



Interim financial statements for the period ended
June 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 was founded on January 23, 2014 and includes now the following companies:

| | |
|--------------------------------|---------------------------------|
| - Making Waves (NO, SE and PL) | Design & Technology |
| - Nansen (SE, 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. There is ongoing activities to align the processes and offerings of Nansen and Making Waves.

Financials

Total net revenues for the period ended June 30 2016 were 379.4 MNOK, up 44% from 2015. The growth in revenues comes largely from the acquisition of Nansen representing NOK 73.4m of the total net revenues for H1. Excluding Nansen the organic growth in net revenues were 41.8 MNOK equal to 15.8%.

The EBITDA for the period ended June 30 2016 came in at 29.0 MNOK, compared to 9.2 MNOK for H1 2015. Nansen represents 11.6 MNOK of the H1 EBITDA. Reported EBITDA includes 5.5 MNOK in non-recurring cost, mainly related to the Nansen transaction. Adjusted for non-recurring cost, EBITDA for H1 2016 is 34.5 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 June 30, 2016

(all figures in NOK '000 unless otherwise stated)

Consolidated interim income statement

| | Notes | Three months ended | | Six months ended | |
|--|----------|--------------------|----------------|------------------|----------------|
| | | 30-jun-16 | 30-jun-15 | 30-jun-16 | 30-jun-15 |
| <i>(Amounts in NOK 1.000)</i> | | Unaudited | Unaudited | Unaudited | Unaudited |
| Continuing operations | | | | | |
| Revenue | | 286.481 | 205.609 | 522.859 | 358.751 |
| Cost of sales | | 90.001 | 69.602 | 143.490 | 94.628 |
| Net Revenues (Gross profit) | 5 | 196.480 | 136.006 | 379.369 | 264.122 |
| Other operating expenses | 5 | 30.674 | 22.781 | 59.227 | 44.844 |
| Personnel expenses | | 147.352 | 105.055 | 291.148 | 210.032 |
| Depreciation, amortization and writedown | | 6.370 | 5.736 | 12.716 | 9.431 |
| Operating profit | | 12.084 | 2.434 | 16.278 | -185 |
| Financial Income | | 1.360 | 440 | 1.988 | 1.278 |
| Financial cost | | 4.570 | 3.917 | 8.862 | 7.393 |
| Finance costs - net | | -3.210 | -3.477 | -6.874 | -6.115 |
| Share of income in associated companies | | 607 | 0 | 607 | 0 |
| Profit/loss before taxes | | 9.481 | -1.043 | 10.011 | -6.300 |
| Income tax expense | | -159 | -723 | 1.969 | -1.476 |
| Profit/loss for the period | | 9.640 | -320 | 8.042 | -4.824 |
| Profit/loss attributal to: | | | | | |
| - Owners of the parent | | 9.640 | -320 | 8.042 | -4.824 |

Consolidated interim statement of comprehensive income

| | Notes | Three months ended | | Six months ended | |
|--|-------|--------------------|--------------|------------------|----------------|
| | | 30-jun-16 | 30-jun-15 | 30-jun-16 | 30-jun-15 |
| <i>(Amounts in NOK 1.000)</i> | | Unaudited | Unaudited | Unaudited | Unaudited |
| Profit/loss for the period | | 9.640 | -320 | 8.042 | -4.824 |
| Items that may be reclassified to profit/loss in subsequent periods: | | | | | |
| Currency translation differences | | -7.084 | 1.502 | -17.666 | -6.499 |
| Other comprehensive income for the period | | -7.084 | 1.502 | -17.666 | -6.499 |
| Total comprehensive income for the period | | 2.556 | 1.182 | -9.624 | -11.323 |
| Comprehensive income attributal to: | | | | | |
| - Owners of the parent | | 2.556 | 1.182 | -9.624 | -11.323 |

The interim financial information has not been subject to audit.

Condensed interim consolidated Balance Sheet

| | | 30-jun-16 | 30-jun-15 |
|--------------------------------------|--------------|------------------|----------------|
| <i>(Amounts in NOK 1.000)</i> | Notes | Unaudited | Unaudited |
| Assets | | | |
| Non-current assets | | | |
| Property, plant and equipment | | 17.108 | 12.194 |
| Goodwill | | 300.930 | 253.485 |
| Financial assets | | 757 | 0 |
| Intangible assets | | 185.205 | 171.765 |
| Investments in associated companies | | 1.869 | 180 |
| Total non-current assets | | 505.869 | 437.624 |
| Current assets | | | |
| Trade and other receivables | | 225.239 | 165.883 |
| Income tax receivable | | 9.883 | 0 |
| Cash and cash equivalents | | 50.912 | 71.393 |
| Total current assets | | 286.034 | 237.276 |
| Total assets | | 791.903 | 674.900 |
| Equity and liabilities | | | |
| Equity | | | |
| Share capital | | 1.372 | 1.194 |
| Share premium | | 445.915 | 386.835 |
| Paid, not registered equity | | 0 | 0 |
| Retained earnings | | -33.694 | -42.832 |
| Total Equity | | 413.593 | 345.197 |
| Liabilities | | | |
| Non-current liabilities | | | |
| Borrowings | 8 | 135.413 | 134.437 |
| Deferred income tax liabilities | | 32.535 | 23.347 |
| Total non-current liabilities | | 167.948 | 157.784 |
| Current liabilities | | | |
| Accounts payable | | 33.647 | 41.830 |
| Borrowings | | 0 | 0 |
| Other liabilities and charges | | 176.715 | 130.089 |
| Total current liabilities | | 210.362 | 171.919 |
| Total liabilities | | 378.310 | 329.703 |
| Total equity and liabilities | | 791.903 | 674.900 |

