, subject to market conditions based on the "total shareholder return", the average normalized EBIT and average normalized seat utilization ratio. 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 2014 with respect to LTIP 2012 amounted to EUR 103 thousand (2013: EUR 83 thousand).

Movement in number of outstanding share awards

	LTIP 2014	LTIP 2013	LTIP 2012
As at January 1, 2014	–	638,509	1,503,339
Granted during the year	1,045,992	830,271	–
As at December 31, 2014	**1,045,992**	**1,468,780**	**1,503,339**
Maximum number of performance shares	**6,362,711**	**9,785,704**	**8,716,695**

	LTIP 2013	LTIP 2012
As at January 1, 2013	–	1,803,612
Granted during the year	638,509	–
Cancelled during the year	–	-300,273
As at December 31, 2013	**638,509**	**1,503,339**

Note 18 Interest-bearing liabilities

EUR thousand	2014	2013
EUR revolving credit facility	41,800	79,000
USD revolving credit facility	18,121	15,952
Other loans	3,402	–
Unamortized transaction costs	-812	-571
	62,511	**94,381**
Finance leases	243	60
Total*	**62,754**	**94,441**

* 2013 Annual Report page 63 describing the loan facility in 2013.

On January 22, 2014 a new credit facility was signed. It is a 3-year syndicated credit facility of EUR 103.8 million composed of three tranches; the first being a EUR 40 million term loan expiring on January 21, 2017; the second being a EUR 55 million revolving credit facility expiring also on January 21, 2017; whilst the third was a term loan expiring on October 21, 2014. Interest rates are based on IBOR and EURIBOR for Euro drawings plus margins which may vary albeit based on the Transcom's Consolidated Gross Debt to Consolidated EBITDA ratio. 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 2014.

Note 18 Interest-bearing liabilities (cont.)

As of December 31, 2014, an amount of EUR 41.8 million and USD 22 million was drawn (December 31, 2013: EUR 79 million and USD 22 million). The third tranche has, as per agreement, been paid back in October 2014. In addition, an equivalent of EUR 2.5 million of the facility is utilized to cover the issuance of bank guarantees. An unused amount of EUR 9.8 million on the revolving borrowing facility exists on December 31, 2014 (December 31, 2013: EUR 7.5 million).

In addition to the credit facility, a local short-term loan amounted to EUR 3.4 million as of December 31, 2014.

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

	2014	2013
EUR thousand	Carrying amount	Carrying amount
Less than six months	10,109	7,641
Between six and twelve months	5,164	91,672
Between one and two years	10,244	16
Between two and five years	40,220	–
Total	**65,737**	**99,329**

Note 19 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, 2014 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 2014	Value at 2013
Italy	2,372	2,147
Philippines	892	488
Present value of scheme liabilities	**3,264**	**2,635**

Analysis of the amount charged to operating profit

	2014			2013		
EUR thousand	Italy	Philippines	Total	Italy	Philippines	Total
Current service cost	–	182	**182**	–	102	**102**
Total operating charge	**–**	**182**	**182**	**–**	**102**	**102**

Analysis of the amount credited to other finance costs

	2014			2013		
EUR thousand	Italy	Philippines	Total	Italy	Philippines	Total
Interest on pension scheme liabilities	35	27	**62**	59	16	**75**
Total finance cost	**35**	**27**	**62**	**59**	**16**	**75**

Note 19 Employee benefit obligations (cont.)

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

	2014		2013	
%	Italy	Philippines	Italy	Philippines
Rate of increase in salaries	2.0	3.0	2.0	3.0
Discount rate	2.5	4.8	3.8	6.0

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

	2014			2013			
EUR thousand	Italy	Philippines	Total	Italy	Norway	Philippines	Total
As at January 1	**2,147**	**487**	**2,635**	**2,069**	**765**	**–**	**2,834**
Movement in the year							
Current service cost and settlements	–	182	**182**	–	–	102	**102**
Interest cost	35	27	**62**	59	–	16	**75**
Contributions	135	–	**135**	–	–	277	**277**
Actuarial gains/losses from changes in demographic assumptions	211	44	**254**	132	–	144	**276**
Actuarial gains/losses from changes in financial assumptions	–	57	**57**	–	–	–	**–**
Benefits paid	-156	–	**-156**	-113	–	–	**-113**
Cancellation	–	–	**–**	–	-765	–	**-765**
Translation difference	–	94	**94**	–	–	-52	**-52**
As at December 31	**2,372**	**892**	**3,264**	**2,147**	**0**	**487**	**2,634**

The Italian liability should increase with EUR 25 thousand if the discount rate should be lowered by 5 percent. An increase with the same percentage should lower the liability with EUR 24 thousand. If the inflation rate assumption in Italy should increase with 0.5 percent the liability should be EUR 69 thousand higher, the correspondant decrease should lower the liability with EUR 65 thousand.

The liability in the Philippines should increase with EUR 145 thousand if the discount rate should be lowered by 1 percent. An increase with the same percentage should lower the liability with EUR 119 thousand. If the inflation rate assumption in the Philippines should increase with 1 percent the liability should be EUR 141 thousand higher, the correspondant decrease should lower the liability with EUR 117 thousand.

Note 20 Provisions

EUR thousand	Onerous contracts	Legal claims	Re-structuring	Others	Total
As at January 1, 2014	**268**	**2,480**	**1,729**	**324**	**4,801**
Movement during the year					
–provisions made	–	36	515	38	**589**
–provisions used	-321	-1,584	-1,985	-39	**-3,929**
–provisions reversed	–	-86	-90	-102	**-278**
–disposal of business*	–	-9	–	-24	**-33**
Translation differences	96	145	246	-1	**486**
As at December 31, 2014	**43**	**982**	**415**	**196**	**1,636**
Non-current provisions	–	110	–	25	**135**
Current provisions	43	872	415	171	**1,501**
Total	**43**	**982**	**415**	**196**	**1,636**

*For further information, see note 25.

