



Interim financial statements for the period ended December 31, 2016

Introduction

The North Alliance AS (NOA) is a group of companies offering services within 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 merger was completed with Making Waves.

NOA has closed down operations of StudioNoc in Q4 2016. Main reasons are low performance and limited synergies with other companies in the NOA group.

Financials

Total net revenues for the twelve months period ended December 31 2016 were 723 MNOK, up 35% from 2015. The growth in revenues come partly from the acquisition of Nansen representing NOK 143m of the total net revenues for the period. Excluding Nansen the organic growth in net revenues were 46 MNOK equal to 9%.

The EBITDA for the twelve months period ended December 31 2016 came in at 43.8 MNOK, compared to 20.7 MNOK for the same period in 2015. Nansen represents 26 MNOK of the EBITDA. Reported EBITDA includes 24.8 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 68.6 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 and positive margin development across the region.

Unaudited condensed interim financial statements for the period ended December 31, 2016

(all figures in NOK '000 unless otherwise stated)

Consolidated interim income statement

		Three months ended		Twelve months ended	
		31-dec-16	31-dec-15	31-dec-16	31-dec-15
(Amounts in NOK 1.000)	Notes	Unaudited	Unaudited	Unaudited	Unaudited
Continuing operations					
Revenue		260.573	230.283	991.720	761.663
Cost of sales		69.470	77.549	268.591	227.290
Net Revenues (Gross profit)	5	191.103	152.734	723.129	534.373
Other operating expenses	5	31.357	22.546	116.928	87.402
Personnel expenses		146.835	124.484	562.436	426.230
Depreciation, amortization and writedown		6.820	10.030	25.943	24.466
Operating profit		6.091	-4.326	17.822	-3.725
Financial income		881	3.020	3.403	5.403
Financial cost		2.915	4.183	20.939	15.064
Finance costs - net		-2.034	-1.163	-17.536	-9.661
Share of income in associated companies		380	1.011	987	1.011
Profit/loss before taxes		4.437	-4.478	1.273	-12.375
Income tax expense		311	1.418	347	-3
Profit/loss for the period		4.127	-5.896	927	-12.372
Profit/loss attributal to:					
- Owners of the parent		4.127	-5.896	927	-12.372

Consolidated interim statement of comprehensive income

		Three months ended		Twelve months ended	
		31-dec-16	31-dec-15	31-dec-16	31-dec-15
(Amounts in NOK 1.000)	Notes	Unaudited	Unaudited	Unaudited	Unaudited
Profit/loss for the period		4.127	-5.896	927	-12.372
Items that may be reclassified to profit/loss in subsequent periods:					
Currency translation differences		8.518	11.495	-26.573	23.860
Other comprehensive income for the period		8.518	11.495	-26.573	23.860
Total comprehensive income for the period		12.645	5.599	-25.647	11.488
Comprehensive income attributable to:					
- Owners of the parent		12.645	5.599	-25.647	11.488

The interim financial information has not been subject to audit.

Condensed interim consolidated Balance Sheet

		31-dec-16	31-dec-15
(Amounts in NOK 1.000)	Notes	Unaudited	Unaudited
Assets			
Non-current assets			
Property, plant and equipment		19.664	13.443
Goodwill		294.202	271.259
Financial assets		594	0
Intangible assets		173.408	169.202
Investments in associated companies		2.249	1.262
Total non-current assets		490.117	455.166
Current assets			
Trade and other receivables		241.732	208.638
Income tax receivable		7.311	5.264
Cash and cash equivalents		60.641	121.547
Total current assets		309.684	335.449
Total assets		799.801	790.615
Equity and liabilities			
Equity			
Share capital		1.372	1.194
Share premium		445.915	386.835
Paid, not registered equity		0	31.663
Retained earnings		-46.239	-20.592
Total Equity		401.049	399.100
Liabilities			
Non-current liabilities			
Borrowings	8	136.388	135.413
Deferred income tax liabilities		24.707	26.722
Total non-current liabilities		161.095	162.135
Current liabilities			
Accounts payable		34.784	34.423
Borrowings		0	0
Other liabilities and charges		202.874	194.957
Total current liabilities		237.658	229.380
Total liabilities		398.753	391.515
Total equity and liabilities		799.801	790.615

The interim financial information has not been subject to audit.

