



Interim financial statements for the period ended  
June 30, 2015

## Introduction

The North Alliance AS (NOA) is a group of companies offering services within marketing communication, design and technology. The family of companies operates in Norway, Sweden, Denmark, Poland, and Singapore.

The group was founded on January 23, 2014 when NOA acquired the following companies:

- |                                      |                          |
|--------------------------------------|--------------------------|
| - Making Waves Group (NO, SE and PL) | Design & Technology      |
| - Åkestam Holst Group                |                          |
| o Åkestam Holst (SE)                 | Advertising              |
| o Bold (SE, DK)                      | Design                   |
| o StudioNOC (SE)                     | Brand Experience         |
| o Promenad (SE)                      | Action Marketing and CRM |
| - Great Works (SE, DK)               | Digital communication    |
| - AndCo (DK)                         | Advertising              |

In addition Anorak (NO, Advertising) was acquired in October 2014 and in January 2015 NOA established the advertising company Acoustic in Singapore, a digital centric company that will work in the cross section between communication and technology.

## Financials

Total net revenues for the period ended June 30 2015 were 264.1 MNOK, up 24% from 2014. The growth in revenues comes largely from group-wide projects where NOA-companies have won significant multidiscipline projects across the Nordic region, as well as from the acquisition of Anorak AS in Q3 2014. The EBITDA for the period came in at 9.2 MNOK, compared to a negative 12.2 MNOK for 2014

On December 20, 2013 NOA entered into a Bond Agreement. The Bond issue was subsequently listed on the Oslo Stock Exchange. NOA undertakes to comply with the certain financial covenants during the term of the Bond issue and after Q2 2015 the company is in compliance with all such covenants. Due to good cash conversion across the group, NOA bought back 12 MNOK of its outstanding bonds in February 2015.

## Outlook

We expect the positive development of 2015 to continue. The focus is now to utilize the NOA's Nordic digital capabilities as efficient as possible and be ready for further growth across the region.

# **Unaudited condensed interim financial statements for the period ended June 30, 2015**

(all figures in NOK '000 unless otherwise stated)

### Condensed interim consolidated Income Statement

	Notes	Three months ended		Six months ended	
		30-jun-15	30-jun-14	30-jun-15	30-jun-14
(Amounts in NOK 1.000)		Unaudited	Unaudited	Unaudited	Unaudited
<b>Continuing operations</b>					
Revenue		205.609	160.295	358.751	267.059
Cost of sales		69.602	40.589	94.628	54.118
<b>Net Revenues (Gross profit)</b>	<b>5</b>	<b>136.006</b>	<b>119.706</b>	<b>264.122</b>	<b>212.941</b>
Administrative expenses	5	22.781	22.176	44.844	66.518
Employee benefit expenses		105.055	90.831	210.032	158.619
Depreciation and amortization		5.736	4.785	9.431	8.211
<b>Operating profit</b>		<b>2.434</b>	<b>1.914</b>	<b>-185</b>	<b>-20.407</b>
Financial Income		440	-205	1.278	2.103
Financial cost		3.917	5.835	7.393	10.452
<b>Net financial items</b>		<b>-3.477</b>	<b>-6.040</b>	<b>-6.115</b>	<b>-8.349</b>
<b>Profit/loss before taxes</b>		<b>-1.043</b>	<b>-4.126</b>	<b>-6.300</b>	<b>-28.756</b>
Taxes		-723	-383	-1.476	1.318
<b>Profit/loss for the period</b>		<b>-320</b>	<b>-3.743</b>	<b>-4.824</b>	<b>-30.074</b>
Profit/loss attributal to:					
- Owners of the parent		-320	-3.743	-4.824	-30.074

### Condensed interim consolidated Comprehensive Income Statement

	Notes	Three months ended		Six months ended	
		30-jun-15	30-jun-14	30-jun-15	30-jun-14
(Amounts in NOK 1.000)		Unaudited	Unaudited	Unaudited	Unaudited
<b>Profit/loss for the period</b>		<b>-320</b>	<b>-3.743</b>	<b>-4.824</b>	<b>-30.074</b>
Items that may be reclassified to profit/loss in subsequent periods:					
Currency translation differences		1.502	1.800	-6.499	-4.199
<b>Other comprehensive income for the period</b>		<b>1.502</b>	<b>1.800</b>	<b>-6.499</b>	<b>-4.199</b>
<b>Total comprehensive income for the period</b>		<b>1.182</b>	<b>-1.943</b>	<b>-11.323</b>	<b>-34.273</b>
Comprehensive income attributal to:					
- Owners of the parent		1.182	-1.943	-11.323	-34.273

The interim financial information has not been subject to audit.