EUR thousand	Onerous contracts	Legal claims	Re-structuring	Others	Total
As at January 1, 2013	**3,161**	**16,246**	**4,901**	**2,769**	**27,077**
Movement during the year					
–provisions made	51	2,661	7,082	84	**9,878**
–provisions used	-2,187	-301	-7,756	-345	**-10,589**
–provisions reversed	–	-5,133	–	-4	**-5,137**
–reclassification	-1	-8,363	4	-829	**-9,189**
–disposal of business*	-730	-2,552	-2,458	-1,340	**-7,080**
Translation differences	-26	-78	-44	-11	**-159**
As at December 31, 2013	**268**	**2,480**	**1,729**	**324**	**4,801**
Non-current provisions	–	2,210	3	13	2,226
Current provisions	268	270	1,726	311	2,575
Total	**268**	**2,480**	**1,729**	**324**	**4,801**

*For further information, see note 25.

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

Restructuring and others
Please see note 25 for further details.

Note 21 Other liabilities

EUR thousand	2014	2013
VAT payable	6,472	7,942
Liabilities to public authorities	10,256	10,288
Client deposit related liabilities	2,823	8,493
Advances received from customers	1,794	1,319
Other current liabilities	5,672	9,889
Total	**27,017**	**37,931**

Note 22 Accrued expenses and prepaid income

EUR thousand	2014	2013
Accrued staff related expenses	28,348	30,328
Other accrued expenses*	20,134	21,183
Deferred income	1,391	415
Total	**49,873**	**51,926**

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

Note 23 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 involves a significant level of intra-group transactions which can give rise to complexity and delays in agreeing the Group's tax position with the various tax authorities in the jurisdictions in which the Group operates. The Group occasionally faces 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, 2014, there are six ongoing tax audits. Some of these tax enquiries have resulted in re-assessments, while others are still at an early stage and no re-assessment has yet been raised.

As at December 31, 2014 the Group has provided EUR 936 thousand (December 31, 2013: EUR 2,375 thousand) in relation to tax risks for which management believes it is probable that there will be cash outflows. Furthermore, based on its analysis, its risk assessment as well as on-going tax audits in certain jurisdictions referred to above, management has estimated possible tax exposures of approximately EUR 1,860 thousand (December 31, 2013: nil) which have not been provided for.

In addition to the above tax risks, the Group may be subject to other tax claims going forward for which the risk of future economic outflows is currently evaluated to be remote.

Guarantees
At December 31, 2014 the Group had outstanding bank guarantees for an amount of EUR 4.3 million (2013: EUR 3.6 million) 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 24 Financial instrument risk management objectives and policies

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

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

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

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

Interest rate risk
The Group's exposure to the risk of changes in market interest rates relates primarily to the 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 218 thousand and if the USD interest rates increase by 10 percent it have an effect on the profit by EUR 49 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 exchange rates have been used to translate the transactions in foreign currency to Euro in the financial statements.

Foreign exchange rates

	2014		2013	
Currency	Average rate	Closing rate	Average rate	Closing rate
US Dollar, USD	1.33	1.21	1.33	1.38
Swedish Krona, SEK	9.10	9.39	8.66	8.86
Norwegian Krona, NOK	8.39	9.04	7.82	8.36

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 as well as PHP vs GBP. At closing of the 2014 accounts, no hedging instruments are in place.

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 2014, 51.7 percent (2013: 54 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, 2014 of the exchange rate for the USD vs EUR would have affected shareholders' equity in the Group with EUR -7.0 million, EUR -3.9 million against SEK and EUR -0.4 million against NOK. Exposures in other currencies would have had 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 13. The maximum exposure to credit risk is represented by the carrying amount of each financial asset on the statement of financial position.

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

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

A significant mitigating factor of the Group's liquidity risk is the unused proportion of the Revolving Credit facility agreement as disclosed in note 18, as well as other financing sources which may be implemented from time to time by the Group. The unused proportion of the Credit Facility at December 31, 2014 was EUR 9,8 million (December 31, 2013: EUR 7,5 million).

Note 24 Financial instrument risk management objectives and policies (cont.)

Classification of the Group's financial assets and liabilities

	2014				2013			
EUR thousand	Loans and receivables	Financial liabilities at amortized cost	Total carrying amount	Fair value	Loans and receivables	Financial liabilities at amortized cost	Total carrying amount	Fair value
Financial assets								
Other receivables	1,534	–	1,534	1,534	1,143	–	1,143	1,143
Total non-current financial assets	**1,534**	**–**	**1,534**	**1,534**	**1,143**	**–**	**1,143**	**1,143**
Trade receivables	91,935	–	91,935	91,935	98,557	–	98,557	98,557
Other receivables incl. accrued income	37,568	–	37,568	37,568	38,659	–	38,659	38,659
Cash and cash equivalents	38,173	–	38,173	38,173	58,362	–	58,362	58,362
Total current financial assets	**167,676**	**–**	**167,676**	**167,676**	**195,578**	**–**	**195,578**	**195,578**
Total financial assets	**169,210**	**–**	**169,210**	**169,210**	**196,721**	**–**	**196,721**	**196,721**
Financial liabilities								
Interest-bearing liabilities	–	48,041	48,041	48,853	–	16	16	16
Total non-current financial liabilities	**–**	**48,041**	**48,041**	**48,853**	**–**	**16**	**16**	**16**
Interest-bearing liabilities	–	14,713	14,713	14,713	–	94,425	94,425	95,005
Trade payables	–	27,279	27,279	27,279	–	25,562	25,562	25,562
Other liabilities incl. accrued expenses	–	57,005	57,005	57,005	–	69,893	69,893	69,893
Total current financial liabilities	**–**	**98,997**	**98,997**	**98,997**	**–**	**189,880**	**189,880**	**190,460**
Total financial liabilities	**–**	**147,038**	**147,038**	**147,850**	**–**	**189,896**	**189,896**	**190,476**

