
Sitel Denmark ApS

Sluseholmen 2, 3, DK-2450 Copenhagen SV

Annual Report for 1 January - 31 December 2016

CVR No 30 55 42 56

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
11/7 2017

Oliver Cheshire
Chairman



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Management's Statement

The Executive Board has today considered and adopted the Annual Report of Sitel Denmark ApS for the financial year 1 January - 31 December 2016.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2016 of the Company and of the results of the Company operations for 2016.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Copenhagen, 11 July 2017

Executive Board

John Kellett

Pedro Lozano de Castro

Independent Auditor's Report

To the Shareholder of Sitel Denmark ApS

Report on the Financial Statements

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2016 and of the results of the Company's operations for the financial year 1 January - 31 December 2016 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Sitel Denmark ApS for the financial year 1 January - 31 December 2016, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financials Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Independent Auditor's Report

Management's responsibilities for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements

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

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

Independent Auditor's Report

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Hellerup, 11 July 2017

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Niels Henrik B. Mikkelsen
State Authorised Public Accountant

Anders Røjleskov
State Authorised Public Accountant

Company Information

The Company

Sitel Denmark ApS
Sluseholmen 2, 3
DK-2450 Copenhagen SV

Telephone: + 45 3263 0900

CVR No: 30 55 42 56

Financial period: 1 January - 31 December

Financial year: 10th financial year

Municipality of reg. office: Copenhagen

Executive Board

John Kellett
Pedro Lozano de Castro

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Financial Highlights

Seen over a five-year period, the development of the Company is described by the following financial highlights:

	2016 TDKK	2015 TDKK	2014 TDKK	2013 TDKK	2012 TDKK
Key figures					
Profit/loss					
Revenue	372,623	311,662	90,011	39,411	35,548
Operating profit/loss	19,730	15,149	2,484	2,644	151
Profit/loss before financial income and expenses	19,730	15,149	2,484	2,644	151
Net financials	792	-231	-187	-51	-83
Net profit/loss for the year	15,952	11,394	1,717	1,943	52
Balance sheet					
Balance sheet total	199,112	94,530	89,905	16,983	6,869
Equity	30,599	14,646	3,252	1,535	-4,462
Investment in property, plant and equipment	179	492	-1,226	168	6
Number of employees	795	726	235	82	74
Ratios					
Gross margin	92.5%	93.1%	90.2%	82.8%	77.2%
Profit margin	5.3%	4.9%	2.8%	6.7%	0.4%
Return on assets	9.9%	16.0%	2.8%	15.6%	2.2%
Solvency ratio	15.4%	15.5%	3.6%	9.0%	-65.0%
Return on equity	70.5%	127.3%	71.7%	-132.8%	-1.2%

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Finance Society. For definitions, see under accounting policies.

Management's Review

Key activities

The Company's main activity involves trade and industry as well as call center services and outsourcing of specific company related functions and related business.

Development in the year

The income statement of the Company for 2016 shows a profit of DKK 15,952,087, and at 31 December 2016 the balance sheet of the Company shows equity of DKK 30,598,560.

The past year and follow-up on development expectations from last year

2016 saw many Operational and Financial challenges for Sitel & TDC through the transformation of the TDC Brand and Business model. But this served to strengthen the relationship with the client which resulted in entering into a full contract renegotiation in Q4 2016 to Q1 2017.

Targets and expectations for the year ahead

The new contractual terms with TDC from March 2017 will allow the 2 companies to forge ahead in partnership in the current year and beyond. Sitel Denmark will look to consolidate and strengthen the services we provide to TDC & their customers and develop and expand with existing and new clients.

Research and development

Sitel Denmark will continue to search for new opportunities on technological, operational or commercial level to improve the quality of its services to its customers and improve their satisfaction.

Sitel will drive continuous systems and process re-engineering and gradually move towards a social media strategy, with the resulting deflection from traditional contact channels.

External environment

The Danish outsourcing market is still in its infancy. Sitel are the largest outsourcing operator in the market, and as we grow towards maximum capacity we will invest to facilitate future expansion in the market place.

Intellectual capital resources

We are investing heavily in development of our internal IC resources. We operate a People First culture and have introduced support from our Global Work Force Management team. Equally a close co-operation with our Global Continuous Improvement team is now well installed.

