

2016

INTELLECTA
FINANCIAL STATEMENTS



CONTENTS

Consolidated income statement	1
Consolidated statement of comprehensive income	2
Consolidated balance sheet	3
Consolidated statement of changes in equity	5
Consolidated statement of cash flows	7
Income statement – parent company	8
Balance sheet – parent company	9
Parent company statement of changes in equity	11
Cash flow statement – parent company	12
Addresses	13

Intellecta

An agile global marketing communications group with Scandinavian roots operating at the convergence of creative communications and digital technology.

We offer our customers and people the strength of our network combined with the edge of the specialized agency.

The cover picture symbolizes different aspects of Intellecta's business during the year:

- **Globe:** Intellecta employs 590 consultants, working for 10 agencies in 15 countries, serving a multitude of customers around the globe.
- **Box with Acia tree:** Intellecta operates a health clinic in northern Kenya together with Apotek Hjärtat for the Gundua Foundation
- **Running shoes, Soap and Bed:** Nike, Lush and Dux are examples of clients
- **Warp Shift** is a social game developed by ISBIT GAMES
- **Plant and Piggy bank:** Intellecta's financial goals are: 10 % annual growth in agency fees, 10 % margin on agency fees and a solidity of at least 30 %.
- **Paper and screen:** Intellecta operates, through the Gundua Foundation, two schools in northern Kenya with the ambition to create sustainable value and make a difference for local children and the local community.
- **Football:** In September, Zlatan Ibrahimovic acquired 12,5 % of the gaming studio ISBIT GAMES, via company.

CONSOLIDATED INCOME STATEMENT

AMOUNTS IN SEK T	Group	
	160101– 161231	150101– 151231
Net sales	516,839	469,226
Change in work in progress	-5,373	5,413
Other operating income	6,302	11,496
Total income	517,768	486,135
Raw materials and consumables	-68,157	-69,070
Other external expenses	-97,260	-80,649
Personnel expenses	-321,901	-306,176
Depreciation/amortization	-5,525	-4,975
Impairment of intangible assets	-57,003	-
Other operating expenses	-1,284	-594
Total expenses	-551,130	-461,464
Operating profit (loss)	-33,362	24,671
Financial income	2,811	1,983
Financial expenses	-7,146	-4,195
Profit (loss) before tax	-37,697	22,459
Income tax	-4,027	-10,357
Profit (loss)	-41,724	12,102
Attributable to:		
– Parent company shareholders	-49,093	7,811
– Non-controlling interests	7,369	4,291
Profit (loss) for the year	-41,724	12,102

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Group	
AMOUNTS IN SEK T	160101– 161231	150101– 151231
Profit (loss) for the year	–41,724	12,102
Items that may be reversed in the income statement		
Translation differences on translation of foreign operations	8,741	–2,551
Total items that may be reversed in the income statement	8,741	–6,690
Other comprehensive income, net after tax	–32,983	5,412
Total comprehensive income	–32,983	5,412
Attributable to:		
– Parent company shareholders	–42,869	3,419
– Non-controlling interests	9,886	1,993
Total comprehensive income	–32,983	5,412
Earnings per share on profit for the year attributable to parent company shareholders (SEK per share)		
Profit (loss) for the year	–10.85	1.75
Number of shares at end of period	4,539,449	4,539,449
Number of shares at end of period, not incl. repurchased own shares before and after dilution	4,539,449	4,529,449
Number shares, average not incl. repurchased own shares before and after dilution	4,539,449	4,493,112
Closing day rate	27.40	34.50

CONSOLIDATED BALANCE SHEET

AMOUNTS IN SEK T	Group	
	161231	151231
ASSETS		
Non-current assets		
Capitalized development expenditure	17,383	8,502
Licence rights	10,219	–
Brands	11,852	12,406
Customer relations	11,852	12,209
Goodwill	193,511	243,085
Investments in leased premises	130	78
Equipment, tools and installations	7,219	5,952
Deferred tax assets	2,321	4,957
Other non-current receivables	1,735	1,556
	256,222	288,745
Current assets		
Work in progress	50,574	49,810
Accounts receivable	82,760	85,126
Tax receivables	8,714	9,031
Other receivables	6,638	9,033
Prepaid expenses and accrued income	17,070	20,265
Cash and cash equivalents	30,570	5,908
	196,326	179,173
Total assets	452,548	467,918

