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Annual Report 2012

Tradedoubler

Dear reader,

Tradedoubler's business is online and therefore we think it is natural that it is also the main focus of our financial communication. We have chosen to publish the main description of our operations on our home page and focus in the annual report on describing the performance during 2012. 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.financials.tradedoubler.com.

The electronic annual report has several user friendly functions. The contents can be divided up and printed out by page and the tables in Financial information can be downloaded in excel format and diagrams can be reviewed and saved in different image formats. The entire annual report may also be downloaded as a PDF document.

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

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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 OMX 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 2011 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.

Key figures 2012

Net sales amounted to SEK 2,307.7 M (2,612.7), a decrease adjusted for changes in exchange rates of 10%

Gross profit amounted to SEK 541.5 M (626.5), a decrease adjusted for changes in exchange rates of 12%.

Operating profit (EBIT) amounted to SEK 0.0 M (127,1).

Cash flow from operating activities was SEK -14.9 M (123,6).

Earings per share for continuing operations amounted to SEK -0.2 (2.16).

The Board proposes that no dividend should be declared for 2012 (SEK 1.50 per share).

5-year summary

MSEK	2012*	2011*	2010*	2009	2008
Net sales	2,308	2,613	2,478	3,014	3,457
Gross profit	541	627	622	690	747
Gross margin %	23.5	24.0	25.1	22.9	21.6
Costs	541	-499	-529	-795	-597
Operating profit	0	127	93	-105	150
Operating margin %	0.0	4.9	3.7	-3.5	4.3

* For 2010, 2011 and 2012 the numbers are related to continuing operations after the divestment of the Search business. No adjustments are made for the years 2008–2009.

Financial calendar

Interim report (January-March 2013)	3 May 2013
Annual general meeting	7 May 2013
Interim report (January-June 2013)	26 July 2013
Interim report (January-September 2013)	30 October 2013
Year-end report 2013	6 February 2014

Revitalised business focus after turbulent year

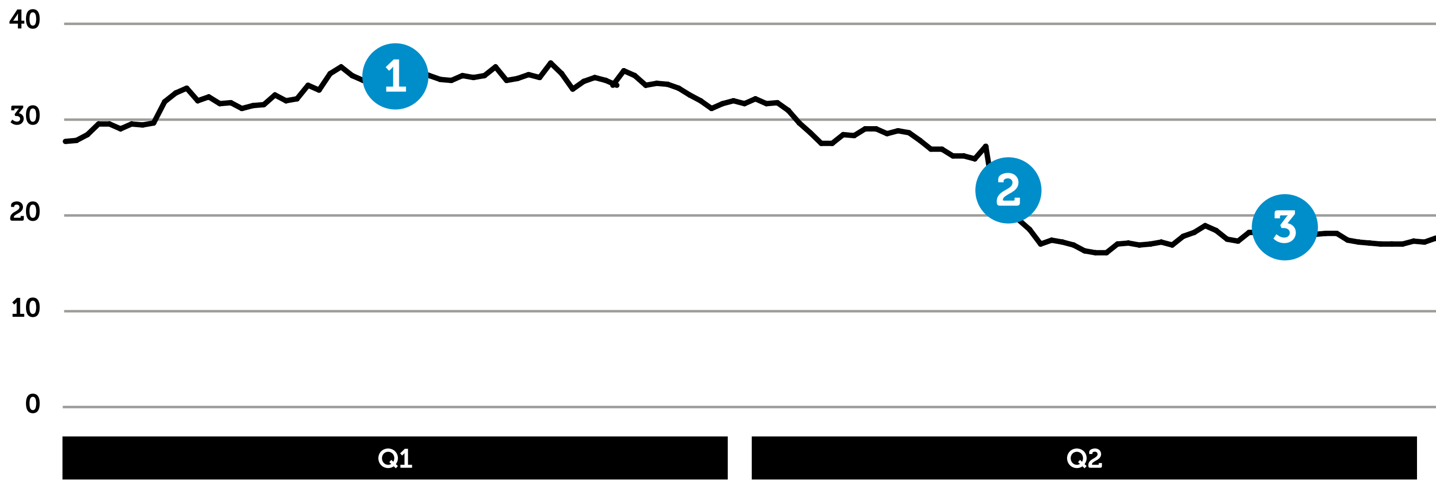
Both the management team and the organisation as a whole, have worked tirelessly to bring Tradedoubler back to a strong performance marketing focus. Key measures have been taken in order to create a strong platform on which Tradedoubler can reinforce its market-leading position with a revitalised business focus.

FIRST QUARTER

- Net sales amounted to SEK 640.2 M (652.6).
- Gross profit amounted to SEK 146.4 M (157.3).
- Operating profit (EBIT) amounted to SEK 12.6 M (34.8).
- Cash flow from operating activities was SEK -9.0 M (41.8).
- By establishing operations in Brazil the Group made its entry into Latin America.
- Strong performance in the Technology segment with an increase in gross profit of 22 per cent adjusted for changes in exchange rates.

SECOND QUARTER

- Net sales amounted to SEK 573.7 M (604.8).
- Gross profit amounted to SEK 140.8 M (149.5).
- Operating profit (EBIT) amounted to SEK -2.8 M (22.2).
- Cash flow from operating activities was SEK -12.7 M (-31.9).
- The economic downturn in Southern Europe meant falling volumes in these countries. Price competition increased in Northern Europe.
- Net sales and earnings increased in the Technology segment.



1 ENTERING LATIN AMERICA

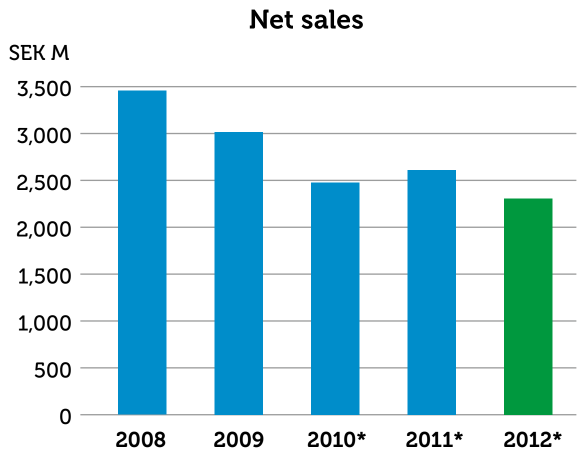
In February, Tradedoubler announced the company's entry into Latin America by establishing operations in Brazil. More information on page 10.

2 WEAK FIRST QUARTER

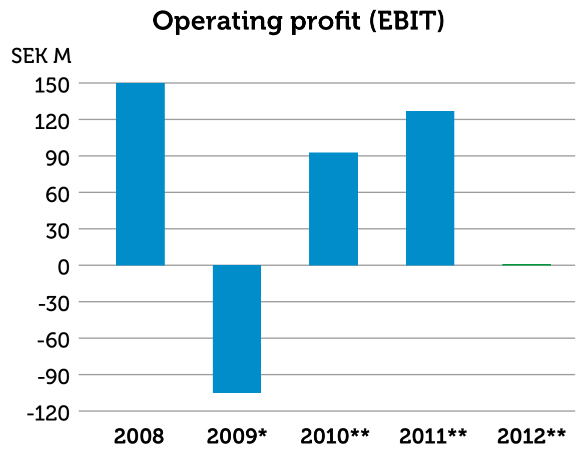
After a satisfactory Christmas trade, the start of the year was weaker than anticipated, in part due to the turbulent situation in Southern Europe. More information on page 11.

3 LAUNCH OF API

The first part of Tradedoubler's Open Platform API is launched. The initiative enables faster product development. More information on page 14.



* For 2010, 2011 and 2012 the numbers are related to continuing operations after divesment of the Search business.



* Includes impairment of goodwill of SEK -150 M
** Continuing operations after divesment of the Search business.

The decrease of 10 per cent in relation to the previous year, adjusted for changes in exchange rates, was partly due to reduced competitiveness. The company expects to return to growth in line with the market during the second half of 2013.

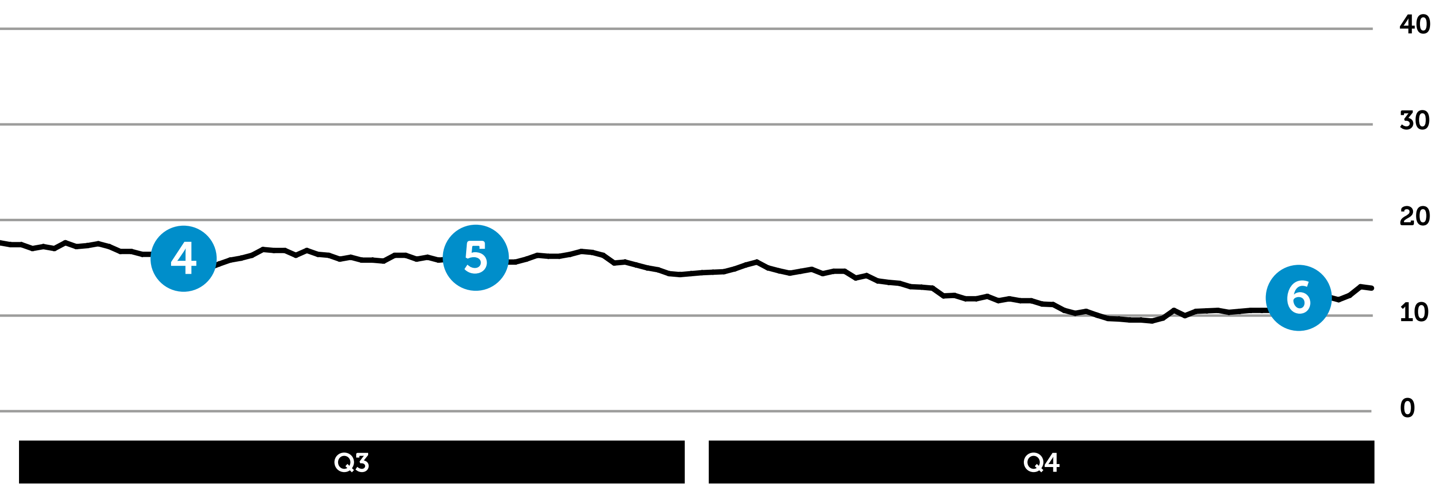
In addition to the weak sales development, the poor result is in part explained by approximately SEK 31 M in change-related costs.

THIRD QUARTER

- Net sales amounted to SEK 526.1 M (653.9).
- Gross profit amounted to SEK 119.7 M (152.5).
- Operating profit (EBIT)amounted to SEK -7.8 M (31.3).
- Cash flow from operating activities was SEK 13.4 M (45.8).
- Rob Wilson took over as CEO and Jonas Ragnarsson took over as CFO.
- The role of CCO (Chief Commercial Officer) was abolished. Elaine Safier left the company in connection with this.

FOURTH QUARTER

- Net sales amounted to SEK 567.7 M (701.5).
- Gross profit amounted to SEK 134.6 M (167.2).
- Operating profit (EBIT) amounted to SEK -2.1 M (38.7).
- Cash flow from operating activities was SEK -6.6 M (67.9).
- Regional offices were strengthened, which has enabled cost savings through closure of certain local offices.
- Andrew Buckman was recruited as new COO and Magnus Nyström was appointed CTO.



4 ROB WILSON APPOINTED CEO

Rob Wilson was appointed as new President and CEO to succeed Urban Gillström, with effect from 1 August 2012. More information on page 10.

5 REVITALISED FOCUS

A revitalised business focus is introduced to restore growth and reinforce the company's position. More information on page 8.

6 NEW MANAGEMENT TEAM

Andrew Buckman and Magnus Nyström complete the new management team. Andrew starts on 1 January 2013. More information on page 35.

Fit for the Future

2012 has been a year of significant change and re-focus for Tradedoubler, with the introduction of a new group management team and a revitalised business strategy more closely focused on our competitive advantages, to restore growth and reinforce our market-leading position.

When I assumed the position of CEO in August 2012, I initiated a review of Tradedoubler's business and cost structure. The review highlighted the need for us to focus more on performance marketing, and sharpen the way we conduct our business, and for a robust management team to implement the ambitious plan we had for 2013.

New and experienced group management team

In order to enhance Tradedoubler's business focus and to become more pro-active in the market, a new executive management team was introduced during the second half of 2012. The new management team is now in place, comprising CFO Jonas Ragnarsson, CTO Magnus Nyström, COO Andrew Buckman and myself. Together, we bring a wealth of expertise and international performance marketing experience to Tradedoubler. Both the management team and the organisation as a whole, have worked tirelessly to bring a strong performance marketing focus to Tradedoubler and we have implemented key measures to ensure that Tradedoubler has a strong platform on which to strengthen its leadership position moving forward. I therefore want to take the opportunity to express my sincere gratitude to all employees for the significant work efforts during last year.

Cost control

During the autumn a cost review had top priority. It was almost entirely completed by the end of December. Our cost level is now under control and we have a clear process for continuing to manage our cost structure, while channelling our investments into areas where they will create the most value. Strict budgetary controls will ensure that our costs are at a significantly lower level moving forward and crucially, remain in step with our revenue growth.

Three prioritised areas

We have taken a number of key measures in order to ensure that Tradedoubler has a strong platform on which to strengthen its leadership position. We are continuing to focus on the three prioritised areas in our strategy.

Prioritise key clients in key markets

Sales teams are now targeting major revenue opportunities in key markets with both new and existing clients. Our technology solution is now fully integrated into our commercial offering and is actively promoted by all of our sales teams.

An international account management team has been established to service large international clients. This dedicated team is delivering improved and consistent service to our largest clients, while also bringing a strategic perspective to these key accounts. Incentive systems have been adjusted to reflect our clear commercial goal of driving revenue growth.

Better serve the needs of our clients

A specialist client support team has been established in Telford, UK to handle all client administration. This frees our international and local account teams to focus entirely on driving improvements in our clients' performance marketing programmes whilst ensuring that we deliver consistent and optimised client support.

During Q4 2012 we re-organised our country teams into six new regional units, allowing us to better serve the needs of our clients. Responsibility for client management across three smaller markets (Austria, Belgium and Ireland) was transferred to strengthened regional teams in three key markets (France, Germany and UK), and the local offices closed.

Having examined our business in Russia, we took the decision to close our operations there. The Russian market for performance marketing has not developed at the rate anticipated and traditional campaigns will continue to dominate this market for the foreseeable future. We therefore decided to close the Moscow office and manage the operations from Poland.

A joint Nordic organisation has been created to improve service levels to our customers and our efficiency in this region.

In mobile we are regarded as the sector leader

Improved Service Offering

During Q4 2012 we established a product road map for 2013 to improve our product offering in three main areas: mobile, billing/payment and automation.

In mobile we are regarded as the sector leader, being the first performance marketing network to introduce mobile affiliate programmes and then in 2012, launching the sector's first performance marketing business model for the lucrative app market place. This leadership position was endorsed at the UK's Effective Mobile Marketing Awards in December 2012 when Tradedoubler won the award for the best mobile affiliate campaign of 2012. Our goal in mobile is to leverage our leadership position and to grow our market share as this channel continues to increase in importance.

We also prioritise ease-of-use regarding our client solutions. With more efficient billing/payment, we aim to strengthen our relationships, particularly with publishers, through a more flexible system. Automation is not only a way to improve our efficiency, but also plays an important role in enhancing customer service.

Positive outlook for performance marketing

There is no doubt that the challenging economy in much of Western Europe put pressure on consumer spending during 2012. However, industry analysis shows that consumers have a rapidly growing appetite to research and purchase goods and services online and, increasingly, on smartphones and tablets. Whilst this behavioral shift is having serious implications for some bricks and mortar businesses, digital companies such as Tradedoubler are able to benefit from the exponential rise of this 'internet economy'.

As for advertisers, in-depth interviews conducted with our clients tell us that they have a sustained and growing appetite for performance marketing. Over 90 per cent of our current clients surveyed said that they would be maintaining or increasing their spend in this area during 2013. Not only do they understand that their consumers are increasingly moving online, but in uncertain economic times, they also appreciate the cost-effective pay-by-performance model that Tradedoubler offers them.

Our market is maturing and the ability to offer a technology solution that allows advertisers to manage their own private network is becoming increasingly important. We are in a unique position to take advantage of this market opportunity as, unlike our competitors, we already offer a well-established range of solutions from pure technology to a fully managed performance marketing network.

Fit for the Future

In summary, the changes we have made in the latter half of 2012 have increased our performance marketing focus and made Tradedoubler fit for the future. Costs are under control, our competitive position is strengthened. With the continuing hard work of our entire team, I anticipate returning to growth in line with the market during the second half of 2013 and securing our position as the leading international performance marketing network.

Stockholm, April 2013

Rob Wilson

President and CEO

Board of Director's 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 2012.

Tradedoublers operations

Tradedoubler is Europe's leading international performance marketing and technology company.

Business Model

Tradedoubler's business model is based on the company:

- Working with advertisers that want to boost their online sales. The company devises and implements digital marketing strategies and matches them with website owners (publishers), that want to increase their advertising revenue. The websites then drive traffic to the advertising company's website and Tradedoubler is rewarded on a performance basis.
- Offering an advanced, Software-as-a-Service (SaaS) digital marketing platform that provides larger advertisers and digital media agencies with the means to manage performance marketing programmes in-house.

Performance Marketing

Tradedoubler's business is to devise and implement performance marketing campaigns for over 2,000 advertisers through its network of over 140,000 publishers. Its performance marketing business model is distinct from other forms of online marketing such as display and search in that the advertiser only pays for concrete results. By measuring what activity is generated by the advert, payment is linked to a specific action, such as a sale or lead (mainly registrations). In 2012, Tradedoubler generated EUR 3.5 billion in incremental revenue for its clients.

Tradedoubler's deep understanding of the 'connected' consumer helps international blue-chip advertisers such as Dell, Expedia, American Express, Hilton, Singapore Airlines, Lufthansa, CDON Group and Privalia to navigate the increasingly complex, multi-channel path to purchasing that consumers are taking as they move to shopping online. Tradedoubler is also able to use its local expertise to work with a large number of local clients of various sizes, from the well-known British grocery chain Tesco to the niche player Lekmer in Sweden.

Tradedoubler has performance at its core. The company's performance marketing network is unique due to its integrated functionality between online, mobile web and app solutions that generate incremental revenues and leads across all three channels.

For clients new to international performance marketing, without a local presence in new markets, Tradedoubler is able to act as an international sales team, helping to launch products into new markets at no-risk to clients. Tradedoubler's experience in important sectors such as travel, fashion, telecoms and IT has proven invaluable to its clients.

The Tradedoubler Technology Platform

The Tradedoubler Technology Platform offers an advanced, Software-as-a-Service (SaaS) solution that provides larger advertisers and digital media agencies with the means to manage performance marketing programmes in-house. More than 200 clients currently use the company's technology platform.

Tradedoubler's Technology Platform clients can manage their preferred affiliate partners as a self-managed private network or can combine running their own key affiliates with the reach and performance benefits of Tradedoubler's fully managed international publisher network. The company's ability to offer larger clients a powerful technology solution is vital in order to achieve the goal of creating long-term and strategic added value for the client.

Tradedoubler is the only performance marketing network with more than ten years' experience of providing technology solutions to clients such as 02, Sixt, Xing and agencies such as WPP, Omnicom, Havas Digital and Zenith Optimedia.

The Tradedoubler Technology Platform supports the administration and management of performance marketing programmes as well as tracking of other online marketing channels such as email, search and display campaigns. Advertisers can profit from lower costs, direct contact with their partners and the mapping of the entire customer journey across all channels, with real-time monitoring and reporting.

The Tradedoubler Technology Platform provides high-quality, real-time tracking including de-duplication, an administrative interface to manage and recruit publishers and access to an extensive reporting library. Optional functionality includes Publisher Payments, Container Tags, User Journey Reporting, Call Tracking and Mobile App-Tracking.

Market

Tradedoubler operates in the dynamic and rapidly growing market for online marketing, principally in Europe but also worldwide. The largest advertisers are found within consumer-oriented sectors such as travel, finance and retail. Most of the marketing occurs via traditional websites, but marketing on smartphones and tablets is also growing very rapidly. Online marketing is a broad field which includes a host of different marketing activities.

The market for performance online marketing is growing more rapidly than the economy as a whole. The growth is connected to increased e-commerce and the fact that advertising budgets are being re-allocated from other media to the Internet. The structural shift to online marketing has historically meant that the market has shown positive growth figures, even during a recession.

The European marketplace

While the challenging economic climate in most of Western Europe continues to weigh on consumer spending, the Internet represents an area of growth and opportunity. During an economic downturn, increasing numbers of consumers go online because it is convenient, offers greater choice and is better value. This behaviour is becoming increasingly common and will continue to grow as European retailers strengthen their online offerings in order to maximise revenue from this channel.

A useful indicator of the growing importance of performance marketing in an advanced market, such as the UK, was confirmed in the first ever study of its kind, which was conducted by PwC on behalf of the Interactive Advertising Bureau UK (IAB). The study found that UK businesses spent the equivalent of SEK 8.7 billion on perfomance marketing and other online lead generation activities in 2012. This drove more than two online purchases for every UK adult, generating SEK 96.6 billion in revenue, which is equal to SEK 11 in sales for every krona spent on performance marketing.

Growth in European e-commerce

E-commerce in Europe is expected to grow by 11 per cent annually between 2012 and 2017 according to estimates by the market research company Forrester. However, the scale of e-commerce varies considerably between different countries, where population and Internet penetration are both important parameters. Three quarters of the e-commerce market in Europe relates to three countries: the UK, Germany and France. Forrester predicts that growth in these markets will continue, albeit at a lower rate as the markets reach maturity. Southern European consumers have traditionally adopted a more cautious attitude to purchasing online. Meanwhile, an increasing number of pure-play online retailers are emerging in these markets and it is likely that they will display the highest growth figures in the next few years, although from a low level.

Internet advertising

Investment in advertising can also impact Tradedoubler's performance through an increasing share of online advertising. According to a forecast from eMarketer, the overall advertising market is expected to show low single-figure growth, while Internet advertising expenditure is projected to grow both in absolute terms and as a share of the total advertising market in Western Europe. Online currently accounts for 23.2 per cent of Western European advertising expenditure and according to eMarketer, its share is forecast to grow to 31 per cent by 2016. According to ZenithOptimedia, EUR 18.6 billion was spent on online advertising during 2012 and this is forecast to increase to EUR 23.5 million by 2015, which corresponds to average annual growth of eight per cent.

