Tradedoubler

Annual report 2016

Helping digital marketers succeed

by creating smarter results

www.tradedoubler.com

Dear reader,

Tradedoubler's business is online and therefore we think the website is the natural focus for our financial communication. Our ambition is to offer shareholders and other investors an effective and easily accessible way of reading up-to-date and relevant information on www.tradedoubler.com.

The information in the annual report

TradeDoubler AB (publ), 556575-7423, is a Swedish public limited liability company with its registered office in Stockholm. The company is subject to Swedish laws and as a listed company is obliged to comply with NASDAQ Stockholm's rules and regulations which govern information disclosure to the market.

All values are stated in Swedish kronor. Kronor expressed in millions is abbreviated to SEK M and kronor expressed in thousands is abbreviated to SEK '000. Numerical data in brackets refers to 2015 unless otherwise stated. Information about markets and the competitive situation is Tradedoubler's own assessment, unless a specific source is provided. You can subscribe to press releases and financial reports on Tradedoubler's website.

The Annual Report is prepared in Swedish and translated into English. Should differences occur between the Swedish Annual Report and the English translation, the Swedish version shall prevail.

Contents

A print version of the annual report may be ordered from:

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5-year summary

SEK M	2016	2015	2014	2013	2012
Net sales[1]	1,339	1,629	1,743	2,001	2,308
Gross profit[1]	297	336	379	455	541
Gross margin %[1]	22.2	20.7	21.7	22.7	23.5
Operating costs, excl. depreciation[1]	-286	-348	-339	-380	-519
EBITDA excl. change related items	11	-11	39	75	53
Change related items	-17	-25	-20	-22	-31
EBITDA incl. change related items	-6	-36	20	53	22

[1] Excluding change related items

Financial calendar

Interim report January-March 2017	4 May 2017
Annual general meeting	4 May 2017
Interim report January-June 2017	30 August 2017
Interim report January-September 2017	7 November 2017
Year-end report 2017	6 February 2018

Overall financial comments

The financial information disclosed in the first three paragraphs below exclude change related items. For more information regarding change related items, see page 6.

Net sales during 2016 amounted to SEK 1,339 M (1,629). This was a decrease of 18 per cent or 15 per cent adjusted for changes in exchange rates.

Gross profit amounted to SEK 297 M (336), which was a decrease of 12 per cent or 10 per cent adjusted for changes in exchange rates.

EBITDA amounted to SEK 11 M (-11).

Investments, mainly related to capitalised development expenses, amounted to SEK 36 M (44).

Operating profit (EBIT) amounted to SEK -51 M (-145).

The sum of cash and interest-bearing financial assets at the end of 2016 amounted to SEK 210 M (347). Net cash was SEK 16 M (100).

Earnings per share, before and after dilution, amounted to SEK -1.18 (-4.48).

The Board proposes that no dividend should be declared for 2016 (SEK 0 per share).

Board of directors' report

The board of directors and the chief executive officer of TradeDoubler AB (publ), corporate registration number 556575-7423, hereby submit the annual accounts for the operations in the parent company and the group for the financial year 2016.

Tradedoublers operations

Tradedoubler is an international performance marketing company, creating smarter results for its clients through traffic, technology and expertise. It works with over 2,000 advertisers through its network of around 140,000 publishers in over 60 countries. In 2016 it generated SEK 16bn incremental revenue for its clients through e-commerce and m-commerce.

Tradedoubler's business strategy

Tradedoubler operates within the dynamic environment of digital and mobile commerce, which is characterised by positive trends in both consumer and advertising expenditure. The digital marketing sector in Europe and worldwide is very dynamic. Channels such as social media, video and mobile continue to expand their market share and advertising is increasingly traded on an automated basis. This dynamic is influencing our business and, together with advances in technology, opens a range of new opportunities for our clients and us.

Tradedoubler exists to help digital marketers succeed. We use a combination of technology and expertise to simplify this complex landscape and deliver performance-based solutions that create smarter results for our clients. Our integrated technology platform tracks online customer journeys. It creates data-driven insight that helps us deliver targeted performance advertising across multiple, high-quality digital channels:

TD CONVERT, our successful affiliate marketing solution creates online sales for our clients who pay only for results.

TD CONNECT, our unique white-label global partner platform allows clients to manage their digital marketing activities all by themselves.

TD ENGAGE, our innovative programmatic display, mobile and video solution drives new customers to our clients' websites.

TD ADAPT, our industry-leading business intelligence tool visualises channel data and provides insights into the user journey of our clients' customers.

Tradedoubler intends to become the leader in delivering superior performance marketing results through a blend of high quality traffic, technology and expertise. We will extend our core performance marketing expertise and technology to encompass all digital marketing channels and using technology, we will take a central position within the evolving digital eco-system. We are developing a platform that is agnostic which means that it will be open to new sources of traffic including meta-search, comparison and social media; we will be able to track consumer behaviour across all devices; and will be able to deliver and report on different creative formats.

Significant events during the year

In January 2016 Reworld Media S.A increased their holding in Tradedoubler from 17.8 per cent to 29.95 per cent.

In April Tradedoubler launched TD ENGAGE as part of its new enhanced Performance Marketing solutions. TD ENGAGE helps online retailers to use a powerful combination of data and artificial intelligence to understand purchase behaviour and to accurately identify and reach new customers with tailored and targeted advertising.

Tomas Ljunglöf, CFO of Tradedoubler, left the company after the AGM on 3 May 2016. Viktor Wågström was appointed interim CFO and in October he was appointed permanently.

In June Tradedoubler announced the opening of an office in Singapore to expand its offering to Asia. Tradedoubler has during 2016 been based in the same Singapore office as Reworld Media, its largest shareholder. Since 2013 Reworld has successfully established a number of online titles in the Asia/Pacific region and the two groups will work together to maximise potential traffic and database synergies.

In June Tradedoubler acquired a minority share in the video company DynAdmic. Through its partnership with DynAdmic Tradedoubler is the first company to bring video into the performance arena. The holding is reported as a financial asset in the consolidated balance sheet at fair value. The fair value was considered unchanged per 31 December 2016.

On 14 July 2016 Tradedoubler purchased a share in the French affiliate marketing company R-Advertising, which allows Tradedoubler to expand its performance-based offering in France. On 12 December 2016 the remaining shares in the company were acquired.

During November and December Tradedoubler repurchased own bonds for SEK 27.9 M which nominal value amounted to a total of SEK 54 M.

In December 3,120,000 C-shares in own custody were converted to ordinary shares.

In December Tradedoubler decided to restructure its service organization and move all services and support to the local offices in the markets. As a consequence of that the local teams in the markets will be strengthened and the central service hub in Telford, UK, will be closed.

Tradedoubler's current position

Tradedoubler made significant progress during 2016. Important changes have been made in the organisation and in working methods. Among other things, the Group management and Tradedoubler's service organisation in Telford restructured in 2016, which reduced costs significantly. Two new strategic acquisitions were made which will increase the company's competitiveness.

Group results

If not explicitly stated, the disclosed financial information refers to reported numbers not adjusted for change related items nor changes in exchange rates. For comparability reasons and to indicate the underlying performance, Tradedoubler adjust for change related items. For more information, see page 6.

Consolidated net sales during 2016 were SEK 1,344 M (1,624). Excluding change related items net sales amounted to SEK 1,339 M (1,629), which was a decline of 18 per cent or 15 per cent adjusted for changes in exchange rates.

Gross profit during 2016 was SEK 302 M (332). Excluding change related items, gross profit amounted to SEK 297 M (336). This was a decline of 12 per cent or 10 per cent adjusted for changes in exchange rates. The decline is mainly related to the loss of some larger customers.

Gross margin, excluding change related items, was 22.2 per cent (20.7) during 2016. The increase was mainly explained by a reduction of low margin revenues.

Operating costs, excluding depreciation, amounted to SEK 308 M (368) in 2016. Change related costs were SEK 22 M (20). For more information, see Note C25. Excluding change related items and depreciation, operating costs were SEK 286 M (348). This was a decrease of 18 per cent or 16 per cent adjusted for changes in exchange rates. The reduced cost can mainly be explained by a reduction in the number of employees and various efficiency projects that have been put in place.

Operating profit before depreciation and amortisation (EBITDA) during 2016 was SEK -6 M (-36). Adjusted for change related items, EBITDA was SEK 11 M (-11).

Depreciation and amortisation was SEK 45 M (109) during 2016. During the fourth quarter a write-down of other intangible assets related to capitalised development was made of SEK 24 M (13), as a consequence of a different technical delivery strategy for TD ENGAGE. For further information, see paragraph Risks and uncertainty factors, Note C2 and Note C13.

Operating profit (EBIT) amounted to SEK -51 M (-145) during 2016. Net financial items were SEK 9 M (-19). Financial income and expenses amounted to SEK 10 M (-13). Financial income and expenses were mainly affected by interest income, revaluations of the short term investments and interest expense related to the bond issue. During 2016 Tradedoubler repurchased own bonds with a nominal value totalling SEK 54 M which increased the finance net with SEK 26 M. Exchange rate effects in 2016 were SEK -1.4 M (-6). Corporate income tax amounted to SEK -7 M (-26). Profit after tax was SEK -50 M (-190).

Cash flow and financial position

Cash flow from operating activities before changes in working capital was SEK -19 M (-38) in 2016 and related to EBITDA reduced with paid taxes, paid interest and non-cash items.

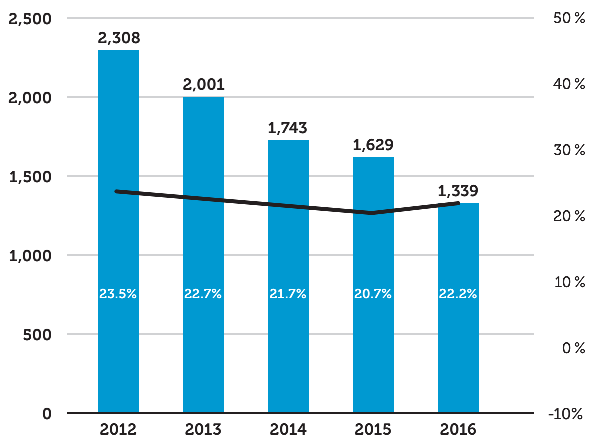
Changes in working capital were SEK -45 M (57). In 2015 the positive change in working capital was largely caused by an abnormal increase in prepayments from customers during the fourth quarter. The prepayment balance came down to a more normalised level in the second quarter of 2016 and thus impacted the cash flow negatively in 2016. Working capital at year-end 2016 was SEK -162 M (-199). Cash flow from operating activities was SEK -64 M (19).

Tradedoubler has invested part of the proceeds from the bond issue finalised in December 2013 in interest bearing financial instruments. At the end of 2016, a total of SEK 41 M (94) was placed in interest bearing financial instruments.

Net investments in non-financial assets during 2016 amounted to SEK -36 M (-44) and were mainly related to product development.

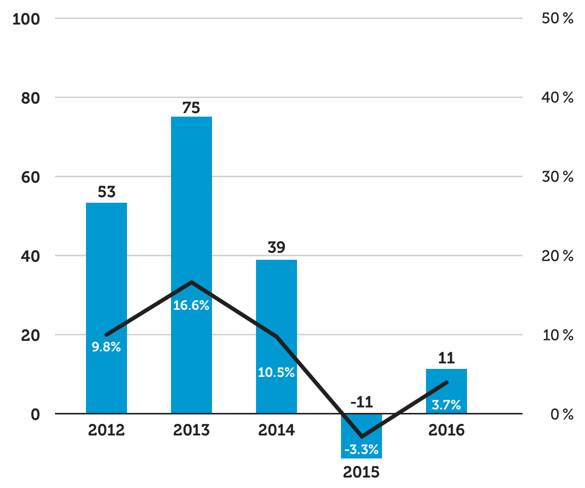
Net sales (SEK M)
Gross margin (%),

Excluding change related items



EBITDA (SEK M)
EBITDA/Gross profit (%),

Excluding change related items



Cash flow from short term financial investments was SEK 52 (168). Paid dividends during 2016 were SEK 0 M (0) and cash flow amounted to SEK -83 M (140).

Cash and cash equivalents at the end of 2016 amounted to SEK 169 (253) M and were affected by translation differences of SEK -0.5 M (-4). In addition, SEK 41 M (94) was invested in interest-bearing financial instruments. The sum of cash and cash equivalents and interest-bearing financial instruments was therefore SEK 210 M (347). Interest-bearing liabilities amounted to SEK 194 M (247) and related in full to the five-year unsecured bond issue raised in the fourth quarter in 2013, which decreased by a repurchase of own bonds of SEK 54 M during 2016. Net cash hence amounted to SEK 16 M (100) at the end of 2016.

Consolidated shareholders' equity amounted to SEK 207 M (248) at the end of 2016. The return on equity during 2016 and 2015 was negative and the equity/asset ratio was 23.7 per cent (23.4).

Employees

At year-end 2016, Tradedoubler's staff corresponded to 344 (408) full-time equivalents and included permanent and temporary employees as well as consultants.

Change related items

For comparability reasons and to indicate the underlying performance, Tradedoubler adjusts for change related items.

During 2016 change related items amounted to SEK -17 M and included change related revenue of SEK 5 M related to a reverse of the prepayment accrual made in year-end 2014. Change related costs amounted to SEK -22 M and were related to severance payments of SEK -6 M, costs for the long-term incentive program of SEK -1 M (Group Management) and restructuring costs of SEK -15 M, which mainly was related to the closing of the office in Telford.

Total change related items during 2015 were SEK -25 (-20) M. Revenue change related items included badwill referring to the acquisition of Adnologies of SEK 0.8 M and an adjustment of SEK -5 M for errors in recurring invoicing since mid-2013 for one large customer. Since it was not possible to determine the age distribution of this correction, it was fully charged to the second quarter 2015. Change related costs included severance payments of SEK -4.5 M, and additional severance payments related to the announced efficiency improvements in December 2015 of SEK -11 M mainly affecting the Group management, costs related to an office move in the UK, expenditures for closing down the office in Norway, costs related to the acquisition of Adnologies and a reassessment of provision for doubtful debts reducing costs by SEK 5 M.

For more information, see Note C25.

Significant events after the balance sheet date

No significant events have occurred after the balance sheet date.

The parent company

The parent company's net sales amounted to SEK 70 M (89) during 2016. Revenue primarily consisted of licensing revenue and remuneration from subsidiaries for centrally performed services. Licensing revenues are based on the underlying profitability of the subsidiary, in accordance with the group's agreement to transfer pricing.

Operating profit (EBIT) amounted to SEK -66 M (-69) during 2016 and financial income and expenses were SEK 23 M (39). Dividends from group companies were SEK 15 M (66) and changes in exchange rates have impacted pre-tax profit in 2016 with SEK -1.2 M (-2.1). Profit after tax amounted to SEK -43 M (-54) during 2016.

The parent company's receivables from group companies amounted to SEK 71 M (58) at end of 2016, of which none (0) were non-current. The parent company's liabilities to group companies were SEK 109 M (117), of which none (0) were non-current. Cash and cash equivalents amounted to SEK 124 M (182) at the end of 2016.

During the fourth quarter 2013 the parent company issued a bond loan with a nominal value of SEK 250 M. Part of the proceeds from the bond loan have been invested in short term investments, which at the end of 2016 amounted to SEK 41 M (94). In 2016 Tradedoubler repurchased own bonds to a nominal value totalling SEK 54 M and hence reduced the loan.

Deferred tax assets amounted to SEK 14 M (14) at the end of 2016. No recognition of deferred tax on losses has been made in 2016 in accordance with the revised assumptions of the possibility to use loss carried forward that was made in the fourth quarter 2015. As per December 31 2016, deferred tax assets of SEK 14 M mainly related to previous Group loans.For more information, see Note M10.

The share and ownership

Tradedoubler's share is listed on NASDAQ Stockholm since 2005 and is traded on the list for Small Cap companies. The share is classified as Information Technology. The share capital on 31 December 2016 amounted to SEK 18.4 M (18.4) distributed among 45,927,449 (45,927,449) shares, each with a quota value of SEK 0.40. All shares carry equal rights to share in the company's assets and profits. Each share carries one vote. At the general meeting, each shareholder is entitled to vote for all shares he/she holds and represents without restriction as to the number of votes cast. Tradedoubler has 2,855,554 (3,595,000) shares in its own custody after use of own shares in the acquisition of R-Advertising in December 2016. In December 2016 3,120,000 C-shares in own custody were converted to ordinary shares.

Tradedoubler's share price decreased during 2016 by 12.6 per cent from SEK 5.55 to SEK 4.85 on 31 December 2016.

The highest price recorded during 2016 was SEK 7.25 and the lowest price was SEK 4.30. The market capitalisation on 31 December 2016 amounted to SEK 209 M.

At year-end 2016 Tradedoubler had 2,031 (2,391) shareholders. The company's largest shareholder was Reworld Media

S.A with 29.95 (17.8) per cent of the capital and votes. The five largest shareholders jointly owned 52.4 (49.7) per cent of the shares. Swedish financial and institutional players owned 10.2 per cent (17.2) of the shares and Swedish private individuals owned 17.7 per cent (12.2) of the shares. Other and non-categorised legal entities have decreased to 12.2 per cent from 28.3 per cent last year. Foreign ownership increased during 2016 to 60 per cent (39.4). The board of directors and group management jointly owned approximately 0.2 per cent (14) of the votes and capital at the end of 2016.

For more information regarding the share, see Tradedoubler's investor site: www.tradedoubler.com/en/about/investors/investor-relations/shareholders-and-ownership/

Guidelines for remuneration to company management

The guidelines for remuneration to the company management is provided in Note C5. The Board will propose to AGM to adopt these guidelines in 2017.

Long term financial targets

Tradedoubler's long term financial targets are to grow net sales in excess of 5 per cent annually in local currency and deliver an EBITDA/Gross profit-ratio in excess of 20 per cent over a business cycle.

Proposed distribution of earnings

At the disposal of the Annual General Meeting of the parent company:

SEK	
Share premium reserve	352,540,285
Retained earnings	-347,944,091
Net profit for the year	-42,664,499
Total non-restricted equity to be carried forward	-38,068,305

In addition to the non-restricted equity, the Parent company had SEK 131,870,037 in restricted equity as per end of 31 December 2016.

The Board of Directors proposes to declare no dividend for 2016. No dividend was declared for 2015. Tradedoubler has a policy of distributing at least 50 per cent of its profit after tax provided that a suitable capital structure is maintained. The distribution may occur through share dividends, share redemption and share buybacks. For more information, see bond conditions regarding dividends in note C18.

Risks and uncertainty factors

Identifying and managing risks is a central component in the governance and control of Tradedoubler's business and is incorporated in all parts of the operations. In addition to the ongoing work of identifying and managing risks in the group, work continued to implement the strategy that was set in 2014.

Risks are continuously reported to the board by management. Through clear processes and routines, the company aim to take advantage of the opportunities presented in a dynamic market, while minimising the risk for damage and losses. Tradedoubler distinguishes between market-related risks, operational risks, financial risks and legal risks.

