



CORRECTION TO INTERIM REPORT FOR THE  
NINE MONTHS ENDED 30 SEPTEMBER 2016



# Correction to The Marketing Group PLC Interim Report for the nine months ended 30 September 2016

It has been deemed necessary to make a clarification of some of the financial figures reported in the 'Interim Report for the nine months ended 30 September 2016'. The updated figures are reported in the revised version below.

Below the revised press release.

**Stockholm, 18 November, 2016** – THE MARKETING GROUP PLC ("the Group"), the world's leading digital marketing and advertising agglomeration, announces financial results for the third quarter and interim period ended 30 September.

## Third Quarter

- Turnover of €6,188,327\*
- EBITDA of €614,365\*
- Net income amounted to €511,268\*
- Earnings per share of 1.79 cents\*
- 12 new companies acquired
- Wholly owned subsidiaries at the end of the period total 18
- Total number of employees is 250\*

## Nine months to 30 September

- Turnover of €8,596,496\*
- EBITDA of €1,310,047\*
- Earnings per share of 3.3 cents\*
- Pro forma turnover with all companies contributing a full 9 months of €28,191,275\*\*
- Pro forma EBITDA with all companies contributing a full 9 months of €4,381,547\*\*

\*Figures exclude the operational performance of Astute Ltd., pending the completion of the acquisition. Should the acquisition of Astute, Ltd. not complete 5.6 million ordinary shares will be cancelled reducing the total number of ordinary shares outstanding to 28,585,911. Accordingly, adjusted earnings per share for the nine months to 30 September would increase from 3.3 cents to 3.9 cents.

\*\*Pro-forma numbers should not be viewed as a measure of 2016 performance but reflect what the Group's performance would look like if all companies contributed for the full nine-month period. This is shown to provide a guide as to the Group's performance in 2017 when all companies will be contributing for the full year.

# THE EXECUTIVE CHAIRMAN'S STATEMENT

Dear fellow shareholders,

I am pleased to report that during the third quarter we have continued to make excellent progress delivering our strategy aimed at building a leading global marketing and advertising company by adding a further twelve new businesses to the group. Each acquisition was accretive to earnings per share (EPS) and was strategically selected to enhance our service offering and strengthen our position in key international markets.

As of 30 September 2016 The Marketing Group stood at 18 subsidiary brands with 31 offices in 8 countries, delivering outstanding services to clients in the USA, Europe, Asia, Australia and New Zealand. Our service offering is becoming increasingly focused on digital capabilities, which we believe are transforming the marketing and advertising industry and for which we are seeing the greatest demand from our clients.

Our digital offering is highly specialised and yet at the same time is becoming increasingly diverse, ranging from media buying and production to digital communications, from e-learning to game development and from digital advertising to brand development.

We are more and more looking for opportunities to enhance the profitability of each of our subsidiary brands through collaboration and synergies that enable the Group to offer a more cohesive client service. To this end, on 15-16 September we held our first Founder's Summit, which brought together the leadership of each subsidiary business and our Executive Board to discuss opportunities for greater cooperation to support organic growth.

The appointment of Adam Graham as Chief Executive of The Marketing Group will also help to facilitate greater coordination between subsidiaries. Adam's appointment, together with that of Mats Lundkvist as a non-executive director and Carl Thunström as investor relations advisor, significantly strengthens our senior leadership team, corporate governance structures and investor communications capabilities.

For the rest of 2016 we plan to continue to add new, profitable, debt-free companies to the group, in the same manner as we have done so far. We have a strong near-term pipeline of high quality, fast growth agencies ready to join the group, many of which had been identified by Adam Graham ahead of his appointment as our CEO.

Through our acquisition strategy we are rapidly building a company that can compete with the major global networks in terms of service offering and geographical reach. This journey has only just begun but I am confident that the Group will continue to grow from strength to strength and create value for all our shareholders.

Thank you all for being a part of our journey.



**Jeremy Harbour**

Mangold Fondkommission AB, +46 8-5030 15 50, is the Company's Certified Adviser and liquidity provider. Mangold, who is a member of and have an agreement with Nasdaq Stockholm AB, reviews companies whose shares are trading on Nasdaq First North. Nasdaq Stockholm ABs surveillance function continuously review that both companies and Certified Advisers follow Nasdaq First North's rules. The agreement between the Company and Mangold runs with subject to six months' notice by either party.

# ACCOUNTING POLICIES

## Statement of compliance with IFRS

The company's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS's) issued by the International Accounting Standards Board (IASB) as adopted by the European Union as they apply to the financial statements of the company for the period ended 30th September 2016 and applied in accordance with the Companies Act 2006.

No review was conducted by The Marketing Group PLC's appointed auditors.

## Going concern

The Directors have carefully considered the funding requirements of the company for the foreseeable future. In the opinion of the Directors, The Marketing Group Plc will have adequate resources to continue in operational existence for the foreseeable future and accordingly the accounts have been prepared on a going concern basis.

## Basis of preparation

The basis of preparation and accounting policies set out in this Report and Accounts have been prepared in accordance with the recognition and measurement criteria of IFRS, which also include International Accounting Standards (IAS's), as issued by the IASB and with those of the Standing Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC).

The financial statements have been prepared on the historical cost basis and on the going concern basis. The Company's financial statements are presented in Euros.

## COMMENTS ON FINANCIAL INFORMATION

With regards to Q3, we are slightly ahead of forecast for revenue and in line with seasonally adjusted expectations on profit, with the greater part of the profit contribution normally generated in the final quarter.