Online travel bookings

The travel industry is the most important sector for Tradedoubler. As with retail e-commerce, revenue from online bookings is continuing to outpace growth in the travel market as a whole. According to PhoCusWright, the European travel market grew by 2.5 per cent in 2012, with gross bookings of EUR 242 billion. Online bookings increased by 10 per cent in 2012 and amounted to EUR 98.1 billion. Online bookings are forecast to increase to EUR 112.2 billion by 2014 and to account for 44 per cent of total bookings.

Significant events during the year

New Group Management

Rob Wilson was appointed as new President and CEO to succeed Urban Gillström. Rob Wilson was most recently head of the North West market unit. Jonas Ragnarsson took over as new CFO after Erik Skånsberg. Both managerial changes took effect on 1 August 2012.

The decision was made to abolish the role of CCO (Chief Commercial Officer) with responsibility for marketing and sales. Elaine Safier resigned from the company as a consequence of this.

Andrew Buckman was appointed COO (Chief Operating Officer), with effect from 1 January 2013. Magnus Nyström was appointed CTO (Chief Technology Officer) after holding the position on a temporary basis during the autumn of 2012. The group management team – executive management team – thus consists of these two persons plus CEO Rob Wilson and CFO Jonas Ragnarsson from January 1, 2013.

Changed organisation

A new operational organisation with six regional units was established ahead of 2013 in order to better service client needs, achieve improved business focus and boost cost efficiency. Responsibility for clients in three smaller markets (Belgium, Ireland and Austria) was shifted to strengthened regional offices in three key markets (France, UK and Germany) and the local offices were closed. A common Nordic organisation was created in order to provide better service to clients in the region.

A special Client Support Team was set up in Telford, UK for handling client administration. The aim is to make it easier for both international and local teams to drive improvements for the group's clients.

In accordance with the strategy to focus on performance marketing, the decision was taken to dedicate less resources to the Russian operations which are mainly dominated by campaign marketing. The Russian business will be managed from Poland and the Moscow office will be closed-down during the first quarter of 2013.

By establishing operations in Brazil, the group has made its entry into Latin America. Tradedoubler aims to generate business both for local and international clients and to recruit an attractive publisher base.

Product development

An important step introduced last year was a framework based on the product life cycle. The advantages are mainly shortened development times, improved delivery precision and closer collaboration with the client.

Mobile applications represent an increasingly important part of performance marketing and a number of applications were launched to strengthen the customer offering and enhance functionality. Tradedoubler is one of the leading players in the mobile field, which was confirmed when the company received the award for best mobile affiliate campaign during 2012 at the UK's Effective Mobile Marketing Awards.

An entirely new open platform for integration of publishers and external developers was implemented. This will boost the product development rate.

IT Outsourcing

Outsourcing of Tradedoubler's IT operations continued during the year. This has resulted in higher efficiency and has released resources for the product development organisation, among other things.

Sales, earnings and profitability

Consolidated net sales during 2012 amounted to SEK 2,307.7 M (2,612.7), a fall of 10 per cent adjusted for changes in exchange rates. Travel & tourism accounted for approximately one third of the transaction volume in Tradedoubler's network. Other major sectors are consumer electronics, media & entertainment and retail.

Gross profit amounted to SEK 541.5 M (626.5), a decline of 12 per cent adjusted for changes in exchange rates. Gross profit was adversely affected by a weak competitive situation, changes in the group management and by continued weak market conditions in Southern Europe. Large customers that have worked with performance marketing for a long time have to a greater extent opted to administer relationships with affiliates themselves, which also contributed to the weaker earnings. Tradedoubler also offers such services and thereby has the potential to retain customers for a longer time, even though this extension of the customer relationship is based on lower earnings.

Gross margin amounted to 23.5 per cent (24.0). Gross margin was negatively impacted by increasing competition from other players, both in display and in performance marketing.

Operating costs including depreciation and amortisation amounted to SEK 541.5 M (499.5), an increase of 10 per cent adjusted for changes in exchange rates, of which approximately SEK 31 M related to change-related costs. The latter consisted mainly of costs for closing offices in Belgium, Ireland, Russia and Austria and abolishing certain managerial positions. This is reflected in higher administrative and sales expenses.

Excluding change-related costs, operating costs increased by 2 per cent adjusted for changes in exchange rates during the year. The cost level was gradually reduced during the second half of the year. During the fourth quarter, the cost rate, excluding depreciation and amortisation and change-related costs, was SEK 38.9 M per month. The corresponding figure for the full year 2013 is expected to be a further SEK 2–4 M lower.

Depreciation, amortisation and impairments amounted to SEK 22.2 M (18.6). Intangible assets mainly related to an older product series, which was written down by its full book value of SEK 5.3 M.

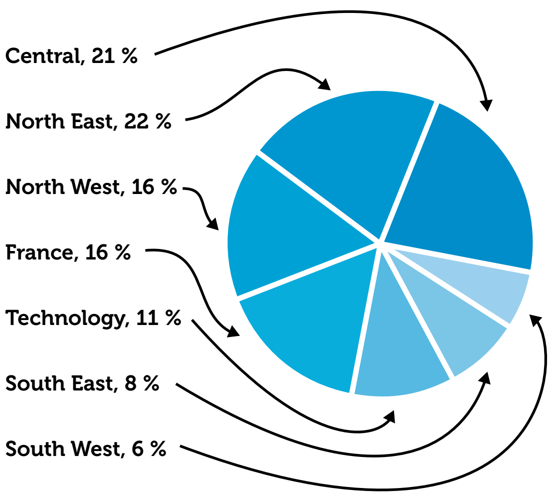
Confirmed bad debt losses and provisions for anticipated bad debt amounted to SEK 11.2 M (4.9). The comparative figure was positively affected by reversals of anticipated bad debt related to previous periods.

Taken together, the above changes and the fact that the company did not manage to adjust the cost level in line with the decrease in transaction volume, meant that operating profit (EBIT) amounted to SEK 0. M (127.1). Excluding change-related costs and impairment of intangible fixed assets, the equivalent figure was SEK 30.9 M (127.1).

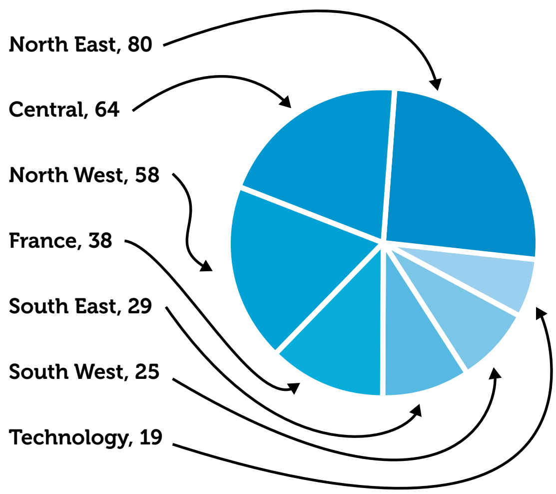
Financial income and expenses amounted to SEK 0.3 M (-12.7). The group had no interest-bearing loans at the end of 2012 (0.0).

Profit after tax for remaining operations amounted to SEK -10.2 M (92.2). Tax had a negative effect on profit of SEK -10.5 M (-22.2). Of this amount, SEK -5.1 M related to adjustments in respect of previous periods. The reduction in corporation tax in the UK and Sweden with effect from 2013, resulted in a revaluation of the company's deferred tax receivables, which impacted profit negatively by SEK -1.6 M.

Share of gross profit per operating unit 2012



Number of employees per operating unit December 31, 2012



Comments per operative unit

The operating units are run as separate units and each head of unit reported directly to the President and CEO during 2012. The six market unit's and Technology's results are charged with central expenses for product development, marketing, IT, finance and other support functions.

Central

The Central market unit covers the operations in Germany, Switzerland, Austria, Belgium and the Netherlands. The unit is Tradedoubler's second largest and accounts for 21 per cent of consolidated gross profit.

Gross profit in the unit weakened to SEK 111.9 M (131.4), a decrease of 12 per cent adjusted for changes in exchange rates. Meanwhile, operating profit fell to SEK -13.1 M (19.7), which meant that the operating profit/gross profit margin was negative for the year (15.0 per cent). During the year, Tradedoubler closed its office in Austria and responsibility for the market was shifted to Germany.

North East

The North East market unit is Tradedoubler's largest and covers the operations in Sweden, Norway, Denmark, Finland, Lithuania, Poland and Russia. The unit accounts for 22 per cent of consolidated gross profit.

Gross profit in the unit fell to SEK 117.6 M (127.8), a decrease of 6 per cent adjusted for changes in exchange rates. Operating profit fell at the same time to SEK -22.6 M (4.1), which meant that the operating profit/gross profit margin was negative for the year (3.2 per cent). During the second half of the year, the decision was taken to discontinue Tradedoubler's presence in Russia as the market is mainly driven by campaign marketing, the responsibility for the market was moved to Poland.

France

The France market unit, which covers France, accounts for 16 per cent of consolidated gross profit.

Gross profit in the unit decreased to SEK 86.9 M (99.7), a decline of 10 per cent adjusted for changes in exchange rates. Operating profit weakened at the same time to SEK 16.7 M (34.6), whilst the operating profit/gross profit margin fell to 19.2 (34.7) per cent. The operating profit was the highest for an individual unit.

The unit has performed relatively strongly but the campaigns segment also developed weakly in France.

North West

The North West market unit consists of the operations in the UK and Ireland and accounts for 16 per cent of consolidated gross profit.

The unit reported a rising gross profit of SEK 85.2 M (112.4), a decrease of 26 per cent adjusted for changes in exchange rates. Operating profit fell at the same time to SEK -12.9 M (12.2), which meant that the operating profit/gross profit margin was negative (10.9 per cent).

The performance of the unit during the year was strongly impacted by a weaker market position earlier in the year due to a number of re-negotiations and the loss of some large clients.

The unit's local office in Ireland was closed and the operations are now managed from the UK.

South East

The South East market unit mainly consists of Italy, from where some transactions also take place in Turkey and the Middle East. The unit accounted for 8 per cent of consolidated gross profit.

The unit strengthened its gross profit to SEK 45.6 M (63.1), a decrease of 25 per cent adjusted for changes in exchange rates. Operating profit fell at the same time to SEK 2.9 M (25.6), which meant that the operating profit/gross profit margin, weakened to 6.4 (40.6) per cent.

Gross profit fell as the unit lost a number of large clients early in the year and due to the adverse impact of economic and political uncertainty on the economy.

South West

The South West market unit consists of the operations in Spain and Portugal. The unit accounts for 6 per cent of consolidated gross profit.

Gross profit in the unit amounted to SEK 33.2 M (36.3), a decline of 5 per cent adjusted for changes in exchange rates. Operating profit fell at the same time to SEK 1.5 M (6.0), which meant that the operating profit/gross profit margin was 4.5 (16.6) per cent.

The weak economy in the region continues to affect the operations negatively.

Technology

The Technology unit offers Tradedoubler's technology platform to clients that want to build their own affiliate network. The unit accounts for 11 per cent of consolidated gross profit.

The unit's gross profit improved to SEK 61.1 M (55.9), an increase of 12 per cent adjusted for changes in exchange rates. Operating profit increased at the same time to SEK 27.5 M (24.8), which meant that the operating profit/gross profit margin, remained high at 45.0 (44.4) per cent.

Technology performed solidly during the year despite the tough economic climate in parts of Europe. During the second half of the year, preparations were made to gradually shift responsibility for sales of the unit's products to local sales teams, which is expected to have a positive effect on the unit's performance going forward.

Discontinued operations

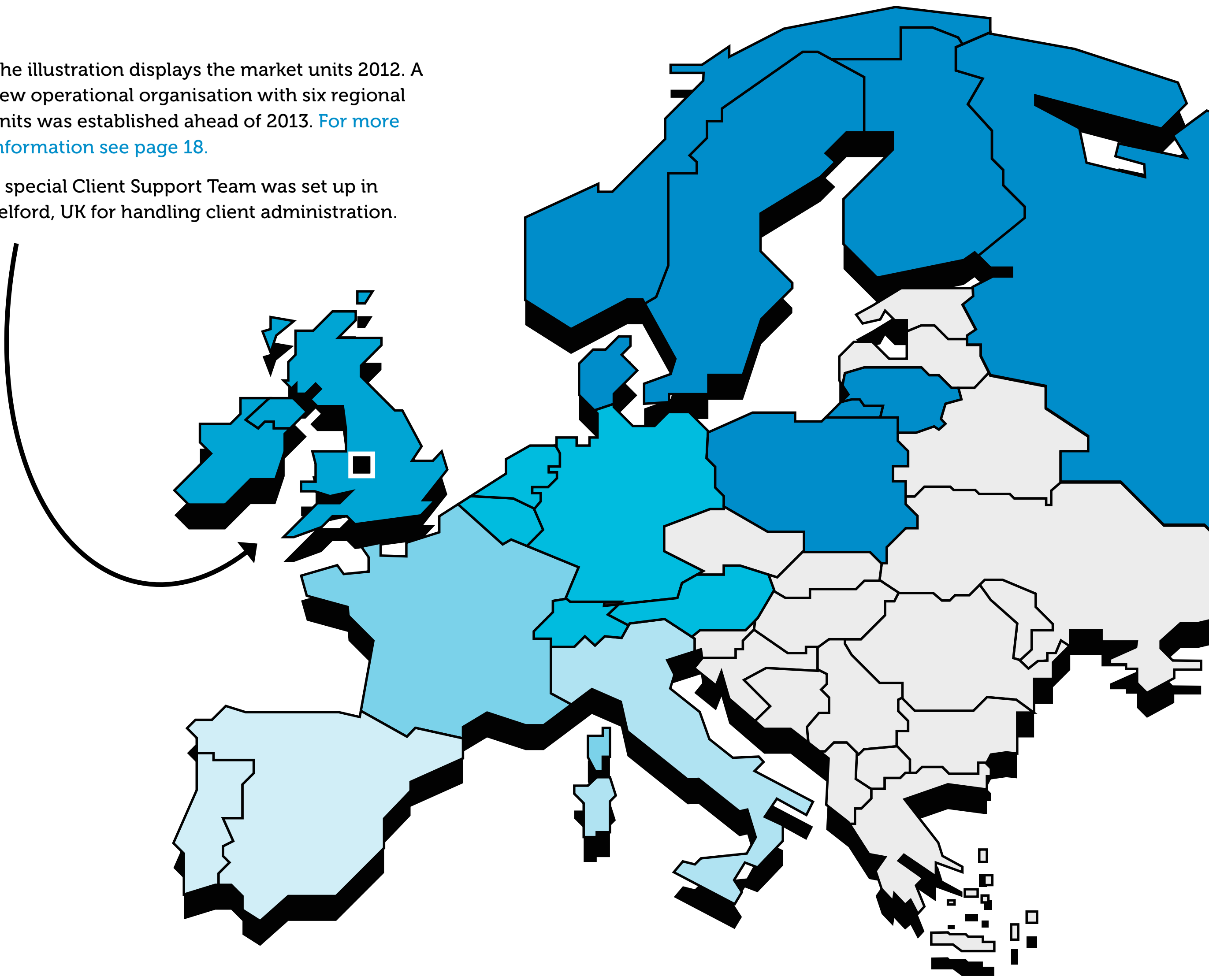
The operations in the Search market unit were sold during the fourth quarter of 2011, after which these operations are reported as discontinued operations in the income statement.

The net effect on consolidated equity from the disposal amounted to SEK 2.2 M (-45.0). For the comparative year, the net effect relates to a capital loss from the divestment (excluding reversed currency- and translation differences) of SEK -38.0 M and transaction costs of SEK -7.0 M. The transaction costs mainly include fees to advisors. During 2012, the transaction was completed which meant further sales-related adjustments, amounting to SEK 2.2 M in total.

The total effect of the divestment on consolidated equity was SEK -42.8 M and an adjustment was made in equity from translation difference to net profit for the year of SEK -101.8 M in total.

The illustration displays the market units 2012. A new operational organisation with six regional units was established ahead of 2013. For more information see page 18.

A special Client Support Team was set up in Telford, UK for handling client administration.



Cash flow

Cash flow from operating activities during 2012 amounted to SEK -14.9 M (123.6). The negative trend was due to lower earnings with falling volume and a negative working capital trend. Working capital was reduced by large payments to publishers before year-end, among other factors.

Net investments in intangible assets increased to SEK -36.2 M (-25.8). These investments mainly consisted of improvements to production and business systems as well as product development.

Cash flow from financing activities in the form of dividends paid amounted to SEK -64.0 M (0) SEK.

Cash flow for the year from remaining operations was SEK -120.1 M (68.1).

Financial position

The group had no interest-bearing loans at the end of 2012. Working capital at year-end amounted to SEK -128.6 M (-140.9), a decrease of SEK 12.3 M. Cash and cash equivalents amounted to SEK 164.4 M (290.7). The total assets amounted to SEK 1,190.1 M (1,436.6).

Consolidated shareholders' equity amounted to SEK 488.4 M (580.8) at end of 2012. The return on equity was negative, (16.8 per cent).

The equity/assets ratio strengthened somewhat to 41.0 (40.4) per cent since the balance sheet total fell, mainly due to decreased accounts receivable and cash and cash equivalents. These mainly decreased due to lower transaction volume.

Tradedoubler has a significant goodwill item due to a previous acquisition in the UK. This goodwill item has been allocated to the group's cash-generating units, the six market units and Technology, and is tested for impairment at least on an annual basis.

Product development

Tradedoubler's main goal is that the company shall be a leading technology supplier in performance marketing. An important part of the group's product development strategy was introduced last year in the form of a framework based on the product life cycle. This means that the organisation is using a comprehensive perspective in order to develop, launch and maintain market-leading products, thereby providing more added value to the group's clients. The advantages are mainly shortened development times, improved delivery precision and closer collaboration with the client.

As part of our efforts to further strengthen our client focus in development work, regular customer workshops are being introduced this year with the group's key clients in order to improve the interaction with users of the new functionality. Among other things, the aim is to present product innovations and thereby boost awareness about Tradedoubler's latest releases at an early stage. The idea is to also bring clients closer to the product development organisation and vice versa. In this way, the general wishes of the client base can more rapidly influence and refine our development efforts.

Last year, functionality was also released for ad management in the affiliate customer segment, which was previously available in the campaigns product area. This employs an optimisation algorithm that always uses the most profitable advert. In addition, it is possible to steer the publication of the advert in order to ensure that we reach the right target group and thereby boost the conversion rate.

Mobile applications represent an increasingly important part of performance marketing and a number of applications were launched to strengthen the customer offering and to enhance functionality. These mainly related to mobile affiliate programmes and tracking of transactions on mobile sites and in apps. A mobile SDK (Software Development Kit) that helps our publishers and advertisers to develop their mobile operations has also been produced. During the year, a mobile app for affiliates was also released which provides a quick overview of a counterparty's cooperation with Tradedoubler and gives access to daily earnings statistics.

An entirely new open platform (API) for integration of publishers and external developers was implemented. The open platform is increasing the speed of product development and several new products have been launched in this way. The new platform also includes a payment solution that is adapted for Latin America.

A handling system for voucher codes was also introduced during the year. Discount coupons or voucher codes are an effective way to encourage purchasing and have become very popular for driving consumers, who investigate the selection of products and services via their mobiles, to actually purchase the product, either online or in a store.

A solution was launched in the Technology business area, which enables clients with private networks to use their own brand on publisher websites. The ad management functionality was also introduced to customers in Technology in order to enable steering of adverts to the right target group and thereby boost the conversion rate.

Research and development costs (product development) amounted to SEK 39.1 M (42.7), corresponding to 7.2 (6.8) per cent of gross profit. During 2012, Tradedoubler capitalised SEK 15.6 M (8.0) attributable to product development.

Three focus areas in 2013

The plan for 2013 as regards product development will concentrate on further strengthening the client offering in performance marketing. This will focus on three main areas: Mobile, billing/payment and automation.

In Mobile, the proportion of purchases using mobile applications is increasing. Tradedoubler will therefore develop tracking technology for mobile applications so that the client can easily monitor purchasing activity. Tradedoubler is one of the leading players in the mobile field, which was confirmed when the company received the award for best mobile affiliate campaign during 2012 at the UK's Effective Mobile Marketing Awards.

The goal of more efficient billing/payment is a more flexible system, which will strengthen the relationship with publishers in particular. With a more efficient billing/payment process, publishers can get paid faster and more flexibly. This will also mean greater efficiency in advance payments from advertisers.

Automation is both a way of improving efficiency and of enhancing the level of client service. Greater automation will enable advertisers and publishers to collaborate more effectively and seamlessly via Tradedoubler's technology platform. Changes in product catalogue and voucher codes will also facilitate integration with the technology platform for publishers and third party developers.

Concurrently, Tradedoubler is also working on offering advertisers more refined analysis of consumer behaviour.

Parent Company

The parent company's net sales amounted to SEK 128.9 M (193.6). Revenue primarily consisted of licensing revenue and remuneration from subsidiaries for centrally performed services. The change in net sales is due to reduced licensing revenue. Licensing revenues are based on the underlying profitability in subsidiaries in accordance with the group's "transfer pricing" agreement.

Financial income and expenses amounted to SEK -1.0 M (-363.5). Financial income and expenses mainly consists of profit from holdings in subsidiaries as well as exchange differences, interest income and interest expenses. For the comparative year, the financial income and expenses included costs for write-down of shares and participations in subsidiaries of SEK -339.0 M, as well as costs for discontinued operations, including a loss of SEK 105.2 M, which arose in connection with the sale of the Search business. The loss was principally related to a reversal of net investments via the parent company's profit.

Net profit for year amounted to SEK -38.1 M (-335.4).

The parent company's receivables from group companies amounted to SEK 145.9 M (157.3) at the end of 2012, of which SEK 24.8 M (none) were non-current. The parent company's liabilities to group companies amounted to SEK 191.1 M (71.1), of which none (none) were non-current. Cash and cash equivalents amounted to SEK 57.1 M (52.2).

Sustainability work

Conducting sustainable business is an increasingly important feature of a modern society. Increased global prosperity means that it is becoming more important to find common solutions that meet current needs without jeopardising the possibilities of future generations to meet their needs.

Tradedoubler aims to act responsibly in the countries where the company conducts business and where the company operates in other contexts. Tradedoubler's sustainability work is firmly established in certain internal policies and guidelines that govern the operations and are continually implemented in the operations when they are updated. During the year an "Anti Corruption and Bribery Policy" was developed which was approved by the Board in 2013. Tradedoubler also complies with relevant national and international laws and regulations. Tradedoubler has not achieved its ambition to compile and adapt certain policies relating to the company's sustainability work into an overall Corporate Social Responsibility policy during the year. This ambition remains and Tradedoubler will continually strive to improve its efforts in this area. In 2013, Tradedoubler will also evaluate whether to begin reporting according to GRI (Global Reporting Initiative)

The company's stakeholders

Tradedoubler operates in the Internet-based economy and through its business model has a large number of stakeholders that influence and are influenced by the company's operations.