As with all businesses, Tradedoubler has market-related risks, which are primarily related to the surrounding environment such as macroeconomic conditions, competition and technical development. Within the market Tradedoubler operates the technical and commercial rate of change is high. This means great opportunities, but also significant risks for Tradedoubler. The new strategy, which includes significant expenditure on product development, is a clear example of this. The group management is primarily responsible for monitoring and finding opportunities in this changing environment.

Tradedoubler's operative risks is mainly related to the implementation of the strategy launched during the autumn 2014 and risks related to its IT-infrastructure which is essential to deliver the services provided. The implementation of the strategy is monitored and evaluated regularly by the Group management and monitored by the company's board. As for the risks of the IT-infrastructure Tradedoubler has a CISO, Chief Internet Security Officer, who leads the risk management of the IT infrastructure together with a board of internal and external resources.

The treatment of financial risks is centralised to the finance function of Tradedoubler and is conducted in accordance with the assumed finance policy accepted by the Board of Tradedoubler. For more information regarding the financial risks see Note C21.

As a multinational company Tradedoubler is subject to local regulations. Legal risks could be tax related, intellectual property rights or privacy legislation. Tradedoubler monitors and mitigates legal risks through internal and external resources as well as through trade associations.

Tradedoubler has a significant goodwill item and other immaterial assets such as activated development expenses, which are tested for impairment on an annual basis. In conjunction with the preparation of the year-end report 2016, impairment tests relating to intangible assets were performed. The outcome of these tests was a write-down of other immaterial assets of SEK 24 M (13). In connection with the impairment testing of goodwill for 2016 no impairment was deemed to exist and at the end of 2016 goodwill amounted to SEK 273 M (246), and the increase is mainly related to the acquisition of R-Advertising. The write-down of other immaterial assets regarding capitalised development costs highlights the market-related and operative risks the company is facing. It cannot be ruled out that a future impairment test would lead to further write-downs of immaterial assets in the consolidated results and/or the parent company. For further information, see Note C13.

Corporate governance

Tradedoubler is a Swedish public limited liability company with its registered office in Stockholm. Tradedoubler's share has been quoted on NASDAQ Stockholm since 2005. This section describes Tradedoubler's corporate governance, management and administration as well as the internal control.

The governance of Tradedoubler is divided among the shareholders at the annual general meeting (AGM), the board of directors, the CEO and the group management in accordance with the Swedish Companies Act, the articles of association and the Swedish Code of Corporate Governance (the Code). The board of directors has chosen to jointly handle the duties pertaining to the audit committee according to the Code and the Swedish Companies Act, but which also may be handled by the board as a whole – see more information under "Audit Committee". In other respects, Tradedoubler has applied the Code without deviation during 2016.

Tradedoubler's articles of association and other information regarding corporate governance in the company is available on Tradedoubler's website: www.tradedoubler.com/en/about/investors/corporate-governance/

General meeting of shareholders

The annual general meeting is Tradedoubler's highest decision-making body in which shareholders exercise their rights to decide on the affairs of the company and where each share carries one vote. Shareholders are informed via Tradedoubler's website of their entitlement to have an item addressed at the AGM. Shareholders who are registered in the share register on the record day, (five weekdays prior to the date of the AGM) and who have provided notification of their intention to attend in accordance with what is stated in the convening notice, are entitled to participate in the AGM, either in person or by proxy.

Minutes from the annual general meeting 2016 and previous general meetings of shareholders are available on Tradedoubler's website: www.tradedoubler.com/en/about/investors/corporate-governance/annual-general-meeting/

Annual General Meeting 2016

The AGM was held on 3 May 2016 in Stockholm. 39.8 per cent of the shares were represented at the AGM. The AGM passed resolutions on election of board members.

The annual general meeting resolved to authorise the board of directors, until the next annual general meeting, on one or several occasions, with or without deviation from the shareholders' preferential rights, to resolve on new issues of shares, warrants and/or convertibles. The proposal was adjusted by the board of directors to include a limit of issuing shares, warrants and/or convertibles corresponding to a maximum fifty (50) per cent of the total number of outstanding shares in the company per the date of the annual general meeting.

The annual general meeting resolved to authorise the board of directors, until the next annual general meeting, on one or several occasions, to resolve on the acquisition of a maximum number of own shares so that, after the purchase, the company holds no more than ten per cent of the total number of shares in the company.

The annual general meeting resolved to authorise the board of directors, until the next annual general meeting, on one or several occasions, to resolve on the transfer of shares in the company.

Extraordinary General Meeting 2016

An extraordinary general meeting was held on 11 February 2016 on Reworld Media's initiative. 35.30 per cent of the shares were represented. In accordance with Reworld Media's proposal Pascal Chevalier, Gautier Normand, Nils Carlsson, Jérémy Perola and Erik Siekmann were elected regular board members.

Nomination Committee

Tradedoubler's AGM passes resolutions regarding a nomination committee before the next AGM. According to the resolution the nomination committee shall consist of three members. At least one of the committee members must be independent in relation to the company's largest shareholder or group of shareholders that act on the company's management.

Board members can serve on the committee, but shall not represent a majority of the committee members. Chairman of the Board or other Board member should not chair the nomination committee. If more than one board member is included in the nomination committee only one of them can be dependent in relation to major shareholders.

The composition of the nomination committee consists of the following members; Cédric Vincent, appointed by Reworld Media S.A (chairman), Yi Shi and Pascal Chevalier, chairman of the Board.

The nomination committee's proposals to the AGM 2017 regarding board members, fees and other remuneration etc. are planned to be presented in the notice convening for the AGM 2017 and will also be available on the company's website.

The members of the nomination committee receive no remuneration from Tradedoubler. However, the chairman of the board receives remuneration from Tradedoubler in the form of ordinary directors' fees.

The Board of Directors and its committees

According to Tradedoubler's articles of association, the board shall be composed of between five and nine members. The CEO is not a member of the board, but attends board meetings. Other employees in Tradedoubler participate in board meetings when required, for instance to present reports. The company's chief financial officer has during 2016 served as the secretary to the board.

During 2016, Tradedoubler's board of directors was composed until the Extraordinary General meeting on 11 February 2016 of Pascal Chevalier (chairman), Mikael Nachemson (vice chairman), Henrik Kvick, Gautier Normand, Mernosh Saatchi and Peter Åström. On the extraordinary general meeting Nils Carlsson, Jérémy Parola and Erik Siekmann were elected as new directors and Pascal Chevalier and Gautier Normand were re-elected.

At the AGM on 3 May 2016 all board members were re-elected. The current board is presented on page 46.

The nomination committee for AGM 2016 considered Pascal Chevalier and Gautier Normand in their capacity as founder and senior executives of Reworld Media S.A dependent in relation to the company's major owners, but independent in relation to the company and the company management. It also considered Jérémy Parola dependent in relation to the company's major shareholders, but independent in relation to the company and the executive management.

Other board members who held positions during 2016 were independent during their term of office in relation to the company and the company management and in relation to the company's major owners. The composition of board members during 2016 has therefore met the requirements imposed in relation to independence.

Under the Code, the company shall aim for a uniform gender distribution in the board. Tradedoubler's board of directors during 2016 was overwhelmingly composed of men. The nomination committee aims for a uniform gender distribution and had this balance in consideration in its work on a proposal for a new board of directors.

Rules of procedure

The work of the board is guided by Rules of procedure for the board that is adopted each year, usually at the statutory board meeting. These rules set out the responsibilities of the board and CEO and regulates the board, its committees and its members' internal division of work, the decision-making order within the board, notifications of board meetings, agendas and minutes, and the board's work on internal control, risk management and the financial reporting. The current rules of procedure were approved by the board of directors on 3 May 2016.

Chairman of the board

According to the current rules of procedure, the chairman of the board shall ensure that the board work is conducted effectively and that the board fulfils its duties. In particular, the chairman shall:

- organise and lead the work of the board,
- ensure that new board members undergo requisite introductory training and training in other respects that the chairman and the member collectively find suitable,
- ensure that the board continually updates and advances its knowledge about the company,
- take responsibility for contacts with the owners regarding ownership questions and for communicating viewpoints from the owners to the board,
- ensure that the board receives sufficient information and decision data for its work,
- in consultation with the CEO, adopt proposals for the agenda of board meetings,
- ensure that the board's decisions are executed and ensure that the work of the board is evaluated on an annual basis

Work during the year

The board held 14 recorded board meetings during 2016, of which 8 took place by telephone. The individual members' attendance at board and committee meetings is shown in the table on page 12.

During the year, the board's work mainly focused on the execution of the strategy balancing expenditures towards necessary investments, budget and business plan for 2016- 2018 and other analysis of the business and trends in the industry.

Committees

Audit Committee

The Code and the Swedish Companies Act (2005:551) contain provisions regarding the establishment of an audit committee. The entire board of directors may fulfil the committee's duties in accordance with what is prescribed in Chapter 8 Sections 49 a-b second paragraph of the Companies Act. Since autumn 2013 the duties of the audit committee have been handled by the entire board. In 2016, the auditor in charge have, at two separate meetings, informed the board about planned audit, estimated costs for audit and the results from completed audit.

The committee's work focused on assessment of immaterial assets and internal control. For more information about the internal control and risk management, see page 11.

Remuneration Committee

The board has appointed a remuneration committee, which during the year was composed of two board members, one of whom was chairman. The remuneration committee shall hold meetings when necessary. When considered appropriate, the remuneration committee may invite the CEO, the company's CFO, the company's auditor or others to participate in the committee's meetings. Minutes are taken of the remuneration committee's meetings and a copy of the minutes is distributed to all board members.

During 2016, until the EGM on 11 February 2016, the remuneration committee was composed of Henrik Kvick and Pascal Chevalier. After the EGM and onwards the committee has been composed of Pascal Chevalier and Erik Siekmann.

The remuneration committee has not had any recorded meetings during 2016. The board has delegated certain terms of remuneration to the chairman of the board, including approvals of changes in remuneration to senior executives in addition to the CEO.

Remuneration to the board of directors

The AGM 2016 approved annual remuneration to the board of directors amounting to SEK 763,000 to the chairman of the board and Gautier Normand, and SEK 180,000 to each of the other board members elected by the AGM who are not employed by Tradedoubler. The AGM resolved on no remuneration for committee work. No board member was employed by any company in the group during 2016.

Remuneration to each board member is shown in the table "Composition, independence and remuneration of the Board 2016" on page 12.

CEO and company management

The President and CEO leads the day-to-day operations and is assisted by a company management team. The company management during 2016 was composed of:

Matthias Stadelmeyer	CEO
Tomas Ljunglöf	Chief Financial Officer (until 3 May 2016)
Viktor Wågström	Chief Financial Officer (interim from 3 May to 4 October, permanently from 5 October 2016)
Marcel Chaudron	Chief Operation Officer
James Milne	VP Business Development
Jeff Johnston	Chief Strategy Officer (until 16 September 2016)

The current company management is presented on page 47.

Principles for remuneration and other terms of employment for the company management

The AGM resolves on guidelines for remuneration and other terms of employment to senior executives, in other words, the chief executive officer and other members of the company management.

The annual general meeting 2016 resolved on the following guidelines for remuneration to senior executives, which refers to the chief executive officer and other members of the company management. The total remuneration shall be competitive in the local market in which the employee is based in order to attract, motivate and retain skilled employees. The individual remuneration shall be based on the employee's experience, skills, responsibilities and performance. The total remuneration should be based on four main components; fixed salary, variable remuneration, pension benefits and long-term incentive program.

Fixed salary: The fixed salary shall be commercially competitive and shall be based on experience, skills, responsibilities and performance.

Pension benefits: Pension benefits may be offered to certain members of the company management depending on local market conditions. Swedish-based employees are offered a solution which largely corresponds with the ITP plan.

Notice and termination benefits: A mutual period of notice of 3–9 months shall apply for the company management. In the event of termination by the company, termination benefits, in applicable cases, should not exceed an amount equivalent to 12 fixed monthly salaries. In the event of termination by the employee, he/she shall not normally be entitled to any termination benefits.

Long-term incentive program: In addition to variable remuneration, which rewards growth and operating profit during the financial year, the board considers that long-term incentive programmes are an important part of the long-term compensation strategy. The board intends to propose that the company shall continue to invite the company management and other key people to participate in a long-term share-price-related incentive programme. The board considers that such a programme should imply continued employment in the group. Share-related and share-price- related incentive programmes must be approved by the general meeting of shareholders.

Other benefits: Other benefits, such as car benefit, shall have a limited value in relation to the total remuneration package.

Questions regarding terms of employment for the chief executive officer are determined by the board. The chief executive officer determines terms of employment for other members of the company management after approval by the remuneration committee.

The board of directors or the remuneration committee may depart from these guidelines if special grounds exist in a particular case.

Remuneration to the CEO and company management

As chief executive officer Matthias Stadelmeyer received remuneration for 2016, amounting to SEK 3,020,000 including other benefits, SEK 313,000 as remuneration in long- term incentive programme and SEK 46,000 as remuneration for payment into private pension insurance.

Company management apart from the chief executive officer received a total of SEK 5,611,000 in remuneration including other benefits and severance, SEK 86,000 as remuneration for long-term incentive programme and SEK 423,000 as remuneration for payment into private pension insurance.

Auditors

EY was elected as auditor at the AGM 2016 for the period until the AGM 2017, with the authorised public accountant Erik Sandström as auditor-in-charge.

During 2016, the auditor reviewed the annual accounts, the consolidated accounts and accounting records as well as the administration of the board of directors and the CEO. In addition, the auditor reviewed the corporate governance report. The auditor has also reviewed the interim report for the period January-June 2016 and has been retained for certain advice, most of which pertained to audit-related consultations regarding accounting and tax matters.

Total remuneration of SEK 4,592,000 was paid during 2016, of which SEK 4,426,000 was paid to EY and SEK 166,000 to other auditing companies.

Long-term incentive programmes and bonus programme

The AGM 2015 resolved to adopt a share-price-related incentive programme for senior executive and other key employees within the Tradedoubler group.

The objective of the proposed programme is to create conditions for recruiting and retaining competent employees in the group.

The programme has been designed based on the view that it is desirable that senior executives and other key employees within the group are shareholders in the company. By linking the employee's remuneration to Tradedoubler's share price development continued loyalty will be promoted and thereby long-term growth in the company. In the light of this, the board of directors is of the opinion that the adoption of the programme will have a positive effect on Tradedoubler's future development and thus be beneficial for both the company and its shareholders. Participants in the programme waives variable remuneration.

More details regarding the incentive programme can be found at www.tradedoubler.com/en/about/investors/corporate-governance/annual-general-meeting/

The group also operates an annual performance- and results-based variable remuneration programme for all other employees within the group. In the 2016 programme, various quantitative and qualitative performance- and earnings targets were set for different occupational categories, based on company-wide, and regional targets for employees.

Internal control

The board's responsibility for internal control and risk management is governed by the Companies Act and by the Code. Internal control and risk management in respect of the financial reporting constitute a part of the total internal control and risk management within Tradedoubler, which is based on the COSO framework[1] and represents an essential part of Tradedoubler's corporate governance.

COSO describes the internal control as divided into five components as follows; control environment, risk management, control activities, information and communication, monitoring.

Risk assessment

The area of internal control and risk management in respect of the financial reporting is part of the board's and group management's overall work on identifying and managing risks. This work aims to identify and evaluate the most critical risks affecting the internal control and the financial reporting in the group's companies, as a basis for how to handle risks through different control structures. The most significant risks for the group are described under "Risks and uncertainty factors" on page 7. See also Note C2 and C21 in Notes to the consolidated accounts.

Control environment

The board has the overall responsibility for the internal control and risk management in respect of the financial reporting. The board has adopted Rules of procedure. This is an internal control instrument setting out the responsibilities of the board, CEO and company management regulating the board, its committees and members' internal division of work. The board also works with the duties that under the Code shall be handled by the audit committee. This is primarily control of the financial reporting and monitoring the effectiveness of the company's internal control and risk management in respect of the financial reporting. Furthermore, the board in 2016 decided on revisions to the company's Finance policy, Insider policy and External information and investor relations policy.

In addition, the CEO and company management control the day-to-day work through a variety of policies and internal control documents. The most important of these include the company's Authorisation manual, Payment policy and IT Security policy. The CEO in conjunction with the rest of the group management is responsible for ensuring that the above-mentioned internal control instruments are complied with and updated if necessary.

Control activities

Control structures are concerned with what controls are chosen to manage identified risks in the group's companies. The controls may be general or detailed, preventative or discovery-based and automated or manual in character.

Information and communication

The internal control instruments are available for the relevant employees on Tradedoubler's Intranet.

The CEO and the company's CFO report the on-going work on develop and monitor the company's internal control and risk management to the board.

Monitoring

Follow up in order to ensure the effectiveness of the internal control and risk management in respect of the financial reporting is conducted by the board, the CEO and the rest of the group management, including the company's CFO. Follow up includes review of monthly income statements and cash flow statements against the budget and latest financial forecast and current controls that exceptions to policies has been approved by authorised personnel. This means, inter alia exemption from the credit policy and the policy of publishers only getting paid after the customer has paid its invoice to Tradedoubler.

The IT security work is continually ongoing with follow up meetings with the CISO (Chief Internet Security Officer) and group managers for development and operations in attendance. Any IT security-related incidents are reported at these meetings and follow up takes place of IT security- related projects and activities. When required, the CISO reports to the CEO and other members of the group management including the company's CFO. The company have agreements with external security experts in order to receive advice and support regarding implementation, assessments, and priorities on IT security-related issues.

Internal audit

At present, the company does not have any special audit function. The question of formally establishing a special audit function is reviewed continually.

[1] Published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), (www.coso.org)

Composition, independence and remuneration of the Board 2016

Name	Born	Nationality	Elected	The Board of directors	The Remuneration Committee	Independent in relation to the company, the company management and the company´s major shareholders*	Fee in SEK (incl. committee work)**	Own or related party share holdings***
Pascal Chevalier	1968	French	2015	Chairman	Chairman	No*	763,000	0
Gautier Normand	1978	French	2015	Member	-	No*	763,000	0
Jérémy Parola	1987	French	2016	Member	-	No*	180,000	0
Nils Carlsson	1969	Swedish	2016	Member	-	Yes	180,000	0
Erik Siekmann	1971	German	2016	Member	Member	Yes	180,000	0
Mikael Nachemson	1959	Swedish	2015	Prev. vice Chairman (to 11 Feb 2016)	-	Yes	-	0
Henrik Kvick	1977	Swedish	2015	Prev. Member (to 11 Feb 2016)	Prev. Member	No	-	0
Mernosh Saatchi	1979	Swedish	2014	Prev. Member (to 11 Feb 2016)	-	Yes	-	0
Peter Åström	1966	Swedish	2015	Prev. Member (to 11 Feb 2016)	-	Yes	-	0
SUM							2,066,000	

* Pascal Chevalier, Gautier Normand and Jérémy Parola are independent to the company and company management but dependent in relation to the company´s major owners, since they are all active in Reworld Media, Tradedoubler's major owner. The arm's length principle has been applied in all transactions between Tradedoubler and Reworld Media, for more information see Note C23.