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

	2014				2013			
EUR thousand	<1 year	1–5 years	>5 years	Carrying amount	<1 year	1–5 years	>5 years	Carrying amount
Financial assets								
Other receivables	–	1,534	–	1,534	–	1,143	–	1,143
Total non-current financial assets	**–**	**1,534**	**–**	**1,534**	**–**	**1,143**	**–**	**1,143**
Trade receivables	91,935	–	–	91,935	98,557	–	–	98,557
Other receivables incl. accrued income	37,568	–	–	37,568	38,659	–	–	38,659
Cash and cash equivalents	38,173	–	–	38,173	58,362	–	–	58,362
Total current financial assets	**167,676**	**–**	**–**	**167,676**	**195,578**	**–**	**–**	**195,578**
Total financial assets	**167,676**	**1,534**	**–**	**169,210**	**195,578**	**1,143**	**–**	**196,721**
Financial liabilities								
Interest-bearing liabilities	–	50,464	–	50,464	–	16	–	16
Total non-current financial liabilities	**–**	**50,464**	**–**	**50,464**	**–**	**16**	**–**	**16**
Interest-bearing liabilities	15,273	–	–	15,273	99,313	–	–	99,313
Trade payables	27,279	–	–	27,279	25,562	–	–	25,562
Other liabilities incl. accrued expenses	57,005	–	–	57,005	69,893	–	–	69,893
Total current financial liabilities	**99,557**	**–**	**–**	**99,557**	**194,768**	**–**	**–**	**194,768**
Total financial liabilities	**99,557**	**50,464**	**–**	**150,021**	**194,768**	**16**	**–**	**194,784**

Note 25 Significant disposals and restructuring

EUR thousand	2014 Poland	Austria	Germany	Total
Consideration received	**2,000**	**15,000**	**–**	**17,000**
Goodwill	-230	-14,154	–	**-14,384**
Intangible assets	–	-657	–	**-657**
Tangible assets	-51	-145	–	**-196**
Deferred tax assets	-5	-90	–	**-95**
Receivables	-469	-2,670	–	**-3,139**
Cash and cash equivalents	-1,097	-2,390	–	**-3,487**
Provisions	33	–	–	**33**
Deferred tax liabilities	–	516	–	**516**
Other liabilities	725	3,180	–	**3,905**
Net carrying value of assets and liabilities disposed	**-1,094**	**-16,410**	**–**	**-17,504**
Currency effects	-144	29	–	**-115**
Transaction costs	-162	-502	–	**-664**
Post-settlement adjustment	–	–	-215	**-215**
Net capital gain/loss	**600**	**-1,883**	**-215**	**-1,498**
Consideration received	2,000	15,000	–	**17,000**
Cash and cash equivalents disposed	-1,097	-2,390	–	**-3,487**
Transaction costs	-162	-502	–	**-664**
Net cash flow from disposals of subsidiary	**741**	**12,108**	**–**	**12,849**

EUR thousand	2013 Germany	France	Belgium	Total
Consideration received	**9,000**	**–**	**650**	**9,650**
Goodwill	-5,889	–	–	**-5,889**
Intangible assets	–	-9	–	**-9**
Tangible assets	-485	-163	-68	**-716**
Investments	-212	–	–	**-212**
Receivables	-3,360	-2,011	-28	**-5,399**
Cash and cash equivalents	-1,405	-1,483	–	**-2,888**
Provisions	379	6,701	–	**7,080**
Other liabilities	2,874	6,191	–	**9,065**
Net carrying value of assets and liabilities disposed	**-8,098**	**9,226**	**-96**	**1,032**
Write-off of intercompany balances	–	-3,267	–	**-3,267**
Transaction costs	-1,981	–	-306	**-2,287**
Net capital gain/loss	**-1,079**	**5,959**	**248**	**5,128**
Consideration received	9,000	–	650	**9,650**
Cash and cash equivalents disposed	-1,405	-1,483	–	**-2,888**
Transaction costs	-1,981	–	-306	**-2,287**
Net cash flow from disposals of subsidiary	**5,614**	**-1,483**	**344**	**4,475**

In July 31, 2014, Transcom closed the divestment of its Austrian Credit Management Services operations (CMS Austria) to the private equity investor HANNOVER Finanz Group, for EUR 15.0 million on a cash and debt free basis. In Q2 2014, when the agreement was signed, Transcom recorded an adjustment to fair value less costs to sell of EUR 1.9 million classified as Gain/loss on disposals of operating unit. Total assets disposed included goodwill of EUR 14.1 million. Net cash flow from disposals of CMS Austria amounted to EUR 12,108 thousand.

In May, 2014 Transcom divested its Polish and Czech CMS business to Credit Express Group for EUR 2.0 million on a cash and debt free basis (including an escrow balance of EUR 0.6 million that will be released 6 months after the closing upon fulfillment of contractual conditions). Net capital gain of EUR 0.6 million was recorded in Q2 2014.

A post-settlement adjustment of the 2013 divestment of CMS Germany was recorded in Q4 2014 of EUR -215 thousand. The adjustment had no cash effect in 2014. Transcom CMS Forderungsmanagement GmbH was divested in December 2013 and the company had a turnover of EUR 9.0 million in 2012. The disposals resulted in a loss amounting to EUR 1.1 million in 2013.

In the third quarter 2013, Transcom divested its operations in Belgium. The contribution of Transcom's former Belgian entity to Group results is not material. In the fiscal year 2012, this entity reported revenues amounting to EUR 4.2 million.

In 2010, Transcom's Board of Directors approved the disposals of two French sites located in Roanne and Tulle. In April and June 2011, Transcom entered into a definitive agreement to divest these sites and transfered ownership of the site and its business. In August 2013, Transcom signed a EUR 5.3 million settlement agreement, releasing the company from any further liabilities with respect to the liquidation of its former loss-making French subsidiary.

Restructuring costs

During the first quarter of 2014, the Group recorded EUR 0.5 million in restructuring costs. These costs are related to the reorganization of the CMS units in Sweden and Denmark.

During the first quarter of 2013, the Group recorded EUR 6.0 million in restructuring costs. These costs are mainly related to the settlement agreement connected with the closure of Transcom's former subsidiary in France, Transcom WorldWide (France) S.A.S. as well as the movement of Transcoms Head office from Luxembourg to Sweden.

During the fourth quarter of 2013, restructuring costs amounting to EUR 1.0 million was recorded for the closure of the Norrköping site in Sweden and the Valdivia site in Chile.