Tradedoubler's business model aims to help companies improve their online business. The business operations are mainly conducted through the company's advertising network, where Tradedoubler steers the display of adverts to the websites where they have the best effect. The technology platform registers what activity is generated by the adverts on various websites and can thereby optimise advert display. Tradedoubler works with about 2,000 advertisers and has about 140,000 publishers or website owners in its advertising network.

Tradedoubler has also a responsibility for the company's employees. With more than 460 employees spread out across Tradedoubler's markets, compliance with national legislation, regulations, practicies and internal policies and guidelines as regards employees' working conditions and terms of employment is of great importance, as is the perception of an individual employee of what constitutes a good workplace.

See more information regarding employees below. Other examples of stakeholders that are close to the company are its shareholders, suppliers and partners as well as companies, organisations and individuals that live and work in the local communities where Tradedoubler is present.

Social responsibility

Tradedoubler's operations are largely based on tracking visitors on various websites for certain periods of time. This enables Tradedoubler to charge in relation to performance, i.e. in relation to what result the advert generated for the advertiser.

Tradedoubler assumes its social responsibility in relation to integrity issues by not entering into cooperation with partners or suppliers that contravene laws and regulations, the company's agreements and policies or that can be considered dubious from an ethical or moral standpoint. Tradedoubler also conducts ongoing discussions internally as well as in trade associations regarding practice as well as laws and regulations in this and other fields related to the company's business.

The company is dependent on high quality in its advertising network in order to secure suppliers that meet client expectations and needs. By means of checks and action plans, Tradedoubler works actively to maintain the desired level of quality in its network.

During 2011, legislation was introduced for use of cookies in the EU member states that offers Internet users the possibility of avoiding tracking in the way that occurs today. Tradedoubler's operations are conducted in accordance with these laws and regulations as well as local legislation and regulations governing Internet use.

Tradedoubler contributes to social developments through its business operations. We improve business for our customers and generate revenue for our publishers, which makes it possible for them to provide information via the Internet. Tradedoubler also contributes to the technological development that is taking place in society by making it easier for players to generate revenue via the Internet. Through our advertising network, we also connect other players between different markets and geographical areas.

Environmental responsibility

Tradedoubler's operations have a limited impact on the environment. The company's ambition is to act as a sustainable business and make environmentally friendly choices whenever possible. As Tradedoubler conducts operations in a large number of markets, travel is the area where the company can improve its environmental impact. Tradedoubler works actively to reduce travel and chooses video conferences to a large extent instead of face-to-face meetings. The company also continually compiles information regarding employee travel in order to monitor the efficiency of business trips undertaken.

Employees

At the end of 2012, Tradedoubler's staff corresponded to 465 (498) full-time equivalents (FTEs), which includes full-time, temporary and contract employees. The average number of full-time equivalents was 488 (543). The difference between years is mainly explained by the discontinuation of Search and the outsourcing of parts of the IT operations, which reduced the number of FTEs by 59 in December 2011.

Of the employees, 54 (58) per cent were men. None of the eight members of the group management team on 31 December, was a woman.

In 2012, Tradedoubler continued its activities to reduce employee turnover. During the year, employee turnover fell further to 23 per cent, compared to 26 per cent in 2011. This level is still considered too high and therefore the issue will be addressed further in 2013. Rotation and mentor programmes form part of the strategy to reduce employee turnover and these programmes will be continued in 2013. Tradedoubler's introduction programme will also continue during 2013. Improving employee commitment and career opportunities are among the group's key priorities.

For the eighth consecutive year, Tradedoubler conducted an employee survey in 2012 which indicated a marginal deterioration compared to the previous year. However, the results in the comparative year were the best ever. The survey showed that a majority of the employees consider that Tradedoubler is "much better" or "a little better" than other companies and would recommend it as an employer. The employees are very much aware of the group's core values .

Tradedoubler's steering documents include a company-wide "Global Employee Manual" which is updated regularly. Local manuals are also produced for markets in which Tradedoubler has a large number of employees. The local manuals set out the group's overall manual while taking account of local conditions.

The share and owners

Tradedoubler's share was listed on NASDAQ OMX Stockholm on 8 November 2005 and is traded on the list for Small Cap companies on NASDAQ OMX Stockholm. The share is classified as Information Technology. The share capital on 31 December 2012 amounted to SEK 17.1 M distributed among 42,807,449 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's share price fell during the year by 54.2 per cent from SEK 27.30 to SEK 12.50 on 31 December 2012. The highest price recorded during the year was SEK 35.50 and the lowest price was SEK 8.9. The market capitalisation on 31 December 2012 amounted to SEK 535 M.

At year-end Tradedoubler had 2,937 (3,210) shareholders. The company's largest shareholder was SEB Fonder with 16.7 per cent of the capital and votes. The five largest shareholders, consisting of financial and institutional players, jointly owned 40.5 (43.6) per cent of the shares. At year-end, Swedish financial and institutional players owned 56.7 per cent (66.1) of the shares and Swedish private individuals owned 7.2 per cent (4.3) of the shares. Foreign ownership decreased during 2012 to 26.1 (29.6) per cent. The board of directors and group management jointly owned approx. 0.3 percent (0.4) of the votes and capital.

The annual general meeting 2011 and 2012 respectively, resolved that the company management should be invited to participate in a long-term incentive programme which may amount to a maximum of 510,000 shares. A total of 130,000 shares, repurchased for a previous performance share programme which expired without any value in 2011, were retained in order to secure the obligation in respect of new performance-related share programmes.

For more information regarding the share, see Tradedoubler's investor site:http:// financials.tradedoubler.com/en-gb/Investor-Relations/ Tradedoubler-share

Dividend policy

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.

The Board proposes that no dividend should be declared for 2012 (SEK 1.50 per share) in accordance with Tradedoubler's guidelines.

Outlook

E-commerce

All the indications are that the Internet will continue to offer opportunities for profitable growth. Online commerce in all key vertical sectors is set to continue to outpace growth in offline commerce over the next five years. Retail e-commerce in Western Europe is forecast to grow by 11 per cent per year between 2012 and 2017 according to Forrester*, the market research company.

Online travel

Online travel is the most important vertical sector for Tradedoubler and, as with retail e-commerce, this sector will continue to grow faster than the overal travel market. According to PhoCusWright, online travel revenue will increase by seven per cent in 2013 and 2014, compared to overall marketplace growth of three per cent in each year.

Online advertising expenditure

Online advertising expenditure can also impact the performance of Tradedoubler. Internet advertising in Western Europe is forecast to continue to grow and to capture an increasing share of total ad spending. ZenithOptimedia, the media services agency, forecasts that online ad spending in Western Europe will increase from EUR 16.8 bilion in 2012 to around EUR 23.5 billion by 2015 – average annual growth of around eight per cent.

Performance Marketing

Tradedoubler operates in the Performance Marketing sector. Tradedoubler estimates that growth in this highly competitive marketplace will be in the region of five per cent during 2013.

Research carried out by Tradedoubler during February 2013 demonstrates that Performance Marketing channels such as price comparison, loyalty, voucher code, cashback and daily deal websites are increasingly being used by consumers for researching purchases as well as for actually getting the best price at the end of the purchase process. The research clearly demonstrates the high value of these channels for both consumers and advertisers.

Mobile

Increasing use of smartphones for both researching and purchasing goods and services will be an important driver for online commerce. eMarketer estimates that 105 million people in Western Europe owned a smartphone in 2012. This number is set to more than double by 2016 to over 250 million, when Europe will have higher smartphone penetration than any other region in the world.

Tradedoubler's research highlights the growing use of smartphones for informing purchase decisions. Mobile devices are increasingly used as second screens to research and make purchases inspired by TV advertising. Perhaps more importantly, we are seeing widespread use of smartphones to research purchases while out shopping, with three quarters of survey respondents saying they used their mobiles to check for a better price or find out more information and 60 per cent saying they have bought online after carrying out further research on their mobile.

This increasingly sophisticated consumer behaviour offers opportunities for Performance Marketing. It highlights the need for multi-channel digital communications strategies in which Performance Marketing plays a key role in driving sales both in an online and offline environment. This initial study is part of a programme of research during 2013 that will deliver new insights into the value of Performance Marketing for advertisers and publishers.

Events after the balance sheet date

The organisational structure is being changed in order to achieve greater business focus and higher efficiency from 1 January 2013. The new market units are:

DACH: Switzerland, Germany, Austria
East: Lithuania, Poland, Russia
France & Benelux: Belgium, France, Netherlands
Nordics: Denmark, Finland, Norway, Sweden
South: Brazil, Italy, Portugal, Spain
UK & Ireland: Ireland, UK

Technology will continue to be reported as a separate segment. Tradedoubler will report according to the new seven segments as from the first quarter of 2013.

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	-248,504,089
Net profit for the year	-38,076,119
Total non-restricted equity	**65,960,077**

The Board of Directors proposes that no dividend shall be declared (SEK 1.50 per share) and that the profit at the disposal of the annual general meeting be carried forward.

Risks and uncertainty factors

Tradedoubler's operations are subject to risks like all business activities. Managing risks well can create opportunities and value for the group whereas less successful risk management can cause losses.

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 on identifying and managing risks in the group, a thorough annual review is also performed in conjunction with the strategic overview. Risks are continuously reported to the board and company management. Through clear processes and routines, the company's goal is to take advantage of the opportunities presented in a rapidly changing market, while, minimising the risk for damage and losses.

Tradedoubler distinguishes between market-related risks, operational risks, financial risks and legal risks. The most significant risks affecting Tradedoubler's operations are described in this section.

Market-related risks

Market conditions and macroeconomics

Tradedoubler's market may be divided into the e-commerce market and the market for Internet advertising. During an economic cycle, Tradedoubler sees a stable positive trend in the e-commerce market, which is driven by the shift to increased trade on the Internet. The Internet advertising market is more volatile and is affected to a greater extent by market conditions in the same way as other advertising media. Generally speaking, less mature markets have a larger share of campaign advertising, which is more volatile but has higher margins. A more mature market has a relatively higher proportion of affiliate- or performance marketing, which leads to a more stable positive development but lower margins. Since Internet maturity and behaviour differ between various geographical markets, the company's product mix and each market are affected differently by the macroeconomic trend in the respective region.

The Company has seen continued pressure during the year due to market conditions and macroeconomic trends. The trend has been challenging in several of the company's major markets and this has meant that a larger part of Tradedoubler's earnings come from more mature markets, which in turn affects the group's gross margin negatively.

Advertisers are still increasingly choosing the Internet over traditional media. This trend in conjunction with Tradedoubler's performance-based business model, is counterbalancing negative macroeconomic developments to some extent. Tradedoubler strives actively to achieve a balance between mature and less mature markets in order to maintain an appropriate risk level.

Competition and price pressure

Tradedoubler's market is subject to intense competition with increasing price pressure, especially in a mature market such as the UK. Large and popular websites have employees who work with direct sales of significant proprietary advertising space, which influences pricing of Internet advertising in several of Tradedoubler's markets.

There is a risk that more automated intermediaries will emerge that will affect parts of Tradedoubler's service offering. A more automated market means that Tradedoubler's provision of services will come under price pressure. This will primarily affect services which have low requirements in terms of tracking possibilities.

Tradedoubler is investing considerable resources in product development in order to ensure an attractive technology platform for advertisers and publishers. Tradedoubler also continually reviews its offering to advertisers and publishers in order to maintain a competitive offering.

Technical development

Internet advertising is a very technology-intensive sector, which is characterised by a high degree of innovation and rapid movability towards new products that improve conditions for parties in the market. New functionalities and technical tools are being constantly developed, both by Tradedoubler and by its competitors. Tradedoubler's ability to take note of or create technological changes and make money from them is fundamental to the future earning capacity of the group.

Technological progress or innovation can also radically alter conditions for companies that are active in the sector, or materially change the competitive situation.

Tradedoubler is dependent on people's use of and behaviour on the Internet. Should present behavioural patterns change or Internet use decrease for some reason, e.g. so that users are prevented from reaching websites displaying adverts, this may affect Tradedoubler negatively and require technological advancement in order to reduce possible adverse effects.

Tradedoubler makes continuous efforts to monitor the group's local environment, to capture international trends and analyse market needs in order to also offer an attractive service range in the future. Combined with the resources invested in product development, this provides the group with a good platform for contributing to technological developments in the market.

Changes in the value of goodwill

Tradedoubler has a significant goodwill item on account of a previous acquisition in the UK. This goodwill item has been allocated to the group's cash-generating units, the six market units and Technology, and is tested for impairment at least on an annual basis. It cannot be ruled out that a future test in respect of a permanent decline in goodwill – an impairment test – would lead to a impairment need.

Operational risk

Key people

One of Tradedoubler's success factors is the ability of the company to attract and retain skilled employees in all operational areas. Tradedoubler's strengths include a leading product, career opportunities and our international offering combined with our knowledge of local conditions. These are examples of the factors that form the basis of the broad range of skills that the company needs for its success. Tradedoubler is totally dependent on being able to attract and retain skilled personnel, both managers as well as other key people.

Tradedoubler reduced employee turnover from 26 to 22.5 per cent during the year. Tradedoubler will continue with these activities in order to further reduce employee turnover to an appropriate level.

Computer and communication systems

Tradedoubler's business operations are dependent on computer and communications systems that function effectively and without disruptions. A breakdown or fault in public communications or in internal systems may complicate or render Tradedoubler's operations impossible. All systems are vulnerable, e.g. to computer virus attacks or other external infrastructural impacts.

Notwithstanding the precautionary measures taken by Tradedoubler, unlawful acts from a third party, natural disasters or other unforeseen events can result in information at TradeDoubler, or at third parties, not being registered, being destroyed or lost.

During the year, Tradedoubler continued the work of migrating its production environment to new suppliers. This work was completed in early 2013 and will considerably reduce the risk of disruptions in computer and communications systems.

Internal control

Tradedoubler is working on strengthening the internal governance and control of Tradedoubler's operations and processes, including the financial reporting and the IT security connected with that.

Even if successes are continually achieved, work still remains to be done before the internal control and risk management in respect of the company's financial reporting reaches the level desired by the board.

During 2013, the company will continue the work on strengthening internal control and risk management in respect of the financial reporting in the group's companies and processes. The work will mainly focus on continued improvement and documentation of the financial processes and the control structures in these areas and on completing certain ongoing projects.

This work is described in the section "The Board's report on internal control and risk management".

Financial risk

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 a number of countries involving ten different currencies, with Euro (EUR) and British pounds (GBP) representing the majority share.

In 2012, approximately 53 (49) per cent of group sales were made in EUR and approximately 26 (33) per cent in GBP. In 2012, approximately 32 (36) per cent of group costs were in EUR and approximately 18 (18) percent 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 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.

In connection with translation of the group's investments in foreign subsidiaries to the group's presentation currency, SEK, translation exposure arises, 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 7 M, of which SEK 4 M relates to subsidiaries in Euro zone countries, SEK 2 M to the UK subsidiary and SEK 1 M to other foreign subsidiaries 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 44 M, of which SEK 8 M relates to subsidiaries in Euro zone countries, SEK 2 M to the UK subsidiary and SEK 9 M to other foreign subsidiaries 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.

Customer credit risk

The group is exposed to credit risk, which arises primarily in connection with trade receivables. The number of customers with financial difficulties increases during a recession. Tradedoubler is thus subject to increased customer credit risk during a recession.

The group has established a credit policy that defines how clients are handled, with decision-making levels set for various credit limits. New clients are subjected to credit rating reports by credit information companies, and the outcome provides the basis for setting credit and payment terms and conditions for each client. Tradedoubler's operations are conducted according to a business model which is based on advance payment from clients. Since a publisher in most cases only gets paid when the customer has paid the invoice, the group's customer credit risk is thereby reduced. When deviations from the advance payment policy are made, the company's credit policy serves as the basis for decision. The company continues to see low customer losses in the business.

Tradedoubler has not noticed increased customer losses in any geographical area. However, the group management is continuing to actively monitor the situation, particularly as regards Southern Europe. Tradedoubler has not identified any specific risk concentration for any customer category.

Liquidity risk

Tradedoubler's works actively to minimise the group's liquidity risk, among other ways by the fact that a publisher only gets paid when the customer has paid the invoice to Tradedoubler. Tradedoubler limits the liquidity risk in this way. Credit ratings are performed on all new clients and Tradedoubler normally requires advance payments from clients for whom adequate financial information is not available.

Tradedoubler also has counterparty risk in connection with the liquidity risk, which is principally related to banks in existing markets. The continued uncertainty in Southern Europe is affecting a number of the banks that the group is working with.

During the year, Tradedoubler continued the work on consolidating its liquids assets with a smaller number of more credit worthy banks. This work will be completed in 2013 and will further reduce the liquidity risk in the operations.

Legal risks

Taxes

Tradedoubler conducts its operations via companies in several countries. The operations, including transactions between group companies, are conducted in accordance with applicable tax laws, tax treaties and other provisions in the relevant countries. However, it cannot be ruled out that Tradedoubler's interpretation of applicable law does not conform to what a court or authority may determine in the future, or that prevailing rules are altered, possibly with retroactive effect. Future rulings or decisions may cause Tradedoubler's tax situation to change negatively.

Disputes and intellectual property rights

From time to time, Tradedoubler is involved in disputes in the course of its normal business operations. There are very few disputes in relation to the scale of the operations. Disputes that arise typically concern small amounts.

Tradedoubler is particularly exposed to disputes regarding intellectual property rights. The operations are totally dependent on the technical platform which is largely internally-developed and protected by copyright and trade secrets legislation. Open sources codes are used in systems. Tradedoubler risks being subject to both infringement and assertions of infringement.

In addition, Tradedoubler's operations mean that the company handles large volumes of trademarks and other protected intellectual property on behalf of advertisers. Minor disputes and claims continually arise on account of this.

Another primary category for potential disputes is different types of Internet fraud or similar acts by publishers, deficient quality in the traffic supplied to advertisers or other alleged deficiencies in Tradedoubler's services.

New legislation

Tradedoubler's operations are conducted in a large number of geographical markets, principally within the EU, which means that the group is exposed to a large number of legal systems.

In addition, the Internet is a comparatively new sector and a significant increase in the rate of regulation is taking place, particularly in matters relating to personal integrity.

Tradedoubler works with trade associations in order to influence legislation, locally and within the EU, which can affect the group negatively.

The EU adopted a directive on privacy and electronic communications (2002/58/EG) in late 2009, which depending on how supervision is exercised in the member states, may have negative consequences for how tracking on the Internet may be carried out, and thus for parts of Tradedoubler's operations. However, the consequences of the various laws that are implemented in the member counties are difficult to grasp as there are many different possible interpretations and supervision is expected to differ considerably between member states.

In early 2012, the EU Commission presented its proposal for a radical reform of EU rules regarding protection of personal data. One of the most important changes is the "the right to be forgotten" principle which shall be a guarantee for all EU citizens, i.e. when there is no longer any reason to store data it should be destroyed. Depending on how the proposal is implemented, it may have negative consequences for how tracking on Internet may be conducted and thus for parts of Tradedoubler's operations.

Tradedoubler's Corporate Governance

Tradedoubler is a Swedish public limited liability company domiciled in Stockholm. Tradedoubler's share has been quoted on NASDAQ OMX Stockholm since 8 November 2005.

Corporate governance in Tradedoubler is primarily exercised by the shareholders at the annual general meeting, the board of directors, the CEO and the group management.

The external control instruments which make up the corporate governance framework within Tradedoubler include the Swedish Companies Act, the Swedish Annual Accounts Act , NASDAQ OMX Stockholm's rules and regulations, statements of the Swedish Securities Council, the Swedish Code of Corporate Governance ("the Code") as well as other relevant laws and regulations. The internal control instruments include the articles of association adopted by the general meeting, the formal work plan of the board of directors, the CEO's instructions and instructions regarding financial reporting to the board.

The Code is based on the principle "comply or explain" which means that a company which applies the Code may depart from specific rules in particular cases if it would be considered to result in better corporate governance.

General meeting of shareholders

The Annual General Meeting is Tradedoubler's highest decision-making body in which the shareholders exercise their rights to decide on the affairs of the company. Each share carries one vote and there are no limitations as regards how many votes each shareholder may cast at a general meeting of shareholders. Shareholders are informed via the website of their entitlement to have an item addressed at the annual general meeting.

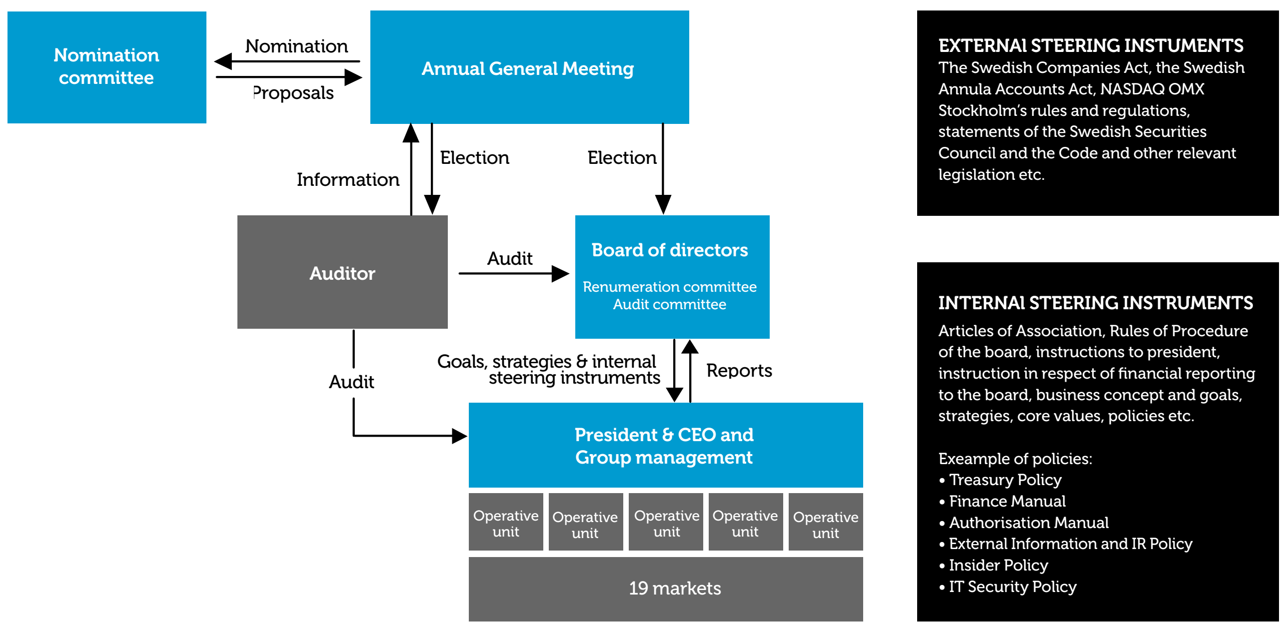
Notices convening annual general meetings where the annual accounts shall be presented and extraordinary general meetings where questions relating to amendment of the articles of association shall be dealt with, must be sent out not earlier than six and not later than four weeks prior to the meeting. Notices convening other extraordinary general meetings shall be issued not earlier than six weeks and not later than three weeks prior to the meeting. Notices convening Tradedoubler's general meetings of shareholders shall take place through advertisement in Swedish Official Gazette and on the website. It shall also be announced in Dagens Industri that notice has been given.

