AS EKSPRESS GRUPP

2016

CONSOLIDATED INTERIM REPORT

FOR THE THIRD QUARTER AND

9 MONTHS OF 2016

TABLE OF CONTENTS

GENERAL INFORMATION

Beginning of reporting period	1 January 2016
End of reporting period	30 September 2016
Company name	AS Ekspress Grupp
Registration number	10004677
Address	Parda 6, Tallinn 10151
Phone	669 8381
Fax	669 8081
E-mail	egrupp@egrupp.ee
Internet homepage	www.egrupp.ee
Main field of activity	Publishing and related service
Management Board	Gunnar Kobin (chairman)
	Andre Veskimeister
	Pirje Raidma
Supervisory Board	Viktor Mahhov (chairman) (until 26.10.2016)
	Hans H. Luik
	Kari Sakari Salonen (until 26.10.2016)
	Harri Helmer Roschier
	Indrek Kasela
	Jaak Ennuste (until 26.10.2016)
	Marek Kiisa (from 26.10.2016)
	Peeter Saks (from 26.10.2016)
	Aleksandras Česnavičius (from 26.10.2016)
Auditor	AS Deloitte Audit Eesti

Management Board's confirmation of the Group's interim financial statements

The Management Board confirms that the management report and interim consolidated financial statements of AS Ekspress Grupp disclosed on pages 5 to 46 present a true and fair view of the key events which have occurred during the reporting period and their effect on the Group's financial position, results and cash flows, and they include a description of major risks and related party transactions of great significance.

Gunnar Kobin	Chairman of the Management Board	*signed digitally*	31.10.2016
Pirje Raidma	member of the Management Board	*signed digitally*	31.10.2016
Andre Veskimeister	member of the Management Board	*signed digitally*	31.10.2016

MANAGEMENT REPORT

In the third quarter of 2016, the revenue of the Group increased 2% as compared to the same period year before, amounting to EUR 14.4 million. The revenue of the media segment increased 6%, whereas the revenue of digital and online channels was up significantly, by 12%, as compared to the third quarter in previous year. It's impressive considering the tough situation of the media market in all countries. Another positive result was that actual revenue of the media segment exceeded the forecast by 1%. The segment of printing services remains under pressure because of the market situation and strong price competition. Production volumes have increased, but the third-quarter revenue was 2% lower as compared to the year before and ca 11% lower than the forecast. The Group's EBITDA amounted to EUR 1.9 million, being 10% lower compared to the third quarter of 2015 and 8% lower than our most recent forecast. This was predominantly attributable to the lower EBITDA level of the printing services segment. The above figures include all our joint ventures (AS SL Õhtuleht, AS Ajakirjade Kirjastus and AS Express Post) consolidated 50% line-by-line.

In the third quarter the revenue of the **media segment** reached EUR 10 million, having increased 6% in a year, whereas revenue from digital and online channels was up 12%. EBITDA amounted to EUR 1.2 million, an increase of 1% as compared to the third quarter a year earlier.

In a pleasant surprise, Delfi Latvia increased its third-quarter revenue by 11% and EBITDA by 76%, although the competition situation between online portals is tough and the need to strengthen the editorial office remains continues. This secured to Delfi in the last eight months the largest Internet portal's title in Latvia based on Gemius TOTAL Reach data. The company's revenue reached EUR 751 thousand and EBITDA was EUR 58 thousand. In July we acquired in Latvia the leading classified portal in its niche - www.atverskapi.lv.

In the third quarter the revenue of Ekspress Meedia increased 5% and amounted to EUR 4.6 million. This includes 18% growth in online advertising sales and even 2% growth in print advertising. This was achieved mainly as a result of focusing on the efficiency of the sales team, the increasingly versatile portfolio and innovation. Subscriptions and retail sales revenue increased 1.3% compared to last year. We constantly invest in new products and IT solutions, which explains why third-quarter EBITDA was by EUR 0.3 million lower than a year earlier. The quarterly result was also affected by the allowance for receivables of a few problematic customers. The summer which is normally a quiet season featured several major projects including the European Football Championships, Rio Olympics and intense coverage of presidential elections. We started cooperation with the Tallinna Kalev/Cramo and BC Tartu basketball teams and are the streaming and advertising partners of both clubs. In August we launched a vertical www.homme.ee that is targeted at men. The vertical's name is a reference to the French word „man" and the former supplement of Eesti Ekspress. In September we launched the Family Package that enables subscribers to read 15 leading Estonian publications for a single monthly fee. Of developments, one should mention the ad-free Delfi solution for mobile phones where users can remove all ads from the Delfi environment for a monthly fee. During the summer nine magazine brands of joint venture Ajakirjade Kirjastus were helped to be turned into digital format. In addition, also the Maakodu magazine is now available in a digital format.