There are no significant items to report in the results and over the next 3 months we plan to continue to grow by acquisition strategy. It is important to note that due to our success to date, we are recalibrating our expectations to a more aggressive stance.

The Full Year 2016 Financial Report will be announced on 15th February 2017.

# FINANCIAL STATEMENTS

## CONSOLIDATED P&L STATEMENT – (THIRD QUARTER ENDED 30TH SEPTEMBER 2016)

Pro-Forma			
EUR	3 Months ended 30th Sept 2016	9 Months ended 30th Sept 2016	9 Mths to 30th Sept 2016*
SALES	6,188,327	8,596,496	28,191,275
Cost of sales	2,893,325	3,684,459	11,377,478
GROSS PROFIT	3,295,002	4,912,037	16,813,797
OVERHEADS			
Personnel	2,131,529	2,794,865	10,073,710
Administration	377,576	562,987	1,653,166
Premises	171,532	244,138	705,375
TOTAL OVERHEAD	2,680,637	3,601,990	12,432,251
EBITDA	614,365	1,310,047	4,381,547
Finance costs	34,139	41,581	97,553
CASH GENERATION	580,226	1,268,465	4,283,994
Depreciation & Amortisation	48,021	67,091	453,393
NET PROFIT	532,205	1,201,374	3,830,600
Taxation	20,937	83,842	486,311
PROFIT AFTER TAX	€511,268	€1,117,531	€3,344,289

\* This column represents a Pro forma result for the 9 months to 30th September 2016 with each group company contributing a full 9 months contribution.

**CONSOLIDATED BALANCE SHEET – (THIRD QUARTER ENDED 30TH SEPTEMBER 2016)**

EUR	9 months ended 30 September 2016	Pro-Forma Comparative of original group of 4 Year ended 31 Dec 2015
<b>Non-current assets</b>		
Goodwill on Consolidation	73,277,509	-
Tangible including developed software	2,950,513	186,833
Minority shareholdings in unlisted investments	691,455	653,100
	<b>76,919,476</b>	<b>839,933</b>
<b>Current assets</b>		
Debtors	7,529,705	1,117,353
Bank balances	2,297,285	281,939
	<b>9,826,990</b>	<b>1,399,292</b>
<b>Current liabilities</b>		
Creditors falling due within one year	5,772,386	876,624
<b>Net Current Assets</b>	<b>4,054,604</b>	<b>522,668</b>
<b>Non-current liabilities</b>		
Creditors falling due after one year	408,578	50,026
<b>Total Assets less Liabilities</b>	<b>€ 80,565,502</b>	<b>€ 1,312,575</b>
<b>Capital and Reserves</b>		
Called up Share Capital	153,457	2
Share Premium Account	79,294,515	-
Revenue Reserves	1,117,531	-
Merger Reserve	-	1,312,573
<b>Shareholder Funds</b>	<b>€ 80,565,503</b>	<b>€ 1,312,575</b>

**CONSOLIDATED STATEMENT OF CASH FLOWS – (THIRD QUARTER ENDED 30TH SEPTEMBER 2016)**

EUR	Pro-Forma Comparative of original group of 4		
	3 months ended 30th Sept 2016	9 months ended 30th Sept 2016	Year ended 31 Dec 2015
<b>Cash flow from operating activities</b>			
Profit before taxation	532,205	1,201,374	1,544,240
<b>Adjustment for</b>			
Depreciation	48,021	67,091	12,562
Forex - Unrealised	-	-	10,628
Distributions to shareholders	-	-	-511,493
	<b>580,226</b>	<b>1,268,465</b>	<b>1,055,937</b>
<b>Changes in Working Capital</b>			
Increase in Debtors	-5,785,474	-6,412,352	-347,128
Reduction in Debtors	-	-	-
Reduction in Creditors	-	-	-
Increase in Creditors	4,810,922	4,895,762	22,418
<b>Net cash generated from activities</b>	<b>-394,326</b>	<b>-248,125</b>	<b>731,227</b>
<b>Cash flow from investing activity</b>			
Expenditure on assets and development	-2,696,575	-2,763,680	-87,752
Trade investments	93,868	-38,355	-653,100
<b>Cash flow from financing activity</b>			
Equity changes net of costs and forex variations	4,570,561	4,706,953	-
Increase of term debt	496,294	358,552	50,026
Reduction of term debt	-	-	-
<b>Net change in cash and cash equivalents</b>	<b>2,069,822</b>	<b>2,015,346</b>	<b>40,401</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>227,462</b>	<b>281,939</b>	<b>241,538</b>
<b>Cash and cash equivalents at end of period</b>	<b>€2,297,284</b>	<b>€2,297,285</b>	<b>€281,939</b>

Unaudited financial statements

**CHANGES IN SHAREHOLDER EQUITY – (THIRD QUARTER ENDED 30TH SEPTEMBER 2016)**

EUR	9 months ended 30th Sept 2016	9 months ended 30th Sept 2015	Year ended 31 Dec 2015
Profit attributable to shareholders	1,117,531	-	-
Changes in Share Capital net of relevant costs	79,447,972	2	2
Dividends paid	-	-	-
Changes resulting from accounting policy	-	-	-
Amendments to prior years	-	-	-
	<b>€80,565,503</b>	<b>€2</b>	<b>€2</b>
<b>Earnings Per Share</b>	<b>€0.033</b>	<b>€0.000</b>	<b>€0.000</b>
<b>Number of Shares in issue at period end</b>	<b>34,185,911</b>	<b>2</b>	<b>2</b>