Shareholders who are registered in the share register on the record day, five weekdays days prior to the date of the annual general meeting 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 annual general meeting, either in person or by proxy.

By law, the annual general meeting must be held within six months of the end of the financial year. The obligatory duties of the annual general meeting include resolving on adoption of the income statement and balance sheet for the parent company and the consolidated income statement and consolidated balance sheet, to resolve on appropriation of the company's profit or loss according to the adopted balance sheet, to resolve on discharge from liability for the members of the board and the CEO as well as to adopt principles of remuneration for senior executives. The general meeting of shareholders is the organ that decides on possible changes in the company's articles of association, which is the most fundamental control instrument.

Among other things, the annual general meeting shall elect board members until the end of the next annual general meeting, the chairman of the board until the end of the next annual general meeting, and where appropriate, auditors. The annual general meeting shall also pass resolutions regarding fees for directors and auditors, possible share-related and share-price related incentive programmes to the company management as well as appointment of the nomination committee.

Corporate governance in Tradedoubler



Nomination Committee

The company should have a nomination committee according to the Code. Tradedoubler's annual general meeting passes resolutions regarding a nomination committee before the next annual general meeting. The principal duty of the nomination committee is to prepare proposals to be submitted to the annual general meeting for resolution regarding:

- election of a chairman at the annual general meeting
- election of board members
- election of the chairman of the board
- election of auditor, where appropriate
- fees and other remuneration for directorships to each one of the board members and remuneration for committee work
- fees to auditor
- appointment of nomination committee

The nomination committee's proposals shall be announced in conjunction with the notice convening the annual general meeting. The nomination committee presents its proposals and a report on its work at the annual general meeting. All shareholders are entitled to submit proposals for board members to the nomination committee. The nomination committee shall consist of four members and be composed of one representative of each of the three largest shareholders in terms of the number of votes, as of the last banking day in August, who wish to appoint such a representative, as well as the chairman of the board.

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 composition of the nomination committee is announced as soon as its members are appointed, however, not later than six months before the annual general meeting. If, over the course of the mandate period, the relationship among the three largest shareholders changes in terms of the number of votes, the member of the nomination committee concerned shall place his or her position on the committee at the disposal of the shareholder that has assumed a place among the three largest shareholders in terms of the number of votes. Changes in the composition of the nomination committee shall be announced as soon as such an event occurs.

Board of Directors

The Board of Director's composition and independence

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 officers in Tradedoubler participate in board meetings when required, for instance to present reports. At most meetings, the board conducts discussions where neither the CEO nor any other employee of the company is present. The company's legal counsel serves as the secretary to the board.

The Code stipulates that the majority of the board members elected by the annual general meeting must be independent in relation to the company and the company management, and that at least two of the members must be independent in relation to the company's major shareholders.

The Board of Directors' responsibility and work

Tradedoubler's board is responsible under the Swedish Companies Act for the company's organisation and the administration of the company's affairs. The board shall continually assess the financial situation of the company and the group and ensure that the company's organisation is designed so that the accounting, management of assets and the company's financial affairs in other respects are controlled in a secure manner.

Composition, independence and renumeration of the Board 2012

Name	Born	Nationality	Elected	The Board of directors	The Audit Committee	The Renumeration 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***
Mats Sundström	1955	Swedish	2009	Chairman	Member	Member	Yes	670,000 + 50,000 + 25,000	40,000
Kristofer Arwin	1970	Swedish	2007	Member	-	-	Yes	310,000	31,150
Heléne Vibbleus Bergquist	1958	Swedish	2009	Member	Member	Chairman	Yes	310,000 + 50,000 + 50,000	3,000
Martin Henricson	1961	Swedish	2001	Member	-	-	Yes	310,000	15,000
Caroline Sundewall	1958	Swedish	2009	Member	Chairman	-	Yes	310,000 + 100,000	2,000
Simon Turner	1951	British	2010	Member	-	Member	Yes	310,000 + 25,000	1,300
Total								**2,520,000**	**92,450**

* The nomination committee considers that all members of the Board of Directors are independent in relation to the company, the company management and the company's largest shareholders. The composition of the Board of Directors is therefore in compliance with the demands of an independent Board of Directors.

** The annual general meeting 2012 adopted the nomination committee´s proposal regarding director´s fees corresponding to SEK 670,000 for the chairman of the Board and SEK 310,000 to each of the other board members elected by the general meeting. SEK 100,000 is payable to the chairman of the audit committee and SEK 50,000 to each of the other members of the audit committee. SEK 50,000 is payable to the chairman of the remuneration committee and SEK 25,000 to each of the other members of the remuneration committee. The amount of compensation relates to the period 8 May 2012 to 7 May 2013.

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

According to the Code, the duties of the board include:

- setting operational goals and strategies,
- appointing, evaluating and when required dismissing the CEO,
- ensuring that effective systems for follow up and control of the company's operations exist,
- ensuring that there is satisfactory control of the company's compliance with laws and other regulations applicable to the company's operations,
- ensuring that requisite ethical guidelines are established for the company's conduct and
- ensuring that the company's information disclosure is characterised by openness and is accurate, relevant and reliable.

The work of the board is guided by a formal work plan which is adopted each year, usually at the statutory board meeting. The formal work plan sets out the responsibilities of the board 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 financial reporting.

According to the formal work plan, the board shall hold at least five ordinary meetings annually. A statutory meeting shall be held after the annual general meeting and four ordinary meetings shall be held in connection with the release of interim reports and the year-end report. In addition to this, the board meets in order to determine the group's strategies and goals and to adopt the group's budget and business plan for the next year.

The board's responsibility also includes deciding on acquisitions and disposals of companies and operations, deciding on major investments, deciding on loans, guarantees and providing guarantees, deciding on appointment of the chief executive officer, deciding on guidelines for remuneration and other conditions of employment for senior executives to be adopted by the annual general meeting, and continuous follow up of the operations during the year.

The company's auditor participates in at least one board meeting annually.

The formal work plan stipulates that an annual evaluation of the board's work should be carried out. This shall take the form of a systematic and structured process, the results of which shall be presented to the nomination committee. The board also assesses the CEO's work in accordance with the instruction to the CEO at least once a year.

The formal work plan was adopted at the board meeting on 8 May 2012.

Chairman of the Board

According to the Code, 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.

The Board's committees

According to the Swedish Companies Act, the board in a limited company whose negotiable securities are traded on a regulated market should have an audit committee whose members may not be employed by the company. In addition, at least one member shall be independent and have accounting and auditing competence. According to the Code, the audit committee shall be composed of at least three board members. Furthermore, the majority of the committee's members should be independent in relation to the company and the company management, and at least one of the members should be independent in relation to the company's major shareholders.

Under the Code, the board should also establish a remuneration committee whose members shall be independent in relation to the company and the company management.

Audit committee

The board has appointed an audit committee which is composed of three board members, of which one is chairman. According to the formal work plan of the board, the audit committee shall:

- monitor the company's financial reporting,
- with regard to the financial reporting, monitor the effectiveness of the company's internal control and risk management,
- continuously meet the company's auditor and keep informed about the audit of the annual accounts and consolidated accounts and discuss the coordination between the external audit and the internal control function and the view of the company's risks,
- review and monitor the auditor's impartiality and independence and in this connection pay special attention if the auditor supplies other services to the company apart from audit services,
- adopt guidelines for what services other than audit that the company may procure from the company's auditor,
- evaluate the auditing work and assist the nomination committee with the preparation of proposals for the general meeting's resolution on election of auditor and
- deal with other questions that the board may entrust to the audit committee to prepare or determine.

As part of the supervision of the company's financial reporting, the audit committee shall ensure that established principles for financial reporting and internal control are followed and that the company's financial reporting is prepared in accordance with laws, effective accounting standards and other requirements applicable to listed companies.

The audit committee shall hold at least four meetings annually. When considered appropriate, the remuneration committee may invite the CEO, the company's CFO, the company's auditor or others to participate in committee's meetings. The company's legal counsel serves as the secretary to the audit committee. Minutes are taken of the audit committee's meetings and a copy of the minutes is sent to all board members.

Remuneration Committee

The board has also appointed a remuneration committee which is composed of three board members, of which one is chairman. According to the formal work plan of the board, the remuneration committee shall:

- prepare resolutions for the board in questions relating to remuneration principles, remuneration and other terms of employment for the company management,
- follow and evaluate ongoing programmes and variable remuneration programmes which finished during the year, both for the company management and other employees,
- provide the board with proposals for guidelines for remuneration to senior executives to be adopted by the annual general meeting,
- follow and evaluate the application of the guidelines for remuneration to senior executives adopted by the annual general meeting as well as current remuneration structures and rates of compensation in the company,
- provide the board with proposals regarding remuneration and other terms of employment for the CEO,
- determine terms of remuneration and employment for the company management, apart from the CEO,
- prepare the board's report on programmes for variable remuneration to senior executives and for all outstanding share-related and share-price related incentive programmes and prepare the board's report of the result of the evaluation that took place according to item 10.3 of the Code,
- support the board generally in monitoring compliance with applicable legislation, NASDAQ OMX Stockholm's regulatory framework and the Code regarding information about terms of remuneration and other conditions of employment for the CEO and the rest of the company management, and
- deal with other questions that the board may entrust to the remuneration committee to prepare or determine.

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 committee's meetings. The company's HR director serves as the secretary to the remuneration committee. Minutes are taken of the remuneration committee's meetings and a copy of the minutes is sent to all board members.

Chief Executive Officer and Group Management

Under the Swedish Companies Act, Tradedoubler's chief executive officer is responsible for the day-to-day management of the company's affairs pursuant to the board's guidelines and directives.

The board has approved an instruction for the CEO which sets out the CEO's responsibilities and powers. According to the instruction, the CEO shall provide the board with decision data to make well-reasoned decisions and with documentation in order to continually monitor the operations during the year.

The current instruction was adopted at the board meeting on 8 May 2012.

The President and CEO leads the day-to-day operations and is assisted by a group management team (company management). The group management in 2012 consisted of 12 persons; the CEO, the company's CFO, CCO, the heads of the six market units, the head of Technology, CTO and the Strategy and Operational Excellence Programme Leader.

Extensive changes occurred in the composition of the group management during the year. For more information about these changes, see page 27 regarding Corporate governance during 2012.

Auditor

Under the Swedish Companies Act, the auditor elected by the general meeting shall review 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 shall also review the corporate governance report. The auditor also performs a review of one interim report annually on behalf of the board. The auditor reports the results of his work to the annual general meeting in his auditor's report. The auditor participates in meetings of the audit committee and in at least one board meeting each year to discuss the focus and scope of the audit as well as the outcome of the audit.

The company's current auditor was elected at the annual general meeting 2009 for the period until the annual general meeting 2013. Subsequent to this, the company's auditor, in accordance with new rules regarding the auditor's term, will be elected at the annual general meeting for a term of one year.

Attendance at board and committee meetings and independence 2012

Name	Board of directors	Attendance, board meetings	The Audit committee	Attendance, Audit committee	The Renumeration committee	Attendance, Renumeration committee	Independent in relation to the company, company management and the company's major shareholders
Mats Sundström	Chairman	14/14	Member	9/9	Member	12/12	Yes
Kristofer Arwin	Member	14/14	-	-	-	-	Yes
Heléne Vibbleus Bergquist	Member	14/14	Member	9/9	Chairman	12/12	Yes
Martin Henricson	Member	14/14	-	-	Member*	5/5	Yes
Martina King	Member*	3/5	-	-	-	-	Yes
Caroline Sundewall	Member	14/14	Chairman	9/9	-	-	Yes
Simon Turner	Member	14/14	-	-	Member**	6/7	Yes

* Until 8 May 2012.
** From 8 May 2012.

Corporate governance 2012

Deviation from the code

The company did not made any deviations from the Code during 2012.

Shareholders

Tradedoubler's share has been quoted on NASDAQ OMX Stockholm since 8 November 2005 and was traded on the list for Mid-Cap companies up until 31 December 2012. Since 1 January 2013, the share is traded on the Small-Cap companies list. The share capital on 31 December 2012 amounted to SEK 17.1 M distributed among 42,807,449 shares, each one with a quota value of SEK 0.40. All shares have equal right to the company's assets and profit. Each share carries one vote. At a 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. The number of shareholders at year-end was 2,937.

SEB Fonder and Alecta are the only shareholders whose holdings exceed 10 per cent.

The Nomination Committee

The composition of the nomination committee ahead of the annual general meeting 2013 was announced on 26 October 2012.

An internal evaluation of the board and its work was carried out during the year. The nomination committee held individual meetings with all board members.

The nomination committee's proposals for board members, fees and other remuneration etc. are presented in the notice convening the annual general meeting 2013 and are also available on the company's website, www.tradedoubler.com

Annual General Meeting 2012

The annual general meeting was held on 8 May 2012 in Stockholm. 62.84 per cent of the shares were represented at the meeting. All board members proposed for re-election or election attended as well as the CEO.

The nomination committee 2013

Name	Representing	Shareholding*/**
Johan Strandberg, chairman	SEB Fonder	16.7 % / 16.5 %
Ramsay Brufer	Alecta	13 % / 13 %
Mats Andersson	Fjärde AP-fonden	9.1 % / 9.1 %
Mats Sundström	Chairman of the Board	

* Source: Euroclear Sweden, as at 28 December 2012.
**Source: Euroclear Sweden, as at 31 August 2012.

The Annual General Meeting passed the following resolutions, among others:

- to adopt the income statements and balance sheets for the company and the group,
- to declare a dividend of SEK 1.50 per share for 2011 in accordance with the board's proposal,
- to grant the board and the CEO discharge from liability for the financial year 2011 in accordance with the recommendation of the auditor,
- to re-elect the board members Kristofer Arwin, Martin Henricson, Caroline Sundewall, Mats Sundström, Simon Turner and Heléne Vibbleus Bergquist,
- to re-elect Mats Sundström as chairman of the board,
- to approve remuneration to the board and auditor, see further below under Remuneration to the board of directors, CEO and company management,
- to adopt the board's proposal for guidelines for remuneration to senior executives, and
- to adopt the board's proposal on introduction of a long-term Performance-related Share programme for 2012.

Board of Directors

The Board of Director's composition and independence

Since the annual general meeting 2012, Tradedoubler's board of directors has been composed of six members; Mats Sundström (chairman), Kristofer Arwin, Martin Henricson, Caroline Sundewall, Simon Turner and Heléne Vibbleus Bergquist.

The nomination committee considers according to the information contained in the table "Composition, independence and remuneration of the Board 2012" that all board members are independent in relation to both the company and the company's major shareholders.

The Board's work

The board held 14 recorded board meetings during 2012, of which six took place by telephone and two were held per capsulam. The individual members' attendance at board and committee meetings is shown in the table on page 25 "Attendance at board and committee meetings and independence 2012".

During the year, the board's work mainly focused on:

- The strategy of the company and the group
- New management and reorganisation
- Review and follow up of operations with visits to market units including meetings with customers
- The group's results
- Cost control
- Personnel-related questions
- Financial reporting, risk management and internal control
- Budget and business plan for 2013
- Business analysis and industry trends

Audit committee

The Audit Committee's composition and independence

The audit committee during 2012 was composed of Caroline Sundewall (chairman), Mats Sundström and Heléne Vibbleus Bergquist.

All members of the audit committee are considered to be independent in relation to the company, the company management and the company's major shareholders.

The work of the audit committee

The committee held twelve recorded meetings during 2012. The work initiated in 2009 on strengthening internal control and risk management in respect of the financial reporting and on enhancing the quality of the financial reporting, continued during the year. For more information about internal control and risk management, see page 31.

Remuneration Committee

The Remuneration Committee's composition and independence

The remuneration committee in 2012 was composed of Heléne Vibbleus Bergquist (chairman), Martin Henricson and Mats Sundström until 7 May 2012 and after that it was composed of Heléne Vibbleus Bergquist (chairman), Mats Sundström and Simon Turner.

All members of the remuneration committee are considered to be independent in relation to the company, the company management and the company's major shareholders.

The work of the remuneration committee

The committee held 12 recorded meetings during 2012. The work mainly focused on follow up of the application of guidelines for remuneration to senior executives adopted by the annual general meeting 2012, follow up of the outcome of variable remuneration programmes for 2012 and long-term incentive programmes, variable remuneration programmes which were revised for 2013, future long-term incentive programmes, preparation of resolutions on terms of remuneration and other conditions of employment for the CEO, approval of terms of remuneration and employment for other members of the company management, and follow up of the result of the staff "Employee Satisfaction Survey".

Chief Executive Officer and Group Management

The President & CEO, Rob Wilson, leads the day-to-day operations in accordance with the board's guidelines and directives and is assisted by a group management team (company management) which during 2012 was composed of 12 persons, the CEO, the company's CFO, CCO, the heads of the six market units, the head of Technology, CTO, and the Strategy and Operational Excellence Programme Leader.

The company's CFO Erik Skånsberg resigned from Tradedoubler in spring 2012 and was replaced by Jonas Ragnarsson. The following people also left the company; Leif Eliasson, head of the North East market unit, Frédéric Prigent, head of the France market unit and Juan Sevillano, head of the South West market unit.

The former CEO Urban Gillström resigned from Tradedoubler in July 2012 and was replaced by Rob Wilson, the then head of the North West market unit.

When Rob Wilson took over as CEO, Dan Cohen became head of the North West market unit. The CEO implemented a number of organisational changes during the autumn of 2012, which meant that two members of the company management left the company, namely CCO Elaine Safier and Falk von Westarp, head of the Central market unit. During the same period, CTO Jonas Flodh also decided to resign from the company.

As of 1 January 2013, the company is run by a group management team – executive management team – consisting of the CEO, the company's CFO, CTO and the newly established role of COO —a position which was taken over by Andrew Buckman on 1 January 2013. In addition, there is a larger management team, which apart from the executive management team, consists of the heads of the six market units, the marketing director, the HR director, VP Sales and the heads of Corporate Clients and Client Support respectively.

The group management team is presented on page 35.

Auditor

Ernst & Young AB was elected as auditor at the annual general meeting 2009 for the period until the annual general meeting 2013, with the authorised public accountant Thomas Forslund as auditor-in-charge.

During 2012, 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-September 2012 and has been retained for certain advice, most of which pertained to audit-related consultations regarding accounting and tax matters.

For information about remuneration to Tradedoubler's auditors during 2012, see the table below and notes to the consolidated accounts, C7, and notes to the parent company's accounts, P6, Remuneration to auditors.

	Group		Parent company	
SEK '000	2012	2011	2012	2011
Ernst & Young				
Auditing assignments	5,128	4,455	3,612	1,142
Audit work apart from the audit assignment	47	250		-
Tax consultancy	392	20		-
Other assignments	414	355	355	244
Other auditors				
Audit assignments	185	175	-	-
Tax consultancy	-	12	-	-
Other assignments	208	66	-	-
Total	**6,374**	**5,333**	**3,967**	**1,386**

Remuneration to the Board, CEO and the Company Management

Remuneration to the board of directors

The annual general meeting 2012 approved the following remuneration to the board: SEK 670,000 (increase from SEK 650,000) to the chairman of the board and SEK 310,000 (increase from SEK 300,000) to each of the other board members elected by the annual general meeting who are not employed by Tradedoubler. In addition to this, the annual general meeting approved remuneration for committee work, to the members appointed by the board, of SEK 100,000 to the chairman of the audit committee and SEK 50,000 to each of the other members of the audit committee, and SEK 50,000 to the chairman of the remuneration committee and SEK 25,000 to each of the other members of the remuneration committee.

No board member was employed by any company in the group during 2012. Remuneration to each board member is shown in the table "Composition, independence and remuneration of the Board 2012" on page 23.

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

The annual general meeting 2012 resolved on the following guidelines for remuneration and other terms of employment 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 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 programme.

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

Variable remuneration: Variable remuneration shall be commercially competitive and reward growth, operating profit and shall 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 shall have an upper ceiling, which normally should not exceed 50 per cent of the fixed salary.

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 programme: 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 may amount to 50 per cent of the fixed salary. 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 policy for employees

The aim of Tradedoubler's remuneration policy is to offer fair, attractive, market-based salaries that promote recruitment and retention of skilled employees in the company.

Remuneration to the company management

As CEO, Rob Wilson received remuneration for 2012, amounting to SEK 1,197,000 in fixed salary including other benefits, SEK 272,000 in variable remuneration and SEK 120,000 as remuneration for payment into private pension insurance.

The outgoing CEO Urban Gillström received SEK 6,672,000 for 2012 in fixed salary and other benefits including termination benefits amounting to SEK 3,182,000 as well as SEK 871,000 as remuneration for payment into private pension insurance.

Other senior executives apart from the CEO received a total of SEK 19,523,000 in fixed salary, SEK 567,000 in variable remuneration as well as SEK 1,595,000 as remuneration for payments into private pension insurance.

Termination benefits of SEK 5,946,000 were paid in total to Frédéric Prigent, Elaine Safier, Erik Skånsberg and Falk von Westarp, in addition to salary during the notice period, when their employment in the company ended.

Remuneration to the CEO and group management during 2012 is shown in the table below.