CONSOLIDATED BALANCE SHEET

	Group	
AMOUNTS IN SEK T	161231	151231
EQUITY		
Equity and reserves that may be attributable to parent company shareholders		
Share capital	6,809	6,809
Other contributed capital	80,552	69,362
Reserves	972	-1,113
Profit brought forward	62,827	111,874
Total equity attributable to parent company shareholders	151,160	186,932
Non-controlling interests	33,964	8,760
Total equity	185,124	195,692
LIABILITIES		
Non-current liabilities		
Borrowings	22,165	28,313
Deferred tax liabilities	9,291	11,875
Other non-current liabilities	19,108	32,593
	50,564	72,781
Current liabilities		
Borrowings	80,751	68,679
Advance payments from customers	49,362	32,285
Accounts payable	27,437	25,119
Current tax liabilities	9,277	12,479
Other non-current liabilities	32,437	39,411
Accrued expenses and deferred income	17,596	21,472
	216,860	199,445
Total equity and liabilities¹⁾	452,548	467,918
1) Of which interest-bearing liabilities, SEK m	102.9	97.0

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

AMOUNTS IN SEK T	Attributable to parent company shareholders				Total	Non-controlling interest ³⁾	Total equity
	Share capital	Other contributed capital ¹⁾	Reserves ²⁾	Profit brought forward			
Opening balance, 2015-01-01	6,632	64,956	-860	106,841	177,569	12,893	190,462
Comprehensive income							
Profit (loss) for the year	-	-	-	7,811	7,811	4,291	12,102
Other comprehensive income							
Translation difference foreign operations	-	-	-4,392	-	-4,392	-2,298	-6,690
Total other comprehensive income	-	-	-4,392	-	-4,392	-2,298	-6,690
Total comprehensive income	-	-	-4,392	7,811	3,419	1,993	5,412
Transactions with shareholders							
Acquisitions	-	-	-	4,670	4,670	1,167	5,837
Share-based incentive program	-	271	-	-	271	-	271
New share issue	177	4,135	-	-	4,312	-	4,312
Dividends	-	-	-	-3,309	-3,309	-7,293	-10,602
Total transactions with shareholders	177	4,406	-	1,361	5,944	-6,126	-182
Closing balance, 2015-12-31	6,809	69,362	-5,252	116,013	186,932	8,760	195,692

1) Other contributed capital consists of shares issued at a premium and premiums for warrants.

2) Pertains to translation difference, foreign operations.

3) Pertains to acquisition of non-controlling interests in Propeople Group ApS, River Cresco AB and Blink Reaction LLC.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

AMOUNTS IN SEK T	Attributable to parent company shareholders					Non-controlling interest ³⁾	Total equity
	Share capital	Other contributed capital ¹⁾	Reserves ²⁾	Profit brought forward	Total		
Opening balance, 2016-01-01	6,809	69,362	-5,252	116,013	186,932	8,760	195,692
Comprehensive income							
Profit (loss) for the year	-	-	-	-49,093	-49,093	7,369	-41,724
Other comprehensive income							
Translation difference foreign operations	-	-	6,224	-	6,224	2,517	8,741
Total other comprehensive income	-	-	6,224	-	6,224	2,517	8,741
Total comprehensive income	-	-	6,224	-49,093	-42,869	9,886	-32,983
Transactions with shareholders							
Share-based incentive program	-	-38	-	-	-38	-	-38
New share issue	-	11,228	-	-	11,228	18,274	29,502
Dividends	-	-	-	-4,093	-4,093	-2,956	-7,049
Total transactions with shareholders	-	11,190	-	-4,093	5,944	15,318	22,415
Closing balance, 2016-12-31	6,809	80,552	972	62,827	151,160	33,964	185,124

1) Other contributed capital consists of shares issued at a premium and premiums for warrants.

2) Pertains to translation difference, foreign operations.

