



Interim financial statements for the period ended  
September 30, 2016

## 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, USA and Singapore.

The group includes the following companies:

- Making Waves (NO, SE, PL, US)	Design & Technology
- Åkestam Holst (SE)	Advertising
- Bold (SE, DK, NO)	Design
- StudioNoc (SE)	Brand Experience
- Promenad (SE)	Action Marketing and CRM
- Great Works (SE, DK)	Digital strategy and innovation
- AndCo (DK)	Advertising
- Anorak (NO)	Advertising
- Acoustic (SG)	Communication

In January 2016 NOA acquired the Swedish/American technology and design company Nansen, with over 100 employees in Stockholm, Chicago and New York. In Q3 an operational merge was completed with Making Waves.

## Financials

Total net revenues for the nine months period ended September 30 2016 were 532 MNOK, up 39% from 2015. The growth in revenues come partly from the acquisition of Nansen representing NOK 108m of the total net revenues for the period. Excluding Nansen the organic growth in net revenues were 43 MNOK equal to 11%.

The EBITDA for the nine months period ended September 30 2016 came in at 30.9 MNOK, compared to 15.0 MNOK for the same period in 2015. Nansen represents 19.9 MNOK of the EBITDA. Reported EBITDA includes 14.0 MNOK in non-recurring cost, mainly related to the Nansen transaction and restructuring costs related to StudioNoc. Adjusted for non-recurring cost, EBITDA for the period is 44.9 MNOK.

## Outlook

We expect the positive development to continue. The focus is now to utilize 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 September 30, 2016**

(all figures in NOK '000 unless otherwise stated)

## Consolidated interim income statement

	Notes	Three months ended		Nine months ended	
		30-sep-16	30-sep-15	30-sep-16	30-sep-15
<i>(Amounts in NOK 1.000)</i>		Unaudited	Unaudited	Unaudited	Unaudited
<b>Continuing operations</b>					
Revenue		208.288	172.629	731.147	531.380
Cost of sales		55.631	55.113	199.121	149.741
<b>Net Revenues (Gross profit)</b>	<b>5</b>	<b>152.657</b>	<b>117.516</b>	<b>532.026</b>	<b>381.639</b>
Other operating expenses	5	26.344	20.012	85.571	64.856
Personnel expenses		124.453	91.714	415.601	301.746
Depreciation, amortization and writedown		6.407	5.005	19.123	14.436
<b>Operating profit</b>		<b>-4.547</b>	<b>785</b>	<b>11.731</b>	<b>601</b>
Financial Income		534	1.105	2.522	2.383
Financial cost		9.162	3.488	18.024	10.881
Finance costs - net		-8.628	-2.383	-15.502	-8.498
Share of income in associated companies		0	0	607	0
<b>Profit/loss before taxes</b>		<b>-13.175</b>	<b>-1.598</b>	<b>-3.164</b>	<b>-7.897</b>
Income tax expense		-1.933	55	36	-1.421
<b>Profit/loss for the period</b>		<b>-11.242</b>	<b>-1.653</b>	<b>-3.200</b>	<b>-6.476</b>
Profit/loss attributal to:					
- Owners of the parent		-11.242	-1.653	-3.200	-6.476

## Consolidated interim statement of comprehensive income

	Notes	Three months ended		Nine months ended	
		30-sep-16	30-sep-15	30-sep-16	30-sep-15
<i>(Amounts in NOK 1.000)</i>		Unaudited	Unaudited	Unaudited	Unaudited
<b>Profit/loss for the period</b>		<b>-11.242</b>	<b>-1.653</b>	<b>-3.200</b>	<b>-6.476</b>
Items that may be reclassified to profit/loss in subsequent periods:					
Currency translation differences		-17.425	18.865	-35.091	12.365
<b>Other comprehensive income for the period</b>		<b>-17.425</b>	<b>18.865</b>	<b>-35.091</b>	<b>12.365</b>
<b>Total comprehensive income for the period</b>		<b>-28.667</b>	<b>17.212</b>	<b>-38.291</b>	<b>5.889</b>
Comprehensive income attributal to:					
- Owners of the parent		-28.667	17.212	-38.291	-11.323

The interim financial information has not been subject to audit.

## Condensed interim consolidated Balance Sheet

		30-sep-16	30-sep-15
<i>(Amounts in NOK 1.000)</i>	Notes	Unaudited	Unaudited
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment		18.125	12.450
Goodwill		290.978	264.361
Financial assets		736	0
Intangible assets		175.921	174.932
Investments in associated companies		1.869	180
<b>Total non-current assets</b>		<b>487.629</b>	<b>451.923</b>
<b>Current assets</b>			
Trade and other receivables		195.757	183.745
Income tax receivable		10.682	0
Cash and cash equivalents		30.035	78.874
<b>Total current assets</b>		<b>236.474</b>	<b>262.619</b>
<b>Total assets</b>		<b>724.103</b>	<b>714.542</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital		1.372	1.194
Share premium		445.915	386.835
Paid, not registered equity		0	0
Retained earnings		-58.883	-26.191
<b>Total Equity</b>		<b>388.404</b>	<b>361.838</b>
<b>Liabilites</b>			
<b>Non-current liabilities</b>			
Borrowings	8	135.413	134.437
Deferred income tax liabilities		30.250	23.929
<b>Total non-current liabilities</b>		<b>165.663</b>	<b>158.366</b>
<b>Current liabilities</b>			
Accounts payable		22.917	44.509
Borrowings		0	0
Other liabilities and charges		147.119	149.829
<b>Total current liabilities</b>		<b>170.036</b>	<b>194.338</b>
<b>Total liabilities</b>		<b>335.699</b>	<b>352.704</b>
<b>Total equity and liabilities</b>		<b>724.103</b>	<b>714.542</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 2016	1.194	386.835	31.663	-20.592	399.100
Capital increase (registered 14 January 2016)	101	33.388	-31.663	0	1.826
Capital increase (registered 29 January 2016)	77	25.692	0	0	25.769
Profit/loss for the period	0	0	0	-3.200	-3.200
Other items in comprehensive income	0	0	0	-35.091	-35.091
<b>Equity as of 30 September 2016</b>	<b>1.372</b>	<b>445.915</b>	<b>0</b>	<b>-58.883</b>	<b>388.404</b>

The interim financial information has not been subject to audit.