Renumeration and other benefits, SEK '000	Fixed salary	Variable renumeration	Long-term incentive programme	Pension benefits	Total
Urban Gillström (CEO)[1]	6,672	-	-	871	7,543
Rob Wilson(CEO)[2]	1,197	272	-	120	1,589
Other group management	20,128	576	-	1,627	22,331
Total	**27,997**	**848**	**-**	**2,618**	**31,463**

1. Until 21 July 2012.
2. From 1 August 2012.

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 yearly performance- and results-based variable remuneration programme 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 employees. The company management receives variable remuneration which is mainly linked to the group's financial performance. The variable remuneration has a ceiling. The ceiling lies in the range of between 10 and 50 per cent of fixed salary for the majority of employees. For the company management, the variable salary can amount to 50 per cent of the fixed salary.

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 2012, SEK 19.7 M (27.7) was expensed for the performance- and results-based programme for variable remuneration, of which SEK 2.4 (3.3) M related to social security contributions. This item included variable remuneration to the group management.

A new variable remuneration programme has been drawn up for 2013. The focus of the programme, as in 2012, is on steering the company towards a sales-driven culture and organisation, efficient processes and profitability.

Long-term incentive programmes

There are currently two long-term incentive programmes in the group "Performance-related Share Programme 2011" and "Performance-related Share Programme 2012", described below.

The board confirmed on 11 April 2011 that a previous options programme – stock option programme 2008/2011 – would not be exercised since the performance requirements (measured in earnings per share) were not fulfilled.

Performance-related Share programme 2011 and 2012

The annual general meeting 2011 and 2012 resolved on a performance-related share programme of up to 200,000 and 310,000 performance shares, respectively. Up to 17 key members of staff including the President and CEO could be subject to participation.

Participation in the Performance-related Share Programme 2011 and 2012 implied that employees domiciled in Sweden held Tradedoubler shares ("Savings shares") corresponding to a value of ten per cent of the participant's basic salary (fixed salary) before tax for the current year, divided by the average volume-weighted price paid for the Tradedoubler share on NASDAQ OMX Stockholm during a period of ten trading days immediately after the respective annual general meeting.
If the Savings shares are retained by the employee during a three-year period and he/she was employed in the Tradedoubler Group during the entire period, the employee is entitled, provided that the performance requirements related to earnings per share stated in the table below are met, to gratuitous allotment of shares ("Performance shares") as follows:

- The CEO has the right to allotment of up to four Performance shares for every Savings share.
- Approximately five key persons in the 2011 programme and five person in the 2012 programme domiciled in Sweden have the right to allotment of up to three Performance shares for every Savings share.
- Approximately nine key persons in the 2011 programme and nine persons in the 2012 programme domiciled outside Sweden have the right to allotment of up to three Performance shares for each Tradedoubler share that the participant would have received if he/she invested up to ten per cent of his/her basic salary before tax for the current year on corresponding terms as participants domiciled in Sweden. There are no share ownership requirements for employees domiciled outside of Sweden.

If Savings shares are sold during the three-year period, the possibility of obtaining Performance shares decreases proportionally.

Allotment of Performance shares is based on an average annual percentage increase in earnings per share during the financial years 2011 to 2013, compared to the financial year 2011 for the 2011 programme, and 2012 to 2014, compared to the financial year 2011 for the 2012 programme. Allotment of Performance shares occurs in the event of an average annual increase in earnings per share of between 20 and 40 per cent. No allotment of Performance shares will occur if the average annual increase in earnings per share is less than 20 per cent. In the event of a 20 per cent average annual increase in earnings per share, 20 per cent of the maximum allotment is allotted. A maximum number of Performance shares will be allotted if the average annual increase in earnings per share is equal to or over 40 per cent. Allotment of Performance shares in the event of an average annual increase in earnings per share of between 20 and 40 per cent is linear.

The value that participants can receive on allotment of Performance shares in the programme is maximised at an amount per share which corresponds to 400 per cent of the average volume-weighted price paid for the Tradedoubler share on NASDAQ OMX Stockholm during a period of ten trading days immediately following the respective annual general meeting.

Before final determination of the number of Performance shares to be allotted, the board shall examine if the allotment is reasonable in relation to the company's financial results and position, development of shareholder value, conditions in the stock market and generally. If the board considers that this is not the case, it can reduce the number of Performance shares that shall be allotted to a lower number of shares that it deems appropriate. For allotment of Performance shares, the participants shall receive compensation for cash dividends during the three-year period.

On 31 December 2012, the total number of participants in the 2011 programme amounted to 4 key persons and the total number of savings shares in the programme amounted to 9,135 shares. On 31 December 2012, the total number of participants in the 2012 programme amounted to 10 key persons and the total number of savings shares in the programme amounted to 77,895 shares. Tradedoubler has previously acquired 130,000 own shares for stock option programme 2008/2011 that were retained for this purpose.

Principles for remuneration and other terms of employment 2013

The principles proposed by the board of directors for remuneration and other employment terms for the company management in 2013 shall be approved by the annual general meeting 2013. The principles largely correspond with the guidelines that were approved at the annual general meeting 2012, which are described above.

Proposal to the annual general meeting for a long-term incentive programme

The board of directors proposes that the annual general meeting approve a long-term incentive programme ("Performance-Related Share Programme 2013"). The aim of such a programme is to increase the group's attractiveness as an employer and to encourage continued loyalty and good performance on the part of employees.

Participants

The programme will cover up to 17 key employees including the President and CEO. The board also intends to propose a long-term incentive programme for 2014 to the annual general meeting in accordance with the principles now proposed. Future participation will be determined from year to year and participation in the Performance-Related Share Programme 2013 does not imply any guarantees or undertakings regarding invitations to participate in the future. Employees domiciled in Sweden must hold Tradedoubler shares ("Savings shares") in order to participate in the Performance-Related Share Programme 2013. There are no share ownership requirements for employees domiciled outside of Sweden.

Terms and Conditions

Maximum participation in the Performance-Related Share Programme 2013 implies that employees domiciled in Sweden hold Tradedoubler shares corresponding to a value of ten per cent of the participant's basic salary (fixed salary) before tax for the year 2013, divided by the average volume-weighted price paid for the Tradedoubler share on NASDAQ OMX Stockholm during a period of ten trading days immediately after the annual general meeting 2013. If Savings shares are retained by the employee during a three-year period and he/she was employed in the Tradedoubler Group during the entire period, the employee is entitled to gratuitous allotment of shares ("Performance shares"). The group's chief executive officer is entitled to a maximum of four Performance shares, while other key employees are entitled to a maximum of three Performance shares. Allotment of Performance shares is based on an average annual percentage increase in earnings per share during the financial years 2013 to 2015, compared with the financial year 2012.

Outcome

The value that participants can receive on allotment of Performance shares in the programme is maximised at an amount per share which corresponds to 400 per cent of the average volume-weighted price paid for the Tradedoubler share on NASDAQ OMX Stockholm during a period of ten trading days immediately after the annual general meeting 2013.. Before final determination of the number of Performance shares to be allotted, the board shall examine if the allotment is reasonable in relation to the company's financial results and position etc. On allotment of Performance shares, the participants shall receive compensation for cash dividends during the three-year period. The number of shares covered by this proposal can be recomputed by the board due to changes in the capital structure such as bonus issue, consolidation or split of shares, rights issue or reduction of the share capital, or similar measures. The programme can consist of a maximum of 365,000 shares in addition to 110,000 shares to cover social security contributions among other things, corresponding to approximately 1.1 per cent of the number of shares and votes in April 2013. It is expected to correspond to a total cost amounting to a maximum of approximately SEK 7.1 M based on a share price of SEK 15 and 100 per cent target fulfilment. It is proposed that allotment of shares should take place by assignment of own shares.

Recognition

IFRS 2 prescribes that the value of the Performance shares allotted under the programme must be recognised as an employee benefit expense in the income statement during the vesting period. Social security contributions will also be recognised as an employee benefit expense in the income statement through a provision in the balance sheet. The size of the provision is based on the development in the value of the shares and the applicable tax rates for social costs in force when allotment of shares is finally determined.

Remuneration to Auditor

Total remuneration of SEK 6,374,000 was paid to auditors during 2012, of which SEK 5,981,000 was paid to Ernst & Young and SEK 393,000 was paid to other auditing firms.

During 2012, 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-September 2012 and has been retained for certain advice, most of which pertained to audit-related consultations regarding accounting and tax matters.

Remuneration to auditors is shown in the table on page 27.

The Board of Director's report on internal control and risk management

The board's responsibility for internal control and risk management is governed by the Companies Act and by the Code. In addition, the Swedish Annual Accounts Act and the Code include a requirement for a corporate governance report which under the Annual Accounts Act should contain information about the most important elements of the company's system for internal control and risk management in connection with the financial reporting. Internal control and risk management in respect of the financial reporting constitute a part of the overall internal control and risk management within Tradedoubler, which is based on the COSO framework [published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), www.coso.org.] and represent an essential part of Tradedoubler's corporate governance.

Internal control and risk management are processes that are influenced by the board, the audit committee, the CEO, the group management and other employees. These processes are designed with the aim of providing a reasonable assurance that Tradedoubler's goals are achieved in respect of appropriate and efficient operations, reliable reporting and compliance with applicable laws and regulations. The process is based on a control environment which creates discipline and structure for the other four components in the process —risk management, control structures, information and communication as well as monitoring.

The control environment consists of the values and ethics that the board, audit committee, CEO and group management communicate and operate on the basis of, as well as the group's organisational structure, leadership, decision paths, authority, responsibility and the skills possessed by employees. External control instruments in the form of applicable legislation and other external regulations in conjunction with internal control instruments form important elements of Tradedoubler's control environment. An overview of the group's organisational structure and internal control instruments is found on page 22.

The board's internal control and risk management report in respect of the financial reporting may be found below which has been prepared in accordance with the Annual Accounts Act and the Code as a part of the corporate governance report. This report has been reviewed by the company's auditor.

Internal control and risk management in respect of the financial reporting

Internal control and risk management in respect of the financial reporting aim to provide reasonable assurance regarding the reliability of the external financial reporting in the form of interim reports, annual reports and year-end reports and that the external financial reporting is prepared in accordance with laws, applicable accounting standards and other requirements for listed companies.

Control environment

The board has the overall responsibility for internal control and risk management in respect of the financial reporting. The board has adopted a formal work plan, which is an internal control instrument that sets out the responsibilities of the board and regulates the board, its committees and the members' internal division of work. In addition, the board has appointed an audit committee which has the principal task of monitoring the company's financial reporting as well as the effectiveness of the company's internal control and risk management in respect of the financial reporting. The audit committee shall also continuously meet the company's auditor and keep informed about the audit of the annual accounts and consolidated accounts and review and monitor the auditor's impartiality and independence.

The board has also established internal control instruments in the form of an instruction for the CEO and an instruction in relation to financial reporting for Tradedoubler's board.

The responsibility for maintaining an effective control environment and the day-to-day work regarding internal control and risk management has been delegated to the CEO.

Internal control instruments for the financial reporting mainly consist of the company's Treasury Policy, Finance Manual and Authorisation Manual.

Treasury Policy – governs the Treasury function's strategy and objectives in general as well descriptions of roles and division of responsibility in the day-to-day operations. It also contains instructions pertaining to managing currency exposure, liquidity management and financing.

Finance Manual – governs the finance function's work generally, as well as description of roles, processes and reporting instructions.

Authorisation Manual – governs attestation rights for investments and purchasing among other things, authority to sign customer and supplier agreements and also authority concerning recruitment, salary adjustments etc.

The company's External Information and IR Policy, Insider Policy as well as IT Security Policy are also important control instruments for the financial reporting.

External Information and IR Policy – governs the company's information disclosure to the capital market and media and the internal division of responsibility in these questions.

Insider Policy – governs the board's, the group management's and certain other employee's possibility of buying or selling the company's financial instruments.

IT Security Policy – IT security is central to the operations and is continually enhanced through structured work. The IT security work is mostly governed by an established IT Security Policy. ISO 27000 guides the IT security work.

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.

Risk management

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. The work aims to identify and evaluate the most critical risks affecting internal control in respect of the financial reporting in the group's companies and processes, 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 19.

Control structures

Control structures are concerned with what controls are chosen to manage risks in respect of the financial reporting in the group's companies and processes. The controls may be general or detailed, preventive 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 other members of the group management including the company's CFO report the work on strengthening the company's internal control and risk management to the audit committee. The result of the audit committee's work in the form of observations, recommendations and proposals for decision and actions are continually reported by the chairman of the audit committee to the board at board meetings. In addition to this, board members receive a copy of the minutes from the audit committee's meetings.

Monitoring

Follow up in order to ensure the effectiveness of internal control and risk management in respect of the financial reporting is conducted by the board, the audit committee, the CEO and the rest of the group management, including the company's CFO. Follow up includes review of monthly financial reports against the budget and targets.

The follow up also encompasses review of reports including project plans from the CEO and the rest of the group management including the company's CFO regarding work that is being conducted in order to strengthen the company's internal control and risk management.

The IT security work is continually ongoing with monthly follow up meetings with the CISO (Chief Internet Security Officer), CTO and group managers for development and operations in attendance. 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. There are agreements with external security experts in order to receive advice and support regarding implementation, assessments, and priorities of IT security-related issues.

The work during 2012 and the goal for 2013

The board initiated work during the third quarter of 2009 aimed at strengthening the internal governance and control of Tradedoubler's operations and processes, including the financial reporting and the IT security connected with that.

This work is continually ongoing and has its starting point in a company-wide and systematic identification and appraisal of risks, financial as well as general, and existing control structures. The identification and evaluation of risks, which has been carried out by the group management, incorporates all components in the COSO model and is used as a basis for priorities and decisions regarding risk management. The CEO has reported the results of this work to the board.

During the year, one of the projects initiated during 2010 relating to the introduction a new CRM system, was completed and has been put into operation. Work in the project to introduce a new financial- and invoicing system continued during the year. These systems are part of the execution of the company's strategy and are expected to improve the efficiency of and strengthen internal control of the invoicing process considerably. During the year, the company also put systems into operation that were purchased in 2011, such as a system for electronic invoice management, and the company purchased further systems aimed at improving the internal control and reliability of the financial reporting. The company is also working actively on improving the internal control and efficiency of existing systems and processes.

A review of the internal control instruments has led to the revision of important control instruments, including updates of the company's Finance Manual and Treasury Policy.

Even if successes are continually achieved, work still remains to be done before the internal control and risk management in respect of the company's financial reporting reaches the level desired by the board.

During 2013, the company will continue the work on strengthening internal control and risk management in respect of the financial reporting in the group's companies and processes. The work will mainly focus on continued improvement and documentation of the financial processes and the control structures in these areas and on completing certain ongoing projects. During 2013, Tradedoubler's ambition is to continue the work on compiling and adapting the company's policies to a uniform format.

At present, the company does not have any special audit function. The work on strengthening the internal governance and control of Tradedoubler's operations and processes has instead been carried out by project teams during the year consisting of a combination of internal and external resources. These teams report the results of their work to the audit committee on an ongoing basis. The question of establishing a formal special audit function is reviewed continually.

Board of Directors

1. Mats Sundström, born 1955

Chairman of the Board of Directors and member of the remuneration committee and the audit committee since 2009.

Education: BSc Econ from Stockholm School of Economics.

Other assignments: Board Chairman of St Stephens Episcopal School.

Former assignments: Mats Sundström was previously inter alia Chairman of the Board of DoubleClick Scandinavia AB and Unibet plc and also Board member of TV 4 AB, Poolia AB, Neonet AB and Off the Wall Media Production & Consulting AB. Mats Sundström has also been active within the Kinnevik Group, President for Imedia and TV 1000 as well as Executive V.P. of Scansats Broadcast Ltd.

Shareholding: 40,000 shares

2. Kristofer Arwin, born 1970

Member of the Board of Directors since 2007.

Education: BSc in Business and Administration from Stockholm University.

Other Assignments: Board member of Unibet Group plc, Alertsec AB and Addnode Group AB. Arwin is co-founder and CEO of TestFreaks AB since 2007 and is also a Board member of TestFreaks AB.

Former Assignments: Kristofer Arwin is the founder of PriceRunner and was the President of the company until December 2005.

Shareholding: 31,150 shares

3. Martin Henricson, born 1961

Member of the Board of Directors since 2001.

Education: M.Sc

Other Assignments: President of EPiServer Group AB, Board member of Implema AB, Projectplace AB and Besedo Group AB.

Former Assignments: Martin Henricson was previously a Board member of AcadeMedia AB and also Chairman of the Board and Board member of Mercuri International Sverige AB, Mercuri International Group AB, Anew Learning AB and Vittra AB. Furthermore, Martin Henricson has also been the external President for Bure Equity AB and Mercuri International Group AB. From 2001 until February, 2007 Martin Henricson was the President and CEO of Tradedoubler.

Shareholding: 15,000 shares

4. Caroline Sundewall, born 1958

Member of the Board of Directors and Chairman of Audit Committee since 2009.

Education: BSc Econ from Stockholm School of Economics.

Other Assignments: Chairman of the Board of Svolder AB. Board member of Södra skogsägarna, Södra Cell, Lifco AB, Pågengruppen AB and Mertzig Asset Management AB. Caroline Sundewall is also Chairman of the Board and Consultant of Caroline Sundewall AB and also Chairman of the Board in the tennis trust, Streber Cup.

Former Assignments: Caroline Sundewall has been a Board member of Electrolux, Haldex, TeliaSonera and Swedbank AB, among others.

Shareholding: 2,000 shares

5. Simon Turner, born 1951

Member of the Board of Directors since 2010 and member of the Remuneration Committtee.

Education: Bachelor of Arts from University of Surrey.

Other Assignments: Board member of Yorkshire Building Society and Identive Group Inc, and Senior Director with Acer Computers.

Former Assignments: Simon Turner has been an Operating Board member and Group Managing Director of Dixons Retail Group as well as Managing Director of Philips Consumer Electronics UK Division and Board Member and Commercial Director of Belling Ltd. Simon Turner has also held several senior executive positions within the software and advertising industry.

Shareholding: 1,300 shares.

7. Heléne Vibbleus Bergquist, born 1958

Member of the Board of Directors, chairman of the remuneration committee and member of the audit committee since 2009.

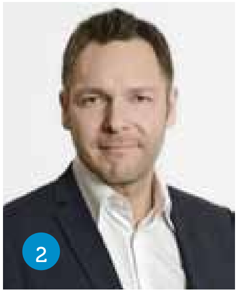
Education: BSc Econ from Linköping University

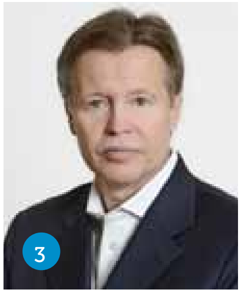
Other Assignments: Management consultant. Board member of Renewable Energy Corporation ASA, Trelleborg AB (publ), Tyréns AB, Nordic Growth Market NGM AB, Sida and Pertendo AB.

Former Assignments: Heléne Vibbleus Bergquist was previously the Chairman of the Board of INVISIO Communications AB, Nordic Growth Market NGM AB and Nordic Growth Market NGM Holding AB and also member of the Board of Redovisningsrådets Service AB and the Swedish Financial Accounting Standards Council. Heléne Vibbleus Bergquist has also held various positions within Electrolux AB as Senior Vice President, Group Controller and as Senior Vice President, Head of Management Assurance and Special Assignments, and also as an Authorised Public Accountant, partner and Board Member of Pricewaterhouse-Coopers in Sweden.

Shareholding: 3,000 shares

Board of directors as described above from 1 April 2013.





Group Management

1. Rob Wilson, born 1972

President and CEO since August 2012.

Education: Studied International Business technology at University of Teesside, UK

Previous assignments: Rob Wilson was Market Unit Leader North west between May 2011 - August 2012. Prior to that he was Chief Revenue Officer and responsible for global sales at the US advertising network, Epic Media Group. He brings over 10 years' experience in digital marketing having previously held key leadership positions with Zanox, 24/7 Real Media and Yahoo throughout Europe and the US.

Based: London

Holdings: 0 shares

2. Jonas Ragnarsson, born 1962

Chief Finacial Officer since August 2012.

Education: Degree in Finance and Accounting from the University of Stockholm.

Previous assignments: Jonas Ragnarsson was previously CFO at EQT Partners, interim-CFO at SSC (Swedish Space Corporation), Director of Finance and Accounting at Radisson SAS Hotels & Resorts and Finance Director and Deputy Managing Director of Grand Hotel Holdings. Jonas has also held several finance and accounting positions within the SAS Group and worked as a Controller at Diligentia.

Based: Stockholm

Holdings: 15 000 shares

3. Andrew Buckman, born 1972

Chief Operating Officer (COO) since January 2013.

Education: BA (Hons) Marketing, Middlesex University, UK.

Previous assignments: Andrew Buckman spent five years at Yahoo! Search Marketing where he set up and ran the Product and Monetization organisation; was Vice-President of Strategic Partnerships at Criteo and led Webloyalty France as Managing Director. He joined Tradedoubler from Swedish online payments company Klarna.

Based: Paris

Holdings: 6 000 shares

4. Magnus Nyström, born 1974

Chief Technical Officer (CTO) since October 2012.

Education: MBA-studies at Executive Management Institute (in cooperation with Edinburgh Business school) and System architecture at the University of Dalarna.

Previous assignments: Magnus Nyström has held several management positions within IT since 2001, within Telecoms as well as Online Marketing. He has worked in international environments, where he has held management roles within programme/ project steering and system development. Before joining Tradedoubler as Development Manager in 2008 Magnus spent almost 10 years at TDC, the leading Danish provider of communications solutions and Pay-TV.