** The annual general meeting 2016 approved the nomination committee's proposal for the compensation to the Chairman of the board and Gautier Normand corresponding to SEK 763,000 and to the other Board members corresponding to SEK 180,000. No compensation is payable for committee work. Compensation relates to the annual payable amount.

*** Holdings of shares or other equal financial instruments by private or related persons or legal entities in Tradedoubler according to the latest available information to Tradedoubler.

Attendance at board and committee meetings 2016

Name	Board of directors	Attendance, board meetings*	The remuneration committee	Attendance Remuneration committee**
Pascal Chevalier	Chairman	13/14	Chairman	-
Gautier Normand	Member	14/14	-	-
Jérémy Parola	Member	10/11	-	-
Nils Carlsson	Member	10/11	-	-
Erik Siekmann	Member	10/11	Member	-
Mikael Nachemsson	Vice Chairman(**)	3/3	-	-
Henrik Kvick	Member(**)	3/3	Prev. Member	-
Mernosh Saatchi	Member(**)	3/3	-	-
Peter Åström	Member(**)	2/3	-	-

* Out of the meetings that took place during the person's terms of office in 2016.

** Member of the Board during 1 January to 11 February 2016.

Financial Statements

Consolidated income statement

SEK '000	Note	2016	2015
Net sales	C3, C4	1,343,994	1,624,264
Cost of goods sold	C8	-1,041,753	-1,292,420
Gross profit		**302,241**	**331,844**
Selling expenses		-210,397	-218,951
Administrative expenses		-86,379	-118,313
Research & development expenses		-56,736	-68,242
Impairment goodwill		-	-71,725
Operating profit	C4, C5, C6, C7, C8, C9	**-51,271**	**-145,387**
Financial income		26,636	10,122
Financial expenses		-18,022	-28,785
Net financial items	C10	**8,614**	**-18,663**
Profit before tax		**-42,657**	**-164,049**
Tax	C11	-7,434	-25,776
Net profit for the year		**-50,091**	**-189,826**

Statement of comprehensive income

Profit for the year		-50,091	-189,826
Other comprehensive income			
Other comprehensive income to be reclassified to profit or loss in subsequent periods			
Translation differences, net after tax		3,965	-3,114
Total other comprehensive income to be reclassified to profit or loss in subsequent periods		**3,965**	**-3,114**
Total comprehensive income for the year		**-46,126**	**-192,940**
Total comprehensive income for the year attributable to:			
The parent company's shareholders		-50,091	-189,826
Comprehensive income attributable to:			
The parent company's shareholders		-46,126	-192,940
Earnings per share	C17		
Earnings per share before and after dilution		-1.18	-4.48

Consolidated statement of financial position

SEK '000	Note	Dec 31, 2016	Dec 31, 2015
Assets			
Non-current assets			
Goodwill	C13	273,073	246,140
Other intangible assets	C13	52,226	61,170
Equipment, tools, fixtures and fittings	C14	6,185	6,231
Other non-current receivables		4,882	5,341
Shares and participation in other companies	C27	11,128	-
Deferred tax receivables	C11	19,143	21,558
Total non-current assets		**366,636**	**340,441**
Current assets	C12		
Trade receivables	C21	260,902	335,538
Tax receivables		7,733	11,843
Other receivables		16,240	16,323
Prepaid expenses and accrued income	C15	8,975	11,736
Short term investments	C21	40,622	93,641
Cash and cash equivalents	C21	169,198	252,886
Total current assets		**503,671**	**721,967**
Total assets		**870,306**	**1,062,408**
Equity and liabilities			
Shareholders' equity	C16		
Share capital		18,371	18,371
Share premium		441,600	441,600
Translation reserve		30,648	26,683
Retained earnings including net profit for the year		-284,090	-238,723
Total equity		**206,529**	**247,931**
Non-current liabilities	C12, C21		
Deferred tax liabilities	C11	711	1,281
Provisions: non-current		930	1,179
Bond loan	C18	193,856	246,766
Contingent additional purchase price long term	C26	12,437	-
Total non-current liabilities		**207,934**	**249,226**
Current liabilities	C12, C21		
Trade payables		22,638	14,466
Current liabilities to publishers	C12	250,318	302,350
Tax liabilities		4,606	2,303
Other liabilities	C19	119,600	187,951
Contingent additional purchase price short term	C26	2,914	-
Accrued expenses and deferred income	C20	55,768	58,181
Total current liabilities		**455,843**	**565,251**
Total equity and liabilities		**870,306**	**1,062,408**

For information about Pledged assets and contingent liabilities, see Note C22.

Consolidated statement of changes in equity

SEK '000	Share capital	Share premium	Translation reserve	Retained earnings incl. Net profit for the year	Total equity
Opening balance at January 1, 2015	**17,123**	**441,600**	**29,797**	**-47,179**	**441,341**
Comprehensive income					
Net profit for the year				-189,826	-189,826
Other comprehensive income					
Translation differences, net after tax	-	-	-3,114	-	-3,114
Total other comprehensive income	-	-	-3,114	-	-3,114
Total comprehensive income	**-**	**-**	**-3,114**	**-189,826**	**-192,940**
Transactions with shareholders					
New share issue	1,248	-	-	-	1,248
Repurchase of own shares	-	-	-	-1,248	-1,248
Equity-settled share-based payments	-	-	-	-470	-470
Total transactions with shareholders	**1,248**	**-**	**-**	**-1,718**	**-470**
Closing balance at December 31, 2015	**18,371**	**441,600**	**26,683**	**-238,723**	**247,931**
Opening balance at January 1, 2016	**18,371**	**441,600**	**26,683**	**-238,723**	**247,931**
Comprehensive income					
Net profit for the year				-50,091	-50,091
Other comprehensive income					
Translation differences, net after tax	-	-	3,965	-	3,965
Total other comprehensive income	-	-	3,965	-	3,965
Total comprehensive income	**-**	**-**	**3,965**	**-50,091**	**-46,126**
Transactions with shareholders					
Use of shares in own custody	-	-	-	4,078	4,078
Equity-settled share-based payments	-	-	-	645	645
Total transactions with shareholders	**-**	**-**	**-**	**4,723**	**4,723**
Closing balance at December 31, 2016	**18,371**	**441,600**	**30,648**	**-284,090**	**206,529**

All equity is tributed to the shareholders of the Parent Company.

Consolidated cash flow statement

SEK '000	Note	2016	2015
Operating activities	C24		
Profit before tax		-42,657	-164,049
Adjustment for items not included in the cash flow		22,060	130,258
Taxes paid		1,710	-3,880
Cash flow from operating activities before changes in working capital		**-18,887**	**-37,671**
Cash flow from changes in working capital			
Increase (-)/Decrease (+) in operating receivables		94,121	92,542
Increase (-)/Decrease (+) in operating liabilities		-138,976	-35,792
Cash flow from operating activities		**-63,742**	**19,079**
Investing activities			
Investments in intangible assets		-33,613	-37,936
Investments in property, plant and equipment		-2,132	-6,122
Investments in financial assets		-10,799	193
Investments in stocks and subsidiaries	C26	3,750	-2,843
Short-term investments		-	-31,518
Sale of short-term investments		51,935	199,356
Cash flow from investing activities		**9,141**	**121,130**
Financing activities			
New share issue		-	1,248
Repurchase of own shares		-	-1,248
Repurchase of own bond		-28,552	-
Cash flow from financing activities		**-28,552**	**0**
Cash flow for the year from continuing operations		-83,153	140,208
Cash flow for the year		-83,153	140,208
Cash and cash equivalents at the beginning of the year		252,886	116,747
Exchange difference in cash and cash equivalents		-536	-4,070
Cash and cash equivalents at the end of the year		**169,198**	**252,886**

C1. Accounting policies

General information
Tradedoubler AB (the parent company) and its subsidiaries together make up the Tradedoubler group.

TradeDoubler AB (publ), corporate registration number 556575-7423, is a Swedish registered limited liability company with its registered office in Stockholm. The address of the head office is Birger Jarlsgatan 57A, 113 56 Stockholm. The parent company's shares are listed on NASDAQ Stockholm. The board of directors approved these annual accounts for publication on 6 April 2017. The annual accounts will be considered for adoption by the annual general meeting.

Summary of significant accounting policies
The consolidated accounts were prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as well as interpretations from the International Financial Reporting Interpretations Committee (IFRIC), as adopted by the European Commission for application within the EU. In addition, the Swedish Financial Reporting Board's recommendation RFR 1, Supplementary Accounting Rules for Groups is applied.

The parent company applies the same accounting policies as the group except in the instances described in P1 Parent Company's accounting policies. Discrepancies between the principles applied by the parent company and the group arise due to restrictions on the ability to apply IFRS within the parent company imposed by the Swedish Annual Accounts Act, the Pension Obligations Vesting Act ("tryggandelagen") and, in some cases, by tax considerations.

Assets and liabilities are recognised at historical cost unless otherwise stated below.

The parent company's functional currency is the Swedish krona (SEK), which is also the presentation currency for the parent company and the group. This means that the financial statements are presented in SEK. All amounts are rounded off to the nearest thousand, unless otherwise stated.

Assessments and estimates in the financial statements
Preparing the financial statements in conformity with IFRS requires the group management to make judgements and estimates as well as assumptions that affect the application of the accounting policies and the recognised amounts of assets, liabilities, revenue and expenses. The actual outcome may deviate from these estimates and judgements.

Estimates and assumptions are reviewed regularly. Changes in estimates are recognised in the period in which they arise if the change affects that period alone or, alternatively, in the period in which they arise and during future periods if the change affects both the period in question and future periods.

Judgements made by the group management in the application of IFRS, which have a material impact on the financial statements and estimates made, which may give rise to significant adjustments in future financial statements are described in more detail in the notes to the consolidated accounts C2, Critical estimates and judgements.

Amended accounting policies and disclosure requirements 2016
The Group and parent company applies in this Annual report for the first time the new and amended standards and interpretations applicable for fiscal years beginning 1 January 2016 or later.

None of the amended policies and disclosure requirements to existing standards that are applicable from the financial year that began on January 2016 has any material impact on the Group or parent company's financial statements. No new or amended policies have been applied in advance.

New accounting standards in 2017 and onwards
A number of new and revised IFRS has not yet entered into force and have not been applied in preparing the consolidated and parent company financial statements. Described below are the IFRS that may affect the Group's or parent company's financial statements. Other new or amended standards or interpretations the IASB has published is not expected to have any impact on the Group's or parent company's financial statements.

IFRS 9 Financial instruments
IFRS 9 includes recognition of financial assets and liabilities and will replace IAS 39 Financial instruments: Recognition and measurement. As with IAS 39, Financial assets are classified in different categories; some of which are measured at amortised cost and fair value. IFRS 9 introduces other categories than those contained in IAS 39. In order to assess how financial instruments should be reported according to IFRS 9 a company has to ensure the contractual cash flows and the business model under which the instrument is held. IFRS 9 also introduces a new model for the impairment of financial assets. The purpose of the new model includes that losses should be recognised earlier than under IAS 39. For financial liabilities IFRS 9 mainly is consistent with IAS 39. However, for liabilities carried at fair value the portion of the fair value change that is attributable to own credit risk should be recognised in other comprehensive income rather than in the results, unless this causes inconsistencies in the accounts. Revised criteria for hedge accounting can lead to that more economic hedging strategies qualify for hedge accounting under IFRS 9 than IAS 39. IFRS 9 Financial instruments shall enter into force on 1 January 2018. The standard will be applied by the Group and parent company from 1 January 2018. An evaluation of the impact of the standard is underway and the preliminary assessment is that it will not have any significant impact on the Group.

IFRS 15 Revenue from contracts with customers
IFRS 15 replaces all previously issued standards and interpretations which manages revenue with a comprehensive model for revenue recognition. The standard is based on the principle that revenue should be recognised when a promised goods or service has been transferred to the customer, that is, when the customer received the control over this, which may occur over time or at an exact time. The revenue should be the amount which the company expects to be reimbursed in exchange for goods or services.

IFRS 15 Revenue from contracts with customers shall enter into force on 1 January 2018. The Group and the parent company intends to apply the standard from 1 January 2018. An evaluation of the impact of the standard is in progress.

IFRS 16 Leases
IFRS 16 replaces IAS 17 from 1 January 2019. According to the new standard the majority of leased assets should be recognised in the balance sheet and the lessee shall split the cost in interest payments and depreciation of the asset. The EU is expected to approve the standard during 2017. In the coming year an investigation will be initiated to investigate how IFRS 16 will affect the financial statements of the Group and parent company. An evaluation of the impact of the standard is in progress.

Classification
Non-current assets and non-current liabilities in the parent company and the group largely consist of amounts that are expected to be recovered or paid after more than twelve months, calculated from the end of the reporting period. Current assets and current liabilities in the parent company and the group largely consist of amounts that are expected to be recovered or paid within twelve months, calculated from the end of the reporting period.

Segment reporting
Identification of segments is made based on the internal reporting to the chief operating decision-maker, which as far as Tradedoubler is concerned is deemed to be the CEO.

From January 1, 2014 Tradedoubler reports the geographical segments within TD CONVERT (previously Affiliate), TD CONNECT (previously Technology) and Other. Other primarily represents the non-strategic campaigns business. The geographical segments within TD CONVERT and TD CONNECT sum up to the core business, Performance Marketing. Recently launched TD ENGAGE are included in TD CONVERT.

Consolidation
Basis of consolidation
The consolidated financial statements include the parent company

and its subsidiaries. The financial statements of the parent and its subsidiaries included in the consolidated accounts cover the same period and are prepared according to the accounting principles applicable to the Group.

All intercompany receivables and liabilities, income and expenses, gains or losses arising from transactions between companies included in the consolidated accounts are eliminated in full.

A subsidiary is included in the consolidated financial statements from the acquisition date, which is the date when the parent company obtains control, and are included in the consolidated financial statements until the date that control ceases. Normally, controlling influence over a subsidiary by the holding of more than 50 per cent of voting shares, but can also be obtained in other ways, for example through contracts.

Subsidiaries acquired are reported in the consolidated financial statements using the purchase method. This applies to businesses acquired directly. The purchase method means that the acquisition value of shares, or of the directly acquired business, is allocated to the acquired assets, assumed commitments and liabilities at the date of acquisition on the basis of their fair values at the time. Possible additional consideration is valued at fair value. If the cost exceeds the fair value of the acquired company's net assets, the difference is recognised as goodwill. If the cost is less than the fair value of the acquired company's net assets, the difference is recognised directly in the income statement. Transaction costs related to the acquisition is recognised directly in the income statement as other operating expenses. In cases where a revaluation at fair value of the contingent consideration its recognised in operating income.

Non-controlling interest is the part of the profit and net assets of a jointly owned company that is attributed to the other owners. Non-controlling interests' share of income is included in the consolidated profit after tax. The share of net assets is included in equity in the consolidated balance sheet but disclosed separately from equity attributable to parent company shareholders.

Foreign currency

Transactions in foreign currencies

Transactions in foreign currencies are translated to the functional currency at the exchange rate prevailing on the transaction date. The functional currency is the currency which applies in the primary economic environments in which the companies conduct their operations. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the prevailing year-end exchange rate. Exchange differences arising on translation are recognised in the income statement, as financial income and expenses, with the exception of exchange differences in respect of intra-group loans which are treated as a net investment in a foreign operation (increased/reduced net investment) where exchange differences are recognised in other comprehensive income in the same way as translation differences.

Financial statements of foreign operations

The group's presentation currency is the Swedish krona (SEK). Assets and liabilities in foreign operations, including goodwill and other goodwill/negative goodwill arising on consolidation, are translated from the foreign operation's functional currency to the group's presentation currency, Swedish krona, at the exchange rate prevailing at the end of the reporting period. Income and expenses in a foreign operation are translated to Swedish kronor at an average rate that represents an approximation of the prevailing exchange rates on the date of each transaction. Translation differences arising on such translation are recognised in other comprehensive income.

The exchange rates used in translation of the financial statements for consolidation purposes are as follows:

	Closing day rate		Average rate	
	2016	2015	2016	2015
EUR	9.57	9.14	9.47	9.36
GBP	11.18	12.38	11.57	12.90
NOK	1.05	0.96	1.02	1.05
DKK	1.29	1.22	1.27	1.25
PLN	2.17	2.15	2.17	2.24
CHF	8.91	8.43	8.69	8.77
BRL	2.80	2.16	2.48	2.57
SGD	6.29	5.90	6.20	6.13

The company does not currently hedge foreign exchange exposure. In connection with the disposal of a foreign operation, the accumulated translation differences attributable to the operation are recognised in the consolidated income statement.

Revenue

Sales revenue, which is synonymous with net sales, is recognised at the fair value of the consideration received, or which shall be received, taking into account any discounts and rebates. Revenue recognition takes place in the income statement when it is probable that the future economic benefits will accrue to the group and these benefits can be measured in a reliable manner. Revenue includes only the gross inflow of economic benefits that the company receives or can receive for its own benefit. Revenue from rendering services is recognised when the economic benefits for the services performed can be measured reliably and the economic benefits accrue to the group.

Group revenue consists of payments from the companies and organisations that advertise and market their products and services via the group. Revenue consists of variable transaction and consulting revenue (called Transaction revenue) and of fixed start-up and monthly fees (called Other revenue).

For the parent company, revenue mainly consists of licensing fees charged to subsidiaries. The parent company's license fees are based on the current rules for transfer pricing and calculated so that a market margin remains in the subsidiary with respect to the services the subsidiary perform and the risks that the business causes.

Transaction revenue

Most of the company's revenue consists of transaction revenues. These are mainly variable and may be compared with the economic benefit from rendering a service without any specific time constraints. Within the terms of rendering a service, revenue is continuously calculated based on transaction volume and price per transaction. The criteria for recognition of this revenue are applied to each individual transaction or summation of transactions.

Other revenue

Most of the company's other revenue consists of fixed start-up and monthly fees. These revenues are connected to rendering services in which the company gives the customer the right to use the company's technology, among other things. The right of use is mainly governed via a rendering of services. The criteria for recognition of these revenues are applied to each rendering of a service.

Operating expenses and financial income and expenses

Cost of goods sold

Cost of goods sold consists of payments to publishers and is recognised as revenue when recognition takes place. In the agreement that Tradedoubler has with publishers there are clauses that prevent payment until certain minimum levels has been reached. Furthermore, there are cases where Tradedoubler lack the ability to regulate the liabilities incurred. This means that Tradedoubler periodically make estimates regarding wheather and when the debts will have to be regulated. The valuation of the liabilites to publishers is based on IAS 39 VT8. In accordance with IAS 39 estimates of expected payments and when they take place in time are made and the liability is adjusted periodically to reflect the revised estimated future cash flows.

Financial income and expenses

Interest income is primarily interest on bank deposits and is recognised in the income statement as it arises by application of the effective interest method. Dividend income is recognised in the income statement when the group secures the right to receive payments. Financial expenses consist of interest costs on borrowings, the effect of dissolution of present value computation of provisions, loss on changes in value of financial assets measured at fair value via the income statement, impairment of financial assets and such losses on hedging instruments that are recognised in the income statement. Exchange gains and exchange losses are recognised net.