3) Pertains to acquisition of non-controlling interests in Propeople Group ApS, River Cresco AB and Blink Reaction LLC.

CONSOLIDATED STATEMENT OF CASH FLOWS

AMOUNTS IN SEK T	Group	
	160101– 161231	150101– 151231
Operating activities		
Profit (loss) before tax	-37,697	22,459
Adjustment for items not included in cash flow	57,852	-3,122
	20,155	19,337
Taxes paid	-348	-7,915
Cash flow before changes in working capital	19,807	11,422
Increase (-)/decrease (+) in inventories	-764	-5,380
Increase (-)/decrease (+) in current receivables	8,273	-8,075
Increase (+)/decrease (-) in current liabilities	1,664	3,712
Total cash flow from operating activities	28,980	1,679
Investing activities		
Investments in intangible assets	-8,780	-5,402
Investments in property, plant and equipment	-1,616	-7,437
Acquisition of businesses	-12,060	-59,820
Cash flow from investing activities	-22,456	-72,659
Financing activities		
Change in long-term borrowings	-6,148 ¹⁾	16,797 ¹⁾
Change in short-term borrowings	12,072 ²⁾	62,276 ²⁾
Paid dividends	-7,049	-10,601
Payment for employee stock options	-38	271
New share issue	19,301	271
Cash flow from financing activities	18,138	68,743
Cash flow for the year	24,662	-2,237
Cash and cash equivalents at beginning of year	5,908	8,145
Cash and cash equivalents at year-end	30,570	5,908

1) Of which borrowings SEK 4,641 (23,631) thousand and amortization SEK 10,789 (6,834) thousand.

2) Of which borrowings SEK 12,311 (62,276) thousand and amortization SEK 239 (-) thousand.

INCOME STATEMENT – PARENT COMPANY

AMOUNTS IN SEK T	Parent company	
	160101– 161231	150101– 151231
Net sales	24,158	16,430
Other operating income	15,107	20,197
Total operating income	39,265	36,627
Other external expenses	-23,643	-28,985
Personnel expenses	-18,171	-15,843
Depreciation/amortization	-272	-315
Total operating expenses	-42,086	-45,143
Operating profit (loss)	-2,821	-8,516
Group contributions received	4,166	4,363
Group contributions paid	-4,248	-3,244
Profit from participations in Group companies	6,962	6,516
Impairment participations in subsidiaries	-62,720	-
Financial income and similar profit or loss items	2,501	2,804
Financial expenses and similar profit or loss items	-1,398	-1,665
Profit (loss) after financial items	-57,558	258
Appropriations	13,289	5,779
Profit (loss) before tax	-44,269	6,037
Tax on profit for the year	-2,678	-31
Profit (loss)	-46,947	6,006
Other comprehensive income, net after tax	-	-
Total comprehensive income	-46,947	6,006

BALANCE SHEET – PARENT COMPANY

AMOUNTS IN SEK T	Parent company	
	161231	151231
ASSETS		
Non-current assets		
Property, plant and equipment		
Equipment, tools and installations	1,293	385
	1,293	385
Financial assets		
Participations in subsidiaries	221,150	283,870
Deferred tax assets	2,138	4,816
Receivables from subsidiaries	76,954	76,042
Endowment insurance	1,448	991
	301,690	365,719
Total non-current assets	302,983	366,104
Current assets		
Accounts receivable	878	1,031
Receivables from subsidiaries	9,023	4,430
Tax assets	684	628
Other receivables	1,972	2,980
Prepaid expenses and accrued income	4,073	3,557
	16,630	12,626
Cash and bank balances	-	-
	-	-
Total current assets	16,630	12,626
Total assets	319,613	378,730