Based: Stockholm

Holdings: 0

Group management as described above from 1 April 2013

Consolidated income statement

SEK '000	Note	2012	2011
Net sales	C3, C4	2,307,718	2,612,701
Cost of goods sold		-1,766,240	-1,986,163
Gross profit		**541,478**	**626,539**
Selling expenses		-342,841	-335,928
Administrative expenses		-159,544	-120,840
Research & development expenses		-39,092	-42,711
Operating profit	C4, C5, C6, C7, C8, C9	**1**	**127,060**
Financial income		1,284	1,512
Financial expenses		-967	-14,205
Net financial items	C10	**317**	**-12,693**
Profit before tax		**317**	**114,367**
Tax	C11	-10,475	-22,201
Net profit for the year for continuing operations		**-10,158**	**92,166**
Net profit for discontinued operations	C25	**2,192**	**-143,069**
Total net profit		**-7,965**	**-50,904**

Statement of comprehensive income

Profit for the year		-7,965	-50,904
Other comprehensive income			
Translation differences, net after tax		-20,480	21,060
Exchange difference on increased net investment, net after tax		-	-8,130
Reversal of exchange difference on increased net investment, net after tax		-	98,077
Reversal of translation difference, net after tax		-	3,765
Total other comprehensive income		**-20,480**	**114,772**
Total comprehensive income for the year		**-28,445**	**63,868**
Total comprehensive income for the year attributable to:			
The parent company's shareholders		-7,965	-50,904
Comprehensive income attributable to:			
The parent company's shareholders		-28,445	63,868
Earnings per share	C17		
Earnings per share for continuing operations		-0.24	2.16
Earnings per share		-0.19	-1.19

Consolidated statement of financial position

SEK '000	Note	31 Dec 2010	31 Dec 2011
Assets	C12		
Non-current assets			
Intangible assets	C13	408,364	404,054
Equipment, tools, fixtures and fittings	C14	10,117	10,968
Other non-current receivables		3,647	3,550
Deferred tax receivables	C11	36,007	21,111
Total non-current assets		**458,135**	**439,683**
Current assets			
Trade receivables	C20	519,268	642,432
Tax receivables	C11	11,819	28,632
Other receivables		19,031	8,671
Prepaid expenses and accrued income	C15	17,376	26,477
Cash and cash equivalents		164,445	290,745
Total current assets		**731,939**	**996,957**
Total assets		**1,190,074**	**1,436,640**
Equity and liabilities			
Shareholders' equity	C16		
Share capital		17,123	17,123
Share premium		441,600	441,600
Translation reserve		-9,845	10,635
Retained earnings including net profit for the year		39,504	111,485
Total equity		**488,382**	**580,843**
Non-current liabilities			
Deferred tax liabilities	C11	4,597	7,625
Provisions: non-current		1,013	1,044
Total non-current liabilities		**5,609**	**8,669**
Current liabilities	C12		
Trade payables	C20	20,642	29,407
Current liabilities to publishers	C20	402,514	498,346
Tax liabilities	C11	6,112	9,251
Other liabilities	C18	188,183	227,770
Accrued expenses and deferred income	C19	78,632	82,354
Total current liabilities		**696,083**	**847,128**
Total equity and liabilities		**1,190,074**	**1,436,640**
Pledged assets	C21	3,647	3,549
Contingent liabilities	C21	None	None

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 1 January 2011	**17,123**	**441,600**	**-104,137**	**162,198**	**516,784**
Comprehensive income					
Net profit for the year				-50,904	-50,904
Other comprehensive income					
Exchange difference on increased net investment, net after tax[1]	-	-	-8,130	-	-8,130
Translation differences, net after tax	-	-	21,060	-	21,060
Reversal of exchange difference on increased net investment, net after tax			98,077	-	98,077
Reversal of translation difference, net after tax			3,765	-	3,765
Total other comprehensive income	**-**	**-**	**114,772**	**-**	**114,772**
Total comprehensive income	**-**	**-**	**114,772**	**-50,904**	**63,868**
Transactions with shareholders					
Share-based payments settled with equity instruments, IFRS 2	-	-	-	191	191
Total transactions with shareholders	**-**	**-**	**-**	**191**	**191**
Closing balance at 31 December 2011	**17,123**	**441,600**	**10,635**	**111,485**	**580,843**
Opening balance at 1 Januari 2012	**17,123**	**441,600**	**10,635**	**111,485**	**580,843**
Comprehensive income					
Net profit for the year				-7,965	-7,965
Other comprehensive income					
Translation differences, net after tax	-	-	-20,480	-	-20,480
Total other comprehensive income	**-**	**-**	**-20,480**	**-**	**-20,480**
Total comprehensive income	**-**	**-**	**-20,480**	**-7,965**	**-28,445**
Transactions with shareholders					
Dividend	-	-	-	-64,016	-64,016
Total transactions with shareholders	**-**	**-**	**-**	**-64,016**	**-64,016**
Closing balance at 31 December 2012	**17,123**	**441,600**	**-9,845**	**39,504**	**488,382**

1. Change in value for the year amounted to SEK -11,031,000, of which SEK 2,901,000 was tax.

All capital is attributable to the shareholders of the parent company.

Consolidated cash flow statement

SEK '000	Note	2012	2011
Operating activities	C23		
Profit before tax		317	114,367
Adjustment for items not included in the cash flow		49,825	16,098
Taxes paid		-15,106	-14,463
Cash flow from operating activities before changes in working capital		**35,036**	**116,002**
Cash flow from changes in working capital			
Increase (-)/Decrease (+) in operating receivables		98,600	-45,432
Increase (-)/Decrease (+) in operating liabilities		-148,580	53,058
Cash flow from operating activities		**-14,944**	**123,628**
Investing activities			
Net investments in intangible assets		-36,220	-25,828
Net investments in property, plant and equipment		-4,721	-3,877
Net investments in financial assets		-209	-1,394
Net investments in shares*		-	-24,421
Cash flow from investing activities		**-41,150**	**-55,520**
Financing activities			
Dividend		-64,016	-
Cash flow from financing activities		**-64,016**	**-**
Cash flow for the year from continuing operations		-120,110	68,108
Cash flow from discontinued operations			
Cash flow from operating activities		-	3,903
Cash flow from investing activities		-	-51
Cash flow for the year for from discontinued operations		**-**	**3,852**
Cash flow for the year		-120,110	71,960
Cash and cash equivalents at the beginning of the year		290,745	209,744
Exchange difference in cash and cash equivalents		-6,189	9,041
Cash and cash equivalents at the end of the year		**164,445**	**290,745**

*Attributed to discontinued operations

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 Sveavägen 20, 111 57 Stockholm. The parent company's shares are listed on Nasdaq OMX Stockholm.

The board of directors approved these annual accounts for publication on 8 April 2013. 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 below in the section "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 Swedish kronor. All amounts are rounded off to the nearest thousand, unless otherwise stated. Rounded figures might not summarize correctly.

Assessments and estimates in the financial statements

Preparation of accounts in conformity with IFRS requires the group management to make judgements and estimates and also make assumptions that affect the application of the accounting policies and the recognised amounts of assets, liabilities, revenue and expenses. The actual outcome can 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 company management in the application of IFRS, which have a material impact on the financial statements and estimates which may give rise to significant adjustments in future financial statements are presented in more detail in the notes to the consolidated accounts C2, Critical estimates and judgements.

Amended accounting policies and disclosure requirements 2012

None of the amendments to standards or new interpretations adopted for application from annual periods beginning in 2012 have had any material impact on the consolidated financial statements.

New accounting standards in 2013 and onwards

New IFRS amendments or interpretations of these standards which are published but have not yet become effective, have not been adopted. To the extent that expected effects on the financial statements arising from the application of the following new or amended standards and interpretations are not described below, no assessment has yet been made of their effect. The new accounting standards which are deemed capable of affecting Tradedoubler's accounting in 2013 and subsequently are:

IFRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities: These amendments require an entity to disclose information about rights to set-off and related arrangements. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off or not. This standard shall be applied for annual periods beginning on 1 January 2013 or later.

IFRS 9 Financial Instruments is intended to replace IAS 39 Financial instruments: The revised standard principally deals with the number of categories of financial assets and what financial assets and liabilities should be measured at fair value and amortised cost respectively via the income statement. This standard shall be applied for annual periods beginning on 1 January 2015 or later.

IFRS 10 Consolidated Financial Statements, IAS 27 Separate Financial Statements, IFRS 10 replaces the section of IAS 27 relating to the formation of the consolidated financial statements. Remaining still in IAS 27 is the management of subsidiaries, joint ventures and associates in the separate financial statements. The rules regarding how to consolidate financial statements has not changed, the change concerns rather how a company should proceed to determine whether control exists, and thus whether a company will be consolidated. IFRS 10 and the amendment to IAS 27 shall be applied for annual periods beginning on 1 January 2014 or later.

IFRS 12 Disclosures of interest in Other entities, Companies that own interests in subsidiaries, associates and joint arrangements and structured entities shall disclose such information in accordance with IFRS 12. Significant qualitative and quantitative information is to be provided on each holding. IFRS 12 shall be applied for annual periods beginning on 1 January 2014 or later.

IFRS 13 Fair Value Measurement: Dealing with how fair value shall be determined. This standard shall be applied for annual periods beginning on 1 January 2013 or later.

IAS 1 Presentation of other comprehensive income: This amendment affects the format and particularly how transactions shall be grouped in other comprehensive income. The amendment to IAS 1 shall be applied for annual periods beginning on 1 July 2012 or later.

IAS 32 Financial Instruments, classification–amendment: The amendment to IAS 32 has inserted clarification in the "Application Guidance" regarding offsetting of financial assets and financial liabilities. It has been clarified what is meant by a "legal right to offset" and what is meant by "controlled items with a net amount" in different situations. Amendment to IAS 32 is shall be applied for annual periods beginning 1 January 2014 or later.

The company has still not evaluated how these new standards will affect the financial statements.

Other amendments of accounting policies that are effective in the future are not expected to have any impact on the consolidated accounts:

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.

The group's internal reporting system is based on a combination of country and segment, where one or more countries within Network amount to one Network segment. The Technology segment is a summation of countries where these operations are conducted, see a further description in notes to the consolidated accounts, C4 Segment reporting.

Basis of consolidation

Subsidiaries

The group's accounts comprise the financial statements of the parent company and all of its subsidiaries. Subsidiaries are the companies over which the parent company has a controlling influence. Controlling influence means, directly or indirectly, a right to set the company's financial and operational strategies with the aim of obtaining economic benefits. When determining whether control exists, potential voting shares that can be called upon or converted without delay should be considered.

All subsidiaries are consolidated using the purchase method. The method means that acquisition of a subsidiary is treated as a transaction by which the group indirectly acquires the subsidiary's assets and assumes its liabilities and contingent liabilities. The consolidated historical cost is determined through a purchase price allocation in connection with the acquisition. The acquisition analysis establishes the cost of the shares or entity, as well as the fair value on the date of acquisition of the identifiable assets acquired and liabilities and contingent liabilities assumed. The cost of the subsidiary's shares or entity consists of the fair values of the assets on the date of exchange, liabilities incurred or assumed and equity instruments issued as consideration in exchange for the acquired net assets. In business combinations where the cost of acquisition exceeds the net value of acquired assets, and liabilities and contingent liabilities assumed, the difference is recognised as goodwill. When the difference is negative, this is recognised directly in the income statement.

The subsidiaries' financial statements are included in the consolidated financial statements from the date of acquisition until the date when the controlling influence ceases.

Transactions eliminated on consolidation

Intra-group receivables and liabilities, revenue or expenses, and unrealised gains or losses arising from transactions between group companies, are eliminated in full on preparation of the consolidated financial statements.

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 the 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	
	2012	2011	2012	2011
EUR	8.62	8.94	8.71	9.03
GBP	10.49	10.68	10.73	10.41
NOK	1.17	1.15	1.16	1.16
DKK	1.16	1.20	1.17	1.21
LTL	2.50	2.59	2.52	2.62
PLN	2.12	2.03	2.08	2.20
CHF	7.13	7.36	7.22	7.35
RUB	0.21	0.22	0.22	0.22
BRL	3.19	-	3.48	-

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. The company divested operations during the financial year 2011. See further description in the notes to the consolidated accounts, C25 Discontinued operations.

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 by fixed start-up and monthly fees (called Other revenue).

For the parent company, revenue consists mainly of licensing fees charged to subsidiaries.

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 search engines and is recognised as revenue recognition takes place.

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, trade and financial receivables. Liabilities include trade payables, liabilities to publishers and liabilities to credit institutions.

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 the 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 are realised, expire or the company no longer has control over them. The same rule applies for part of a financial asset. A financial liability is derecognised when the contractual liability is discharged or otherwise expires. 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 quoted financial assets corresponds to the asset's quoted buying rate at the end of the reporting period. The fair value of unquoted financial assets is determined by using valuation techniques such as recently completed transactions, the price of similar instruments and discounted cash flows.

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. Since trade receivables have a short expected maturity, the value of each receivable is carried at its nominal amount with no discount. Impairment losses of receivables are recognised in operating expenses.

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

Financial liabilities

Financial liabilities are measured at amortised cost. Amortised cost is determined on the basis of the effective rate measured when the liability was carried. This means that premiums or discounts and issue expenses are allocated over the term of the liability.

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

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 fluctuations 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 for putting the asset in place.

Property, plant and equipment are recognised in the group at cost less accumulated depreciation and any impairments. 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 carrying amount, the impairment loss is allocated first to reduce any goodwill carrying amount allocated to the unit and the unit's other assets on a pro-rata basis of 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 the results for the period.

Development

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 and the group has sufficient resources to complete development. Capitalisation may occur when a new platform or functionality is developed and includes costs of materials, direct work and a reasonable share of indirect costs. System maintenance costs are expensed as they arise. Capitalised development expenses are recognised at cost less accumulated depreciation and impairment charges.

Administration and support

The category "Administration and support" has been added for annual periods from 2011. 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 charges.

Other intangible assets

Other intangible assets acquired by the group consist of client relations, technology platforms and trademarks, and are recognised at cost less accumulated amortisation and impairment.

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 for 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 undeterminable useful life are tested for impairment on an annual basis and also 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:

Client relations	Seven years
Technology platforms	Three years
Trademarks	Five years
Development	Three years
Administration and support	Five years

Impairment

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 that an asset may be impaired, 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 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 discount 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 impairments. 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 loans and 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 is charged to the income statement.

Reversal of impairment losses
An impairment 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 severance, 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 with a corresponding increase in shareholders' equity. The fair value of the shares is calculated according to the Black-Scholes method, taking into consideration the terms and conditions prevailing on the allotment date, including the market value when available. The amount which is recognised as an expense is adjusted to reflect the actual number of shares earned.

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 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 are not taken into consideration; for temporary differences arising on the initial recognition of goodwill, nor for the initial recognition of assets and liabilities that are not business combinations and which at the transaction date affect neither accounting nor taxable income, furthermore, temporary differences are not taken into consideration that are attributable to participations 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 that are enacted or which are in practice 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.

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 uncertainty in these assumptions is partly offset by a good margin in the comparison of recoverable amounts and carrying amounts.

Goodwill amounted to SEK 353.3 M (370.3).

Deferred tax assets

The group recognises deferred tax assets on loss carryforwards of SEK 17.9 M (18.9). The deferred tax assets are primarily attributable to tax loss carryforwards in the parent company and in the UK. The valuation of loss carryforwards and the ability to utilise these are based on management's estimates of future taxable income in the various tax areas.

Tradedoubler has a deferred tax receivable of SEK 14 M attributable to a previous intra-group loan. The receivable arose when the right to deduction for interest expenses related to the loan was denied in the subsidiary, on account of which an application for repayment of previously paid tax on interest income has been made for the parent company. The company expects that full repayment of the amount will be made, however, there is always a risk in this type of case.

Trade receivables

The group monitors the financial stability of its customers and the conditions under which they operate to estimate the probability of payment in the case of each individual trade receivable. As of December 31, 2012 the total provisions for doubtful receivables in the balance sheet amounted to SEK 19.5 M (12.1).

Intangible assets

The company's intangible assets comprise, in addition to Goodwill, of internally-developed and acquired products. The products that are directly related to the company's core business have a shorter estimated useful life and are amortised at a faster rate. Each year an impairment test is performed, both for the intangible assets that are in use as well as for those not yet in use. See Note C13 and C1 for more information.

C3. Distribution of revenue

SEK ´000	2012	2011
Transaction revenue	2,229,746	2,544,740
Other revenue	77,972	67,961
Net sales	**2,307,718**	**2,612,701**

C4. Segment reporting

Tradedoubler had seven segments during the year. Six of the segments consisted of market units within Network (Central, France, North East, North West, South East, South West) and the seventh segment consisted of the business unit Technology.

Network's market units consisted of the following countries;
- Germany, Switzerland, Austria, Belgium and the Netherlands (Central)
- France (France)
- Sweden, Norway, Denmark, Finland, Lithuania, Poland and Russia (North East)
- UK and Ireland (North West)
- Italy (South East)
- Spain, Portugal and Brazil (South West)

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 the gross profit and operating profit 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 will change its segment reporting from 2013. See more information in Note C24 Events after the balance sheet date.

Tradedoubler has no customers which account for revenues of more than 10 per cent of the company's total revenues for the years 2012 or 2011.

	Gross profit		Operating profit	
SEK ´000	2012	2011	2012	2011
Market Unit Central	111,918	131,357	-13,124	19,657
Market Unit France	86,907	99,653	16,707	34,626
Market Unit North East	117,583	127,835	-22,571	4,089
Market Unit North West	85,166	112,401	-12,908	12,247
Market Unit South East	45,637	63,074	2,922	25,580
Market Unit South West	33,160	36,315	1,502	6,017
Total Network	**480,370**	**570,635**	**-27,472**	**102,215**
Business Unit Technology	61,108	55,904	27,473	24,845
Total continued operations	**541,478**	**626,539**	**1**	**127,060**
Discontinued operations	**4,624**	**31,812**	**2,205**	**-7,724**

Geographical information

	Net sales	
SEK ‘000	2012	2011
Sweden	138,240	175,786
Great Britain	593,935	688,161
France	480,253	565,280
Germany	228,690	252,150
Spain	151,722	171,592
Italy	148,542	194,495
Other	566,336	565,237
Total	**2,307,718**	**2,612,701**

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

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

Average number of employees	2012		2011	
		men (%)		men (%)
Parent company				
Sweden	73	56	76	64
Subsidiaries				
Belgium	11	72	10	79
Denmark	10	68	13	51
Finland	11	55	14	60
France*	49	52	55	59
Ireland	3	66	5	65
Italy*	30	38	32	39
Lithuania	10	50	9	46
Netherlands	19	57	21	65
Norway	13	67	12	65
Poland	24	46	26	47
Portugal	2	0	3	32
Russia	7	49	6	52
Switzerland	14	65	15	83
Spain*	27	39	34	50
UK*	112	55	137	55
Sweden*	26	75	28	74
Germany*	44	54	42	58
Austria	3	55	5	75
Total subsidiaries	**415**	**54**	**467**	**57**
Total group	**488**	**54**	**543**	**58**

*Average number of employees for the previous period includes employees from the divested Search business

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

Share women (%)	2012	2011
The board of directors	33.3	42.9
President and other senior executives	0.0	7.7

Remuneration to employees distributed between the Parent Company and subsidiaries

	Salaries and other remuneration	Social fees (of which pension)	Salaries and other remuneration	Social fees (of which pension)
SEK ‘000	2012		2011	
Parent company	57,053	21,276	58,200	24,307
		(5 874)		(6 372)
Subsidiaries	201,793	41,374	212,329	41,174
		(7 267)		(5 678)
Total	**258,846**	**62,650**	**270,528**	**65,481**

Cost of remuneration to employees

SEK '000	2012	2011
Salaries and remuneration	258,846	270,337
Share-based payments	-	191
	258,846	**270,528**
Pension expenses	13,140	12,050
Social security contributions	49,510	53,393
Social security contributions attributable to share-based payments	-	38
	62,650	**65,481**
Total	**321,496**	**336,009**

Remuneration to the president, group management and board of directors

	2012					2011				
Remuneration and other benefits, (SEK '000)	Basic salary, directors' fees[3]	Variable remuneration	Long-term incentive programmes	Pension obligations	Total	Basic salary, directors' fees[3]	Variable remuneration	Long-term incentive programmes	Pension obligations	Total
The Board of Directors										
Mats Sundström	738	-	-	-	738	725	-	-	-	725
Kristofer Arwin	307	-	-	-	307	300	-	-	-	300
Heléne Vibbleus Bergquist	407	-	-	-	407	400	-	-	-	400
Martin Henricson	315	-	-	-	315	325	-	-	-	325
Martina King	100	-	-	-	100	300	-	-	-	300
Caroline Sundewall	407	-	-	-	407	400	-	-	-	400
Simon Turner	323	-	-	-	323	300		-	-	300
Urban Gillström (CEO)[1]	6,672	-	-	871	7,543	3,276	600	37	715	4,628
Rob Wilson (CEO)[2]	1,197	272	-	120	1,589	-	-	-	-	-
Other group management	**20,128**	**576**	**-**	**1,627**	**22,331**	**20,454**	**2,011**	**154**	**1,927**	**24,546**
Total	**30,594**	**848**	**-**	**2,618**	**34,060**	**26,480**	**2,611**	**191**	**2,642**	**31,924**

[1] Urban Gillström was President and CEO between February 2010 and July 2012. Severance pay and termination benefits were paid after the termination of employment. Termination benefits amounted to SEK 3,182,000.
[2] From 1 of August, 2012
[3] Directors' fees are periodised based on the calendar year.

On 31 December 2012, the group management was composed of eight people (13 people on 31 December 2011). The change was mainly due to reorganisations during the autumn 2012 and the fact that not all positions were filled at the end of the financial year. As of 1 January 2013, the company is run by an executive management group, consisting of four people.

Erik Skånsberg was CFO until 31 July 2012, termination benefits were paid after the termination of employment.

Elaine Safier was the company's CCO until the end of September 2012, termination benefits were paid. Fred Prigent who was previously head of the business unit France and Falk von Westarp who was head of the market unit Central both had to leave the company during the year and termination benefits were paid to both of them.

Termination benefits of SEK 5,946,000 (1,980,000) in total were paid excluding termination benefits to the President and CEO.

Remuneration to the Board and group management

Fees to board members and members of the board's committees

The annual general meeting 2012 approved the following remuneration to the board of directors:

SEK 670,000 to the chairman of the board and SEK 310,000 to each of the other board members elected by the annual general meeting who are not employed in Tradedoubler. In addition to this, the annual general meeting approved remuneration for committee work, to the members appointed by the board, of SEK 100,000 to the chairman of the audit committee and SEK 50,000 to each of the other members of the audit committee, and SEK 50,000 to the chairman of the remuneration committee and SEK 25,000 to each of the other members of the remuneration committee.

Guidelines for remuneration to group management

The annual general meeting 2012 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 company management receives variable remuneration which is mainly linked to the group's financial performance. 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. For the group management, the variable remuneration may amount to a maximum of 50 per cent of the fixed salary.

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 2012, SEK 19.7 M (27.7) was expensed for the performance- and results-based programme for variable remuneration, of which SEK 2.4 M (3.3) related to social security contributions. This item included variable remuneration to the group management, which amounted to SEK 0.8 M (2.6). In the event of maximum allotment, variable remuneration for the year would have amounted to approximately SEK 88.5 M (85.0), including variable remuneration to the group management, of which approximately SEK 14.5 M (13.9) related to social security contributions. With the former composition of the group management (as of 31 December 2012), the maximum cost for the variable remuneration programme in 2012 would have amounted to approximately SEK 6.0 M (9.1), of which approximately SEK 1.6 M (1.5) relates to the CEO.