Financial instruments

Financial instruments on the asset side that are recognised in the balance sheet include cash and cash equivalents, short-term investments, trade and financial receivables. Liabilities include trade payables, liabilities to publishers, bond loan, liabilities to credit institutions and contingent additional purchase price.

Recognition and derecognition in the balance sheet
A financial asset or financial liability is carried in the balance sheet when the company or one of its subsidiaries becomes a party under the commercial terms of the instrument. Trade receivables are carried in the balance sheet when the invoice has been sent. Liabilities are carried when the counterparty has performed and there is a contractual obligation to pay, even if the invoice has not yet been received. Trade payables are recognised upon receipt of invoice.

A financial asset is derecognised when the contractual rights to the asset are realised, extinguished or the company loses control over them. The same rule applies for part of a financial asset. A financial liability is derecognised when the contractual obligation has been discharged or in some other manner has been extinguished. The same rule applies for part of a financial liability.

Acquisition and disposal of financial assets are recognised on the transaction date, which represents the day when the company committed to acquire or dispose of the asset.

The fair value of investments in securities and derivative instruments is determined using official market quotations at the end of the reporting period. In cases where these are not available, measurement occurs using generally accepted methods such as discounting of future cash flows at quoted market rates of interest for each maturity. Translation to Swedish kronor takes place using the Riksbank's rates at the end of the reporting period.

Classification and measurement
Financial instruments that are not derivatives are initially recognised at the cost of acquisition corresponding to the fair value of the instrument plus transaction costs for all financial instruments, apart from those classified as financial assets recognised at fair value via the income statement, which are recognised at fair value excluding transaction costs. A financial instrument is classified on initial recognition based on the purpose for which the instrument was acquired. The classification determines how the financial instrument is measured after the initial reporting date, as described below.

Loan receivables and trade receivables
Loans and receivables are financial assets that are not derivative instruments, which have fixed or determinable payments and which are not quoted on an active market. These assets are measured at amortised cost according to the effective interest method.

Trade receivables are recognised at the amount that is expected to be received less doubtful debts, which are assessed individually. Trade receivables have short expected maturities, which is why the value of each receivable is carried at its nominal amount without discounting. Impairment losses on trade receivables are recognised in operating expenses.

Receivables with expected maturities of more than one year are classified as non-current receivables and those with shorter maturities are classified as other receivables.

Financial assets measured at fair value through profit or loss
Financial assets measured at fair value through profit or loss are divided into two subcategories: Financial assets held for trading as well as financial assets identified at initial recognition as belonging to this category. Financial assets held for trading are defined as financial assets acquired principally for the purpose of selling or repurchasing in the short-term. The group's investments in corporate bonds and related derivatives for hedging of foreign currency bonds have been classified in the category of financial assets held for trading.

Assets in this category are measured initially and in subsequent financial statements at fair value. All changes in value arising are recognised in profit or loss.

Financial assets available for sale
Financial assets available for sale are assets that are either designated in this category or not classified in any of the other categories. They are included in current assets unless management intends to dispose the investment within 12 months after the balance sheet date. Financial assets available for sale are subsequently carried at fair value. Unrealised gains and losses arising from changes in fair value of non-monetary instruments classified as assets recognised in other comprehensive income. When instruments classified as available for sale are sold or when impairment exists for these, the accumulated fair value adjustments is attributed to the income statement.

Financial liabilities
Financial liabilities are measured at amortised cost. Accrued cost is determined on the basis of the effective interest rate measured when the liability was carried. This means that surplus and deficit values, as well as direct issue expenses, are allocated over the term of the liability.

Trade payables have short expected maturities and are measured at their nominal value without discounting.

Cash and cash equivalents
Cash and cash equivalents consist of cash in hand and directly accessible balances at banks and similar institutions as well as short-term highly liquid investments with original maturities of less than three months which are only subject to an insignificant risk of fluctuation in value.

Property, plant and equipment

Owned assets
Property, plant and equipment is recognised as an asset in the balance sheet if it is probable that the future economic benefits will accrue to Tradedoubler and the cost of the asset can be reliably measured. The cost of acquisition is defined as the purchase price and the costs of putting the asset in place.

Property, plant and equipment is recognised in the group at cost less accumulated depreciation and any impairment losses. Additional expenditure is added at cost only if it is probable that the future economic benefit associated with the asset will increase. All other expenditure is expensed.

Property, plant and equipment consisting of units with different useful lives are treated as separate items of property, plant and equipment.

The carrying amount of an item of property, plant and equipment is derecognised on retirement or disposal or when no future economic benefits can be expected from its use. Gains or losses arising from disposal or retirement of an asset consist of the difference between the selling price and the asset's carrying amount less directly related selling expenses. Gains and losses are recognised as other operating income/expenses.

Leased assets
The leases in the group have been classified as operating leases, which means that the lessor retains the absolute majority of the risks and the benefits of ownership of an asset. Operating leases mean that leasing fees are expensed on a straight-line basis over the term of the lease, which may differ in practice from the amount of leasing fees paid during the year.

Depreciation methods
Depreciation takes place on a straight-line basis over the estimated useful life of the asset.

Equipment	Three to five years

An assessment is made of an asset's residual value and useful life every year.

Intangible non-current assets

Goodwill
Goodwill is measured at cost less any accumulated impairment losses. Goodwill is distributed to cash-generating units and is tested at least once annually for any impairment need. Impairment testing is carried out more frequently if there are indications that the unit may need to be impaired. If the recoverable amount of the cash-generating unit is less than the unit's carrying amount, the impairment loss is allocated first to reduce any goodwill carrying amount allocated to the unit and is then allocated proportionately to the unit's other assets based on the carrying amount of each asset in the unit.

In business combinations where the cost of acquisition is less than the net value of acquired assets, and liabilities and contingent liabilities assumed, the difference is recognised directly in net profit.

Development expenses
Expenses for new or substantially improved products or processes are carried as assets in the balance sheet only if the product or process is technologically or commercially viable, the group has sufficient resources to complete development and that it is possible to estimate future revenues in a reliable manner. Capitalisation may occur when a new platform or functionality is developed and includes costs of materials, direct work and a reasonable share of the indirect costs. System maintenance costs are expensed as they arise. Capitalised development expenses are recognised at cost less accumulated depreciation and impairment losses.

Administration and support
This category includes system tools for customer management and finance among other things. These intangible assets are deemed to have a longer useful life than those within the Development category, mainly due to a longer product lifecycle in the market. In this category, capitalised expenditure is also recognised at cost less accumulated amortisation and impairment losses.

Additional expenditure
Additional costs for capitalised intangible assets are recognised as an asset in the balance sheet only when they increase the future economic benefits of the specific asset to which they relate to. All other costs are expensed as they arise.

Amortisation methods
Amortisation is recognised in the income statement on a straight-line basis over the estimated useful lives of the intangible assets, provided such useful lives are determinable. Goodwill and intangible assets with an indeterminable useful life are tested for impairment on an annual basis and as soon as there are indications suggesting that the asset in question has decreased in value. Intangible assets that may be amortised are amortised from the date from which they are available for use. The estimated useful lives are:

Development	Three years
Administration and support	Five years

Impairment losses
The carrying amounts of the group's assets are tested on each balance sheet date in order to determine if there is any indication of an impairment need. IAS 36 is applied for testing impairment needs of assets other than financial assets, which are tested in accordance with IAS 39, assets for sale and disposal groups, which are tested in line with IFRS 5, and deferred tax receivables. For exempted assets, as above, the carrying amount is tested in accordance with each standard.

Impairment testing of property, plant and equipment and intangible assets and participations in subsidiaries
If there is an indication for impairment on goodwill, intangible or tangible assets with indeterminate period of use and intangible assets not in use, the asset's recoverable amount is calculated using IAS 36 (see below). If it is impossible to determine significant independent cash flows to a single asset, the assets should be grouped, in conjunction with impairment testing, at the lowest level at which it is possible to identify significant independent cash flows – a so-called cash-generating unit.

An impairment loss is recognised when the carrying amount of an asset or cash-generating unit (group of units) exceeds its recoverable amount. An impairment loss is charged to the income statement.

The recoverable amount is the higher of the fair value less selling expenses and value in use. In calculating value in use, future cash flows are discounted using a discounting factor that takes into account the risk-free rate of interest and the risk relating to the specific asset.

Impairment testing of goodwill
Goodwill consists of the amount by which the acquisition cost exceeds the fair value of the net assets acquired by the group in conjunction with a company acquisition or acquisition of assets and liabilities Goodwill arising from the acquisition of an associated company is included in the carrying amount for the associated company. Goodwill is allocated to cash-generating units upon acquisition and is not amortised, but is tested annually to identify any impairment needs. Goodwill is measured at acquisition cost less any accumulated impairment losses. Impairments of goodwill are not reversed. The recognised revenue from the disposal of a group company includes the remaining carrying amount of the goodwill attributable to the divested unit.

Impairment testing of financial assets
In connection with quarterly financial reporting, Tradedoubler assesses whether there is objective evidence that a financial asset or group of assets requires impairment. Objective evidence consists partly of observable circumstances that occurred and which have a negative impact on the possibility to recover the cost of acquisition.

The recoverable amount of assets belonging to the categories of loan receivables and trade receivables, which are recognised at amortised cost, is measured as the present value of future cash flows discounted by the effective rate that applied upon initial recognition of the asset. Assets with short maturities are not discounted. An impairment loss is charged to the income statement.

Reversal of impairment losses
An impairment loss is reversed if there is an indication that an impairment need no longer exists and a change has occurred in the assumptions that provided the basis for the measurement of the recoverable amount. A reversal is only made to the extent that the carrying amount of the asset after reversal does not exceed the carrying amount that would have been recognised, less amortisation where appropriate, if no impairment had been made. Impairment of goodwill is never reversed.

Impairments of loan receivables and trade receivables recognised at amortised cost are reversed if a later increase in the recoverable amount can be objectively attributed to an event that occurred after the impairment was made.

Earnings per share
The calculation of earnings per share is based on the group's net profit for the year attributable to the parent company's shareholders and on the weighted average number of shares in issue during the year. In the calculation of earnings per share after dilution, the profit and the average number of shares are adjusted to take account of the effects of dilutive potential ordinary shares, which consisted of options issued to employees during the presented periods.

Employee benefits
Defined-contribution plans
The group mainly operates defined contribution pension plans. In defined contribution plans, Tradedoubler pays fixed fees to an insurance company and has no obligation to pay further amounts.

Obligations in respect of charges for defined contribution plans are recognised as an expense in the income statement as they arise.

Compensation on termination of employment
A provision is recognised in conjunction with the termination of employment only if it is evident that Tradedoubler is obligated, without any realistic possibility of withdrawal, by a formal detailed plan to terminate employment before the normal retirement date. When remuneration is offered to encourage voluntary retirement, it is recognised as a cost if it is likely that the offer will be accepted and the number of employees accepting the offer can be reliably estimated.

Share-based payment
The company's share programme allows selected persons to acquire shares in the parent company. The fair value of the shares is recognised as a personnel cost in the profit and loss account. The fair value of the shares is estimated based on generally accepted valuation models taking into consideration the terms and conditions prevailing on the allotment date, including the closing price, statistics on the volatility of the share price and estimated future dividends. The costs will be allocated during the vesting period.

During every year-end closing, an assessment is made as to whether, and to what degree, the vesting conditions will be fulfilled. If this assessment results in an estimate of a lower number of shares being earned during the vesting period, previously expensed amounts are reversed in the income statement. This means that in those cases where the vesting requirements are not fulfilled, no costs will be recognised in the income statement, as viewed over the entire vesting period.

Social security contributions attributable to the share programme are recognised as a personnel cost and a personnel-related liability, respectively. Provisions for social security contributions are calculated using the best estimate at each closing date of the group's future liability for social security contributions. The provision for social security contributions is allocated over the vesting period. The calculations are based on the fair value of the shares on each closing date. The provision for social security contributions also includes social security contributions for equity instruments.

Provisions

Provisions are recognised in the balance sheet when the group has an existing legal or informal obligation as a result of past events, and it is probable that an outflow of financial resources will be required to settle the obligation and that the amount can be reliably estimated. Provisions include leases where the outlay exceeds the economic benefits. In cases where the effect of payment timing is significant, provisions are calculated by discounting the expected future cash flow at an interest rate before tax that reflects current market assessments of the time value of money, and if applicable, the risks specific to the liability.

Taxes

Income taxes in the income statement include both current tax and deferred tax. Taxes are recognised in the income statement except where the underlying transaction is recognised in other comprehensive income or directly against equity.

Current tax is tax that shall be paid or received in respect of the current year, using the tax rates which, have been enacted or which in practice were enacted on the balance sheet date. This also includes adjustments of current tax relating to previous periods.

Deferred taxes are estimated in accordance with the liability method, based on temporary differences between the tax bases of assets and liabilities and their carrying amounts. The following temporary differences not taken into consideration; temporary differences arising on the initial recognition of goodwill, the initial recognition of assets and liabilities that are not business combinations and, which on the transaction date did not affect the recognised or taxable result. Furthermore, temporary differences are not taken into consideration that are attributable to investments in subsidiaries and associated companies and, which are not expected to be reversed within the foreseeable future. The measurement of deferred tax is based on how the carrying amounts of assets or liabilities are expected to be realised or settled. Deferred tax is measured using the tax rates and tax regulations which, have been enacted or which in practice were enacted on the balance sheet date.

Deferred tax assets in respect of deductible temporary differences and loss carry-forwards are only recognised to the extent that it is probable that they can be utilised. The value of deferred tax assets is reduced when it is no longer considered probable that they can be utilised.

Any additional income tax arising on dividends is recognised at the same time as the dividend is recognised as a liability.

Contingent liabilities

A contingent liability is recognised when there is a possible obligation arising from past events and whose occurrence can only be confirmed by one or more uncertain future events or when an obligation arises which cannot be recognised as a liability or provision as it is not probable that an outflow of resources will be required or the size of the obligation cannot be estimated with sufficient reliability.

C2. Critical estimates and judgements

The preparation of accounts and the application of accounting policies is often based on the management's judgements and on estimates and assumptions that are deemed to be reasonable at the time the judgement was made. However, the result may be different using different judgements, assumptions and estimates and events can occur which can require a significant adjustment of the carrying amount of the asset or liability in question. The accounting policies whose application is based on such judgements are described below and the most important sources of uncertainty in the estimates that the company believes may have the most important impact on the group's reported results and financial position.

The information in this note refers to those areas, where risk of future adjustments of carrying amounts is greatest.

Valuation of goodwill

Testing of goodwill is based on estimates and assumptions regarding the future. As the company conducts operations in a relatively young industry, which is characterised by development and constant changes, these assumptions are an uncertainty factor. The basis for Tradedoubler's goodwill impairment test was, as previous year's, a 10-year discounted cash flow analysis per cash generating unit (segment), which are Nordics, DACH, South, France & Benelux, UK & Ireland and TD CONNECT. To determine expected future cash flows the assessment assumptions about key parameters as sales growth and gross margins for the company's various business flows and future costs. Present value calculation is further based on a so-called WACC based on specific valuation assumptions. Impairment of goodwill in 2016 did not result in any write-down. In 2015 a write-down of SEK 72 MSEK was conducted. Further information regarding the impairment test is shown in Note C13.

Accounting and valuation of development expenses

Development expenses are capitalised in the balance sheet when certain criteria are met. These criteria include, among other things, to assess the development is technically and commercially viable and that it is possible to estimate future revenues in a reliable manner. In Note C1 a more detailed description of these criteria can be found. Capitalised development are expensed on a stright-line basis. In order to determine the depreciation period assumptions are made about the activated development market longevity. Impairment is performed annually. The impairment is performed in the same was as described for goodwill above, based on the present value of expected future cash flows for each enabled development project. Impairment test in 2016 resulted in a write-down of SEK 24 M (13). See Note C13 for further information.

C3. Distribution of revenue

SEK '000	2016	2015
Transaction revenue	1,295,471	1,589,166
Other revenue	48,523	35,098
Net sales	**1,343,994**	**1,624,264**

C4. Segment reporting

Tradedoubler had six segments during 2016. Five of the segments consisted of market units within TD CONVERT (previously Affiliate), (DACH, France & Benelux, Nordics, South, UK & Ireland) and the sixth segment consisted of the business unit TD CONNECT (previously Technology).

TD CONVERT'S market units consisted of the following countries;
- Germany, Switzerland and Austria (DACH)
- France, Belgium and the Netherlands (France & Benelux)
- Sweden, Norway, Denmark, Finland and Poland (Nordics)
- Italy, Brazil, Portugal and Spain (South)
- UK and Ireland (UK & Ireland)

Identification of segments is based on the internal reporting to the chief operating decision-maker. Reporting and follow up took place based on the geographical regions that served as the basis of division for the segment reporting.

The group's chief operating decision-maker continually monitored Net Sales and EBITDA per segment.

Intra-group transfer prices between different segments are set based on the "arm's length" principle, in other words, between parties that are independent of each other, well informed and with an interest in completing the transactions.

Operating profit for the parent company, central functions and eliminations are allocated to the segments.

The same accounting policies as for the group are applied in the segment reporting.

Tradedoubler has no customers which account for revenues of more than 10 per cent of the company's total revenues for the years 2016 or 2015.

	Net Sales*		EBITDA**	
SEK '000	2016	2015	2016	2015
Market Unit DACH	185,824	199,830	11,053	13,722
Market Unit France & Benelux	294,831	336,842	3,649	8,698
Market Unit Nordics	307,684	315,944	23,158	27,817
Market Unit South	141,746	168,795	12,299	12,853
Market Unit UK & Ireland	357,296	530,641	11,740	24,453
Total TD CONVERT	**1,287,381**	**1,552,052**	**61,899**	**87,543**
Business Unit TD CONNECT	41,158	49,654	22,356	16,249
Group management and supporting functions	15,456	22,558	-90,424	-139,918
Total	**1,343,994**	**1,624,264**	**-6,169**	**-36,126**

*Net sales in 2016 includes an adjustment of SEK 5 M related to a reverse of the prepayment accrual made in year-end 2014. Net sales in 2015 includes an adjustment of SEK -5 M referred to an adjustment of recurring errors relating to the invoicing to one large customer since mid-2013 effecting segment TD CONNECT. For more information see Note C25.

**EBITDA has been affected by change related items, see Note C25 for further information. The variance between EBITDA above of SEK -6,169,000 (-36,126,000) and group EBIT according to the Consolidated financial statements is attributed to depreciation and amortization of SEK 45,102,000 (109,261,000).

Geographical information

	Net Sales	
SEK '000	2016	2015
Sweden	139,533	136,063
Great Britain	355,673	532,375
France	242,336	286,008
Germany	152,545	158,924
Italy	83,038	92,562
Spain	78,186	86,570
Poland	93,266	92,470
Other	199,417	239,290
Total	**1,343,994**	**1,624,264**

Revenue from external customers is recognised per geographical area in which the revenue was generated.

For geographical information regarding goodwill, see Note C13.

Tradedoubler's other intangible assets are accounted for in the parent company, for more information see Note P12 Intangible assets in notes to the Parent company accounts.