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 | 8.042 | 8.042 |
| Other items in comprehensive income | 0 | 0 | 0 | -21.144 | -21.144 |
| Equity as of 30 June 2016 | 1.372 | 445.915 | 0 | -33.694 | 413.593 |

The interim financial information has not been subject to audit.

Condensed interim consolidated statement of cash flows

| | 30-jun-16 | 30-jun-15 |
|--|------------------|----------------|
| <i>(Amounts in NOK 1.000)</i> | Unaudited | Unaudited |
| Operating activities | | |
| Profit before taxes | 10.011 | -6.300 |
| <i>Adjustments for:</i> | | |
| Taxes paid | -7.071 | -1.933 |
| Depreciation, amortization and writedown | 12.716 | 9.431 |
| Fair value movement of financial derivatives | 0 | 0 |
| Finance cost - net | 6.874 | 6.115 |
| Share of income in associated companies | -607 | 0 |
| Unrealized foreign exchange gains/losses on operating activities | -277 | -266 |
| <i>Changes in working capital:</i> | | |
| Changes in trade and other receivables, net acquired | 14.682 | 1.424 |
| Changes in accounts payable | -10.069 | 11.498 |
| Changes in other assets and liabilities | -31.508 | -22.149 |
| Cash provided (used) by operating activities | -5.249 | -2.180 |
| Investment activities | | |
| Acquisition of subsidiaries, net of cash acquired | -76.439 | 0 |
| Acquisition of fixed assets | -7.069 | -2.400 |
| Cash provided (used) by investing activities | -83.508 | -2.400 |
| Financing activities | | |
| Proceeds from borrowings | 0 | 0 |
| Payments on noncurrent liabilities (repurchase of bonds) | 0 | -11.804 |
| Interest paid | -8.862 | -7.393 |
| Interest received | 1.988 | 1.278 |
| Capital increase | 27.595 | 0 |
| Cash provided (used) by financing activities | 20.721 | -17.919 |
| Net changes in cash and cash equivalents | -68.036 | -22.499 |
| Cash and cash equivalents - beginning of year | 121.547 | 94.322 |
| Effect of foreign currency rate changes on cash and equivalents | -2.600 | -430 |
| Cash and cash equivalents - end of period | 50.912 | 71.393 |

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 three months ended 31 March 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 31 March 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 31 March 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 North Alliance AS – Interim report

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 June 2016 (Q2 2015)

| <i>(Amounts in NOK 1.000)</i> | Norway | Sweden | Denmark | USA | Holding Companies | Total |
|-------------------------------|---------------|---------------|----------------|--------------|------------------------------|---------------|
| Net revenues (gross profit) | 80.250 | 77.434 | 20.231 | 18.565 | 0 | 196.480 |
| Personnel expenses | 64.395 | 56.287 | 14.654 | 10.806 | 1.210 | 147.352 |
| Other operating expenses | 9.853 | 11.633 | 2.898 | 2.082 | 4.208 | 30.674 |
| EBITDA | 6.002 | 9.514 | 2.679 | 5.677 | -5.418 | 18.454 |

Six months ended 30 June 2016

| <i>(Amounts in NOK 1.000)</i> | Norway | Sweden | Denmark | USA | Holding Companies | Total |
|-------------------------------|---------------|---------------|----------------|--------------|------------------------------|---------------|
| Net revenues (gross profit) | 159.061 | 142.707 | 40.093 | 37.508 | 0 | 379.369 |
| Personnel expenses | 127.542 | 109.630 | 28.199 | 22.793 | 2.984 | 291.148 |
| Other operating expenses | 19.133 | 21.449 | 5.241 | 4.869 | 8.535 | 59.227 |
| EBITDA | 12.386 | 11.628 | 6.653 | 9.846 | -11.519 | 28.994 |

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> | Three months ended | | Six months ended | |
|--|---------------------------|-----------|-------------------------|-----------|
| | 30-jun-16 | 30-jun-15 | 30-jun-16 | 30-jun-15 |
| Total Profit | 9.640 | -320 | 8.042 | -4.824 |
| Weighted average number of ordinary shares in issue | 548.764 | 478.000 | 512.715 | 478.000 |
| Adjustment for: | | | | |
| Weighted average number of ordinary shares in issue for earnings per share | 548.764 | 478.000 | 512.715 | 478.000 |
| Weighted average number of ordinary shares in issue for diluted earnings per share | 548.764 | 478.000 | 512.715 | 478.000 |
| Basic Earnings per share (in NOK per share) | 0,02 | -0,00 | 0,02 | -0,01 |
| Diluted Earnings per share (in NOK per share) | 0,02 | -0,00 | 0,02 | -0,01 |

Note 8 Borrowings

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

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.