**Condensed interim consolidated statement of cash flows**

	<b>30-sep-16</b>	<b>30-sep-15</b>
<i>(Amounts in NOK 1.000)</i>	<b>Unaudited</b>	<b>Unaudited</b>
<b>Operating activities</b>		
Profit before taxes	-3.164	-7.897
<i>Adjustments for:</i>		
Taxes paid	-9.981	-2.476
Depreciation, amortization and writedown	19.123	14.436
Fair value movement of financial derivatives	0	0
Finance cost - net	15.502	8.498
Share of income in associated companies	-607	0
Foreign exchange gains/losses on operating activities	642	-620
<i>Changes in working capital:</i>		
Changes in trade and other receivables, net acquired	44.164	-16.258
Changes in accounts payable	-20.799	13.766
Changes in other assets and liabilities	-61.104	-2.590
<b>Cash provided (used) by operating activities</b>	<b>-16.224</b>	<b>6.859</b>
<b>Investment activities</b>		
Acquisition of subsidiaries, net of cash acquired	-76.439	0
Acquisition of fixed assets	-10.413	-4.042
<b>Cash provided (used) by investing activities</b>	<b>-86.852</b>	<b>-4.042</b>
<b>Financing activities</b>		
Proceeds from borrowings	0	0
Payments on noncurrent liabilities (repurchase of bonds)	0	-11.804
Interest paid	-13.627	-10.881
Interest received	2.522	2.383
Capital increase	27.595	0
<b>Cash provided (used) by financing activities</b>	<b>16.490</b>	<b>-20.302</b>
<b>Net changes in cash and cash equivalents</b>	<b>-86.585</b>	<b>-17.485</b>
<b>Cash and cash equivalents - beginning of year</b>	<b>121.547</b>	<b>94.322</b>
Effect of foreign currency rate changes on cash and equivalents	-4.926	2.037
<b>Cash and cash equivalents - end of period</b>	<b>30.035</b>	<b>78.874</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 nine months ended 30 September 2016 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 2015 of NoA AS and condensed interim financial statements for the period ended 31 December 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 2015, and the condensed interim financial statements for the period ended 30 June 2016.

### **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 2015 and condensed interim financial statements for the period ended 30 June 2016.

### **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, Denmark and USA. 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 net revenue and EBITDA by operating segment:

**Tree months ended 30 September 2016  
(Q3 2015)**

<i>(Amounts in NOK 1.000)</i>	<b>Norway</b>	<b>Sweden</b>	<b>Denmark</b>	<b>USA</b>	<b>Holding Companies</b>	<b>Total</b>
Net revenues (gross profit)	59.333	56.857	16.153	20.314	0	152.657
Personnel expenses	48.856	44.355	13.955	11.356	5.931	124.453
Other operating expenses	8.325	12.096	2.835	2.048	1.040	26.344
<b>EBITDA</b>	<b>2.152</b>	<b>406</b>	<b>-637</b>	<b>6.910</b>	<b>-6.971</b>	<b>1.860</b>

**Nine months ended 30 September 2016**

<i>(Amounts in NOK 1.000)</i>	<b>Norway</b>	<b>Sweden</b>	<b>Denmark</b>	<b>USA</b>	<b>Holding Companies</b>	<b>Total</b>
Net revenues (gross profit)	218.394	199.564	56.246	57.822		532.026
Personnel expenses	176.398	153.985	42.154	34.149	8.915	415.601
Other operating expenses	27.458	33.545	8.076	6.917	9.575	85.571
<b>EBITDA</b>	<b>14.538</b>	<b>12.034</b>	<b>6.016</b>	<b>16.756</b>	<b>-18.490</b>	<b>30.854</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

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>Nine months ended</b>	
	<b>30-sep-16</b>	30-sep-15	<b>30-sep-16</b>	30-sep-15
<b>Total Profit</b>	-11.242	-1.653	-3.200	-6.476
Weighted average number of ordinary shares in issue	548.764	478.000	513.441	478.000
Adjustment for:				
Weighted average number of ordinary shares in issue for earnings per share	548.764	478.000	513.441	478.000
Weighted average number of ordinary shares in issue for diluted earnings per share	548.764	478.000	513.441	478.000
Basic Earnings per share (in NOK per share)	-0,02	-0,00	-0,01	-0,01
Diluted Earnings per share (in NOK per share)	-0,02	-0,00	-0,01	-0,01

## Note 8 Borrowings

<i>(Amounts in NOK 1.000)</i>	<b>30-sep-16</b>	30-sep-15
	<b>Unaudited</b>	Unaudited
<b>Non-current</b>		
Bond loan	150.000	150.000
Repurchase of bonds	-11.663	-11.663
Unamortized debt issuance costs	-2.925	-3.900
<b>Closing amount as at September 30</b>	<b>135.413</b>	<b>134.437</b>

### *Bond Loan*

The bond loan matures fully in December 2018 and bear a 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 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.

## 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.