## Condensed interim consolidated Balance Sheet

		30-jun-15	30-jun-14
	Notes	Unaudited	Unaudited
<i>(Amounts in NOK 1.000)</i>			
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment		12.194	12.460
Goodwill		253.485	238.184
Intangible assets		171.765	170.165
<b>Total non-current assets</b>		<b>437.444</b>	<b>420.809</b>
<b>Current assets</b>			
Trade and other receivables		166.063	178.886
Derivate financial instruments		11.804	1.951
Cash and cash equivalents		71.393	73.409
<b>Total current assets</b>		<b>249.260</b>	<b>254.246</b>
<b>Total assets</b>		<b>686.704</b>	<b>675.055</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital		1.194	531
Share premium		386.835	166.598
Paid, not registered equity		0	24.940
Retained earnings		-42.832	-34.843
<b>Total Equity</b>		<b>345.197</b>	<b>157.226</b>
<b>Liabilites</b>			
<b>Non-current liabilities</b>			
Borrowings	8	150.000	150.000
Deferred income tax liabilities		22.424	33.325
Other liabilities and charges		923	1.453
<b>Total non-current liabilities</b>		<b>173.347</b>	<b>184.778</b>
<b>Current liabilities</b>			
Trade and other payables		41.830	19.988
Current income tax liabilities		0	4.539
Borrowings	8	0	162.025
Other liabilities and charges		126.330	146.499
<b>Total current liabilities</b>		<b>168.160</b>	<b>333.051</b>
<b>Total liabilities</b>		<b>341.507</b>	<b>517.829</b>
<b>Total equity and liabilities</b>		<b>686.704</b>	<b>675.055</b>

The interim financial information has not been subject to audit.

**Condensed interim consolidated statement of changes in equity**

	Attributable to owners of the parent				Total equity
	Share capital	Share premium	Paid, not registered equity	Retained earnings	
<i>(Amounts in NOK 1.000)</i>					
Equity as of 1 January 2015	606	191.494	195.929	-31.509	356.520
Capital increase (registered 5 January 2015)	588	195.341	-195.929		0
Profit/loss for the period	0	0	0	-4.824	-4.824
Other items in comprehensive income				-6.499	-6.499
<b>Equity as of 30 June 2015</b>	<b>1.194</b>	<b>386.835</b>	<b>0</b>	<b>-42.832</b>	<b>345.197</b>

The interim financial information has not been subject to audit.

**Condensed interim consolidated statement of cash flows**

	30-jun-15	30-jun-14
<i>(Amounts in NOK 1.000)</i>	<b>Unaudited</b>	<b>Unaudited</b>
<b>Operating activities</b>		
Profit before taxes	-6.300	-28.757
<i>Adjustments for:</i>		
Taxes paid	-1.933	-1.830
Depreciation	9.431	8.211
Fair value movement of financial derivatives	0	582
Finance cost - net	6.115	8.350
Unrealized foreign exchange gains/losses on operating activities	-266	6.087
<i>Changes in working capital:</i>		
Changes in trade and other receivables	1.424	-43.046
Changes in trade and other payables	11.498	-6.158
Changes in other assets and liabilities	-22.149	27.068
<b>Cash provided (used) by operating activities</b>	<b>-2.180</b>	<b>-29.493</b>
<b>Investment activities</b>		
Acquisition of subsidiaries, net of cash acquired	0	-101.136
Acquisition of fixed assets	-2.400	-2.839
<b>Cash provided (used) by investing activities</b>	<b>-2.400</b>	<b>-103.975</b>
<b>Financing activities</b>		
Proceeds from borrowings	0	150.000
Payments on noncurrent liabilities (repurchase of bonds)	-11.804	0
Changes in shareholder loans	0	0
Payment of arrangement fee	0	-4.875
Interest paid	-7.393	-6.200
Interest received	1.278	143
Capital increase	0	67.802
<b>Cash provided (used) by financing activities</b>	<b>-17.919</b>	<b>206.870</b>
<b>Net changes in cash and cash equivalents</b>	<b>-22.499</b>	<b>73.402</b>
<b>Cash and cash equivalents - beginning of year</b>	<b>94.322</b>	<b>7</b>
Effect of foreign currency rate changes on cash and equivalents	-430	0
<b>Cash and cash equivalents - end of period</b>	<b>71.393</b>	<b>73.409</b>

The interim financial information has not been subject to audit.

## **Notes to the condensed interim financial statements**

### **Note 1 General information**

The North Alliance AS is a limited liability company incorporated domiciled in Norway with offices at Kristian IV's gate in Oslo.

The company has acquired several companies with the purchase date 23. January 2014. These acquisitions are consolidated from and including, 23. January 2014. The figures in the statements have not been audited. All amounts in the interim financial statements are presented in NOK 1.000 unless otherwise stated.

### **Note 2 Basis of preparation**

These condensed interim financial statements for the six months ended 30 June 2015 have been prepared in accordance with IAS 34, 'Interim financial reporting'. The condensed interim financial statements should be read in conjunction with the financial statements for the year ended 31 December 2014 of NoA AS and condensed interim financial statements for the period ended 31 March 2015 of NoA AS, which have been prepared in accordance with IFRS as adopted by the European Union ('IFRS').