In the third quarter, Delfi Lithuania increased advertising sales by 8% and EBITDA by 52%. Total revenue was EUR 2 million and EBITDA was EUR 474 thousand. Online sales continues to grow, but magazine circulations, print advertising and content sales decrease at a stable rate.

The revenue and profit growth of Ajakirjade Kirjastus, 11% and 70% respectively, is mainly attributable to the expansion in our product portfolio in April when we acquired Estonian largest women's weekly Naisteleht as well as magazines Nipiraamat and Müstiline Ajalugu. As a result of the transaction, we merged the newly acquired weekly Naisteleht with the existing magazine Naised and reached significant synergies, giving a boost to both revenue and profit. The third-quarter revenue of Ajakirjade Kirjastuse totalled EUR 1.1 million and EBITDA was EUR 0.2 million.

SL Õhtuleht increased its revenue, which exceeded of one million euros, 3% compared to the same period last year. Both advertising and content sales revenue increased. Õhtuleht remains the newspaper with the largest circulation in weekdays, the level of subscribers remains high and single-copy sales are higher than planned. The number of digital subscribers has tripled as compared to the start of the year. We have become more active in developing new products such as magazines and books. In September we posted the best web results in competition with large portals and are especially strong in the female target group. The new portal www.televeeb.ee has been successfully launched. Starting from June, the Russian-language news portal www.vecherka.ee has been constantly half bigger than at the start of the year. We have invested considerably in advertising sales capacity. In August we launched a new mobile advertising engine and will shortly implement it also in the main web. Several experienced professionals have joined our sales team. The third-quarter EBITDA of SL Õhtuleht remained 27% below last year's result.

The third quarter in **the printing services segment** was again complicated. While the revenue had increased in the previous quarter, it decreased 2% in the third quarter. The amount of orders and work volume keeps increasing, but price pressure is dampening revenue growth. The 16% decrease in EBITDA is attributable to the growth in labour costs resulting from increased volumes. The closure of several Scandinavian printing houses in the first half of 2016 did not ease the price pressure as much as expected. As a new trend emerging in the market is that some Scandinavian printing houses have been able to continue operating with the assistance of state. In spite of the tough market situation, persistent and aggressive work has helped us to attract new products and customers in Scandinavia and improved also our price level. Albeit slowly, Printall is expanding its reputation into printing sectors outside periodicals. This enables to expand into B2B segment that requires product catalogues and other specific sales materials that are suitable for our sheet-fed printing machines. In the last year, Printall has been transforming from a large and elite printing plant to wide-based tool for promoting communication.

In July we signed a contract to acquire 50% holding in OÜ Linna Ekraanid, which is engaged in the sale of **digital outdoor advertising** in Estonia. In September we acquired 49% holding in Babahh Media OÜ which is engaged in the **video production, media solutions and streaming related infrastructure sales** in Estonia. In the second quarter of 2019 we will acquire the remaining 50% of OÜ Linna Ekraanid, and thereby will become the company's sole shareholder. The purpose of the acquisition is to create preconditions for the Group to set off a new business line and thereby expand the Group's portfolio of business areas. The objective of AS Ekspress Grupp is to develop the business line of digital outdoor advertising in all three Baltic countries and take the leading role in this business segment. With regard to Babahh Media OÜ, the Group has an option to acquire the additional ownership in Babahh Media OÜ in 2021, as a result AS Ekspress Grupp could increase its share holding in Babahh Media OÜ up to 70% in total. The purpose of the acquisition is to expand the business of AS Ekspress Grupp in the fast-growing market of online video production and video streaming.

The financial position of the Group remains strong, the ratio of total debt and EBITDA is approaching 2.0 and the debt service coverage ratio is almost 2.7.

Our outlook for the **next quarter and the whole year** has turned even more modest. However, we expect small growth in online media and the recovery of the printing services segment in fourth quarter which keeps our quarterly revenue and EBITDA on the same level as last year. The shortage from beginning of the year remains to be unreachable.