BALANCE SHEET – PARENT COMPANY

AMOUNTS IN SEK T	Parent company	
	161231	151231
EQUITY		
Restricted equity		
Share capital	6,809	6,809
Premiums for warrants	2,312	2,350
Statutory reserves	20,052	20,052
	29,173	29,211
Non-restricted equity		
Share premium reserve	67,012	67,012
Profit brought forward	105,833	103,921
Profit (loss) for the year	-46,947	6,006
	125,898	176,939
Total equity	155,071	206,150
UNTAXED RESERVES		
Untaxed reserves	11,221	24,510
PROVISIONS		
Provision for pensions	1,448	991
LIABILITIES		
Non-current liabilities		
Borrowings	22,165	28,313
Liabilities to subsidiaries	11,576	6,688
Other non-current liabilities	13,700	25,062
	47,441	60,063
Current liabilities		
Borrowings	58,471	40,669
Advance payments from customers	1,288	970
Accounts payable	4,906	5,486
Liabilities to subsidiaries	24,565	14,583
Other non-current liabilities	8,415	19,168
Accrued expenses and deferred income	6,787	6,140
	104,432	87,016
Total liabilities	151,873	147,079
Total equity and liabilities¹⁾	319,613	378,730
MEMORANDUM ITEMS		
Pledged assets	17,000	17,000
Contingent liabilities	-	-
1) Of which interest-bearing liabilities, SEK m	80,6	69,0

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

AMOUNTS IN SEK T	Share capital	Premiums for warrants	Statutory reserves	Share premium reserve	Non-restricted equity	Profit (loss) for the year	Total equity
Opening balance, 2015-01-01	6,632	2,079	20,052	62,877	113,079	-5,849	198,870
Profit (loss) brought forward	-	-	-	-	-5,849	5,849	-
Profit (loss) for the year	-	-	-	-	-	6,006	6,006
Total comprehensive income	-	-	-	-	-5,849	11,855	6,006
Transactions with shareholders							
Share-based incentive program	-	271	-	-	-	-	271
New share issue	177	-	-	4,135	-	-	4,312
Dividends paid to parent company shareholders	-	-	-	-	-3,309	-	-3,309
Total transactions with shareholders	177	271	-	4,135	-3,309	-	1,274
Opening balance, 2016-01-01	6,809	2,350	20,052	67,012	103,921	6,006	206,150
Profit (loss) brought forward	-	-	-	-	6,006	-6,006	-
Profit (loss) for the year	-	-	-	-	-	-46,947	-46,947
Total comprehensive income	-	-	-	-	6,006	-52,953	-46,947
Transactions with shareholders							
Share-based incentive program	-	-38	-	-	-	-	-38
Dividends paid to parent company shareholders	-	-	-	-	-4,094	-	-4,094
Total transactions with shareholders	-	-38	-	-	-4,094	-	-4,132
Closing balance, 2016-12-31	6,809	2,312	20,052	67,012	105,833	-46,947	155,071

Share capital consists of 256,000 class A shares at SEK 1.50 and 4,283,449 class B shares at SEK 1.50.

Dividends

The Board of Directors proposes holding the Annual General Meeting on 11 May 2017 and to distribute as dividends to shareholders SEK 0.50 (0.90) per share. The proposed dividend amounts to SEK 2.3 (4.1) million.

STATEMENTS OF CASH FLOW

– PARENT COMPANY

AMOUNTS IN SEK T	Parent Company	
	160101– 161231	150101– 151231
Operating activities		
Profit (loss) after financial items	-57,558	258
Adjustment for items not included in cash flow	59,814	-8,901
	2,256	-8,643
Taxes paid	–	–
Cash flow before changes in working capital	2,256	-8,643
Increase [-]/decrease [+] in current receivables	-4,004	8,006
Increase [+] /decrease [-] in current liabilities	-10,520	-15,456
Total cash flow from operating activities	-12,268	-16,093
Investing activities		
Acquisition of subsidiary	-12,060	-60,599
Investments in property, plant and equipment	-1,236	-377
Cash flow from investing activities	-13,296	-60,976
Financing activities		
Change in long-term borrowings	-6,148	16,797
Change in short-term borrowings	17,802	34,266
Dividends paid	-4,093	-3,309
Share-based incentive program	-38	271
Cash flow from financing activities	7,523	48,025
Cash flow for the year	-18,041	-29,044
Cash and cash equivalents at beginning of year	-28,869	175
Bank overdraft facility utilized/Cash flow for the year	-46,910	-28,869

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