### **Note 3 Accounting policies**

The accounting policies applied in the preparation of the interim financial statements are consistent with those applied in the preparation of the annual financial statements for the year ended 31 December 2014, and the condensed interim financial statements for the period ended 31 March 2015.

### **Note 4 Estimates, judgments and assumptions**

The preparation of interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed interim financial statements, the significant judgments made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended 31 December 2014 and condensed interim financial statements for the period ended 31 March 2015.

### **Note 5 Operating segments**

The Board of Directors is the group's chief operating decision-maker. Management has determined the operating segments based on the information reviewed by the Board of Directors for the purposes of allocating resources and assessing performance.

The Board of Directors considers the business from a geographic perspective. This is the performance of the segment Norway, Sweden and Denmark. Holding companies are included as they are administrative centers.



The Board of Directors assesses the performance of the operating segments based on a measure of EBITDA.

The following presents the Company's revenue by operating segment:

**Tree months ended 30 June 2015  
(Q2 2015)**

<i>(Amounts in NOK 1.000)</i>	<b>Norway</b>	<b>Sweden</b>	<b>Denmark</b>	<b>Holding Companies</b>	<b>Inter segment transactions</b>	<b>Total</b>
Net revenue (gross profit)	75.921	46.829	14.687	0	-1.431	136.006
Employee benefit expenses	55.505	36.654	10.908	1.540	448	105.055
Other Expenses	11.699	8.005	2.812	2.144	-1.879	22.781
<b>EBITDA</b>	<b>8.717</b>	<b>2.170</b>	<b>967</b>	<b>-3.684</b>	<b>0</b>	<b>8.170</b>

**Six months ended 30 June 2015**

<i>(Amounts in NOK 1.000)</i>	<b>Norway</b>	<b>Sweden</b>	<b>Denmark</b>	<b>Holding Companies</b>	<b>Inter segment transactions</b>	<b>Total</b>
Net revenue (gross profit)	150.708	84.918	30.047	0	-1.551	264.122
Employee benefit expenses	112.444	72.688	20.918	3.468	514	210.032
Other Expenses	22.694	15.039	4.837	4.339	-2.065	44.844
<b>EBITDA</b>	<b>15.570</b>	<b>-2.809</b>	<b>4.292</b>	<b>-7.807</b>	<b>0</b>	<b>9.246</b>

**Note 6 Seasonality**

Historically we have seen a higher activity level in Q3 and Q4 compared to Q1 and Q2. The main factors explaining this are the higher number of marketing campaigns that typically are run by our clients in Q3 and Q4, and the fact that Q3 and Q4 in total have more hours available for client deliveries.

## Note 7 Earnings per share – not updated

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the year excluding ordinary shares purchased by the company and held as treasury shares.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

<i>(Amounts in NOK 1.000)</i>	<b>Three months ended</b>		<b>Six months ended</b>	
	<b>30-jun-15</b>	30-jun-14	<b>30-jun-15</b>	30-jun-14
<b>Total Profit</b>	-320	-3.743	-4.824	-30.074
Weighted average number of ordinary shares in issue	478.000	212.520	478.000	188.012
Adjustment for:				
Weighted average number of ordinary shares in issue for earnings per share	478.000	212.520	478.000	188.012
Weighted average number of ordinary shares in issue for diluted earnings per share	478.000	452.520	478.000	428.012
Basic Earnings per share (in NOK per share)	-0,00	-0,02	-0,01	-0,16
Diluted Earnings per share (in NOK per share)	-0,00	-0,01	-0,01	-0,07

## Note 8 Borrowings

<i>(Amounts in NOK 1.000)</i>	<b>30-jun-15</b>	30-jun-14
	<b>Unaudited</b>	Unaudited
<b>Non-current</b>		
Bond loan	150.000	150000
<b>Current</b>		
Vendor note	0	162.025
<b>Total borrowings</b>	<b>150.000</b>	<b>312.025</b>
<b>Opening amount as at 1 January</b>	150.000	0
Proceed of new borrowings	0	312.025
<b>Closing amount as at 30 June</b>	<b>150.000</b>	<b>312.025</b>

### *Bond Loan*

The bond loan matures fully in December 2018 and bear and floating interest rate of NIBOR + 7%. The interest is paid in quarterly installments.

The issued bond contains covenants including restrictions in dividend payments, financial indebtedness, cash flow and financial support, in addition to specific financial covenants like ensuring that the leverage ratio of the Group on a consolidated basis does not exceed 3.0, that the Group on a

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consolidated basis maintains an interest coverage ratio of at least 2.0, and that the liquidity of the group on a consolidated basis does not fall below NOK 10 000 000.

*Vendor note*

The vendor note matured in December 2014.

**Note 9 Related party transactions**

There are no significant transactions that affect the Group's financial position.

**Note 10 Subsequent events**

No significant subsequent events.