Condensed interim consolidated statement of changes in equity

	Attributable to owners of the parent				
	Share capital	Share premium	Paid, not registered equity	Retained earnings	Total equity
(Amounts in NOK 1.000)					
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	927	927
Other items in comprehensive income	0	0	0	-26.573	-26.573
Equity as of 31 December 2016	1.372	445.915	0	-46.239	401.049

The interim financial information has not been subject to audit.

Condensed interim consolidated statement of cash flows

	31-dec-16	31-dec-15
<i>(Amounts in NOK 1.000)</i>	Unaudited	Unaudited
Operating activities		
Profit before taxes	1.273	-12.375
<i>Adjustments for:</i>		
Taxes paid	-9.629	-8.547
Depreciation, amortization and writedown	25.943	24.466
Fair value movement of financial derivatives	0	0
Finance cost - net	17.536	9.661
Share of income in associated companies	-987	-1.011
Foreign exchange gains/losses on operating activities	-1.217	-786
<i>Changes in working capital:</i>		
Changes in trade and other receivables, net acquired	-1.811	-39.510
Changes in accounts payable	-8.932	6.583
Changes in other assets and liabilities	-5.349	42.580
Cash provided (used) by operating activities	16.827	21.061
Investment activities		
Acquisition of subsidiaries, net of cash acquired	-76.439	-1.273
Acquisition of fixed assets	-12.058	-7.051
Cash provided (used) by investing activities	-88.497	-8.324
Financing activities		
Proceeds from borrowings	0	0
Payments on noncurrent liabilities (repurchase of bonds)	0	-11.662
Interest paid	-16.542	-14.089
Interest received	3.403	5.403
Capital increase	27.595	31.663
Cash provided (used) by financing activities	14.456	11.315
Net changes in cash and cash equivalents	-57.213	24.052
Cash and cash equivalents - beginning of year	121.547	94.322
Effect of foreign currency rate changes on cash and equivalents	-3.693	3.173
Cash and cash equivalents - end of period	60.641	121.547

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 twelve months ended 31 December 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 September 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 September 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:

**Three months ended 31 December 2016
(Q4 2016)**

<i>(Amounts in NOK 1.000)</i>	Norway	Sweden	Denmark	USA	Holding Companies	Total
Net revenues (gross profit)	83.960	67.965	20.953	18.225	0	191.103
Personnel expenses	65.152	53.090	15.762	10.478	2.353	146.835
Other operating expenses	8.681	11.070	3.016	5.525	3.065	31.357
EBITDA	10.127	3.805	2.175	2.222	-5.418	12.911

**Twelve months ended 31 December
2016**

<i>(Amounts in NOK 1.000)</i>	Norway	Sweden	Denmark	USA	Holding Companies	Total
Net revenues (gross profit)	302.354	267.529	77.199	76.047		723.129
Personnel expenses	241.550	207.075	57.916	44.627	11.268	562.436
Other operating expenses	36.139	44.615	11.092	12.442	12.640	116.928
EBITDA	24.665	15.839	8.191	18.978	-23.908	43.765

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, adjusted for holidays during the summer.

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 shares in issue during the year.

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

(Amounts in NOK 1.000)	Three months ended		Twelve months ended	
	31-dec-16	31-dec-15	31-dec-16	31-dec-15
Total Profit	4.127	-5.896	927	-12.372
Weighted average number of shares in issue	548.674	478.000	513.784	478.000
Adjustment for:				
Weighted average number of shares in issue for earnings per share	548.674	478.000	513.784	478.000
Weighted average number of shares in issue for diluted earnings per share	548.674	478.000	513.784	478.000
		-		
Basic Earnings per share (in NOK per share)	0,01	0,01	0,00	-0,03
		-		
Diluted Earnings per share (in NOK per share)	0,01	0,01	0,00	-0,03

Note 8 Borrowings

	31-dec-16	31-dec-16
(Amounts in NOK 1.000)	Unaudited	Unaudited
Non-current		
Bond loan	150.000	150.000
Repurchase of bonds	-11.662	-11.662
Unamortized debt issuance costs	-1.950	-2.925
Closing amount as at September 30	136.388	135.413

Bond Loan

The bond loan matures fully in December 2018 and bears 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.