C5. Remuneration to employees, group management and board of directors

Average number of employees*	2016	men (%)	2015	men (%)
Parent company				
Sweden	56	53	60	60
Subsidiaries				
Belgium	0	0	0	0
Brazil	0	0	0	0
Denmark	0	0	0	0
Finland	0	0	0	0
France	32	42	41	46
Ireland	0	0	0	0
Italy	16	44	17	54
Netherlands	13	65	13	64
Norway	0	0	0	0
Poland	30	47	31	52
Portugal	0	0	0	0
Switzerland	9	50	12	55
Spain	20	49	20	40
UK	139	48	135	48
Sweden	15	73	15	77
Germany	30	50	34	60
Austria	0	0	0	0
Singapore	1	100	0	0
Total subsidiaries	**305**	**50**	**318**	**52**
Total group	**361**	**50**	**378**	**53**

*Including permanent and temporary employees

Distribution of men and women in board of directors and group management

Share women (%)	2016	2015
The board of directors	0.0	17.0
President and other senior executives	0.0	0.0

Remuneration to employees distributed between the Parent Company and subsidiaries

SEK '000	2016 Salaries and other remuneration	2016 Social fees (of which pension)	2015 Salaries and other remuneration	2015 Social fees (of which pension)
Parent company	37,678	15,643	41,081	15,737
		(3,680)		(3,990)
Subsidiaries	149,052	26,732	147,722	29,554
		(4,265)		(4,501)
Total	**186,730**	**42,376**	**188,803**	**45,291**

Activated personell-related development costs in 2016 amounted to SEK 22 M (11).

Cost of remuneration to employees

SEK '000	2016	2015
Salaries and remuneration	186,730	188,803
Share-based payments	645	493
	187,375	**189,296**
Pension expenses	7,944	8,491
Social security contributions	34,432	36,800
Social security contributions attributable to share-based payments	324	333
	42,700	**45,624**
Total	**230,075**	**234,920**

Remuneration to the president, group management and board of directors

	2016					2015				
Remuneration and other benefits, (SEK '000)	Basic salary, other remuneration, directors' fees[1]	Variable remuneration	Long-term incentive programs	Pension obligations	Total	Basic salary, other remuneration, directors' fees[1]	Variable remuneration	Long-term incentive programs	Pension obligations	Total
The Board of Directors										
Pascal Chevalier	591	-	-	-	591	164	-	-	-	164
Gautier Normand	591	-	-	-	591	164	-	-	-	164
Jérémy Parola	176	-	-	-	176	-	-	-	-	-
Erik Siekmann	176	-	-	-	176	-	-	-	-	-
Nils Carlsson	176	-	-	-	176	-	-	-	-	-
Peter Larsson	-	-	-	-	-	86	-	-	-	86
Thomas Bill	-	-	-	-	-	86	-	-	-	86
Mikael Nachemson	28	-	-	-	28	164	-	-	-	164
Martin Ahrend	-	-	-	-	-	86	-	-	-	86
Martin Henricson	-	-	-	-	-	86	-	-	-	86
Mernosh Saatchi	28	-	-	-	28	250	-	-	-	250
Henrik Kvick	28	-	-	-	28	164	-	-	-	164
Peter Åström	28	-	-	-	28	164	-	-	-	164
Matthias Stadelmeyer (CEO)	3,020	-	313	46	3,379	3,029	-	90	43	3,162
Other Group management	**5,611**	**-**	**86**	**423**	**6,120**	**5,478**	**-**	**59**	**642**	**6,179**
Total	**10,453**	**-**	**399**	**469**	**11,321**	**9,921**	**-**	**149**	**685**	**9,341**

[1] Directors' fees are periodised based on the calendar year.

Remuneration to the Board and group management

Fees to board members and members of the board's committees
The annual general meeting 2016 approved the following remuneration to the board of directors: SEK 763,000 to the chairman of the board and Gautier Normand. SEK 180,000 to each of the other board members elected by the annual general meeting who are not employed in Tradedoubler.

Guidelines for remuneration to group management

The annual general meeting 2016 resolved on the following guidelines for remuneration to senior executives, which refers to the chief executive officer and other members of the group management (the company management).

The total remuneration shall be competitive in the local market in which the employee is based in order to attract, motivate and retain skilled employees. The individual remuneration should be based on the employee's experience, skills, responsibilities and performance.

The total remuneration should be based on four main components; fixed salary, variable remuneration, pension benefits and long-term incentive programme. The fixed salary shall be commercially competitive and based on experience, skills, responsibilities and performance. Variable remuneration should be commercially competitive and reward growth, operating profit and should be applied consistently throughout the group. It should be based on predetermined measurable targets, both quantitative and qualitative, and agreed in writing with the employee.

The outcome of the variable remuneration programme should have an upper ceiling, which normally should not exceed 50 per cent of the fixed salary.

Pension benefits may be offered to certain members of the company management depending on local market conditions. Swedish-based employees are offered a solution which largely corresponds with the ITP plan.

A mutual period of notice of 3-9 months shall apply for the company management. In the event of termination by the Company, termination benefits, in applicable cases, should not exceed an amount equivalent to 12 fixed monthly salaries. In the event of termination by the employee, he/she should not normally be entitled to any termination benefits.

In addition to variable remuneration, which rewards growth and operating profit during the financial year, the board considers that long-term incentive programmes are an important part of the long-term compensation strategy. The board intends to propose that the Company shall continue to invite the company management and other key people to participate in a long-term share-related or share-price-related incentive programme equivalent to the programme that was adopted by the annual general meeting 2011. The board considers that such a programme should be performance-based, imply continued employment in the group and require a personal investment, to the extent deemed necessary. Alternatively, the board may propose a cash-based programme which is not share-related or share-price-related. The board considers that such a programme should be performed-based and that the maximum possible payment to the company management shall amount to 50 percent of the fixed salary. Share-related and share-price-related incentive programmes must be approved by the general meeting of shareholders.

Other benefits, such as car benefit, should have a limited value in relation to the total remuneration package.

Questions regarding terms of employment for the chief executive officer are determined by the board. The chief executive officer determines terms of employment for other members of the company management after approval by the remuneration committee.

The board of directors or the remuneration committee may depart from these guidelines if special grounds exist in a particular case.

Remuneration policy for employees

The aim of Tradedoubler's remuneration policy is to offer fair, competitive, market-based remuneration that promotes recruitment and retention of skilled employees.

Pension benefits

Tradedoubler offers pension plans in some markets that are adapted to local market conditions. The pension plans are mainly defined contribution plans, i.e. Tradedoubler pays fixed fees to an insurance company and has no further obligations subsequently. Obligations regarding fees for defined contribution pension plans are recognised as a cost in the income statement when they arise. The retirement age for all senior executives is 65. No right to early retirement exists.

Variable remuneration

Tradedoubler operates a performance- and results-based annual programme for variable remuneration for employees within the group. Various quantitative and qualitative performance- and results-based targets are set for different occupational categories, based on company-wide, and regional targets for the employees. The variable remuneration has a ceiling. The ceiling lies in the range of between 10 and 50 per cent of the fixed salary for the majority of employees.

Variable remuneration is paid annually in arrears, however, portions of the variable salary are determined and disbursed on a quarterly basis for employees within the occupational categories – sales and customer service.

During 2016, SEK 6.8 M (6.3) including social security contributions was expensed for the performance- and results-based programme for variable remuneration. Since 2015 the long-term incentive programme has replaced the variable salary for the group management.

Remuneration group management

For the CEO a mutual period of notice of 6 months shall apply. In the event of termination by the Company, the CEO is entitled to 6 months fixed salary and pension benefits. Pension benefits are based upon German praxis and do not exceed 25 per cent of the base salary. If the employment is terminated by the Company, the CEO does not have to perform any work during the last 3 months of the notice period and the CEO is, in this case, also entitled to severance payment of three months base salary. The latter shall be reduced with other income that the CEO has during this period. The CEO participate in the long-term incentive programme approved in 2015 by the Annual General Meeting and therefore has no possibility to receive variable remuneration.

During 2016, other group management included CFO, COO, Chief Strategy Officer and Vice President Business Development. Within group management normally a mutual period of notice of 6 months. If an employee in group management initiates the termination notice period is never shorter than 6 months. If termination is initiated by the Company, the notice period is never shorter than 12 months. Pension benefits does not exceed 25 per cent of the basic salary for someone in the group management.

All members of the present group management participate in the long-term incentive programme approved in 2015 by the Annual General Meeting. No member of present group management has a company car or any other material benefits.

C6. Share-based remuneration

Long-term incentive programmes

The group had one outstanding long-term incentive programme during 2016.

Supply of shares to the participants of the Performance-related share programme has been secured through previous purchases of own shares in TradeDoubler AB (publ). In year-end Tradedoubler had 2,855,554 shares in its own custody. It is the view of the board that existing shares in own custody will in all materiality cover the outcome of the Performance-related share programmes.

Personnel expense (including social security contribution) arising from share-based remuneration

SEK '000	2016	2015
Personnel expense (including social security contributions) arising from share-based remuneration	969	-223
Total personnel expense arising from share-based remuneration	**969**	**-223**

Performance-related share programme 2015

The annual general meetings 2014 and 2015 resolved on performance-related share programmes for key people in the group. The programmes aim to boost the group's attractiveness as an employer and to encourage key personnel to continued loyalty and continued good performance. The resolved programme for 2014 was never launched due to limited interest from key people in the group.

During the fourth quarter 2015, the company reversed a previously recognised charge of SEK 1 M in respect of option programme 2012 and 2013. The reversal was made since the company estimated that the performance requirement would not be achieved. The cost in 2015 for the 2015 programme amounted to SEK 825,000 (including social security contribution). The programme 2015 included 24 key employees including the CEO. Participants in the programme must waive their right to short term variable remuneration during the three year term of the programme. Allocation in the programme is contingent upon that the share price, including dividends, in Tradedoubler increases with more than 100 per cent during the performance period starting on 1 June 2015 and ending 31 May 2018 (the "Performance Period"). If the goal is met the shares will be allotted, if not there will be no allotment. An even greater increase in share price will not result in any increased allocation. The calculation shall be based on a comparison of the average price paid for the share on Nasdaq Stockholm during the three months period immediately before 1 June 2015 and the three months period immediately before 31 May 2018. For allotment of shares it is further required, with certain exceptions, that the employment within the Tradedoubler group has remained during the entire Performance Period.

In the event of a change of control in Tradedoubler during the Performance Period it is not required that the share price has increased with 100 per cent in order for allotment to take place. Consideration shall be taken to the proportion of the Performance Period elapsed before the change of control occurs. This means for example that if a change of control occurs on 31 December 2016 and the share price at that time has increased with more than 50 per cent (the calculation shall be based on an average price paid for the share on Nasdaq Stockholm during the three months period immediately before 1 June 2015 and the three months period immediately before the occurrence of the change of control) the participants shall be entitled to full allotment under the programme. In case there is no reasonable liquidity in the share the participants shall be compensated with cash remuneration equivalent to the value of the shares the participant would be entitled to.

	No of remaining participants	Total no of outstanding share rights
Share programme 2015	13	1,710,000

C7. Remuneration for auditor

SEK '000	2016	2015
EY		
Audit assignments	3,722	4,268
Tax services	161	380
Other assignments	543	337
Other auditors		
Audit assignments	164	184
Tax services	2	45
Other assignments	-	46
Total	**4,592**	**5,260**

Audit assignments refers to the examination of the annual accounts, the consolidated accounts and accounting records as well as the administration of the board of directors and the CEO, other duties that the Company´s auditors are obliged to perform as well as advice or other assistance arising from observations during such examination and implementation of such duties. In addition, the auditor reviewed the corporate governance report. The auditor has also reviewed the interim report for the period January-June 2016 and has been retained for certain advice, most of which pertained to audit-related consultations regarding accounting and tax matters.

C8. Operating costs allocated by type of cost

SEK '000	2016	2015
Remuneration cost to publishers	1,041,753	1,292,420
Employee costs	209,311	230,661
Depreciation and amortisation	45,102	109,261
Other operating costs	99,099	137,309
Total	**1,395,266**	**1,769,650**

The decrease in employee costs and other operating costs can mainly be explained by a reduction in the number of employees and various efficiency projects that has been put in place.

C9. Operating leases

Leasing where the Company is lessor
Non-terminable lease payments amount to:

SEK '000	2016	2015
Within one year	15,869	16,696
Between one and five years	20,910	26,914
Longer than five years	16,694	21,979
	53,473	**65,589**

The operating leases in the group are mainly related to rent for premises.
Costs for operating leases amounted to SEK 19,861,000 (20,515,000) for the group in 2016.

C10. Net financial items

SEK '000	2016	2015
Interest income on bank balances & short-term investments	1,289	4,812
Interest income, other	117	38
Unrealised result from short-term investments	419	5,272
Other financial income	24,811	-
Financial income	**26,636**	**10,122**
Interest expenses on financial liabilities measured at amortised cost	-16,461	-18,048
Interest expense, other	-27	-365
Result on sales short-term investments	-155	-4,814
Changes in foreign exchange rates	-1,379	-5,558
Financial expenses	**-18,022**	**-28,785**
Net financial items	**8,614**	**-18,663**

Other financial income relates to the repurchase of own bond below nominal value.

C11. Taxes

Recognised in the income statement
The company's tax expense is divided into the following components:

SEK '000	2016	2015
Current tax expense		
Tax expense for the period	-2,207	-4,366
Tax expense related to previous periods	-3,352	-507
Total current tax expense	**-5,558**	**-4,873**
Deferred tax expense		
Deferred tax in respect of temporary differences	-333	2,744
Deferred tax expense due to utilisation of previous capitalised loss carryforwards for tax purposes	-1,542	-23,647
Total deferred tax expense	**-1,875**	**-20,903**
Total	**-7,434**	**-25,776**

The tax expense for the year can be reconciled to profit before tax according to the following:

Reconciliation of effective tax for continued operations

	2016		2015	
	%	SEK '000	%	SEK '000
Profit before tax		-42,657		-164,049
Tax according to applicable tax rate for parent company	22.0	9,385	22.0	36,091
Effect of other tax rates for foreign subsidiaries	-0.3	-136	-1.1	-1,745
Adjusted estimates for previous year's loss carryforwards	-7.9	-3,352	-13.8	-22,598
Non-deductible expenses	-2.5	-1,079	-12.4	-20,416
Non-taxable income	1.7	708	2.2	3,546
Effect of changed tax rates in UK (UK)	-	-	-0.2	-355
Increase of loss carryforwards for tax purposes without corresponding capitalisation of deferred tax expense	-31.2	-13,317	-11.5	-18,846
Utilisation of previously not capitalised loss carryforwards	-	-	-0.1	-209
Other	0.8	357	-0.8	-1,245
Effective tax/tax rate	**-17.4**	**-7,434**	**-15.7**	**-25,776**

Deferred tax assets and tax liabilities recognised in the balance sheet
Deferred tax assets and tax liabilities are attributable to the following:

	Deferred tax assets		Deferred tax liabilities		Net	
SEK '000	2016	2015	2016	2015	2016	2015
Loss carryforwards	497	929			497	929
Other receivables	389	769			389	769
Other liabilities	3,498	5,080	-711	-1,281	2,787	3,799
Other non-current assets	759	780			759	780
Other unused tax deductions[1]	14,000	14,000			14,000	14,000
Deferred tax assets and tax liabilities	**19,143**	**21,558**	**-711**	**-1,281**	**18,432**	**20,277**

[1] In 2007 Tradedoubler Ltd. completed the acquisition of all shares in IMW with proceeds related to a loan from Tradedoubler AB. HMRC (English tax authority) has retrospectively refused deduction of interest in Tradedoubler Ltd's tax declaration due to UK thin capitalization rules. Tradedoubler AB has at the same time declared interest income and, thus, a double taxation arise. Tradedoubler AB has in an application requested that the Swedish tax authority should initiate proceedings with HMRC in order to eliminate the double taxation that has arisen. The total book value amounts to SEK 14 M, and Tradedoubler estimates that this amount will be collectable.

Deductible temporary differences and loss carryforwards for tax purposes for which deferred tax assets have not been recognised in the income statement and balance sheet:

SEK '000	2016	2015
Tax on loss carryforwards	55,737	43,718
Total	**55,737**	**43,718**

The value for tax purposes of capital loss carryforwards of SEK 929,000 and non-capital loss carryforwards of SEK 55,737,000 (of which SEK 53,155,000 is related to the parent company), have a perpetual term.

SEK '000	Capitalisation of loss carryforwards	Other receivables	Other liabilities	Other non-current assets	Other unused tax deductions	Deferred tax assets and tax liabilities
Balance at Jan 1, 2015	25,189	1,613	-498	908	14,000	41,212
Recognised via income statement	-23,805	-1,153	4,374	-119	-	-20,703
Reclassification	-565	370	0	-3	-	-198
Translation difference	110	-60	-76	-7	-	-34
Balance at Dec 31, 2015	**929**	**769**	**3,799**	**780**	**14,000**	**20,277**
Balance at Jan 1, 2016	929	769	3,799	780	14,000	20,277
Recognised via income statement	-1,542	24	-843	486	-	-1,875
Reclassification	1,164	-426	-221	-517	-	-
Translation difference	-54	22	52	10	-	30
Balance at Dec 31, 2016	**497**	**389**	**2,787**	**759**	**14,000**	**18,432**

C12. Financial assets and liabilities distributed per category

	2016				2015			
SEK '000	Loans and receivables	At fair value via the Profit & Loss	Other financial liabilities	Total carrying amount	Loans and receivables	At fair value via the Profit & Loss	Other financial liabilities	Total carrying amount
Trade receivables	260,902			260,902	335,538			335,538
Short term investments		40,622		40,622		93,641		93,641
Cash and bank balances	169,198			169,198	252,886			252,886
Total financial assets	**430,100**	**40,622**		**470,722**	**588,425**	**93,641**		**682,065**
Bond loan			193,856	193,856			246,766	246,766
Trade payables			22,638	22,638			14,466	14,466
Contingent additional purchase price			15,351	15,351				
Liabilities to publishers			250,318	250,318			302,350	302,350
Total financial liabilities			**482,163**	**482,163**			**563,583**	**563,583**

Determination of fair value is as a valuation hierarchy consisting of three levels. The levels reflect the extent to which fair value is based on observable market data or assumptions.

Level 1 fair value is determined based on the observed (unadjusted) quoted prices in active markets for identical assets and liabilities.

Level 2 fair value is determined using valuation models based on observable for the asset or liability other than quoted prices included in Level 1.

Level 3 fair value is determined using valuation models where significant inputs are based on unobservable market data.

All Tradedoublers assets at fair value through profit or loss are measured at Level 1. For all Tradedoubler liabilities, except for the bond loan and contingent additional purchase price, the carrying amount corresponds to fair value. The bond loan fair value, valued according to level 2, amounts to SEK 94,000,000 (based on liquid trading price), compared to the carrying amount of SEK 193,856,000. Contingent additional purchase price is valued according to level 3.