Income Statement 1 January - 31 December

	Note	2016 DKK	2015 DKK
Revenue		372,622,925	311,662,060
Other external expenses		-28,064,775	-21,613,902
Gross profit/loss		344,558,150	290,048,158
Staff expenses	1	-324,217,115	-274,322,575
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-610,843	-576,350
Resultat før finansielle poster		19,730,192	15,149,233
Financial income		1,025,511	0
Financial expenses		-233,116	-231,005
Resultat før skat		20,522,587	14,918,228
Tax on profit/loss for the year	2	-4,570,500	-3,523,740
Net profit/loss for the year		15,952,087	11,394,488

Balance Sheet 31 December

Assets

	Note	2016 DKK	2015 DKK
Software		73,921	87,737
Goodwill		0	0
Intangible assets	3	73,921	87,737
Other fixtures and fittings, tools and equipment		345,434	648,262
Leasehold improvements		59,010	147,395
Property, plant and equipment	4	404,444	795,657
Other receivables		544,286	496,461
Fixed asset investments	5	544,286	496,461
Fixed assets		1,022,651	1,379,855
Trade receivables		12,614,255	6,032,227
Receivables from group enterprises		166,255,124	84,868,777
Other receivables		2,664,132	1,178,847
Deferred tax asset	6	138,900	138,900
Prepayments		641,589	931,559
Receivables		182,314,000	93,150,310
Cash at bank and in hand		15,774,991	0
Currents assets		198,088,991	93,150,310
Assets		199,111,642	94,530,165

Balance Sheet 31 December

Liabilities and equity

	<u>Note</u>	<u>2016</u> DKK	<u>2015</u> DKK
Share capital		125,000	125,000
Retained earnings		<u>30,473,560</u>	<u>14,521,473</u>
Equity		<u>30,598,560</u>	<u>14,646,473</u>
Credit institutions		0	3,535,962
Trade payables		19,509,194	6,931,117
Payables to group enterprises		118,560,907	42,591,254
Corporation tax		4,491,733	3,548,898
Other payables		<u>25,951,248</u>	<u>23,276,461</u>
Short-term debt		<u>168,513,082</u>	<u>79,883,692</u>
Debt		<u>168,513,082</u>	<u>79,883,692</u>
Liabilities and equity		<u>199,111,642</u>	<u>94,530,165</u>
Subsequent events	9		
Distribution of profit	7		
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Statement of Changes in Equity

	Share capital	Retained earnings	Total
	DKK	DKK	DKK
Equity at 1 January	125,000	14,521,473	14,646,473
Net profit/loss for the year	0	15,952,087	15,952,087
Equity at 31 December	125,000	30,473,560	30,598,560

Notes to the Financial Statements

	2016 <u>DKK</u>	2015 <u>DKK</u>
1 Staff expenses		
Wages and salaries	305,177,171	256,223,980
Pensions	16,121,365	15,428,319
Other staff expenses	2,918,579	2,670,276
	<u>324,217,115</u>	<u>274,322,575</u>
Average number of employees	<u>795</u>	<u>726</u>
2 Tax on profit/loss for the year		
Current tax for the year	4,570,500	3,523,740
	<u>4,570,500</u>	<u>3,523,740</u>
3 Intangible assets		
	<u>Software</u>	<u>Goodwill</u>
	DKK	DKK
Cost at 1 January	445,376	1,013,403
Additions for the year	27,153	0
Cost at 31 December	<u>472,529</u>	<u>1,013,403</u>
Impairment losses and amortisation at 1 January	357,639	1,013,403
Amortisation for the year	40,969	0
Impairment losses and amortisation at 31 December	<u>398,608</u>	<u>1,013,403</u>
Carrying amount at 31 December	<u>73,921</u>	<u>0</u>
Amortised over	<u>7 years</u>	<u>5 years</u>