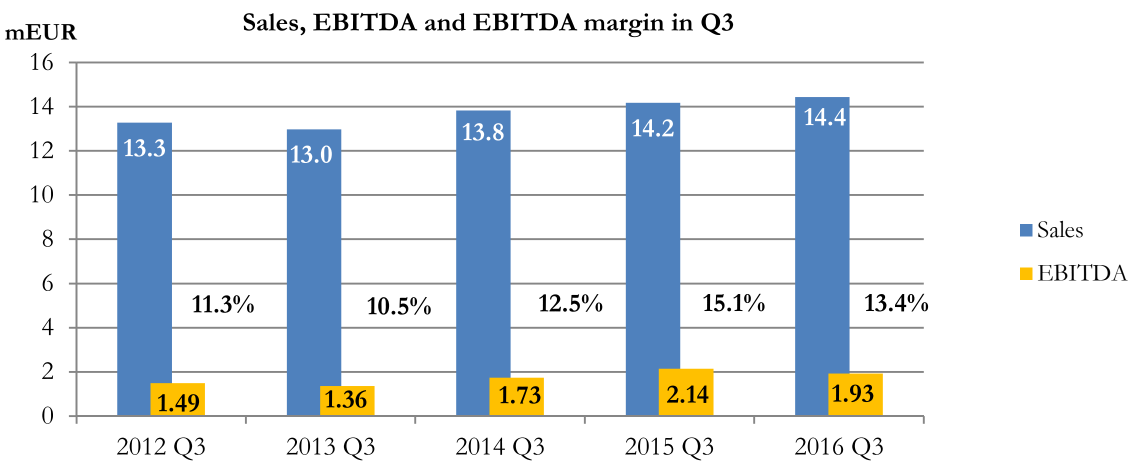
Our mission remains to offer new and interesting experiences both on paper and in digital media, without ever compromising on news quality, choice of topics and journalistic objectivity.

The Group's goal is to be a truly modern media group with a strong foothold in all markets where actively present, with a leading position in online media.

FINANCIAL INDICATORS AND RATIOS – joint ventures consolidated 50% line-by-line

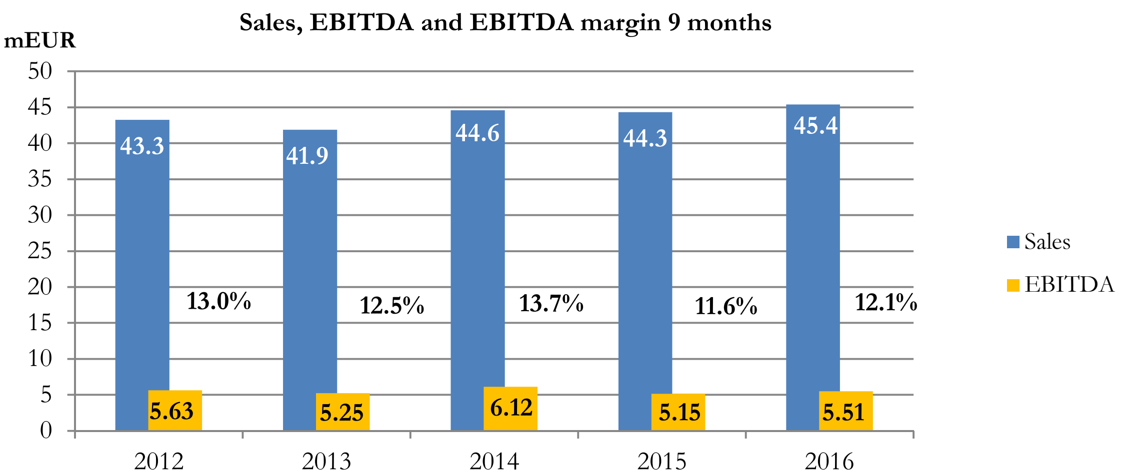
In the consolidated financial reports 50% joint ventures are recognised under the equity method, in compliance with **international financial reporting standards (IFRS)**. In its monthly reports, the management monitors the Group's performance on a basis of proportional consolidation of joint ventures and the syndicated loan contract also determines the calculation of some loan covenants by proportional consolidation. For the purpose of clarity, the management report shows two sets of indicators: one where joint ventures are consolidated line-by-line 50% and the other where joint ventures are recognised under the equity method and their net result is presented as financial income in one line.