Note 26 Related party transactions

Investment AB Kinnevik and subsidiaries are significant shareholders of the Group as well as Tele2 Group and MTG Group. Accordingly, these companies have been regarded as related parties to the Group. Business relations between Transcom WorldWide and all closely related parties are subject to commercial terms and conditions.

EUR thousand	2014	2013
Revenues		
Tele2 companies	108,306	104,917
MTG Group companies	5,275	15,721
Others	312	209
Operating expenses		
Tele2 companies	-415	-1,566
MTG Group companies	–	–
Others	–	-303
Trade receivables		
Tele2 companies	16,421	17,959
MTG Group companies	723	865
Others	173	223
Trade payables		
Tele2 companies	-87	-123
MTG Group companies	–	–
Others	-1	-241

On March 20, 2015 Investment AB Kinnevik divested 6.4 million shares in Transcom, to Altor Fund Manager AB. Per this date, Investment AB Kinnevik and subsidiaries ceased to be defined as related party.

Note 27 Events after the reporting period

February 5, 2015 Transcom announced that it is strengthening its Executive management team in order to increase focus and accountability in areas of vital importance to the company's continued success. Transcom's Executive management team will now include a Chief Operating Officer (COO), a Chief Commercial Officer (CCO) and an HR Director.

Pär Christiansen has been appointed new COO, with overall responsibility for Transcom's Group-wide operational processes. As part of his new role, Pär will also assume overall responsibility for global IT operations.

A Chief Commercial Officer (CCO) will be added to the executive team. The CCO will be responsible for further strengthening Transcom's position as a strategic partner for our clients. The search for Transcom's new CCO is underway. In the interim, Roberto Boggio is assuming the CCO role, in addition to his role as General Manager for the Central & South Europe region.

The new Group HR Director will be responsible for implementing Transcom's human resources strategy across its global organization. The search for a new HR Director has started.

Transcom also announced that the company has adopted a set of mid-term financial targets. Transcom's mid-term targets are:

- Like-for-like revenue growth of at least 5 percent per year
- EBIT margin of at least 5 percent
- Net debt/EBITDA ratio of maximum 1.0.

Provided that the net debt/EBITDA target is met, Transcom would be in a financial position to start paying a dividend in 2016, i.e. for the 2015 financial year.

February 27, 2015 it was announced that Ulrik Englund has been appointed as Chief Financial Officer (CFO). Ulrik Englund will take up his position as CFO at Transcom on June 15, 2015. Pär Christiansen, the Company's current CFO will remain as CFO until Mr Englund begins his position as Transcom's new CFO. Mr Christiansen will then take up his position as COO.

March 20, 2015 Transcom announced that funds advised by Altor Fund Manager AB have acquired 6.4 million shares in Transcom, corresponding to 24.5 percent of the ordinary shares, from Investment AB Kinnevik. Following this transaction, Investment AB Kinnevik will retain 1.9 million shares in Transcom, corresponding to 7.4 percent of the ordinary shares.

Parent Company Income statement

for the year ended December 31, 2014

EUR thousand	Note	2014	2013
Revenue	A2, A3, A17	22,096	17,920
Cost of sales	A3, A4	-22,010	-17,766
Gross profit		**86**	**154**
Administrative expenses	A4, A5, A6, A11, A17	-9,592	–
Other operating income		9	219
Other operating expenses		-150	–
Operating profit/loss	**A17**	**-9,647**	**373**
Result from participations in Group companies	A7	13,134	–
Interest income and similar items	A8	6,052	–
Interest expenses and similar items	A8	-3,824	-1
Profit/loss before appropriations		**5,715**	**372**
Appropriations	A9	4,883	–
Profit/loss before tax		**10,598**	**372**
Income tax expense	A10	-1,188	-73
Profit/loss for the year*		**9,410**	**299**

*Net profit corresponds with total comprehensive income

Parent Company Balance sheet

for the year ended December 31, 2014

EUR thousand	Note	2014	2013
ASSETS			
Non-current assets			
Intangible assets	A12	3,495	–
Tangible assets	A13	167	13
Financial assets			
Investments in Group companies	A14	92,779	–
Receivables from Group companies		29,588	–
Other receivables		243	–
Total financial assets		122,610	–
Total non-current assets		**126,272**	**13**
Current assets			
Receivables			
Trade receivables	A15, A20	1,480	777
Receivables from Group companies		206,534	20,041
Other receivables	A20	1,040	–
Prepaid expenses and accrued income	A16, A20	717	13
Total receivables		209,771	20,831
Cash and cash equivalents	A20	7,206	–
Total current assets		**216,977**	**20,831**
TOTAL ASSETS	**A17**	**343,249**	**20,844**

Parent Company Balance sheet (continued)

for the year ended December 31, 2014

EUR thousand	Note	2014	2013
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital (26,706,584 shares, quota value EUR 2.10 per share)		56,084	55
Total restricted equity		56,084	55
Unrestricted equity			
Retained earnings		-6,719	–
Net result		9,410	299
Total unrestricted equity		2,691	299
Total equity	**A17, A18**	**58,775**	**354**
Non-current liabilities			
Interest-bearing liabilities	A19, A20	47,509	–
Liabilities to Group companies		43,731	–
Total non-current liabilities		**91,240**	**–**
Current liabilities			
Interest-bearing liabilities	A19, A20	11,600	–
Trade payables		2,189	208
Liabilities to Group companies		176,496	19,369
Income tax payables		615	26
Other liabilities	A20	474	609
Accrued expenses and prepaid income	A21	1,860	278
Total current liabilities		**193,234**	**20,490**
Total liabilities		**284,474**	**20,490**
TOTAL EQUITY AND LIABILITIES	**A17**	**343,249**	**20,844**
Pledged assets		None	None
Contingent liabilities for Group companies	23	19,128	None