C13. Intangible assets

SEK '000	Development expenses	Administration & Support	Goodwill	Other	Total
Accumulated acquisition costs					
Opening balance at Jan 1, 2015	60,453	46,473	541,050	462	648,438
Investments for the year	37,861	75	-	-	37,936
Sales/disposals	-	-	-	-	-
Translation difference	-	-	-7,000	-163	-7,163
Closing balance at Dec 31, 2015	**98,314**	**46,548**	**534,050**	**299**	**679,211**
Opening balance at Jan 1, 2016	98,314	46,548	534,050	299	679,211
Investments for the year	33,699	-	-	-86	33,613
Acquisitions	-	-	23,252	-	23,252
Sales/disposals	-	-	-	-	-
Translation difference	-	-	-5,285	128	-5,157
Closing balance at Dec 31, 2016	**132,013**	**46,548**	**552,017**	**341**	**730,919**
Accumulated amortisation and impairment losses					
Opening balance at Jan 1, 2015	-26,893	-22,442	-217,368	-450	-267,153
Amortisation	-26,993	-7,365	-71,725	-299	-106,381
Sales/disposals	-	-	-	288	288
Translation difference	-	-	1,182	162	1,344
Closing balance Dec 31, 2015	**-53,886**	**-29,806**	**-287,910**	**-299**	**-371,902**
Opening balance at Jan 1, 2016	-53,886	-29,806	-287,910	-299	-371,902
Amortisation	-35,178	-7,365	-	23	-42,519
Sales/disposals	-	-	-	-	-
Translation difference	-	-	8,966	-166	8,800
Closing balance Dec 31, 2016	**-89,063**	**-37,171**	**-278,944**	**-442**	**-405,621**
Carrying amounts					
At Jan 1, 2015	33,561	24,031	323,682	12	381,286
At Dec 31, 2015	44,429	16,741	246,140	0	307,310
At Dec 31, 2016	**42,950**	**9,377**	**273,073**	**-101**	**325,298**

Amortisation of intangible assets is included in administrative expenses. All intangible assets, aside from goodwill, are amortised. For further information about depreciation methods, see Note C1 Accounting Policies.

Goodwill is tested annually for impairment or as soon as there are indications of a decline in value. This impairment has, as previous years, been based on a 10-year discounted cash flow analysis per cash generating unit. Impairment testing in 2016 did not result in any write-down. Write-down of goodwill last year was SEK 72 M and included segment South and France & Benelux which meant that the difference between the book value after impairment and the estimated value was zero. This year's impairment test resulted in an estimated value for these two segments that are slightly higher than the previous year but the computational space is still small.

The future cash flows that the valuation is based on mainly is based on assumptions about revenue growth and margin development for the company's various business flows and future costs. Estimated cash flows have been discounted at WACC based on the riskfee rate of interest plus a stock market premium. WACC before tax in the calculations for the six cash-generating units as at 31 December 2016 was 16.1 (15.6) per cent. WACC after tax was 13.0 (13.0) per cent.

A sensitivity analysis shows that an increase in WACC after tax of 2 percentage units combined with a decreased growth rate after the forecast period of a half percentage unit, each of which is reasonably likely, indicates that a good margin still exists between recoverable amounts and carrying amounts for all segments except France & Benelux. This indicates that France & Benelux was relatively close to a write-down in 2016 but that all other segments had a good margin.

For estimation of future revenue and growth both external and internal assumptions are used, which may differ from market to market. The short-term forecasts and market position have a major impact on the estimated future growth in the segments. Tradedoubler's forecast period extends until 2026. The growth rate in the forecast period is in line with the outlook for the increased addressable market the company plans to address in accordance with the new strategy and the adoption of market changes. The growth rate after the forecast period is set at 1.5 (1.5) per cent per year. It is an assessment of the then addressable markets estimated growth. The forecast period exceeds five years since the market for internet marketing is a relatively new market and we expect strong growth over the next ten years.

Goodwill allocated per cash generating unit

SEK '000	2016	2015
Nordics	61,501	59,177
UK & Ireland	38,774	42,935
France & Benelux	58,096	33,607
DACH	47,177	44,840
South	17,625	16,829
TD CONNECT	49,900	48,752
Total	**273,073**	**246,140**

Goodwill has increased in 2016 with SEK 27 M, SEK 23 M is related to the acquisition of R-Advertising which is reported in segment France & Benelux. The rest is attributed to currency translation.

In addition to goodwill, all Tradedoubler's other intangible assets are recorded in the parent company. See Note M12 Intangible assets in the notes to the parent company's financial statements.

C14. Property, plant and equipment

SEK '000	Equipment, tools, fixtures and fittings
Accumulated cost	
Opening balance Jan 1, 2015	25,702
Investments	6,122
Sales/Disposals	-1,906
Translation difference	-436
Closing balance Dec 31, 2015	**29,481**
Opening balance Jan 1, 2016	29,481
Investments	2,132
Acquisitions	2,871
Sales/Disposals	-2,241
Translation difference	3
Closing balance Dec 31, 2016	**32,245**
Accumulated depreciation	
Opening balance Jan 1, 2015	-22,035
Depreciation	-3,360
Sales/Disposals	1,871
Translation difference	274
Closing balance Dec 31, 2015	**-23,249**
Opening balance Jan 1, 2016	-23,249
Depreciation	-2,583
Depreciation on acquisitions	-2,301
Sales/Disposals	2,241
Translation difference	-168
Closing balance Dec 31, 2016	**-26,061**
Carrying amounts	
At Jan 1, 2015	3,667
At Dec 31, 2015	6,231
At Dec 31, 2016	**6,185**

C15. Prepaid expenses and accrued income

SEK '000	2016	2015
Rent of promises	2,783	3,507
Accrued income	1,089	2,012
Accrued interest income	139	430
Other	4,964	5,787
Total	**8,975**	**11,736**

C16. Shareholder's equity

Share capital

Share capital refers to the parent company's share capital. Each share carries one vote and those entitled to vote may vote for the full number of shares represented and owned without any restriction in voting rights. All shares carry equal rights to share in the company's assets and profits and in any surplus on liquidation.

At December 31, 2016, Tradedoubler AB had a share capital of SEK 18.4 M distributed among 45,927,449 shares, each share with a par value of SEK 0.40.

Reconciliation of number of shares	Number of shares issued	Issued share capital
Number of shares issued January 1, 2016*	45,927,449	18,370,978
Number of shares issued December 31, 2016**	45,927,449	18,370,978

*of which 3,595,000 shares are in own custody
**of which 2,855,554 shares are in own custody

Translation reserve

The translation reserve included all exchange differences that arise on translation of financial statements from foreign operations that have prepared their financial statements in another currency than the currency which the group's financial statements are presented in. The parent company and group present their financial statements in Swedish kronor (SEK).

Retained earnings including net profit for the year

Retained earnings including net profit for the year includes profits earned in the parent company and its subsidiaries. Previous allocations to the statutory reserve, excluding transferred share premium reserves, are included in this equity item.

Dividend

The board and CEO will propose to Tradedoubler's Annual General Meeting 2017 that no dividend should be declared for 2016 in accordance with Tradedoubler's guidelines.

Tradedoubler has a policy of distributing at least 50 per cent of the profit after tax, provided that a suitable capital structure is maintained. Distribution may occur through share dividends, share redemption and share buyback.

Group capital management

Group capital under management is composed of shareholders' equity, which at the end of 2016 amounted to SEK 206.5 M (247.9) in total and loan capital, which at the end of 2016 amounted to SEK 196 (250). The measures of the company's capital structure used for control purposes are the interest coverage ratio, defined as profit before tax, plus interest expense, divided by interest expense; and the debt/equity ratio, defined as the total of interest-bearing liabilities and pension provisions less cash and cash equivalents and interest-bearing receivables, divided by shareholders' equity. The Group's goal in managing capital is to safeguard its survival and freedom of action and to ensure that shareholders receive a return on their investment. The distribution between shareholders' equity and loan capital should be such that a good balance is achieved between risk and return. If necessary, the capital structure is adapted to changing economic conditions and other markets factors. To maintain and adapt its capital structure, the Group can distribute funds, raise shareholder's equity by issuing new shares or capital contributions, or reduce or increase liabilities.

Shares in own custody

Total holdings of own shares at the end of 2016 amounted to 2,855,554 ordinary shares.

No outcome occurred during 2016 in ongoing programmes. For more information regarding long-term incentive programmes, see notes to the consolidated accounts, C6 Share-based remuneration.

C17. Earnings per share

Earnings per share

	2016	2015
Profit for the year attributable to the parent company's shareholders (SEK '000)	-50,091	-189,826
Weighted average number of outstanding ordinary shares before and after dilution (thousands)	42,373	42,332
Earnings per share, before and after dilution	**-1.18**	**-4.48**

Potential future dilution

Performance-related share programme adopted at the annual general meeting 2015 can give rise to a future dilution, the maximum outcome of the programme amounts to 2,400,000 shares and it is the view of the board that existing shares in own custody will in all materiality cover the outcome of the programme. For further informations see Note C6 Share-based remuneration.

C18. Bond loan

In December 2013 Tradedoubler issued a five-year unsecured bond loan of SEK 250 M, maturing on December 20, 2018. The bond has a fixed coupon of 6.75 per cent and a total limit of SEK 375 M. The bond was listed on NASDAQ Stockholm in January 2014. Received payment was SEK 244.6 M after transaction costs.

During 2016 Tradedoubler repurchased its own bond with a nominal value of total SEK 54 M which reduced the outstanding bond to SEK 196 M.

Under the terms of the bond dividends can be paid provided that the ratio of consolidated net debt and EBITDA does not exceeds 2.00 and the Group's interest coverage ratio exceeds 3.00. Dividends are also limited to the right of (A) the consolidated net income in the latest audited financial statements and (B) an amount equal to the Group's net cash position minus SEK 100 M. The complete terms of the bond 's prospectus is available on the Company's website and at the Swedish Financial Supervisory Authority.

The above terms indicates that no dividend can be paid for 2016.

C19. Other liabilities

SEK '000	2016	2015
Prepayments from clients	97,935	164,955
VAT	10,229	8,911
Withholding tax and social security contributions	10,983	13,180
Other	454	905
Total	**119,600**	**187,951**

C20. Accrued expenses and deferred income

SEK '000	2016	2015
Holiday pay	7,258	7,516
Other payroll expenses	6,003	5,002
Provision for rent, redundant premises	4,029	4,601
Provision for restruct	13,632	12,778
Provision for consultancy	3,583	4,598
Provision for audit	2,633	3,410
Provision for closing of legal entities	2,423	3,000
Other	16,206	17,276
Total	**55,768**	**58,181**

C21. Financial risks

Finance policy

Tradedoubler's Finance policy has been drawn up for the purpose of balancing the group's financial risks. The policy is continually reviewed and is adopted by the board. Responsibility for the group's financial transactions and risks is tasked to the group's central financial department.

Credit risks

Financial investments

Cash and cash equivalents are mainly invested in bank accounts held with Tradedoubler's two main banks at the best possible bank interest. Since the end of 2013, Tradedoubler has also invested its excess liquidity and the unutilised portion of the bond loan in corporate bonds. On the balance sheet date, SEK 41 M was invested in corporate bonds. According to the group's Finance policy, which is established by the board, investments shall only be made in issuers with stable and positive cash flows, "investment grade".

Credit rating financial investments (Standard & Poor´s)

SEK '000	AA	A	BBB	Total
Cash and cash equivalents	140,157	29,041	-	169,198
Corporate bonds	-	7,078	33,544	40,622
Sum	**140,157**	**36,119**	**33,544**	**209,820**

Customer credit risk

The group and the company are exposed to credit risk, which arises primarily in connection with trade receivables. Trade receivables at year-end amounted to SEK 289 M (369). New clients are subjected to credit rating reports, which provides the basis for setting credit and payment terms and conditions for each client. The credit controls provide an assessment of clients' financial position based on information obtained from various credit information companies.

The group has established a credit policy that determines how clients are managed, with decision-making levels set for various credit limits. Tradedoubler's business model is based on advance payment from clients. When deviations from the advance payment policy are made, the company's credit policy serves as the basis for decision.

Tradedoubler has not noticed increased bad debt losses in any geographical area. However, the group management is actively monitoring the situation. No specific risk concentration exists for any customer category.

Incurred bad debt losses during the year amounted to SEK 2,515,000 (3,384,000) in the group, net after reversal of liabilities to publishers.

Provision for anticipated bad debt losses in the balance sheet amounted to SEK 27,919,000 (33,142,000).

Since a publisher in most cases only gets paid when the customer has paid the invoice, the company's customer credit risk is reduced in this way.

Maturity analysis, trade receivables

SEK '000	2016 Carrying amount	2015 Carrying amount
Trade receivables not due	184,381	236,463
Trade receivables, due 0-30 days	51,759	59,191
Trade receivables, due 31-90 days	20,925	30,171
Trade receivables, due >90+ days	31,757	42,856
	288,822	**368,681**

Maturity analysis, doubtful trade receivables

SEK '000	2016 Carrying amount	2015 Carrying amount
Trade receivables, due 0-30 days	-1,723	-808
Trade receivables, due 31-90 days	-1,214	-1,819
Trade receivables, due >90+ days	-24,983	-30,515
	-27,919	**-33,142**

Foreign exchange risk

Foreign exchange risk refers to the risk that changes in exchange rates may affect the consolidated income statement, balance sheet and cash flow statement. Foreign exchange risk exists in the form of transaction risk and translation risk. Tradedoubler is exposed to foreign exchange risk in 17 countries involving nine different currencies, with Euro (EUR) and British pounds (GBP) representing the majority share.

In 2016, approximately 48 (45) per cent of group sales were made in EUR and approximately 27 (33) per cent in GBP. In 2016, approximately 48 (45) per cent of the group's costs were in EUR and approximately 27 (33) per cent in GBP.

Transaction risk

Exposure attributable to exchange rate fluctuations in client and supplier invoices is limited since invoicing to customers and from suppliers largely occurs in local currency for all companies in the group.

Tradedoubler is also exposed to foreign exchange risk in the parent company's intra-group lending to subsidiaries which takes place in the subsidiary's currency, as well as deposits from subsidiaries of excess liquidity. Exchange rate differences due to deposits and lending from subsidiaries are recognised in the income statement.

Intra-group lending and deposits are currently not hedged.

Translation risk

Changes in foreign exchange rates impact the group's earnings on translation of the income statements of foreign subsidiaries to the group's presentation currency, SEK.

Translation exposure also arises in connection with translation of the group's investments in foreign subsidiaries to the group's presentation currency, SEK, which is recognised as a component of "other comprehensive income" (outside the income statement).

In the event of a weakening of the group's underlying currencies of 10 per cent, this would affect the company's profit before tax negatively by approx. SEK 2 M, of which SEK 1 M relates to subsidiaries in euro zone countries, SEK 0.5 M relates to the UK subsidiary and SEK 0.5 to other foreign companies in the group. If the company's underlying currencies weakened by 10 per cent at the end of the reporting period, it would weaken consolidated equity by approx. SEK 3 M, of which SEK 1.5 M relates to the subsidiaries in euro zone countries, SEK 1 M relates to the UK subsidiary and SEK 0.5 M to other foreign companies in the group.

The group's net investments in foreign currency primarily involve EUR and GBP. Net investments in foreign currency are not currently hedged.

Interest risk

Interest risk refers to the risk that changes in market interest rates may affect the consolidated income statement and cash flow or the fair value of financial assets and liabilities. A significant factor affecting the interest risk is the interest rate refixing period. The group's interest rate exposure is managed centrally, which means that the finance function is responsible for identifying and managing this exposure.

On 31 December 2016, interest-bearing assets in the form of bank balances amounted to SEK 169 M and investments in securities SEK 41 M. Bank balances run according to variable rates of interest, mainly linked to market rates for each currency that the asset relates to. Commercial paper has fixed rates of interest during the term while investments in securities run according to both fixed and variable interest. A change in the variable interest rate of + / - 1 percent on the closing date affect the Group's net financial items by SEK 0.2 M.

Liquidity risk

Tradedoubler works actively to minimise the group's liquidity risk by not taking risks in the cash flow. A publisher in most cases is only paid when the customer has paid the invoice to Tradedoubler. Tradedoubler limits its liquidity risk in this way. Credit ratings are performed on new clients and Tradedoubler normally requires advance payments from clients for which adequate financial information is not available.

Tradedoubler also has counterparty risk related to liquidity risks, which are principally related to banks in existing markets. The current uncertainty in Southern Europe is affecting a number of the banks that the group is working with. The group management continually monitors the risk level of the banks concerned and works actively to minimise the exposure to banks that are considered risky. During 2015, Tradedoubler has continued the work to limit counterparty risk by reducing the number of banks that the group works with and by centralising liquidity to the parent company.

During 2013, Tradedoubler issued a bond loan for a nominal amount of SEK 250 M, and the loan runs according to fixed interest of 6.75%. In November and December 2016 Tradedoubler repurchased a part of its own bond which reduced the nominal value of the bond loan to SEK 196 M. The bond loan maturity in whole is in December 2018 but based on current budget and forecasts for 2017 and 2018 a re-financing of the loan is likely needed. There was no other external borrowing on the balance sheet date.

Duration analysis, financial liabilities

	2016				2015			
SEK '000	**Total**	Within 1 month	Within 1-3 months	Over 4 months	**Total**	Within 1 month	Within 1-3 months	Over 4 months
Bond loan[1]	196,000	-	-	196,000	250,000	-	-	250,000
Interest bond loan[1]	26,088	-	3,308	22,780	50,150	-	4,219	45,931
Trade payables	22,638	20,893	1,433	313	14,466	10,773	2,675	1,018
Short-term liabilities to publishers	250,318	122,331	121,092	6,895	302,350	138,476	78,956	84,918
Total	**495,044**	**143,224**	**125,833**	**225,988**	**616,966**	**149,249**	**85,850**	**381,867**

[1] Tradedoubler bond in whole maturity on 2018-12-20.

C22. Pledged assets and contingent liabilities

SEK '000	2016	2015
Pledged assets		
Rental deposits	4,882	6,609
Total pledged assets	**4,882**	**6,609**
Contingent liabilities	**None**	**None**

C23. Transactions with related parties

Transactions with related parties are priced on commercial terms. The group has during the year had transactions between the parent company and its subsidiaries. The transactions consist primarily of license invoices from the parent company to the subsidiaries. See further description in Notes to the Parent company's financial statements, M15 Investments and M23 Transactions with related parties.

Transactions with key people in executive positions

Aside from transactions in the normal course of business, to board and senior executives specified in Notes to the Consolidated Financial Statements, Note C5 Remuneration to employees, group management and board of directors and Note C6 Share-based remuneration, the following third party transactions have occurred. During 2016 Reworld Media has, as a publisher in France, been paid a total of EUR 50 K and, since January 2016, Reworld Media is providing HR-support to the French subsidiary at the cost of EUR 3 K per month. Tradedoubler's Singapore operation has during 2016 been conducted from the same office as Reworld Media. The purchase of R-Advertising is also considered a related party transaction since Tradedoubler's chairman of the board at acquisition held an indirect minority stake in that company, see Note C26 Acquisition of operations. The arm lengths principle has been applied in all of these transactions.