Chief executive officer

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 termination benefits of 6 months fixed salary to be paid out monthly in 6 equal shares.

The pension plan for the CEO consists of a defined contribution plan, in which the premium amounts to 10 percent of the fixed salary. Payment of premiums to the pension plan will end at retirement or earlier if the CEO leaves the company for any other reason.

C6. Share-based remuneration

Long-term incentive programmes

The group had three outstanding long-term incentive programmes during 2011 and 2012.

Supply of shares to the participants of the Performance-related share programme has been secured through previous purchases of own shares in Tradedoubler AB. Tradedoubler has 130,000 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	2012	2011
Personnel expense (including social social security contributions) arising from share-based remuneration	-	-229
Total personnel expense arising from share-based remuneration	**-**	**-229**

Performance-related share programme 2011 and 2012

The annual general meetings 2011 and 2012 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 personell to continued loyalty and continued good performance.

In order to participate in the programmes, employees domiciled in Sweden are required, to own Tradedoubler shares (Saving shares) corresponding to a value of a maximum of 10 per cent of the participant's basic salary (fixed salary) divided by the average volume-weighted price paid at NASDAQ OMX Stockholm during a period of ten trading days immediately after the annual general meeting when the decision on each programme was taken.

If the Savings shares are retained by the employee during a three-year period and he/she was employed in the Tradedoubler Group during the entire period, the employee is entitled to gratuitous allotment of shares (performance shares), provided that the performance requirements related to earnings per share stated in the table below are met.

If the Savings shares are sold during the three-year period, the possibility of obtaining performance shares decreases proportionally.

For employees domiciled outside of Sweden, no Savings shares requirement exists. Allotment, according to the table below, occurs based on if the participant would invest up to ten per cent of his /her basic salary before tax on corresponding terms as participants domiciled in Sweden.

	No of remaining participants	Total no of outstanding savings shares
Share programme 2011	4	9,135
Share programme 2012	10	77,895

	Base year EPS	Target average annual EPS growth range	Performance shares awarded	Maximum oppurtunity as percentage of fixed salary
Share programme 2011	1.44	20 %	0,6 to 1	6-8 %
		20.1 to 39.9 %	0.7 to 3.9	7-39 %
		40 % -	3 to 4	30-40 %
Share programme 2012	2.16	20 %	0.6 to 1	6-8 %
		20.1 to 39.9 %	0.7 to 3.9	7-39 %
		40 % -	3 to 4	30-40 %

Performance share programme 2008/2011

The annual general meeting 2008 resolved on a performance-based share programme of up to 240,000 performance shares (options). Each option initially gave the holder the right to acquire one (1) share in the future subject to certain conditions. The exercise price was

SEK 10 per share. The terms of the programme were adjusted on account of the rights issue in 2009. Each option gave the holder the right to acquire 1.22 shares at an exercise price of SEK 8.20.

On 11 April 2011, the board passed a resolution that subscription could not take place in the programme 2008/2011, since the growth targets for earnings per share were not fulfilled.

C7 Remuneration for auditor

SEK '000	2012	2011
Ernst & Young		
Audit assignments	5,128	4,455
Audit related fees	47	250
Tax services	392	20
Other assignments	414	355
Other auditors		
Audit assignments	185	175
Tax services	-	12
Other assignments	208	66
Total	**6,374**	**5,333**

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-September 2012 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	2012	2011
Remuneration cost to publishers	1,766,240	1,986,163
Employee costs	325,266	316,032
Depreciation and amortisation	20,324	16,794
Other operating costs	195,887	166,653
Total	**2,307,717**	**2,485,642**

C9. Operating leases

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

SEK ´000	2012	2011
Within one year	30,849	31,058
Between one and five years	48,630	41,113
Longer than five years	-	-
	79,479	**72,171**

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

Costs for operating leases amounted to SEK 31,271,000 (25,631,000) for the group in 2012

C10. Net financial items

SEK ´000	2012	2011
Interest income on bank balances	888	1,207
Interest income, other	309	305
Changes in foreign exchange rates	87	-
Financial income	**1,284**	**1,512**
Interest expenses on financial liabilities measured at amortised cost	-228	-33
Interest come, other	-739	-1,286
Changes in foreign exchange rates	-	-12,886
Financial expences	**-967**	**-14,205**
Net financial items	**317**	**-12,693**

C11. Taxes

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

SEK ´000	2012	2011
Current tax expense		
Tax expense for the period	-14,766	-21,929
Tax expense related to previous periods	-13,609	6,374
Deferred tax expense		
Deferred tax in respect of temporary differences	4,711	-2,773
Deferred tax expense in capitalised loss carryforwards for tax purposes.	4,665	-3,873
Deferred tax expense due to utilisation of previous capitalised loss carryforwards for tax purposes.	8,524	-
Total	**-10,475**	**-22,201**

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

Reconciliation of effective tax for continued operations

	2012		2011	
	%	SEK '000	%	SEK '000
Profit before tax		317		114,367
Tax according to applicable tax rate for parent company	26.3	-83	26.3	-30,079
Effect of other tax rates for foreign subsidiaries	748.6	-2,373	0.4	-444
Adjustment of tax in respect of previous years	1,604.1	-5,085	-5.6	6,374
Non-deductible expenses	905.4	-2,870	1.4	-1,651
Non-taxable income	-489.6	1,552	-0.1	68
Effect of changed tax rates in Sweden and UK	497.8	-1,578	-	-
Increase of loss carryforwards for tax purposes without corresponding capitalisation of deferred tax expense	165.3	-524	-	-
Utilisation of previously not capitalised loss carryforwards	-103.8	329	-5.6	6,452
Other	-49.5	157	2.6	-2,923
Effective tax/tax rate	**3,304.6**	**-10,475**	**19.4**	**-22,201**

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	2012	2011	2012	2011	2012	2011
Loss carryforwards	17,872	18,913	-	-	17,872	18,913
Other receivables	555	2,198	-	-	555	2,198
Other liabilities	2,459	-	-4,597	-5,495	-2,138	-5,495
Other non-current assets	1,121	-	-	-2,130	1,121	-2,130
Other*	14,000	-	-	-	14,000	-
Deferred tax assets and tax liabilities	**36,007**	**21,111**	**-4,597**	**-7,625**	**31,410**	**13,487**

* Other is entirely related to a temporary difference related to prior years taxable interest income on an intercompany loan which has been requested reconsideration on.

Non-recognised deferred tax assets
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	2012	2011
Loss carryforwards for tax purposes	919	11,305
Total	**919**	**11,305**

The value for tax purposes of capital loss carryforwards of SEK 17,872,000 and non-capital loss carryforwards of SEK 919,000 amounting to SEK 18,791,000 in total, have a perpetual term. For information on capital loss carryforwards, see notes to the consolidated financial statements C2 Critical estimates and judgements.

SEK '000	Capitalisation of loss carryforwards	Other receivables	Other liabilities	Exchange difference, increased net investment	Other non-current assets	Other	Deferred tax assets and tax liabilities
Balance at 1 Jan 2011	27,700	-	-5,495	-5,638	-6,766	-	9,801
Recognised via income statement	-6,245	-	-	-	242	-	-6,003
Reclassification	-2,198	2,198	-	5,638	-	-	5,638
Translation difference	-343	-	-	-	-	-	-343
Discontinued operations	-	-	-	-	4,394	-	4,394
Balance at 31 Dec 2011	**18,913**	**2,198**	**-5,495**	**-**	**-2,130**	**-**	**13,487**
Balance at Jan 1, 2012	18,913	2,198	-5,495	-	-2,130	-	13,487
Recognised via income statement	-811	-1,653	3,113	-	3,251	14,000	17,900
Translation difference	-230	10	244	-	-	-	24
Balance at 31 Dec 2012	**17,872**	**555**	**-2,138**	**-**	**1,121**	**14,000**	**31,410**

C12. Financial assets and liabilities distributed per category

	2012			2011		
SEK '000	Loans and receivables	Other financial liabilities	Total carrying amount	Loans and receivables	Other financial liabilities	Total carrying amount
Trade receivables	519,268		519,268	642,432		642,432
Cash and bank balances	164,445		164,445	290,745		290,745
Total financial assets	**683,713**	**-**	**683,713**	**933,177**	**-**	**933,177**
Trade payables		20,642	20,642		29,407	29,407
Liabilities to publishers		402,514	402,514		498,346	498,346
Total financial liabilities	**-**	**423,156**	**423,156**	**-**	**527,753**	**527,753**

Trade receivables, trade payables and liabilities that are measured at cost have short terms and thus fair value corresponds with the carrying amount.

C13. Intangible assets

SEK '000	Development expenses	Administration & Support	Goodwill	Other	Total
Accumulated acquisition costs					
Opening balance at 1 Jan 2011	31,011	-	498,807	83,405	613,223
Reclassification	-22,410	1,208		21,202	-
Investments for the year	8,010	16,125	-	1,693	25,828
Sales/disposals	-5,953	-	-	-79,549	-85,502
Translation difference	-	-	6,115	-	6,115
Closing balance at 31 Dec 2011	**10,658**	**17,333**	**504,922**	**26,751**	**559,664**
Opening balance at 1 Jan 2012	10,658	17,333	504,922	26,751	559,664
Investments for the year	15,586	20,656	-	16	36,258
Sales/disposals	-	-3,406	-	-13,788	-17,194
Translation difference	-	-	-17,831	101	-17,730
Closing balance at 31 Dec 2012	**26,244**	**34,583**	**487,091**	**13,080**	**560,998**
Accumulated amortisation and impairment losses					
Opening balance at 1 Jan 2011	-17,739	-	-132,962	-39,399	-190,100
Reclassification	13,993	-	-	-13,993	-
Amortisation continued operations	-1,212	-107	-	-7,086	-8,405
Amortisation discontinued operations	-	-		-11,086	-11,086
Sales/disposals	3,675	-	-	51,936	55,611
Translation difference	-	-	-1,630	-	-1,630
Closing balance 31 Dec 2011	**-1,282**	**-107**	**-134,592**	**-19,629**	**-155,610**
Opening balance at 1 Jan 2012	-1,282	-107	-134,592	-19,629	-155,610
Amortisation continued operations	-4,071	-4,335	-	-6,522	-14,928
Amortisation discontinued operations	-	-	-	-	-
Sales/disposals	-	3,406	-	13,750	17,156
Translation difference	-	-	829	-82	748
Closing balance 31 Dec 2012	**-5,354**	**-1,036**	**-133,762**	**-12,482**	**-152,634**
Carrying amounts					
At 1 Jan 2011	13,272	-	365,845	44,006	423,123
At 31 Dec 2011	9,376	17,226	370,330	7,122	404,054
At 31 Dec 2012	**20,890**	**33,547**	**353,328**	**598**	**408,364**

The category "Administration and support" has been added for annual periods from 2011, the previous category "Market- and client-based assets" is recognised for the comparative year in the column other. For further information see Note C1 Accounting Policies.

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. In 2012, this testing was based on value in use, i.e. discounted cash flows for the different operating segments. To support this impairment testing, an overall analysis has been performed of the sensitivity of the variables used in the model. 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, shows that a good margin still exists between recoverable amounts and carrying amounts. The management has therefore made the assessment that there was no further need for impairment of goodwill at the end of 2012.

In the discounted cash flow statements, a discount rate (WACC) is used based on the risk-free rate of interest plus a stock market premium. WACC before tax in the estimates for the seven cash-generating units on 31 December 2012 lies in the range 15.5 till 16.2 (13.8 to 15.0) per cent.

For estimation of future revenue and growth, external and internal assumptions are used. Tradedoubler's forecast period extends until 2021. The growth rate in the forecast period is in line with the outlook for the company's market. The growth rate after the forecast period is set at 1.5 (2) per cent per year. 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	2012	2011
North East	60,761	62,956
North West	36,390	37,033
Central	60,059	62,956
France	70,037	74,066
South East	49,026	51,846
South West	31,516	33,330
Technology	45,539	48,143
Total	353,328	370,330

C14. Property, plant and equipment

SEK '000	Equipment, tools, fixtures and fittings
Accumulated cost	
Opening balance 1 Jan 2011	65,602
Investments	7,066
Sales/Disposals	-13,822
Translation difference	-125
Closing balance 31 Dec 2011	**58,721**
Opening balance 1 Jan 2012	58,721
Investments	4,820
Sales/Disposals	-24,242
Translation difference	-760
Closing balance 31 Dec 2012	**38,539**
Accumulated depreciation	
Opening balance 1 Jan 2011	-49,830
Depreciation for the year continued operations	-8,389
Depreciation for the year discontinued operations	-269
Sales/Disposals	10,633
Translation difference	102
Closing balance 31 Dec 2011	**-47,753**
Opening balance 1 Jan 2012	-47,753
Depreciation for the year continued operations	-5,396
Sales/Disposals	24,143
Translation difference	585
Closing balance 31 Dec 2012	**-28,421**
Carrying amounts	
At 1 Jan 2011	15,772
At 31 Dec 2011	10,968
At 31 Dec 2012	10,117

C15. Prepaid expenses and accrued income

SEK ´000	2012	2011
Rent of premises	8,239	7,975
Accrued income	4,552	9,303
Other	4,586	9,199
Total	**17,376**	**26,477**

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 31 December 2012, Tradedoubler AB had a share capital of SEK 17.1 M distributed among 42,807,449 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, 2012*	42,807,449	17,122,979
Number of shares issued December 1, 2012*	42,807,449	17,122,979

*of which 130,000 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 2013 that no dividend should be declared for 2012 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 2012 amounted to SEK 488.4 M (580.8) in total. 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.

Shares in own custody

During 2008, the board decided to enact the authorisation that was received at the annual general meeting 2008, to buy back the company's own shares, for the purpose of ensuring obligations related to the Performance share programme 2008/2011.

As a result of that authorisation, Tradedoubler, on three occasions during 2008, bought back 130,000 shares at price intervals corresponding to the highest buying price and the lowest selling price on the NASDAQ OMX Stockholm Exchange. 65,000 shares were repurchased at a price of SEK 112.50 per share, 13,000 shares at a price of SEK 50.00 per share, and 52,000 shares at a price of SEK 57.75 per share. This represented a total investment of SEK 11.1 M.

Total holdings of own shares at the end of 2012 amounted to 130,000 ordinary shares after buy-backs.

As the targets for the Performance share programme 2008/2012 were not reached, no allotment in the programme took place. However, the shares that were acquired for the performance share programme have been retained for potential outcomes of current or possible future long-term incentive programmes, for more information regarding long-term incentive programmes, see notes to the consolidated accounts, C6 Share-based remuneration.

C17. Earning per share

Earnings per share

	2012	2011
Profit for the year attributable to the parent company's shareholders (SEK '000)	-7,965	-50,904
Weighted average number of outstanding ordinary shares before and after dilution (thousands)	42,661	42,661
Earnings per share, before and after dilution	**-0.19**	**-1.19**

Earnings per share for continued operations

	2012	2011
Profit for the year attributable to the parent company's shareholders for continued operations (SEK '000)	-10,158	92,166
Weighted average number of outstanding ordinary shares before and after dilution (thousands)	42,661	42,661
Earnings per share for continued operations, before and after dilution	**-0.24**	**2.16**

Potential future dilution

Performance-related share programme adopted at the annual general meeting 2011 and 2012 can give rise to a future dilution, the maximum outcome of the programme amounts to 510,000 shares in which 130,000 shares were available in own custody for allocation to participants, see description in the Notes to the Consolidated Financial Statements, C6 Share-based remuneration.

C18. Other liabilities

SEK '000	2012	2011
Prepayments from clients	123,801	160,789
VAT	14,050	18,030
Withholding tax and social security contributions	16,218	18,287
Other	34,115	30,664
Total	**188,183**	**227,770**

C19. Accrued expenses and deferred income

SEK '000	2012	2011
Holiday pay	11,799	16,240
Other payroll expenses	26,733	16,578
Search engine costs	-	6,313
Provision for rent, redundant premises	12,123	16,366
Other	27,977	26,857
Total	**78,632**	**82,354**

C20. Financial risks

Treasury policy

Tradedoubler's Treasury policy has been drawn up for the purpose of minimising 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 invested with large banks and credit institutions at the best possible bank interest. Trade in securities for a speculative purpose shall not occur. Counterparty risk arises in financial investments but the company works actively to minimise exposure to risky banks.

Clients

The group and the company are subject to credit risk, which arises primarily in connection with trade receivables. The number of customers with financial difficulties increases during a recession. Tradedoubler is thus subject to increased customer credit risk during a recession.

The group has established a credit policy that determines how clients are managed, with decision-making levels set for various credit limits. New clients are subjected to credit rating reports from a credit bureau, which provides the basis for setting credit and payment terms and conditions for each client. Tradedoubler's business model is based on advance payment from clients. Since a publisher in most cases only gets paid when the customer has paid the invoice, the group's customer credit risk is thereby reduced. When deviations from the advance payment policy are made, the company's credit policy serves as the basis for decision. The company continues to see low customer losses in the business.

Tradedoubler has not noticed increased bad debt losses in any geographical area. However, the group management is actively monitoring the situation, particularly as regards Southern Europe. Tradedoubler has not identified any specific risk concentration for any customer category.

Trade receivables at year-end amounted to SEK 519 M (642). Incurred bad debt losses during the year amounted to SEK 3,867,000 (4,450,000) in the group, net after reversal of liability to publishers.

Provision for anticipated bad debt losses in the balance sheet amounted to SEK 19,513,000 (12,080,000).

Maturity analysis, amount less doubtful debts

	2012	2011
SEK ´000	Carrying amount	Carrying amount
Trade receivables not due	391,209	453,831
Trade receivables, due 0-30 days	63,956	130,991
Trade receivables, due 31-90 days	41,401	34,000
Trade receivables, due >90+ days	22,703	23,610
	519,268	**642,432**

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 a number of countries involving ten different currencies, with Euro (EUR) and British pounds (GBP) representing the majority share.

In 2012, approximately 53 (49) per cent of group sales were made in EUR and approximately 26 (33) per cent in GBP. In 2012, approximately 32 (36) per cent of group costs were in EUR and approximately 18 (18) 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 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.

In connection with translation of the group's investments in foreign subsidiaries to the group's presentation currency, SEK, translation exposure arises, 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 7 M, of which SEK 4 M relates to subsidiaries in Euro zone countries, SEK 2 M to the UK subsidiary and SEK 1 M to other foreign subsidiaries 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 44 M, of which SEK 8 M relates to subsidiaries in Euro zone countries, SEK 2 M to the UK subsidiary and SEK 9 M to other foreign subsidiaries 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 fixed interest term. The group's interest rate exposure is managed centrally, which means that the finance function is responsible for identifying and managing this exposure.

In 2012, no interesting-bearing borrowing took place. Some interest risk remains due to financial investments but it is considered insignificant in relation to the group's financial position.

Liquidity risk

Tradedoubler's works actively to minimise the group's liquidity risk, among other ways by the fact that a publisher only gets paid when the customer has paid the invoice to Tradedoubler. Tradedoubler limits the liquidity risk in this way. Credit ratings are performed on all new clients and Tradedoubler normally requires advance payments from clients for whom adequate financial information is not available.

Tradedoubler also has counterparty risk in connection with the liquidity risk, which is principally related to banks in existing markets. The continued uncertainty in Southern Europe is affecting a number of the banks that the group is working with. During the year, Tradedoubler continued the work on consolidating its liquids assets with a smaller number of banks. This work will be completed in 2013 and will further reduce the liquidity risk in the operations.

Duration analysis, financial liabilities

	2012				2011			
SEK ´000	Total	Within 1 month	Within 1-3 months	Over 4 months	Total	Within 1 month	Within 1-3 months	Over 4 months
Trade payables	20,642	19,744	477	421	29,407	29,407	-	-
Short-term liabilities to publishers	402,514	150,663	228,432	23,419	498,346	164,217	317,079	17,050
Total	**423,156**	**170,407**	**228,909**	**23,840**	**527,753**	**193,624**	**317,079**	**17,050**

C21. Pledged assets and contingent

SEK '000	2012	2011
Pledged assets		
Rental deposits	3,647	3,549
Total pledged assets	**3,647**	**2,179**
Contingent liabilities	**None**	**None**

C22. 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 licence invoices from the parent company to the subsidiaries. See further description in Notes to the Parent company's financial statements, M15 Investments and M22 Transactions with related parties.

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 Financial Statements, Note C5 Remuneration to employees, group management and board of directors and Note C6 Share-based remuneration.

C23. Cash flow statement, supplementary information

Cash and cash equivalents

SEK '000	2012	2011
The following sub-components are included in cash and cash equivalents:		
Cash and bank balances	164,445	290,745
Total according to the balance sheet	**164,445**	**290,745**
Total according to the cash flow statement	**164,445**	**290,745**

SEK '000	2012	2011
Interest received	1,198	1,512
Interest paid	-829	-1,319

Adjustment for items not included in the cash flow

SEK '000	2012	2011
Depreciation and amortisation	20,324	16,794
Provisions for severance payments	26,765	-
Other	2,736	-696
	49,825	**16,098**

C24. Events after the balance sheet date

The organisational structure is being changed from 1 January 2013 in order to achieve greater business focus and higher efficiency and will consist of six new market units and the business unit Technology that continously will be reported separately.

C25. Discontinued operations

On 20 December 2011, the company management announced the board's decision to sell the Search market unit to NetBooster SA. The operation was divested in full and the deal was concluded on 20 December 2011.

The market unit did not fulfil the goals that the board had set for the operation and the board's view is that a divestment will strengthen the group's future competitiveness and enable the company management to focus more clearly on the core business.

In connection with the divestment, a cooperation agreement was signed with the NetBooster Group in order to continue taking advantage of a comprehensive range to customers while offering NetBooster a greater range of services.

The operation displayed a negative operating result and the purchaser took over the operation and its future contracted undertakings. The agreed purchase price of EUR 1 should be considered together with the negative result that the operation displayed and the shared undertaking to continue supplying a better offering in conjunction with NetBooster.

The capital loss amounted to SEK -146.9 M, which mostly consisted of a reversal of increased net investment of SEK-98.1 M and translation difference in equity of SEK -3.8 M that were both reversed in the consolidated statement of comprehensive income. The capital loss also included impairment of client relations that arose in connection with the acquisition of the Search operations amounting to SEK -28.3 M and transaction costs of SEK -7.0 M. Total effect on equity from the transaction was SEK -45.0 M.