Parent Company Statement of changes in equity

for the year ended December 31, 2014

EUR thousand	Note	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, 2014		**1,279**	**–**	**55**	**299**	**354**
Profit/loss for the year		–	–	–	9,410	**9,410**
Shareholder contribution		–	–	–	1,300	**1,300**
Merger	A17, A18	1,301,582	1,384	55,968	-8,663	**47,305**
Reverse split	A18	-1,276,803	-1,356	–	–	**–**
Issue of C class shares	A18	649	–	1,396	–	**1,396**
Repurchase of C class shares	A18	–	649	–	-1,396	**-1,396**
Impact of change of nominal value	A18	–	–	-1,335	1,335	**0**
Share-based payments	17	–	–	–	406	**406**
As at December 31, 2014		**26,707**	**677**	**56,084**	**2,691**	**58,775**
As at January 1, 2013		**1,279**	**–**	**55**	**–**	**55**
Profit/loss for the year		–	–	–	299	**299**
As at December 31, 2013		**1,279**	**–**	**55**	**299**	**354**

Parent Company Statement of cash flows

for the year ended December 31, 2014

EUR thousand	Note	2014	2013
Cash flows from operating activities			
Profit/loss before tax		5,715	373
Adjustments to reconcile profit before tax to net cash:			
Depreciation and amortization	A11	1,576	2
Result from disposals of Group companies	A7	-74	–
Other non-cash adjustments		–	-230
Share-based payments, expense		406	–
Interest income/expenses and similar items		-2,220	-1
Income taxes paid		-1,403	-47
Cash flows from operating activities before changes in working capital		**4,000**	**97**
Changes in working capital			
Change in operating receivables		140,246	-20,601
Change in operating liabilities		-106,623	20,463
Changes in working capital		**33,623**	**-138**
Net cash flow from operating activities		**37,623**	**-41**
Cash flows from investing activities			
Investment in Group companies		-50	–
Sale of Group companies		2,838	–
Investments in tangible assets	A13	-6	-15
Investments in intangible assets	A12	-1,565	–
Investment in financial assets		-243	–
Net cash flow from investing activities		**974**	**-15**
Cash flows from financing activities			
Repayment of borrowings		-37,200	–
Interest paid		-4,107	–
Net cash flow from financing activities		**-41,307**	**–**
Net cash flow for the year		**-2,710**	**-56**
Cash and cash equivalents at beginning of the year		–	56
Cash and cash equivalents from Merger		9,916	–
Net cash flow for the year		-2,710	-56
Cash and cash equivalents at end of the year*		**7,206**	**0**

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

Parent Company Notes to the financial statements

for the year ended December 31, 2014

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 Rålambsvägen 17, SE-112 59 Stockholm. On November 26, 2014, Transcom's executed a re-domiciliation to Sweden from Luxembourg through a merger between the former parent entity Transcom WorldWide S.A. and its subsidiary Transcom WorldWide AB (publ). During 10-12 December 2014, Transcom executed a 1:50 reverse split of the ordinary share of the Company following the re-domiciliation. Disclosures of the merger and the reversed split are presented in notes A17 and A18.

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 wich is the Company's presentation currency, rounded in thousands of Euro.

Due to the merger, the Income statement includes the former parent entity for the period January 1 to November 26, 2014. Assets and liabilities in the former parent entity were transferred to the new parent entity per November 26, 2014. Year 2013 the Income statement and the Balance sheet are excluding the former parent entity. For further information of the effect of the merger, please see note A17.

In 2014 Cost of Sales includes costs related to inter-company sales. The comparative figures have been changed accordingly, no impact on Operating profit/loss.

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. Dividend received from Group companies is recognized as income.

(b) Dividend from Group companies and Group contributions

Dividend received from Group companies is recognized as financial income. Group contributions received and paid are recognized as appropriations.

Note A2 Revenues per market

Revenue

EUR thousand	2014	2013
Europe	17,346	13,753
Asia	3,029	2,510
Africa	376	581
North America	710	639
South America	635	437
Total	**22,096**	**17,920**

Note A3 Intra-group revenues and cost of sales

%	2014	2013
Intra-group revenues out of total	56	68
Intra-group cost of sales out of total	79	73

Intra-group prices are on an arm's length basis in a manner similar to transactions with third parties. An appropriate mark-up is being applied according to Transcom's Transfer Pricing Policy, in order to encourage use of Group resources.

Note A4 Employees

Salaries, other remuneration and social security charges

	2014			2013		
EUR thousand	Board of Directors and Executive management	Other employees	Total	Board of Directors and Executive management	Other employees	Total
Salaries	1,414	1,599	**3,013**	33	358	**391**
Other remunerations	770	729	**1,499**	–	–	–
Pension expenses	294	313	**607**	–	39	**39**
Social security charges*			**1,501**			**121**
Total	**2,478**	**2,641**	**6,620**	**33**	**398**	**552**

* Social charges is only reported for the total amount of the remunerations.

Salaries and other remuneration to the Board, CEO and other Executive Managers, see note 4 for the Group.

Personnel expenses are recognized in the following line items in the income statement:

EUR thousand	2014	2013
Cost of sales	1,232	552
Administrative expenses	5,388	–
Total	**6,620**	**552**

Average number of employees

	2014			2013		
	Women	Men	Total	Women	Men	Total
Sweden	13	5	**18**	9	5	**14**
Total	**13**	**5**	**18**	**9**	**5**	**14**

Note A5 Leases

Operating leases as a lessee

EUR thousand	2014	2013
Operating leasing costs		
Premises	27	-
Cars	-	-
Total	**27**	**-**

Generally, the Parent Company's lease contracts require deposits and 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	2014			2013		
Future leasing costs	Less than one year	Between one and five years	Total	Less than one year	Between one and five years	Total
Premises	27	6	**33**	-	-	**-**
Cars	40	45	**85**	-	-	**-**
Total	**67**	**51**	**118**	**-**	**-**	**-**

Note A6 Remuneration to auditors

In 2014 Transcom WorldWide AB (publ) is the new Parent Company of the Transcom Group and remuneration to auditors 2014 includes audit of consolidated accounts.