Notes to the Financial Statements

4 Property, plant and equipment

	Other fixtures and fittings, tools and equipment	Leasehold improvements
	DKK	DKK
Cost at 1 January	5,688,274	431,678
Additions for the year	<u>179,266</u>	<u>0</u>
Cost at 31 December	<u>5,867,540</u>	<u>431,678</u>
Impairment losses and depreciation at 1 January	5,040,012	284,283
Depreciation for the year	<u>482,094</u>	<u>88,385</u>
Impairment losses and depreciation at 31 December	<u>5,522,106</u>	<u>372,668</u>
Carrying amount at 31 December	<u>345,434</u>	<u>59,010</u>
Depreciated over	<u>3-5 years</u>	<u>5 years</u>

5 Fixed asset investments

	Other receiv- ables
	DKK
Cost at 1 January	496,461
Additions for the year	<u>47,825</u>
Cost at 31 December	<u>544,286</u>
Carrying amount at 31 December	<u>544,286</u>

6 Deferred tax asset

	2016	2015
	DKK	DKK
Deferred tax asset at 1 January	<u>138,900</u>	<u>138,900</u>
Deferred tax asset at 31 December	<u>138,900</u>	<u>138,900</u>

7 Distribution of profit

Retained earnings	<u>15,952,087</u>	<u>11,394,488</u>
	<u>15,952,087</u>	<u>11,394,488</u>

Notes to the Financial Statements

	<u>2016</u>	<u>2015</u>
	DKK	DKK
8 Contingent assets, liabilities and other financial obligations		
Rental and lease obligations		
Lease obligations under operating leases. Total future lease payments:		
Within 1 year	728,662	1,041,186
Between 1 and 5 years	<u>0</u>	<u>728,662</u>
	<u>728,662</u>	<u>1,769,848</u>

9 Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Notes to the Financial Statements

10 Accounting Policies

The Annual Report of Sitel Denmark ApS for 2016 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year, change in Company size according to the Danish Financial Statements Act has resulted in additional disclosure requirements.

The Financial Statements for 2016 are presented in DKK.

Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of Sitel Worldwide Corporation Inc, the Company has not prepared a cash flow statement.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, herunder afskrivninger, nedskrivninger og hensatte forpligtelser samt tilbageførsler som følge af ændrede regnskabsmæssige skøn af beløb, der tidligere har været indregnet i resultatopgørelsen.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the maturity period. Amortised cost is calculated as original cost less any repayments and with addition/deduction of the cumulative amortisation of any difference between cost and the nominal amount. In this way, capital losses and gains are allocated over the maturity period.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Notes to the Financial Statements

10 Accounting Policies (continued)

Danish kroner is used as the measurement currency. All other currencies are regarded as foreign currencies.

Translation policies

Danish kroner is used as the presentation currency. All other currencies are regarded as foreign currencies.

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Income Statement

Revenue

Revenue from the sale of services is recognised in the income statement when delivery and transfer of risk to the buyer have been made before year end.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment as well as gains and losses on the sale of intangible assets and property, plant and equipment.

Notes to the Financial Statements

10 Accounting Policies (continued)

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Extra ordinary income and expenses

Extra ordinary income and expenses comprise income and expenses resulting from events or transactions which clearly differ from ordinary activities and which are not expected to be of a recurring nature.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

Balance Sheet

Intangible assets

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over its useful life, which is assessed at 5 years.

Patents and licences are measured at the lower of cost less accumulated amortisation and recoverable amount. Patents are amortised over the remaining patent period, and licences are amortised over the licence period; however not exceeding 2-4 years.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	5 years

Notes to the Financial Statements

10 Accounting Policies (continued)

Depreciation period and residual value are reassessed annually.

Assets costing less than DKK 12,900 are expensed in the year of acquisition.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Fixed asset investments

Fixed asset investments consist of deposit.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts. Provisions for bad debts are determined on the basis of an individual assessment of each receivable, and in respect of trade receivables, a general provision is also made based on the Company's experience from previous years.

Prepayments

Prepayments comprise prepaid expenses concerning insurance premiums.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

Notes to the Financial Statements

10 Accounting Policies (continued)

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

Other debts are measured at amortised cost, substantially corresponding to nominal value.

Notes to the Financial Statements

10 Accounting Policies (continued)

Financial Highlights

Explanation of financial ratios

Gross margin	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$
Profit margin	$\frac{\text{Profit before financials} \times 100}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit before financials} \times 100}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$