SEK ´000	2012	2011
Net sales	-290	343,990
Cost of goods sold	4,914	-312,178
Gross profit	**4,624**	**31,812**
Selling expenses	-	-27,407
Administrative expenses	-2,419	-12,129
Operating profit	**2,205**	**-7,724**
Financial income	31	454
Financial expenses	-2	-183
Net financial items	**29**	**270**
Profit before tax	2,234	-7,454
Tax	-42	11,272
Net profit excl capital loss for the year for discontinuing operations	**2,192**	**3,818**
Capital loss	-	-146,887
Net profit for the year for discontinuing operations	**2,192**	**-143,069**
Other comprehensive income		
Net profit from discontinued operations	2,192	-143,069
Translation difference on equity, net after tax	-	311
Exchange difference on increased net investment, net after tax	-	-8,130
Reversal of translation difference on equity, net after tax	-	98,077
Reversal of exchange difference on increased net investment, net after tax	-	3,765
Total other comprehensive income from discontinued operations	**2,192**	**-49,046**

Parent company income statement

SEK '000	Note	2012	2011
Net sales	P3	128,906	193,554
Cost of goods sold		-8,636	-7,931
Gross profit		**120,270**	**185,623**
Selling expenses		-2,696	-6,010
Administrative expenses		-142,514	-119,216
Research & development expenses		-31,368	-32,140
Operating profit	P4, P5, P6, P7, P8	**-56,308**	**28,257**
Profit from financial items			
Profit from participations in group companies		-2,354	-365,210
Other interest income and similar income statement items		2,864	5,498
Interest expenses and similar income statement items		-1,508	-3,801
Net financial items	P9	**-998**	**-363,513**
Profit before tax		**-57,306**	**-335,256**
Tax	P10	19,230	-113
Net profit for the year		**-38,076**	**-335,369**

Statement of comprehensive income

Profit for the year		-38,076	-335,369
Other comprehensive income			
Exchange difference on increased net investment, net after tax		-	-8,130
Reversal of exchange difference on increased net investment, net after tax		-	98,077
Total other comprehensive income		**-**	**89,947**
Total comprehensive income for the year		**-38,076**	**-245,422**

Parent company balance sheet

SEK '000	Note	31 Dec 2012	31 Dec 2011
Assets	P11		
Non-current assets			
Intangible assets	P12	54,438	26,601
Property, plant and equipment	P13	3,458	5,521
Participations in group companies	P14, P15	198,105	206,327
Deferred tax asset	P10	24,802	-
Total non-current assets		**280,802**	**238,449**
Current assets			
Trade receivables		2,846	6,339
Receivables from group companies		121,053	157,307
Tax receivables	P10	2,407	7,191
Other receivables		5,762	3,327
Prepaid expenses and accrued income	P16	3,688	7,773
Cash and cash equivalents		57,094	52,224
Total current assets		**192,849**	**234,161**
Total assets		**473,651**	**472,610**
Equity and liabilities			
Shareholders' equity	P17		
Restricted equity			
Share capital		17,123	17,123
Statuatory reserve		89,022	89,022
Non-restricted equity			
Share premium reserve		352,540	352,540
Retained earnings		-248,504	150,881
Net profit for the year		-38,076	-335,369
Total equity		**172,105**	**274,198**
Current liabilities			
Trade payables		12,150	10,299
Liabilities to group companies		191,076	71,119
Other liabilities	P18	75,979	97,111
Accrued expenses and deferred income	P19	22,340	19,883
Total current liabilities		**301,546**	**198,412**
Total equity and liabilities		**473,651**	**472,610**
Pledged assets	P21	None	None
Contingent liabilities	P21	2,259	6,939

Parent company changes in equity

SEK '000	Restricted: Share capital	Restricted: Statutory reserve	Non-restricted: Share premium reserve	Non-restricted: Fair value reserve	Non-restricted: Retained earnings incl. net profit for the year	Total equity
Opening balance at 1 January 2011	**17,123**	**89,022**	**352,540**	**-89,947**	**150,690**	**519,428**
Comprehensive income						-
Net profit for the year					-335,369	-335,369
Other comprehensive income						
Exchange difference on increased net investment, net after tax [1]	-	-	-	-8,130	-	-8,130
Reversal of exchange difference on increased net investment, net after tax [2]	-	-	-	98,077	-	98,077
Total other comprehensive income	**-**	**-**	**-**	**89,947**	**-**	**89,947**
Total comprehensive income	**-**	**-**	**-**	**89,947**	**-335,369**	**-245,421**
Transactions with shareholders						
Share-based payments settled with equity instruments	-	-	-	-	191	191
Total transactions with shareholders	**-**	**-**	**-**	**-**	**191**	**191**
Closing balance at 31 December 2011	**17,123**	**89,022**	**352,540**	**-**	**-184,488**	**274,198**
Opening balance at 1 January 2012	**17,123**	**89,022**	**352,540**	**-**	**-184,488**	**274,198**
Comprehensive income						-
Net profit for the year					-38,076	-38,076
Total comprehensive income					**-38,076**	**-38,076**
Transactions with shareholders						
Dividend					-64,016	-64,016
Closing balance at 31 December 2012	**17,123**	**89,022**	**352,540**	**-**	**-286,580**	**172,106**

[1] Change in value for the year amounted to SEK -11,031,000, of which SEK 2,901,000 was tax.
[2] Reversal of exchange difference is attributable to the sale of the underlying subsidiary that the net investment was related to, for more information see note P15 Investments and notes to the Consolidated Financial Statements C25 Discontinued activities.

Parent company cash flow statement

SEK '000	Note	2012	2011
Operating activities	P23		
Profit before tax		-57,306	-335,256
Adjustment for items not included in the cash flow		36,311	448,533
Taxes paid		-788	991
Cash flow from operating activities before changes in working capital		**-21,783**	**114,268**
Cash flow from changes in working capital			
Increase (-)/Decrease (+) in operating receivables		36,487	-35,500
Increase (-)/Decrease (+) in operating liabilities		92,086	-51,273
Cash flow from operating activities		**106,790**	**27,495**
Investing activities			
Net investments in intangible assets		-36,242	-24,134
Net investments in property, plant and equipment		-666	-3,772
Sales of property, plant and equipment		-	3,070
Repayment of shareholders' contribution		-	7,646
Divestment of shares		-	82
Investment in shares		-996	-51
Cash flow from investing activities		**-37,904**	**-17,159**
Financing activities			
Dividend		-64,016	-
Cash flow from financing activities		**-64,016**	**-**
Cash flow for the year		4,870	10,336
Cash and cash equivalents at the beginning of the year		52,224	41,888
Cash and cash equivalents at the end of the year		**57,094**	**52,224**

P1. Accounting policies

The parent company has prepared its annual accounts and consolidated accounts according to the Swedish Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Board's recommendation, RFR 2 Accounting for Legal Entities. RR 2 means that the parent company, in the annual accounts for the legal entity, shall apply all EU adopted IFRS and statements whenever possible within the framework of the Swedish Annual Accounts Act and taking into account the relationship between recognition and taxation. The recommendation states which exemptions and amendments from IFRS should be utilised. Statements issued by the Swedish Financial Reporting Board are also applied.

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 the Swedish Financial Reporting Board's statement. 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.

P2. Critical estimates and judgements

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, Note C2 Critical estimates and judgements.

P3. Distribution of revenue

SEK ´000	2012	2011
License fees	119,929	182,354
Transaction revenue	8,177	7,775
Other revenue	800	3,425
Total revenue	**128,906**	**193,554**

P4. Remuneration to employees

Average number of employees	2012		2011	
		men (%)		men (%)
Sweden	73	56	76	64

Remunerations and social security contributions	Salaries and other remuneration	
	2012	2011
Salaries and remuneration	57,053	58,200
of which share-based payments	-	(191)
Social security contributions	21,276	24,307
of which pensions	(5,874)	(6,372)
Total	**78,329**	**82,507**

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

P5. Share-based remuneration

Performance-Related Share Programme 2011/2012

The parent company has in 2012 reported a cost of SEK 0 (191,000) for the long-term incentive plan that was decided at the annual general meeting 2011 and 2012.

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	2012	2011
Ernst & Young		
Audit assignments	3,612	1,142
Audit related fees		-
Tax services		-
Other assignments	355	244
Total	**3,967**	**1,386**

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-September 2012 and has been retained for certain advice, most of which pertained to audit-related consultations regarding accounting and tax matters.

P7. Operating costs allocated by type of cost

SEK ´000	2012	2011
Remuneration cost to publishers	-8,636	-7,931
Employee costs	-84,020	-87,608
Depreciation and amortization	-11,135	-7,235
Other operating costs	-81,423	-62,523
Total	**-185,214**	**-165,297**

P8. Operating leases

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

SEK ʻ000	2012	2011
Within one year	9,233	10,439
Between one and five years	1,122	-
Longer than five years	-	-
	10,355	**10,439**

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

Costs for operating leases 2012 amounted to SEK 10,848,000 (10,439,000)

P9. Net financial items

SEK ´000	2012	2011
Dividends from group companies	2,367	73,358
Group contributions received	4,550	5,600
Interest income, group companies	855	5,252
Interest income, other	355	246
Change in foreign exchange rates	1,654	-
Financial income	**9,781**	**84,457**
Write-down of investments in subsidiary [1]	-9,218	-339,000
Losses on sales of participations in subsidiary	-	-105,168
Interest expense, group companies	-1,277	-3,179
Interest expense, other	-231	-21
Change in foreign exchange rates	-	-602
Group contributions paid	-53	-
Financial expenses	**-10,779**	**-447,970**
Net financial items	**-998**	**-363,513**

[1] During 2011, an inter-company loan was converted to shares in subsidiaries in order to minimise non-deductible interest expenses in the Group. The value of these shares has been tested and an impairment has been made.

P10. Taxes

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

SEK ´000	2012	2011
Current tax expense		
Tax expense for the period	-	-6,663
Tax expense related to previous periods	-5,572	6,550
Deferred tax		
Deferred tax revenue in capitalised loss carrying forwards for tax purposes during the year	10,802	-
Deferred tax expense due to utilisation and revision of previous capitalised loss carryforwards for tax purposes.	14,000	-
Total	**19,230**	**-113**

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

Reconciliation of effective tax

	2012		2011	
	%	SEK ´000	%	SEK ´000
Profit before tax		-57,306		-335,256
Tax according to applicable tax rate	26.3%	15,071	26.3	88,172
Adjustment of tax in respect of previous years	14.7%	8,428	2.0	6,550
Non-deductible expenses	-5.2%	-2,956	-3.1	-10,474
Non-taxable income	1.4%	798	6.2	20,788
Affect of changed tax rate in Sweden	-3.7%	-2,111	-	-
Non-deductible expenses related to sales of participations in subsidiary companies	-	-	-31.4	-105,150
Effective tax/tax rate	**33.6%**	**19,230**	**0.0**	**-113**

The Parent company has no temporary differences recognised in the balance sheet for 2011 and 2012.

P11. Financial assets and liabilities

The Parent Company	2012			2011		
SEK '000	Loans and receivables	Other financial liabilities	Total carrying amount"	Loans and receivables	Other financial liabilities	Total carrying amount
Trade receivables	2,846		2,846	6,339		6,339
Receivables from group companies	121,053		121,053	157,307		157,307
Cash and bank balances	57,094		57,094	52,224		52,224
Total financial assets	**180,993**		**180,993**	**215,870**		**215,870**
Liabilities to group companies		191,076	191,076		71,119	71,119
Trade payables		12,150	12,150		10,299	10,299
Total financial liabilities		**203,226**	**203,226**		**81,418**	**81,418**

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.

P12. Intangible assets

SEK '000	Development expenses	Administration and support
Accumulated acquisition costs		
Opening balance at 1 Jan 2011	3,856	-
Reclassification	-1,208	1,208
Investments for the year	8,010	16125
Closing balance at 31 Dec 2011	**10,658**	**17,333**
Opening balance at 1 Jan 2012	10,658	17,333
Investments for the year	15,586	20,656
Sales/disposals	-	-3,406
Closing balance at 31 Dec 2012	**26,244**	**34,583**
Accumulated amortisation		
Opening balance at 1 Jan 2011	-71	-
Amortisation for the year	-1,212	-107
Closing balance 31 Dec 2011	**-1,283**	**-107**
Opening balance at 1 Jan 2012	-1,283	-107
Amortisation for the year	-4,071	-4,335
Sales/disposals	-	3,406
Closing balance 31 Dec 2012	**-5,354**	**-1,036**
Carrying amounts		
At 1 Jan 2011	2,577	1208
At 31 Dec 2011	9,374	17227
At 31 Dec 2012	20,890	33,547

From 2011 there is a new category added, "Administration & Support". For information regarding categories, see notes to the consolidated accounts, Note C1 Accounting policies.

P13. Property, plant and equipment

SEK '000	Equipment, tools, fixtures and fittings
Accumulated acquisition	
Opening balance Jan 1, 2011	41,248
Investments	3,772
Sales/Disposals	-9,130
Closing balance Dec 31, 2011	**35,891**
Opening balance Jan 1, 2012	35,891
Investments	666
Sales/Disposals	-24,141
Closing balance Dec 31, 2012	**12,416**
Accumulated depreciation	
Opening balance Jan 1, 2011	-30,513
Depreciation for the year	-5,917
Sales/Disposals	6,061
Closing balance Dec 31, 2011	**-30,370**
Opening balance Jan 1, 2012	-30,370
Depreciation for the year	-2,729
Sales/Disposals	24,141
Closing balance Dec 31, 2012	**-8,958**
Carrying amounts	
At Jan 1, 2011	10,735
At Dec 31, 2011	5,521
At Dec 31, 2012	3,458

P14. Financial assets

SEK ´000	2012	2011
Accumulated acquisition costs		
Opening balance	206,327	57,038
Acquisitions and stock issues in subsidiaries	996	495,986
Sold group companies	-	-100
Repayment of shareholders' contribution	-	-7,597
Write-down of shares in subsidiaries	-9,218	-339,000
Closing balance Dec 31, 2012	**198,105**	**206,327**

P15. Investments

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

					Book value	
Subsidiary	Corporate identity number	Registered office	Number of shares	Participation as %	31 Dec 2012	31 Dec 2011
TradeDoubler Ireland Ltd	422593	Dublin	1	100	7	7
TradeDoubler OY	777468	Helsingfors	100	100	4,269	4,269
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	164,061	164,061
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 LLC	7707589545	Moskva	1	100	1,000	4,247
TradeDoubler GmbH	76167/URNo R181/2001	München	1	100	8,235	8,235
TradeDoubler AS	982006635	Oslo	1,000	100	7,957	7,957
The Search Works SARL	501439194	Paris	1,000	100	0	71
TradeDoubler SARL	B431573716 (2000B08629)	Paris	500	100	119	119
TradeDoubler BV	20100140	Rotterdam	40	100	189	189
TradeDoubler Services AB	556695-6511	Stockholm	1,000	100	100	6,000
TradeDoubler International AB	556833-1200	Stockholm	500	100	51	51
TradeDoubler Media AB	556745-5414	Stockholm	1,000	100	100	100
TradeDoubler Software AB	556745-2999	Stockholm	1,000	100	100	100
TradeDoubler Sweden AB	556592-4007	Stockholm	1,000	100	1,103	1,103
UAB TradeDoubler	1411537	Vilnius	100	100	36	36
TradeDoubler Sp zoo	015792506	Warszawa	1,000	100	114	114
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	996	-
					198,105	**206,327**

P16. Prepaid expenses and accrued income

SEK ´000	2012	2011
Rent of premises	2,091	2,050
Other	1,597	5,723
Total	**3,688**	**7,773**

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, 2012, Tradedoubler AB had a share capital of SEK 17,1 M distributed among 42,807,449 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, 2012[1]	42,807,449	17,122,979
Number of shares issued December 31, 2012[1]	42,807,449	17,122,979

[1] of which 130,000 shares are in own custody.

P18. Other liabilities

SEK '000	2012	2011
Current liabilities to publishers	71,763	90,855
Withholding tax and social security contributions	4,047	5,106
Other	169	1,150
Total	**75,979**	**97,111**

P19. Accrued expenses and deferred income

SEK '000	2012	2011
Holiday pay	2,732	3,387
Other payroll expenses	13,574	10,254
Other	6,034	6,242
Total	**22,340**	**19,883**

P20. 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 accounts, Note C20 Financial risks.

P21. Pledged assets and contingent liabilities

SEK ´000	2012	2011
Pledged assets	None	None
Contingent liabilities	**2,259**	**6,939**

Contingent liabilities consists of performance guarantees to subsidiaries.

P22. 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 119,9 M (182.4), invoiced by the parent company to subsidiaries and other other revenue of SEK 0.8 M (3.4). The parent company's receivables from subsidiaries amounted to SEK 121.1 M (140.1). The parent company´s liabilities to subsidiaries amount to SEK 191.1 M (162.5). 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 accounts, Note C5 Remuneration to employees, group management and board of directors and Note C6 Share-based remuneration.

P23. Cash flow statement, supplementary

Cash and cash equivalents

SEK '000	2012	2011
The following sub-components are included in cash and cash equivalents		
Cash and bank balances	57,094	52,224
Total according to the balance sheet	**57,094**	**52,224**
Total according to the cash flow statement	**57,094**	**52,224**

SEK '000	2012	2011
Interest received	1,210	5,498
Interest paid	-1,508	-3,200

Adjustment for items not included in the cash flow

SEK '000	2012	2011
Depreciation and amortisation	11,135	7,235
Write-down of investments in subsidiary companies	9,218	339,000
Reversal of exchange difference on increased net investment, net after tax	-	98,077
Other provisions	11,050	-
Unrealised exchange rate differences	4,662	-
Other	246	4,221
	36,311	**448,533**

P24. Events after the balance sheet date

No known events have occured 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 7 May 2013.

Stockholm, 8 April 2013

Mats Sundström
Chariman

Kristofer Arwin
Board Member

Martin Henricson
Board Member

Caroline Sundewall
Board Member

Simon Turner
Board Member

Heléne Vibbleus Bergquist
Board Member

Robert Wilson
President and CEO

Our Audit report was submitted on 8 April 2013

Ernst & Young AB

Thomas Forslund
Authorised Public Accountant

Auditor's report

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

Report on the annual accounts and consolidated accounts

We have audited the annual accounts and consolidated accounts of TradeDoubler AB (publ) for the year 2012, except for the corporate governance statement on pages 22–33. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 8–64.

Responsibilities of the Board of Directors and the Managing Director for the annual accounts and consolidated accounts

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

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the Managing Director, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

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

Opinions

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2012 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act, and 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 2012 and of their financial performance and cash flows in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 22–33. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statements and balance sheets of the parent company and the income statement and the statement of financial position for the group.

Report on other legal and regulatory requirements

In addition to our audit of the annual accounts and consolidated accounts, we have examined the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the Managing Director of TradeDoubler AB (publ) for the year 2012. We have also conducted a statutory examination of the corporate governance statement.

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.The Board of Directors and the Managing Director are responsible for administration under the Companies Act and that the corporate governance statementon pages 22–33 has been prepared in accordance with the Annual Accounts Act.

Auditor's responsibility

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

As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

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

We believe that the audit evidence which we have obtainedis sufficient and appropriate in order to provide a basis for our opinions.

Furthermore, we have read the corporate governance statement and based on that reading andour knowledge of the company and the group we believe that we have obtained a sufficient basis for our opinion. This means that our statutory examination of the corporate governance statement is different and substantially lessin scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

Opinions

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

A corporate governance statement has been prepared, and its statutory contentis consistent with the other parts of the annual accounts and the consolidated accounts.

Stockholm, 8 April 2013
Ernst & Young AB

Thomas Forslund
Authorised Public Accountant

Definitions and glossary

Definitions

Active publisher
A publisher that has, during the last month, generated a recordable transaction in the Tradedoubler network.

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

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.

Price/equity ratio
Price of the share divided by shareholders' equity per share.

P/E ratio
Share price divided by revenue for the year per share.

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 after full dilution
Revenue of the year divided by the average number of shares after full dilution.

Solidity
Total equity as a percentage of total assets.

Glossary

Affiliate
Describes a website that through advertisements generates online traffic of Internet visitors to the advertising company's website.

Affiliate network
A system in which advertisers that want to increase sales via the Internet are matched together with website owners who wish to increase their advertising revenue through so-called affiliate programs.

Affiliate marketing
A form of performance based Internet advertising in which online publishers advertise in return for compensation based on specific actions of Internet users – such as clicking, user registration or purchase, in response to their advertisements.

Affiliate program
An agreement in which advertisers pay a fee to the publisher to forward traffic to the advertiser's website.

API (Application Programming Interface)
Is a set of rules that governs how a certain software can communicate with another software.

Cost-per-action (CPA)
A price model in which advertisers pay a fee based either on the sale of advertised products or a number of specific activities such as leads – primarily registration – that their advertisement generates.

Cost-per-click (CPC)
A price model in which advertisers pay a fee based on the number of clicks or unique visitors that their advertisements generate.

Cost-per-lead (CPL)
Means that the advertiser pays a fee based either on the number of leads – primarily registration – that their advertisements generate.

Cost-per-thousand impressions (CPM)
A price model in which the advertisers pay a fee based on the number of timed the advertisement is displayed.

E-mail publishers
Use e-mail to send targeted offers to a recipient list.

Keyword publishers
Do not always have an own website but use search engines to initiate display of advertisements and to generate Internet traffic for advertisers. This is carried out primarily through purchasing keywords via a search engine that then sends to the advertisers.

Performance-based
A general term for online marketing activities in which publishers only receive payment when a predetermined transaction is generated.

Premium websites
(Also referred to as loyalty websites) Websites with relatively large traffic volumes that generate sales through offers to members from advertisers. Users regain part of the sales value in the form of money, bonus points or discounts.

Portals
Websites that serve as an entrance (portal) and offer a broad content and large traffic volume. There are many links at a portal, a search engine and other services, for example, free e-mail or filtering or blocking services.

Publisher
(Also referred to as an affiliate) Websites that agree to display advertisements and generate online traffic of Internet visitors to the advertising company's website.

Search-engine-optimised publishers
Own websites that use search engines, for example Google and Yahoo!, combined with own know-how about search engines to display the advertiser at the top of the list of the search results.

Tracking
The process and method used to follow up website traffic, primarily through the use of cookies.

Vertical websites
(Also referred to as content websites) Websites with lower traffic volumes that focus on online users with specific demographic features or special interests.

Websites for price comparison and retail catalogues
Shows competitive offerings from advertisers which facilitates for users to make comparisons and find stores or products.