C24. Cash flow statement, supplementary information

Cash and cash equivalents

SEK '000	2016	2015
The following sub-components are included in cash and cash equivalents:		
Cash and bank balances	169,198	252,886
Total according to the balance sheet	**169,198**	**252,886**
Total according to the cash flow statement	**169,198**	**252,886**

SEK '000	2016	2015
Interest received	1,697	5,748
Interest paid	-16,732	-18,222

Adjustment for items not included in the cash flow

SEK '000	2016	2015
Depreciation and amortisation	45,102	109,261
Provisions for severance payments	12,426	11,767
Unrealised exchange rate differences	3,387	-4,185
Other	-38,855	13,415
	22,060	**130,258**

C25. Change related items

Change related items refer to items of non-recurring nature and the purpose of disclosing these separately is to make it easier for the reader to understand the underlying year-on-year developments. In the table below the items adjusted for in 2016 and 2015 are listed.

SEK '000	2016	2015
Revenue		
Badwill acquisition Adnologies	-	864
Correction invoicing error	-	-5,473
Correction prepayment	5,325	-
Sum change related revenue	**5,325**	**-4,609**
Costs		
Severance	-6,458	-4,346
Closing of offices	-	-5,433
Moving costs UK office	-	-242
Costs related to acquisition	-	-1,210
Restruct costs	-15,894	-11,029
Reassessment provision doubtful debts	-	5,124
Long-term incentive programme	-969	-
Other	1,045	-2,763
Sum change related costs	**-22,276**	**-19,899**
Sum change related items	**-16,951**	**-24,508**

Total amount effecting EBITDA per segment

SEK '000	2016	2015
Nordics	1,145	-2,432
UK & Ireland	-14,414	-824
France & Benelux	-1,035	-1,816
DACH	-2,898	-2,715
South	1,608	-4,355
TD CONNECT	-	-7,163
Group Management & support functions	-1,356	-5,203
Sum	**-16,951**	**-24,508**

C26. Acquisition of operations

In June 2016 Tradedoubler acquired 40 per cent of the company R-Advertising. As of 12 December 2016 Tradedoubler acquired, through a new acquisition agreement, the remaining 60 per cent stake in R-Advertising. The purchase price for the remaining 60 per cent amounts to SEK 19 M. This includes an initial purchase price of SEK 4 M and an estimated additional purchase price of a total of SEK 15 M. The additional purchase price is divided into two sections, the first of SEK 3 M will be payable in 2017 based on the financial performance of the acquired company during the first quarter of 2017 and the second instalment of SEK 12 M will be payable in 2018 based on the financial performance of the acquired company for the year 2017.

The initial purchase price of SEK 4 M has been paid with 739,446 shares valued using the share price prevailing on the transaction date. The first additional purchase price of SEK 3 M will be paid in shares. The final number of shares that will need to be granted depends on the actual outcome of the additional purchase price. Regarding the second additional purchase price of SEK 12 M Tradedoubler has an opportunity to choose whether this should be settled in cash or in shares.

R-Advertising has from the date when the company became a wholly owned subsidiary of Tradedoubler contributed to Group with sales and operating profit of SEK 2.7 M and SEK 1.6 M (of which SEK 1.2 M are classified as change related).

The company is engaged in affiliate marketing and strengthens Tradedoubler's current position on the French market. Goodwill in the Group increased by SEK 22.8 M related to this acquisition.

Tradedoubler's chairman of the board who held an indirect minority share in R-Advertising has not participated in decisions regarding the investment.

Preliminary purchase price allocation:

	SEK '000
Initial purchase price for 60 per cent	4,078
Estimated contingent additional purchase price	15,351
Fair value of previous acquired 40 per cent	0
Total purchase price	**19,429**
Fair value of identifiable assets and liabilities	
Fixed assets	583
Account receivables	10,394
Other current receivables	3,779
Cash and cash equivalent	3,847
Current liabilities	-22,420
Fair value of identifiable assets and liabilities	**-3,818**
Goodwill	23,247
Total purchase price	**19,429**
Cashflow effect	
Total purchase price	19,429
of which paid with own shares	-4,078
of which estimated contingent additional purchase price	-15,351
Cash and cash equivalent in acquired company	3,750
Total cashflow effect	**3,750**

C27. Shares and participation in other companies

The item refers to 7 per cent of the shares in DynAdmic. The shares are classified as financial assets available for sale. The shares are valued at fair value and value adjustments are recognised in other comprehensive income.

SEK '000	2016	2015
Opening balance 1 January 2016	-	-
Acquisitions during the year	11,128	-
Change in value	0	-
Closing balance 31 December 2016	**11,128**	**-**

C28. Events after the balance sheet date

No significant events have occurred after the balance sheet date.

Parent company income statement

SEK '000	Note	2016	2015
Net sales	P3	69,762	88,649
Cost of goods sold		-7,144	-5,665
Gross profit		**62,618**	**82,984**
Selling expenses		-421	-254
Administrative expenses		-80,928	-100,331
Research & development expenses		-46,970	-51,823
Operating profit	P4, P5, P6, P7, P8	**-65,702**	**-69,424**
Profit from financial items			
Profit from participations in group companies		14,632	54,291
Other interest income and similar income statement items		26,486	10,076
Interest expenses and similar income statement items		-17,891	-25,202
Net financial items	P9	**23,227**	**39,165**
Profit before tax		**-42,475**	**-30,259**
Tax	P10	-190	-23,888
Net profit for the year		**-42,664**	**-54,147**

Statement of comprehensive income

Profit for the year	-42,664	-54,147
Other comprehensive income		
Exchange difference on increased net investment, net after tax	-	-
Reversal of exchange difference on increased net investment, net after tax	-	-
Total other comprehensive income	**-**	**-**
Total comprehensive income for the year	**-42,664**	**-54,147**

Parent company balance sheet

SEK '000	Note	Dec 31, 2016	Dec 31, 2015
Assets	P11		
Non-current assets			
Intangible assets	P12	52,327	61,170
Equipments, tools, fixtures and fittings	P13	2,251	467
Financial assets			
Participations in group companies	P14, P15	178,135	158,700
Shares and participations in other companies	P14, P15, P25	11,128	-
Deferred tax asset	P10	14,033	14,223
Total non-current assets		**257,874**	**234,560**
Current assets			
Trade receivables		3,230	5,892
Receivables from group companies		71,476	57,753
Tax receivables		1,014	1,014
Other receivables		2,075	3,510
Prepaid expenses and accrued income	P16	4,817	5,741
Short-term investments		40,622	93,641
Cash and cash equivalents		123,676	182,258
Total current assets		**246,910**	**349,810**
Total assets		**504,783**	**584,370**
Equity and liabilities			
Shareholders' equity	P17		
Restricted equity			
Share capital		18,371	18,371
Statutory reserve		89,022	89,022
Fund development expenses		24,477	-
Total restricted equity		**131,870**	**107,393**
Non-restricted equity			
Share premium reserve		352,540	352,540
Retained earnings		-347,944	-274,043
Net profit for the year		-42,664	-54,147
Total non-restricted equity		**-38,068**	**24,351**
Total equity		**93,802**	**131,744**
Long-term liabilities	P11		
Bond loan	P18	193,856	246,766
Contingent additional purchase price long term		12,437	-
Total long-term liabilities		**206,293**	**246,766**
Current liabilities	P11		
Trade payables		12,744	6,434
Liabilities to group companies		108,546	116,534
Contingent additional purchase price short term		2,914	-
Other liabilities	P19	66,063	65,855
Accrued expenses and deferred income	P20	14,421	17,036
Total current liabilities		**204,688**	**205,859**
Total equity and liabilities		**504,783**	**584,370**

For information about pledged assets and contingent liabilities, see Note P22.

Parent company changes in equity

SEK '000	Restricted: Share capital	Restricted: Statutory reserve	Restricted: Fund development expenses	Non-restricted: Share premium reserve	Non-restricted: Retained earnings incl. net profit for the year	Total equity
Opening balance at January 1, 2015	**17,123**	**89,022**	**-**	**352,540**	**-272,325**	**186,360**
Comprehensive income						
Net profit for the year					-54,147	-54,147
Transactions with shareholders						
New share issue	1,248					1,248
Repurchase of own shares					-1,248	-1,248
Equity-settled share-based payments					-470	-470
Closing balance at December 31, 2015	**18,371**	**89,022**	**-**	**352,540**	**-328,190**	**131,744**
Opening balance at January 1, 2016	**18,371**	**89,022**	**-**	**352,540**	**-328,190**	**131,744**
Comprehensive income						
Net profit for the year					-42,664	-42,664
Fund development expenses			24,477		-24,477	-
Transactions with shareholders						
Use of shares in own custody					4,078	4,078
Equity-settled share-based payments					645	645
Closing balance at December 31, 2016	**18,371**	**89,022**	**24,477**	**352,540**	**-390,608**	**93,802**

Parent company cash flow statement

SEK '000	Note	2016	2015
Operating activities	P24		
Profit before tax		-42,475	-30,259
Adjustment for items not included in the cash flow		20,089	34,924
Taxes paid		-	53
Cash flow from operating activities before changes in working capital		**-22,385**	**4,718**
Cash flow from changes in working capital			
Increase (-)/Decrease (+) in operating receivables		-8,811	3,639
Increase (-)/Decrease (+) in operating liabilities		-3,851	-11,976
Cash flow from operating activities		**-35,047**	**-3,619**
Investing activities			
Investments in intangible assets		-33,699	-37,936
Investments in property, plant and equipment		-2,091	-161
Investments in financial assets		-11,128	-
Acquisitions and divestment of subsidiaries		-	-2,843
Short-term investments		-	-31,518
Sale of short-term investments		51,935	199,356
Cash flow from investing activities		**5,017**	**126,899**
Financing activities			
New share issue		-	1,248
Repurchase of own shares		-	-1,248
Repurchase of own bonds		-28,552	-
Cash flow from financing activities		**-28,552**	**0**
Cash flow for the year		**-58,583**	**123,278**
Cash and cash equivalents at the beginning of the year		182,258	58,980
Cash and cash equivalents at the end of the year		**123,676**	**182,258**

P1. Accounting policies

The parent company has prepared its annual accounts and consolidated accounts according to the Swedish Annual Accounts Act (1995:1554).

Differences between the accounting policies of the group and the parent company

The differences between the accounting policies applied by the group and the parent company are shown below. The accounting policies set out for the parent company below have been applied consistently for all periods presented in the parent company's financial statements.

Classification and format

The parent company's income statement and balance sheet are prepared according to the Swedish Annual Accounts Act's layout. The difference in relation to IAS 1: Presentation of financial statements that was applied in the presentation of the consolidated financial statements is mainly in recognition of financial income and expenses, non-current assets and shareholders' equity, discontinued operations and the presence of provisions as a separate heading in the balance sheet.

Subsidiaries

Participations in subsidiaries are recognised in accordance with the cost method.

Group contributions and shareholders' contributions for legal entities

The parent company reports group contributions and shareholders' contributions in accordance with RFR2. The company has chosen to account for group contributions paid and received in the income statement.

Shareholders' contributions are carried directly against equity in the case of the receiver and capitalised as shares and participations by the grantor, to the extent that impairment is not required.

Fund development expenses

In accordance with the amendments to the Swedish Annual Accounts Act and RFR2 that is applicable from 1 January 2016, the parent company has applied the rule on allocation to a development expenses fund. The change means that after 1 January 2016 companies that activate self-developed intangible assets has to bring about an amount equal to the capitalised development expenditures from unrestricted equity to a fund for development expenses in restricted equity. In the event of amortisation of the capitalised development expenditures, the corresponding amount will be returned to unrestricted equity.

P2. Critical estimates and judgements

Valuation of shares in subsidiaries

Shares in subsidiaries are recognised in the parent company at cost less any impairment losses. When an indication of impairment occurs, an impairment test is performed, using the same method as described for goodwill in Note C2. Impairment test has been carried out in 2016 in conjunction with the impairment testing of the Group's goodwill. Important assumptions and estimates in connection with this are shown in the section about the goodwill impairment testing in Note C1 in notes to the consolidated statements.

The parent company mainly has intangible assets that are affected by estimates and judgements. For information regarding critical estimates and judgements in the annual accounts see the note to the Consolidated accounts, C2 Critical estimates and judgements.

P3. Distribution of revenue

SEK '000	2016	2015
Other revenue	7,089	5,594
License fees	62,673	83,056
Total revenue	**69,762**	**88,649**

P4. Remuneration to employees

Average number of employees	2016		2015	
		men (%)		men (%)
Sweden	56	53	60	60

Remunerations and social security contributions	Salaries and other remuneration	
SEK '000	2016	2015
Salaries and remuneration	37,678	41,081
of which share-based payments	(645)	(493)
Social security contributions	15,643	15,737
of which pensions	(3,680)	(3,990)
Total	**53,321**	**56,818**

For further information regarding remuneration to the board and company management and the remuneration policies within the group, see notes to the consolidated statements, Note C5 Remuneration to employees, group management and board of directors.

P5. Share-based remuneration

Performance-Based Share Programme 2015

The parent company has in 2016 reported a cost of SEK 969,000 (825,000) for the long-term incentive programme that was decided at the Annual general meeting 2015. For more information regarding the share-based remunerations in the group, see notes to the consolidated statements, Note C6 Share-based remuneration.

P6. Remuneration for auditor

SEK '000	2016	2015
EY		
Audit assignments	2,752	2,533
Tax services	-	66
Other assignments	506	123
Total	**3,258**	**2,722**

Audit assignments refers to the examination of the annual accounts, the consolidated accounts and accounting records as well as the administration of the board of directors and the CEO, other duties that the Company´s auditors are obliged to perform as well as advice or other assistance arising from observations during such examination and implementation of such duties. In addition, the auditor reviewed the corporate governance report. The auditor has also reviewed the interim report for the period January-June 2016 and has been retained for certain advice, most of which pertained to audit-related consultations regarding accounting.

P7. Operating costs allocated by type of cost

SEK '000	2016	2015
Remuneration cost to publishers	7,144	5,665
Employee costs	30,178	43,477
Depreciation and amortisation	42,850	34,590
Other operating costs	55,292	74,341
Total	**135,463**	**158,073**

P8. Operating leases

Leasing where the Company is lessor
Non-terminable lease payments amount to:

SEK '000	2016	2015
Within one year	4,501	4,336
Between one and five years	4,242	7,852
Longer than five years	-	-
	8,743	**12,189**

The operating leases in the group are mainly related to rent for premises.

Costs for operating leases 2016 amounted to SEK 4,344,000 (4,410,000).

P9. Net financial items

SEK '000	2016	2015
Dividends from group companies	14,557	66,473
Group contributions received	75	941
Write-down of investments in subsidiary	-	-13,123
Profit from participations in group companies	**14,632**	**54,291**
Interest income, group companies	48	160
Interest income, other	1,207	4,644
Unrealised result at fair valuation of short term investments	419	5,272
Other financial income	24,811	-
Financial income	**26,486**	**10,076**
Interest expense, group companies	-127	-218
Interest expense, other	-16,454	-17,996
Result on sales short term investments	-155	-4,814
Change in foreign exchange rates	-1,154	-2,119
Other financial expenses	-1	-56
Financial expenses	**-17,891**	**-25,202**
Net financial items	**23,227**	**39,165**

Other financial income relates to repurchase of own bond below nominal value.

P10. Taxes

The company's tax expense is divided into the following components:

SEK '000	2016	2015
Current tax expense		
Tax expense for the period	-	-
Total current tax expense	-	-
Deferred tax		
Deferred tax revenue in capitalised loss carrying forwards for tax purposes during the year	-	-22,574
Deferred tax related to temporary differences	-190	-1,313
Total deferred tax	**-190**	**-23,888**
Total	**-190**	**-23,888**

The tax expense for the year can be reconciled to profit before tax according to the following:

Reconciliation of effective tax

	2016		2015	
	%	SEK '000	%	SEK '000
Profit before tax		-42,475		-30,259
Tax according to applicable tax rate	22.0	9,344	22.0	6,657
Adjustment of tax in respect of previous years	-	-	-74.6	-22,574
Non-deductible expenses	-0.3	-114	-15.3	-4,638
Non-taxable income	7.5	3,203	48.3	14,625
Increase of loss carryforwards without corresponding capitalisation of deferred tax expense	-29.7	-12,623	-59.0	-17,958
Effective tax/tax rate	**-0.4**	**-190**	**-78.6**	**-23,888**

Deferred tax assets recognised in the balance sheet
Deferred tax assets are attributable to the following:

SEK '000	Capitalisation of loss carryforwards	Other receivables	Other liabilities	Other non-current assets	Other unused tax deductions	Deferred tax assets and tax liabilities
Balance at Jan 1, 2015	22,574	1,170	-	366	14,000	38,110
Recognised via income statement	-22,574	-1,160	-	-153	-	-23,888
Reclassification	-	-	-	-	-	-
Balance at Dec 31, 2015	**0**	**10**	**0**	**213**	**14,000**	**14,223**
Balance at Jan 1, 2016	0	10	0	213	14,000	14,223
Recognised via income statement	-	-92	-	-98	-	-190
Reclassification	-	-	-	-	-	-
Balance at Dec 31, 2016	**0**	**-82**	**0**	**115**	**14,000**	**14,033**

P11. Financial assets and liabilities distributed per category

Parent Company	2016				2015			
SEK '000	Loans and receivables	At fair value via the Profit & Loss	Other financial liabilities	Total carrying amount	Loans and receivables	At fair value via the Profit & Loss	Other financial liabilities	Total carrying amount
Trade receivables	3,230			3,230	5,892			5,892
Receivables from group companies	71,476			71,476	57,753			57,753
Short term investments		40,622		40,622		93,641		93,641
Cash and bank balances	123,676			123,676	182,258			182,258
Total financial assets	**198,381**	**40,622**		**239,003**	**245,904**	**93,641**		**339,545**
Liabilities to group companies			193,856	193,856			246,766	246,766
Debt to group companies			108,546	108,546			116,534	116,534
Trade payables			12,744	12,744			6,434	6,434
Contingent additional purchase price			15,351	15,351			-	-
Total financial liabilities			**330,497**	**330,497**			**369,734**	**369,734**

Trade receivables, trade payables, other current receivables and liabilities that are measured at cost have short terms and thus fair value corresponds with the carrying amount. Fair value for the bond loan issued in December 2013, was amounted to SEK 94,000,0000 (based on liquid trading price) in comparison to the carrying amount of SEK 193,856,000. Fair value for contingent additional purchase price has been determined using valuation models where significant inputs are based on unobservable market data.