EUR thousand	2014
Ernst & Young	
Audit fees according to audit assignment	186
Other audit related fees	70
Non audit	9
Total	**265**

Note A7 Result from participations in Group companies

Financial income

EUR thousand	2014	2013
Dividend from Group companies	13,060	–
Net gain from disposals of Group companies	74	–
Total	**13,134**	**–**

Note A8 Interest income/expense and similar items

Interest income and similar items

EUR thousand	2014	2013
Interest income on bank deposits	8	–
Interest income Group companies	4,539	–
Foreign exchange gain, net	1,505	–
Total	**6,052**	**–**

Interest expense and similar items

Interest expense on bank borrowings	-2,759	–
Interest expense Group companies	-310	–
Other interest expense	-81	–
Other financing costs	-674	-1
Total	**-3,824**	**-1**

Note A9 Appropriations

Appropriations

EUR thousand	2014	2013
Group contribution	4,883	–
Total	**4,883**	**–**

Note A10 Taxes

Income tax expense

EUR thousand	2014	2013
Current income tax on profit/loss for the year	-1,198	-73
Adjustments in respect of prior years	10	–
Current taxes	**-1,188**	**-73**

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	2014	%	2013	%
Profit/Loss before tax	**10,598**	**–**	**371**	**–**
Weighted tax rate for Sweden, Luxembourg and Switzerland 28.1 % (22.0 % Sweden)	-2,973	-28.1	-81	-21.8
Internal dividend not taxable	3,914	36.9		
Non-deductible expenses	-307	-2.9	-1	-0.3
Adjustments in respect of prior years	10	0.1	–	–
Tax losses current year (not recognized in BS)	-1,613	-15.2	–	–
Losses utilized for which no deferred tax assets were previously recognized	427	4.0	9	2.4
Witholding tax	-593	-5.6	–	–
Other tax not at standard rate	-29	-0.3	–	–
Other	-24	-0.2	–	–
Income tax expense	**-1,188**	**-11.2**	**-73**	**-19.7**

Note A11 Amortization, depreciation and impairment

Amortization and depreciation

EUR thousand	2014	2013
Development costs	597	–
Other intangibles	828	–
Fixture and fittings	2	–
Computer hardware and software	123	–
Office improvements	27	2
Total	**1,576**	**2**

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

EUR thousand	2014	2013
Administrative expenses	1,576	2
Total	**1,576**	**2**

Note A12 Intangible assets

Cost

EUR thousand	Development cost	Others	Total
As at January 1, 2014	–	–	–
Merge	13,205	9	**13,214**
Investments	706	859	**1,565**
As at December 31, 2014	**13,911**	**868**	**14,780**

Accumulated amortization and impairment

As at January 1, 2014	–	–	–
Merge	-9,855	-6	**-9,861**
Amortization for the year	-597	-828	**-1,424**
As at December 31, 2014	**-10,452**	**-834**	**-11,285**
Carrying value as at December 31, 2014	**3,460**	**35**	**3,495**

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 A13 Tangible assets

Cost

EUR thousand	Telephone switch	Fixtures and fittings	Computer hardware and software	Office improvements	Total
As at January 1, 2014	**0**	**6**	**3**	**6**	**15**
Merge	257	427	1,793	492	**2,969**
Investments	–	6	–	–	**6**
As at December 31, 2014	**257**	**439**	**1,796**	**498**	**2,990**
Accumulated amortization and impairment					
As at January 1, 2014	–	–	–	**-2**	**-2**
Merge	-257	-427	-1,525	-460	**-2,669**
Depreciation for the year	–	-2	-123	-27	**-152**
As at December 31, 2014	**-257**	**-429**	**-1,648**	**-489**	**-2,823**
Carrying value as at December 31, 2014	**0**	**10**	**148**	**9**	**167**
Cost					
As at January 1, 2013	–	–	–	–	–
Investments	–	6	3	6	**15**
As at December 31, 2013	–	**6**	**3**	**6**	**15**
Accumulated amortization and impairment					
As at January 1, 2013	–	–	–	–	–
Depreciation for the year	–	–	–	-2	**-2**
As at December 31, 2013	–	–	–	**-2**	**-2**
Carrying value as at December 31, 2013	–	**6**	**3**	**4**	**13**

Note A14 Investments in Group companies

Group Company	Country of incorporation	Domicile	Corporate identity number	2014 Booked value EUR thousand	2014 Capital/ voting interest (%)
Transcom WorldWide GmbH	Austria	Vienna		37	100
Transcom WorldWide Belgium S.A.	Belgium	Milmort		100	100
Transcom WorldWide (North America) Inc.	Canada	St.Catharine's		22,907	100
Transcom Insurance Agency Inc.	Canada	St.Catharine's			
NuComm International Philippines Inc.	Philippines	Pasig City			
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		26	100
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			100
Transcom Hungary Kft.	Hungary	Budapest		2,000	100
Transcom WorldWide SpA	Italy	Milan		4,103	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		13	100
Transcom Europe Holding B.V.	The Netherlands	Amsterdam		28,874	100
Transcom AB	Sweden	Karlskoga	556201-3234		
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 AS	Norway	Rolvsoy			
Transcom WorldWide B.V.	The Netherlands	Groningen		18	100
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	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
Transcom Credit Management Services AB	Sweden	Karlskoga	556045-6666	7,407	100
Transcom CMS A/S	Denmark	Albertslund			
CIS International GmbH	Germany	Tönisvorst			
Transcom Financial Services AS	Norway	Oslo			
CIS Concept AS	Norway	Oslo			
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		

Note A14 Investments in Group companies (cont.)

Group Company	Country of incorporation	Domicile	Corporate identity number	2014 Booked value EUR thousand	2014 Capital/ voting interest (%)
Transcom WorldWide AG	Switzerland	Zurich			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			100
Transcom WorldWide (US) Inc.	United States	Delaware			100
Total				**92,779**	

* 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.

Cost

EUR thousand	2014	2013
As at January 1	**–**	**–**
Merger	156,891	–
Investments	50	–
As at December 31	**156,941**	**–**
Accumulated impairment		
As at January 1	**–**	**–**
Merger	-64,162	–
As at December 31	**-64,162**	**–**
Carrying value as at December 31	**92,779**	**–**

Note A15 Trade receivables

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

Per December 31, 2014 no trade receivables was overdue and no provision for impairment has been recorded (2013: nil)

Note A16 Prepaid expenses and accrued income

EUR thousand	2014	2013
Prepaid staff related expenses	235	–
Prepaid insurance	8	–
Prepaid IT-related expenses	467	13
Other prepaid expenses	7	–
Total	**717**	**13**

Note A17 Merger

On November 26, 2014, Transcom's executed a re-domiciliation to Sweden from Luxembourg through a merger between the former parent entity Transcom WorldWide S.A. (RCS B59528) and its subsidiary Transcom WorldWide AB (publ) (org.no 556880-1277). Transcom WorldWide AB (publ) is per November 26, 2014 the new Parent Company of Transcom Group.