P12. Intangible assets

SEK '000	Development expenses	Administration and support
Accumulated acquisition costs		
Opening balance at Jan 1, 2015	60,453	46473
Investments for the year	37,861	75
Sales/disposals	-	-
Closing balance at Dec 31, 2015	**98,314**	**46,548**
Opening balance at Jan 1, 2016	98,314	46,548
Investments for the year	33,699	-
Sales/disposals	-	-
Closing balance at Dec 31, 2016	**132,013**	**46,548**
Accumulated amortisation		
Opening balance at Jan 1, 2015	-26,893	-22441
Amortisation for the year	-26,993	-7365
Sales/disposals	-	-
Closing balance Dec 31, 2015	**-53,886**	**-29,806**
Opening balance at Jan 1, 2016	-53,886	-29,806
Amortisation for the year	-35,178	-7,365
Sales/disposals	-	-
Closing balance Dec 31, 2016	**-89,063**	**-37,170**
Carrying amounts		
At Jan 1, 2015	33,560	24,032
At Dec 31, 2015	44,428	16,742
At Dec 31, 2016	**42,950**	**9,377**

P13. Property, plant and equipment

SEK '000	Equipment, tools, fixtures and fittings
Accumulated acquisition	
Opening balance Jan 1, 2015	9,007
Investments	161
Sales/Disposals	-
Closing balance Dec 31, 2015	**9,168**
Opening balance Jan 1, 2016	9,168
Investments	2,091
Sales/Disposals	-
Closing balance Dec 31, 2016	**11,259**
Accumulated depreciation	
Opening balance Jan 1, 2015	-8,468
Depreciation for the year	-233
Sales/Disposals	-
Closing balance Dec 31, 2015	**-8,701**
Opening balance Jan 1, 2016	-8,701
Depreciation for the year	-307
Sales/Disposals	-
Closing balance Dec 31, 2016	**-9,008**
Carrying amounts	
At Jan 1, 2015	540
At Dec 31, 2015	467
At Dec 31, 2016	**2,251**

P14. Financial assets

SEK '000	Dec 31, 2016	Dec 31, 2015
Accumulated acquisition costs		
Opening balance	158,700	158,700
Acquisitions and stock issues in subsidiaries	19,435	13,123
Acquisitions and stock issues in other companies	11,128	-
Write-down of shares in subsidiaries	-	-13,123
Closing balance Dec 31, 2016	**189,263**	**158,700**

P15. Investments

Specification of the parent company's direct holdings of participations in subsidiaries and other companies

Subsidiary	Corporate identity number	Registered office	Number of shares	Participation as %	Book value Dec 31, 2016	Book value Dec 31, 2015
TradeDoubler Ireland Ltd	442593	Dublin	1	100	7	7
TradeDoubler OY	777468	Helsingfors	100	100	70	70
TradeDoubler A/S	25137884	Köpenhamn	125	100	5,772	5,772
TradeDoubler LDA	507810007	Lissabon	1	100	46	46
TradeDoubler Ltd	3921985	London	5,000	100	140,000	140,000
TradeDoubler Espana SL	B82666892	Madrid	100	100	62	62
TradeDoubler BVBA	874694629	Mechelen	371	100	172	172
TradeDoubler Srl	210954 (rep)/26762 (Rac)	Milano	1	100	2,683	2,683
TradeDoubler GmbH	76167/URNo R181/2001	München	1	100	250	250
TradeDoubler AS	982006635	Oslo	1,000	100	6,011	6,011
TradeDoubler SARL	B431573716 (2000B08629)	Paris	500	100	119	119
TradeDoubler BV	20100140	Rotterdam	40	100	188	188
TradeDoubler International AB	556833-1200	Stockholm	500	100	268	268
TradeDoubler Sweden AB	556592-4007	Stockholm	1,000	100	2,003	2,003
TradeDoubler Sp zoo	015792506	Warszawa	1,000	100	115	115
TradeDoubler Austria Gmbh	FN296915	Wien	1	100	324	324
TradeDoubler AG	CH020.3.3.028.851-0	Zürich	997	100	609	609
Tradedoubler Performance Marketing LTDA	14.273.556/0001-66	Sao Paolo	297,923	100	0	0
Adnologies GmbH	HRB200226	Hamburg	107,912	100	0	0
Tradedoubler Singapore PTE. LTD	201615663C	Singapore	1,000	100	6	0
R-Advertising	B502207079	Mougins	1,375,953	100	19,429	0
DynAdmic SAS	753502582	Mougins	346,180	7	11,128	0
					189,263	**158,700**

P16. Prepaid expenses and accrued income

SEK '000	2016	2015
Rent of premises	1,035	1,025
Accrued interest on short term investments	139	430
Other	3,644	4,287
Total	**4,817**	**5,741**

P17. Shareholders' equity

Share capital

Share capital refers to the parent company's share capital. Each share carries one vote and those entitled to vote may vote for the full number of shares represented and owned without any restriction in voting rights. All shares carry equal rights to share in the Company's assets and profits and in any surplus on liquidation.

At December 31, 2016, Tradedoubler AB had a share capital of SEK 18.4 M distributed among 45,927,449 shares, each share with a par value of SEK 0.40.

Reconciliation of number of shares	Number of shares issued	Issued share capital
Number of shares issued January 1, 2016*	45,927,449	18,370,978
Number of shares issued December 31, 2016**	45,927,449	18,370,978

*of which 3,595,000 shares are in own custody
**of which 2,855,554 shares are in own custody

P18. Bond loan

The Parent Company has during December 2013 issued a bond loan. For more information regarding the bond issue, see Note to Consolidated Financial Statements, C18 Bond loan.

P19. Other liabilities

SEK '000	2016	2015
Current liabilities to publishers	62,710	62,434
Withholding tax and social security contributions	3,353	3,420
Total	**66,063**	**65,855**

P20. Accrued expenses and deferred income

SEK '000	2016	2015
Holiday pay	1,773	2,188
Other payroll expenses	462	759
Accrued interest expense from bond loan	309	555
Provision restruct	3,269	2,634
Provision consultancy expenses	1,749	1,959
Provision audit	1,650	1,130
Other	5,209	7,811
Total	**14,421**	**17,036**

P21. Financial risks

Financial risks and risk management

Tradedoubler's financial risk management is handled and monitored at Group level. For more information regarding the financial risks, see notes to the Consolidated statements, Note C21 Financial risks.

P22. Pledged assets and contingent liabilities

SEK ´000	2016	2015
Pledged assets		
Rental deposits	-	1,530
Total pledged assets	**-**	**1,530**
Contingent liabilities	**4,133**	**932**

Contingent liabilities consists of performance guarantees to subsidiaries.

P23. Transactions with related parties

Transactions with related parties are priced on commercial terms.

Transactions with related parties for Tradedoubler AB mainly consists of licensing fees corresponding to SEK 62.7 M (83), invoiced by the parent company to subsidiaries and other revenue of SEK 7 M (5.6). The parent company's receivables from subsidiaries amounted to SEK 71 M (57.8). The parent company´s liabilities to subsidiaries amount to SEK 109 M (116.5). Receivables and liabilities from subsidiaries have been netted off in the balance sheet.

Transactions with key people in executive positions

No transactions with key people in executive positions have taken place during the year except the ones specified in the notes to the Consolidated statements, Note C5 Remuneration to employees, group management and board of directors, Note C6 Share-based remuneration and Note C23 Transactions with related parties.

P24. Cash flow statement, supplementary information

Cash and cash equivalents

SEK '000	2016	2015
The following sub-components are included in cash and cash equivalents		
Cash and bank balances	123,676	182,258
Total according to the balance sheet	**123,676**	**182,258**
Total according to the cash flow statement	**123,676**	**182,258**

SEK '000	2016	2015
Interest received	1,498	5,678
Interest paid	-16,827	-18,214

Adjustment for items not included in the cash flow

SEK '000	2016	2015
Depreciation and amortisation	42,850	34,590
Other provisions	1,090	1,090
Unrealised exchange rate differences	914	-4,164
Other	-24,765	3,407
	20,089	**34,923**

P25. Shares and participation in other companies

The item refers to 7 per cent of the shares in DynAdmic.

SEK '000	2016	2015
Opening balance 1 January 2016	-	-
Acquisitions during the year	11,128	-
Closing balance 31 December 2016	**11,128**	**-**

P26. Events after the balance sheet date

No significant events have occurred after the end of the balance sheet date.

For more information see Note to Consolidated Financial Statements, C28 Events after the balance sheet date.

The undersigned assure that the consolidated accounts and annual report have been prepared in accordance with international accounting standards, IFRS, as adopted by the EU, and pursuant to generally accepted accounting standards and provide a true and fair view of the group's and parent company's operations, financial position and results of operations and describe significant risks and uncertainties facing the group. The consolidated income statement and statement of financial position and the parent company's income statement and balance sheet are subject to approval by the annual general meeting to be held on 4 May 2017.

Stockholm, 6 April 2017

Pascal Chevalier

Chairman

Gautier Normand

Board member

Jérémy Parola

Board member

Erik Siekmann

Board member

Nils Carlsson

Board member

Matthias Stadelmeyer

President and CEO

Our Audit report was submitted on 7 April 2017

Ernst & Young AB

Erik Sandström

Authorised Public Accountant

Auditor´s report

To the general meeting of the shareholders of TradeDoubler AB (publ), corporate identity number 556575-7423

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of TradeDoubler AB (publ) except for the corporate governance statement on pages 8-12 for the year 2016. The annual accounts and consolidated accounts of the company are included on pages 13-43 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2016 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2016 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 8-12. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

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

Basis for Opinions

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

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

Key Audit Matters

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

Accounting and valuation of capitalized development expenditure

Capitalized development expenditure is recognized in the statement of financial position of the group and the parent company at December 31, 2016 to SEK 43 M. The company's accounting policies for development expenditure is described in note C1. Capitalized development expenditures are amortized over the estimated useful live in accordance with the amortization periods described in note C1. Note C2 describes that significant estimates and judgements are required by the company to assess the conditions for capitalization of development expenditures. Furthermore, the company needs to make assumptions about the useful life of capitalized development expenditures in order to determine the amortization period. The company continuously evaluates whether there are indications of impairment for capitalized development expenditures. In the case impairment triggers are identified a so-called impairment test is prepared to determine if the value in use is below book value. As described in note C13, based on the prepared impairment test in 2016, SEK 24 M of capitalized development expenditures have been written down in the group and the parent company during the year.

As a result of the estimates and assumptions that needs to be made to determine whether development expenditure should be capitalised or not, the period of use and whether indications of impairment exist, we have assessed the accounting of development expenditures as a key audit matter.

In our audit, we evaluated the company's process for handling and accounting of development expenditures. We have further assessed the estimates and assumptions made by the company relating to ongoing development projects through monitoring and analyzing the business decisions on which the development projects are based. We also evaluated the applied amortization periods against the underlying business decisions and we have checked that amortization has been recorded in accordance with these. We have also assessed the company's assumptions made when assessing whether impairment exists or not. We have also reviewed the disclosures in the annual report.

Valuation of goodwill and shares in subsidiaries

Goodwill is recorded in the consolidated statement of financial position as of 31 December 2016 to SEK 273 M. Shares in subsidiaries are recorded in the statement of financial position for the parent company as of December 31, 2016 to SEK 178 M. Goodwill in the group is defined as an asset with indefinite useful live for which no amortization is recorded. Shares in subsidiaries are recognized at cost less any impairment write-offs. The company's accounting principles for goodwill and shares in subsidiaries are described in note C1 and note P1.

The company performs an impairment test at least annually and when an indication of impairment is identified to make sure that the carrying value of goodwill does not exceed the recoverable amount. For shares in subsidiaries, such a test is performed when there are indications that the carrying value exceeds the recoverable value. The impairment test performed during the year for goodwill has also included the parent company's carrying value of shares in subsidiaries. Principles for the impairment test are described in note C1. Significant judgments and estimates of the valuation and other significant information about the performed impairment test are described in Note C2 and C13. The impairment test that the company performed during 2016 has not resulted in any impairment write-off.

As a result of the judgements and significant assumptions required when calculating the value in use, we have assessed the valuation of goodwill and shares in subsidiaries as a key audit matter.

In our audit, we evaluated the company's process for determining if an indication of impairment exists, and the preparation of the impairment test. We have examined how cash-generating units are identified and determined. We have with support from our valuation experts evaluated the company's valuation and calculation methods, we have assessed the reasonableness of the assumptions and sensitivity analysis of changes in assumptions made. We have made comparisons against historical results and assessed the accuracy in previous forecasts. We have evaluated the reasonableness of the used discount rate and long-term growth by comparing with other companies in the same industry. We have also reviewed the disclosures in the annual report.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 4-7. The Board of Directors and the Managing Director are responsible for this other information.

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

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

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

Responsibilities of the Board of Directors and the Managing Director

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

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

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

Auditor's responsibility

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

A further description of our responsibilities for the audit of the annual accounts and the consolidated accounts is located at Revisorsnämnden's (the Supervisory Board of Public Accountants) website at: http://www.revisorsinspektionen.se/rn/showdocument/documents/rev_dok/revisors_ansvar.pdf. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of TradeDoubler (publ) for the year 2016 and the proposed appropriations of the company's profit or loss.

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

Basis for Opinions

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

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

Responsibilities of the Board of Directors and the Managing Director

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

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

Auditor's responsibility

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

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

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

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

A further description of our responsibilities for the audit of the administration is located at Revisorsnämnden's (the Supervisory Board of Public Accountants) website at: http://www.revisorsinspektionen.se/rn/showdocument/documents/rev_dok/revisors_ansvar.pdf. This description forms part of our auditor's report.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 8-12 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR´s auditing standard RevU 16 The auditor´s examination of the corporate governance statement. This means that our 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. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

Stockholm, 7 April 2017
Ernst & Young AB

Erik Sandström
Authorised Public Accountant

Board of Directors

Pascal Chevalier

Member and Chairman of the Board of Directors since 2015.

Independent in relation to the company and the executive management. Dependent in relation to the company's major shareholders.

Born: 1968

Education: MBA from IAE Paris, IT engineering graduate of EPITDA

Other assignments: Co-founder and CEO of Reworld Media S.A., Board Member and CEO of Sporever, Board Member of 50 Partners, Nextedia, Planet.fr, Leadmedia Group and Mobile Network Group.

Former assignments: Pascal was the Chairman of the board of Netbooster (Alternext Paris ALNBT), Director of Prosodie in London (now Cap Gemini), Chairman of the board of CPI Venture.

Shareholding: 0 shares.

Gautier Normand

Member of the Board of Directors since 2015.

Independent in relation to the company and the executive management. Dependent in relation to the company's major shareholders.

Born: 1978

Education: Business school in Paris.

Other assignments: Co-founder and COO of Reworld Media S.A., Board Member and deputy CEO of Sporever.

Former assignments: CEO of La Tribune, Head of Projects at NextRadio TV. Development Director at Axel Springer France and Media Sector Director at Deloitte.

Shareholding: 0 shares.

Jérémy Parola

Member of the Board of Directors since 2016.

Independent in relation to the company and the executive management. Dependent in relation to the company's major shareholders.

Born: 1987

Education: Bachelor degree in Marketing from EDHEC Business School and Master's degree in Communication, Marketing and Media Management at Celsa/ La Sorbonne.

Other assignments: Web marketing director at Reworld Media S.A.

Former assignments: Business Development Manager at La Tribune (financial Newspaper).

Shareholding: 0 shares.

Erik Siekmann

Member of the Board of Directors since 2016.

Independent in relation to the company, the executive management and the company's major shareholders.

Born: 1971

Education: Studies in Economics at the Technical University of Berlin (TU Berlin).

Other assignments: Founder and CEO of Digital Forward GmbH and founder and CEO of Daytona Ventures GmbH as well as co-founder and CEO of ESP – eSales Performance Marketing GmbH.

Former assignments: CEO Blume 2000 new media AG and CEO and co-founder of Valentins GmbH.

Shareholding: 0 shares.

Nils Carlsson

Member of the Board of Directors since 2016.

Independent in relation to the company, the executive management and the company's major shareholders.

Born: 1969

Education: MBA, Finance Management, Edinburgh 2011; School of Economics & Management Stockholm, Handelshögskolan 2004; School of Economics Växjö, University degree, Economics, 1994.

Other assignments: CEO Eniro Sweden AB, Member of the board of Netbooster, Electrolux, EHL and Eniro.

Former assignments: CEO Electrolux Sweden AB; Group COO Netbooster Group; CEO Guava (UK); VP Product & Sales Telenor AB; Director Business Development Vodafone Group; Director Product development Europolitan AB

Shareholding: 0 shares.

Company Management

Matthias Stadelmeyer

Chief Executive Officer (CEO) since April 2014.

Born: 1976

Education: Studied Industrial Management and Engineering at the University of Applied Sciences in Munich.

Previous assignments: Matthias Stadelmeyer has held several leading positions within Tradedoubler such as Sales Director and Head of TD Technology in Germany, Regional Director for market unit DACH and Vice President Sales. Matthias started his career as Team leader for Online Marketing at CANCOM IT Systeme AG, Munich.

Based: Münich.

Holdings: 100,000 shares.

Viktor Wågström

Chief Financial Officer (CFO) since October 2016.

Born: 1983

Education: Degree in Finance from Stockholm University.

Previous assignments: Viktor joined Tradedoubler in March 2015 as Head of Group Accounting, was appointed Interim CFO in May 2016 and took on the position permanently in October 2016. Prior to that Viktor worked for Cision, an international PR software company and held a number of roles including Group Treasurer and Business Controller.

Based: Stockholm.

Holdings: 20,000 shares.

Marcel Chaudron

Chief Operation Officer (COO) since January 2016.

Born: 1976

Education: Degree in Commercial Economics from The Hague University of Applied Sciences.

Previous assignments: Marcel Chaudron has held several leading positions within Tradedoubler such as International Group Account Director, Director Operational Excellence, Product Director, Group Client Service Director and Vice President Affiliate. Marcel started his career as product & sales manager at Nedstat web analytics (Comscore), Amsterdam.

Based: Rotterdam.

Holdings: 0 shares.

James Milne

VP Business Development since January 2016.

Born: 1983

Education: -

Previous assignments: James Milne has held a number of positions within Tradedoubler since 2010, including Account Director and Head of Client Services looking after some of the company's largest clients. James began his career in media publishing before moving into digital media with United Business Media Plc.

Based: London.

Holdings: 0 shares.

Alternative Performance Measurements

Tradedoubler uses the key ratios of capital employed and solidity to enable the reader to assess the possibility of dividend, implementation of strategic investments and the group's ability to meet financial commitments. Further, Tradedoubler use the key ratio EBITDA excluding change related items for investors to be able to understand the underlying business performance.

Definitions

Capital employed
Total assets less current and long-term noninterest-bearing liabilities, including deferred tax liabilities.

Change related items
The purpose of disclosing change related items separately is to make it easier for the reader to understand the underlying year-on-year development.

EBITDA
EBITDA is revenue before tax, net financial items and depreciation/amortization and impairment.

EBITDA-margin
EBITDA as a percentage of revenue.
Equity/assets ratio - Shareholders' equity as a percentage of total assets.

Net margin
Profit after tax as a percentage of sales.

Operating margin
Operating profit as a percentage of revenue.

Percentage of risk-bearing capital
Total of shareholders' equity, minority interests, shareholder loans and deferred tax liabilities divided by total assets.

Return on shareholders' equity
Revenue for the period as a percentage of the average shareholders' equity, calculated as open and closing shareholders' equity divided by two.

Return on capital employed
Operating profit plus interest income as a percentage of average capital employed, calculated as opening and closing capital employed divided by two.

Revenue per share
Revenue of the year divided by the average number of shares.

Revenue per share before and after dilution
Revenue of the year divided by the average number of shares after full dilution.

Solidity
Total equity as a percentage of total assets.

Working capital
Total current assets less cash and cash equivalents, short term investments and total current liabilities.

Tradedoubler AB
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