Revenue and operating result of the former parent entity included in the new Parent Company's income statement for the year up until merger date amounted to EUR 133 thousand EUR -5,396 thousand respectively. Merger costs amounting to EUR 1.1 million was reported in the new Parent Company in the caption Administrative expenses.

Assets and liabilities in the former parent entity before the merger are stated in the table below.

November 26, 2014	Transcom WorldWide S.A.
Investments in Group companies	94,127
Receivables from Group companies	31,311
Other non-current assets	3,630
Receivables from Group companies	199,698
Cash and cash equivalents	11,175
Other current assets	933
Liabilities to Group companies	-47,303
Interest-bearing liabilities	-53,578
Other non-current liabilities	-3,310
Liabilities to Group companies	-165,720
Other current liabilities	-13,380
Net assets	**57,583**
Loss for the period	-8,746
Elimination shares in Transcom WorldWide AB (publ)	-1,532
	47,305

Merger, reverse split and C class shares

As merger consideration, Transcom WorldWide AB (publ) issued 1 new Ordinary share for each Class A Ordinary share issued by Transcom WorldWide S.A and 1.09 new Ordinary share for each Class B Preference share issued by Transcom WorldWide S.A. Transcom WorldWide AB (publ), had before the merger 1,279,070 Ordinary shares (quota value 0.043EUR) which maintained as treasury shares by the Company after the merger.

Class A Ordinary shares, Transcom WorldWide S.A, before merger	622,767,823
Class B Preference shares, Transcom WorldWide S.A, before merger	622,764,910
Ordinary shares, Transcom WorldWide AB (publ), before merger	1,279,070
Ordinary shares, Transcom WorldWide AB (publ), after merger	1,302,860,600

Share capital, Transcom WorldWide AB (publ), before merger (EUR thousand)	55
Share capital, Transcom WorldWide S.A, before merger (EUR thousand)	53,558
Share capital after merger (EUR thousand)	56,023
Share capital, adjustment (EUR thousand)	2,410

During 10–12 December, 2014 Transcom WorldWide AB (publ) executed a 1:50 reverse split of the ordinary share of the Company following the re-domiciliation.

Number of shares after reverse split 1:50	26,057,212
Share capital (EUR thousand)	56,023
Quota value (EUR)	2.15

At December 15, 2014 the Company issued and repurchased C class shares for future distribution for long-term incentive plans. In addition, a change of nominal value to EUR 2.10 was made.

Issue of C class shares	649,372
Share capital (EUR thousand)	56,084
Quota value (EUR)	2.10

Note A18 Equity

Transcom's share capital as of 31 December 2014 was distributed among 26,706,584 shares with a nominal value of EUR 2.10 per share.

Distribution by class of shares was as follows

	Number of shares	Number of votes	Nominal value (thousand)
Outstanding Ordinary shares	26,029,541	26,029,541	54,662
Ordinary shares in own custody	27,671	–	58
Class C shares in own custody	649,372	–	1,364
Registered number of shares	**26,706,584**	**26,029,541**	**56,084**

All shares entitle to one vote each (regardless of class). The Company holds 27,671 ordinary shares and 649,372 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.

Note A19 Interest-bearing liabilities

EUR thousand	2014	2013
EUR revolving credit facility	41,800	–
USD revolving credit facility	18,121	–
Unamortized transaction costs	-812	–
Total	**59,109**	**–**

On Janaury 22, 2014 a new credit facility was signed. It is a 3-year syndicated credit facility of EUR 103.8 million composed of three tranches; the first being a EUR 40 million term loan expiring on January 21, 2017; the second being a EUR 55 million revolving credit facility expiring also on January 21, 2017; whilst the third was a term loan expiring on October 21, 2014. Interest rates are based on IBOR and EURIBOR for Euro drawings plus margins which may vary albeit based on the Transcom's Consolidated Gross Debt to Consolidated EBITDA ratio. The Company is also committed under this agreement to maintain certain financial ratios within agreed limits. The loan is unsecured.

As of December 31, 2014, an amount of EUR 41.8 million and USD 22 million was drawn. The third tranche has, as per agreement, been paid back in October 2014. In addition, an equivalent of EUR 2.5 million of the facility is utilized to cover the issuance of bank guarantees. An unused amount of EUR 9.8 million on the revolving borrowing facility exists on December 31, 2014.

For further information, see note 18.

The table below shows the maturity profile of the company's interest-bearing liabilites. Including interests.

	2014	2013
EUR thousand	Carrying amount	Carrying amount
Less than six months	6,648	–
Between six and twelve months	5,106	–
Between one and two years	10,144	–
Between two and five years	40,193	–
More than five years	–	–
Total	**62,091**	**–**

Note A20 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.

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 578 thousand based on exposure on the balance-sheet date.

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, 2014, a 10 percent change in the market interest rate would impact the companies earnings by EUR 267.6 thousand.

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 2015 fiscal year.

Note A20 Financial instrument risk management objectives and policies (cont.)

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

	2014			2013		
EUR thousand	<1 year	1–5 years	Carrying amount	<1 year	1–5 years	Carrying amount
Financial assets						
Receivables from Group companies	–	31,594	31,594	–	–	–
Other receivables	–	243	243	–	–	–
Total non-current financial assets	**–**	**31,837**	**31,837**	**–**	**–**	**–**
Trade receivables	1,480	–	1,480	777	–	777
Receivables from Group companies	206,534	–	206,534	20,041	–	20,041
Other receivables incl. accrued income	1,040	–	1,040	–	–	–
Cash and cash equivalents	7,206	–	7,206	–	–	–
Total current financial assets	**216,260**	**–**	**216,260**	**20,818**	**–**	**20,818**
Total financial assets	**216,260**	**31,837**	**248,097**	**20,818**	**–**	**20,818**
Financial liabilities						
Interest-bearing liabilities	–	50,337	50,337	–	–	–
Liabilities to Group companies	–	44,234	44,234	–	–	–
Total non-current financial liabilities	**–**	**94,571**	**94,571**	**–**	**–**	**–**
Interest-bearing liabilities	11,754	–	11,754	–	–	–
Trade payables	2,189	–	2,189	208	–	208
Liabilities to Group companies	176,496	–	176,496	19,369	–	19,369
Other liabilities incl. accrued expenses	2,073	–	2,073	–	–	–
Total current financial liabilities	**192,512**	**–**	**192,512**	**19,577**	**–**	**19,577**
Total financial liabilities	**192,512**	**94,571**	**287,083**	**19,577**	**–**	**19,577**

Note A20 Financial instrument risk management objectives and policies (cont.)

Classification of the financial assets and liabilities

EUR thousand	2014 Loans and receivables	2014 Financial liabilities at amortized cost	2014 Total carrying amount	2014 Fair value	2013 Loans and receivables	2013 Financial liabilities at amortized cost	2013 Total carrying amount	2013 Fair value
Financial assets								
Receivables from Group companies	29,588	–	29,588	29,588	–	–	–	–
Other receivables	243	–	243	243	–	–	–	–
Total non-current financial assets	**29,831**	**–**	**29,831**	**29,831**	**–**	**–**	**–**	**–**
Trade receivables	1,480	–	1,480	1,480	777	–	777	777
Receivables from Group companies	206,534	–	206,534	206,534	20,041	–	20,041	20,041
Other receivables incl. accrued income	1,040	–	1,040	1,040	–	–	–	–
Cash and cash equivalents	7,206	–	7,206	7,206	–	–	–	–
Total current financial assets	**216,260**	**–**	**216,260**	**216,260**	**20,818**	**–**	**20,818**	**20,818**
Total financial assets	**246,091**	**–**	**246,091**	**246,091**	**20,818**	**–**	**20,818**	**20,818**
Financial liabilities								
Interest-bearing liabilities	–	47,509	47,509	48,321	–	–	–	–
Liabilities to Group companies	–	43,731	43,731	43,731	–	–	–	–
Total non-current financial liabilities	**–**	**91,240**	**91,240**	**92,052**	**–**	**–**	**–**	**–**
Interest-bearing liabilities	–	11,600	11,600	11,600	–	–	–	–
Trade payables	–	2,189	2,189	2,189	–	208	208	208
Liabilities to Group companies	–	176,496	176,496	176,496	–	19,369	19,369	19,369
Other liabilities incl. accrued expenses	–	2,073	2,073	2,073	–	–	–	–
Total current financial liabilities	**–**	**192,358**	**192,358**	**192,358**	**–**	**19,577**	**19,577**	**19,577**
Total financial liabilities	**–**	**283,598**	**283,598**	**284,410**	**–**	**19,577**	**19,577**	**19,577**

Note A21 Accrued expenses and prepaid income

EUR thousand	2014	2013
Accrued staff related expenses	1,591	255
Accrued subcontractors	168	23
Accrued audit fee	97	–
Accrued interest	4	–
Total	**1,860**	**278**

Note A22 Related party transactions

Investment AB Kinnevik and Group companies are significant shareholders of the Group as well as Tele2 Group, MTG Group, accordingly, these companies have been regarded as related parties to the Group. Business relations between Transcom WorldWide and all closely related parties are subject to commercial terms and conditions.

The company acquires phone services from Tele2. Below is liabilities and costs for the period presented.

EUR thousand	2014	2013
Operating expenses		
Tele2 Group companies	-65	-5
Trade payables		
Tele2 Group companies	-9	-9

On March 20, 2015 Investment AB Kinnevik divested 6.4 million shares in Transcom, to Altor Fund Manager AB. Per this date, Investment AB Kinnevik and subsidiaries ceased to be defined as related party.

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 20, 2015

Henning Boysen
Chairman of the Board

Stefan Charette
Member of the Board

John C. Freker Jr.
Member of the Board

Alexander Izosimov
Member of the Board

Mikael Larsson
Member of the Board

Mia Brunell Livfors
Member of the Board

Roel Louwhoff
Member of the Board

Johan Eriksson
President & CEO

Our audit report has been submitted on April 20, 2015

Ernst & Young AB

Erik Åström
Authorized Public Accountant

Translation from the Swedish original

Auditor's report

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

Report on the annual accounts and consolidated accounts
We have audited the annual accounts and consolidated accounts of Transcom WorldWide AB (publ) for the year 2014. The annual accounts and consolidated accounts of the company are included on pages 44–95.

Responsibilities of the Board of Directors and the Managing Director for the annual accounts and consolidated accounts
The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these annual accounts in accordance with the Annual Accounts Act and of the consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the Managing Director 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.

Auditor's responsibility
Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the Managing Director, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

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

Opinions
In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the statement of financial position of the Parent Company as of 31 December 2014 and of its financial performance and its cash flows 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 statement of financial position of the Group as of 31 December 2014 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the Parent Company and the income statement and the statement of financial position of the Group.

Report on other legal and regulatory requirements
In addition to our audit of the annual accounts and consolidated accounts, we have also audited the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the Managing Director of Transcom WorldWide AB (publ) for the year 2014.

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, and the Board of Directors and the Managing Director are responsible for administration under the Companies Act.

Auditor's responsibility
Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

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.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the Managing Director is liable to the company. We also examined whether any member of the Board of Directors or the Managing Director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

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

Opinions
We recommend to the annual 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.

Stockholm, April 20, 2015

Ernst & Young AB

Erik Åström
Authorized Public Accountant

Financial calendar

April 21, 2015
First quarter earnings announcement

May 12, 2015
Annual General Meeting of shareholders in Transcom WorldWide AB (publ)

The 2015 Annual General Meeting will take place at 14:00 CET on May 12, 2015 at Gjörwellsgatan 30, Stockholm.

July 16, 2015
Second quarter earnings announcement

October 21, 2015
Third quarter earnings announcement

February 2016
Fourth quarter earnings announcement

Contact

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