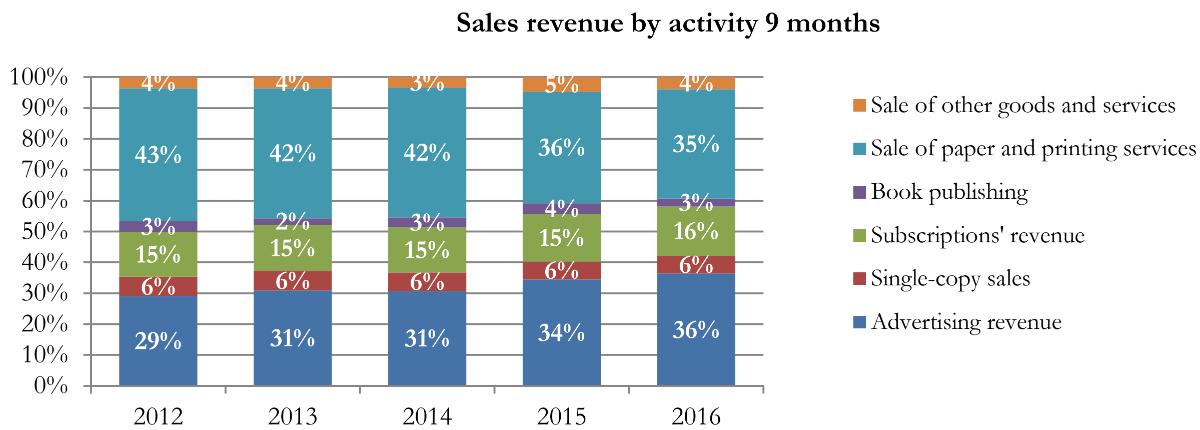
Performance indicators – joint ventures 50% consolidated (EUR thousand)	**Q3 2016**	**Q3 2015**	**Change %**	**Q3 2014**	**Q3 2013**	**Q3 2012**
For the period						
Sales	14 437	14 169	2%	13 833	12 977	13 278
EBITDA	**1 932**	**2 143**	**-10%**	**1 732**	**1 359**	**1 495**
EBITDA margin (%)	***13.4%***	***15.1%***		***12.5%***	***10.5%***	***11.3%***
Operating profit	1 085	1 423	-24%	872	718	676
Operating margin (%)	*7.5%*	*10.0%*		*6.3%*	*5.5%*	*5.1%*
Interest expenses	(125)	(157)	20%	(189)	(204)	(301)
Net profit / (loss) for the period*	**902**	**1 210**	**-25%**	**644**	**455**	**263**
Net margin (%)*	***6.2%***	***8.5%***		***4.7%***	***3.5%***	***2.0%***
Net profit for the period in the financial statements (incl. impairments and gain on change of ownership interest)	902	1 210	-25%	1 599	455	263
Net margin (%)	*6.2%*	*8.5%*		*11.6%*	*3.5%*	*2.0%*
Return on assets ROA (%)	*1.2%*	*1.6%*		*2.1%*	*0.6%*	*0.3%*
Return on equity ROE (%)	*1.9%*	*2.5%*		*3.6%*	*1.1%*	*0.7%*
Earnings per share (EPS)	**0.03**	**0.04**		**0.05**	**0.02**	**0.01**



Performance indicators – joint ventures consolidated 50% (EUR thousand)	9 months 2016	9 months 2015	Change %	9 months 2014	9 months 2013	9 months 2012
For the period						
Sales	45 384	44 346	2%	44 606	41 901	43 260
EBITDA	**5 507**	**5 148**	**7%**	**6 124**	**5 246**	**5 634**
EBITDA margin (%)	***12.1%***	***11.6%***		***13.7%***	***12.5%***	***13.0%***
Operating profit	3 108	2 930	6%	3 743	3 299	3 102
Operating margin (%)	*6.8%*	*6.6%*		*8.4%*	*7.9%*	*7.2%*
Interest expenses	(394)	(477)	17%	(546)	(578)	(1 343)
Net profit / (loss) for the period*	**2 538**	**2 247**	**13%**	**3 005**	**2 490**	**1 414**
Net margin (%)*	***5.6%***	***5.1%***		***6.7%***	***5.9%***	***3.3%***
Net profit for the period in the financial statements (incl. impairments and gain on change of ownership interest)	2 538	2 247	13%	3 960	2 490	1 414
Net margin(%)	*5.6%*	*5.1%*		*8.9%*	*5.9%*	*3.3%*
Return on assets ROA (%)	*3.3%*	*2.9%*		*5.1%*	*3.2%*	*1.7%*
Return on equity ROE (%)	*5.2%*	*4.7%*		*9.0%*	*5.9%*	*3.7%*
Earnings per share (EPS)	**0.09**	**0.08**		**0.13**	**0.08**	**0.05**

* The results exclude the revenue earned from the acquisition of shares of AS Ajakirjade Kirjastus and AS SL Õhtuleht from AS Eesti Meedia in 2014, their sale to OÜ Suits Meedia and further restructuring in the amount of EUR 1.0 million, where joint ventures with AS Eesti Meedia were essentially terminated and new joint ventures with OÜ Suits Meedia were created.



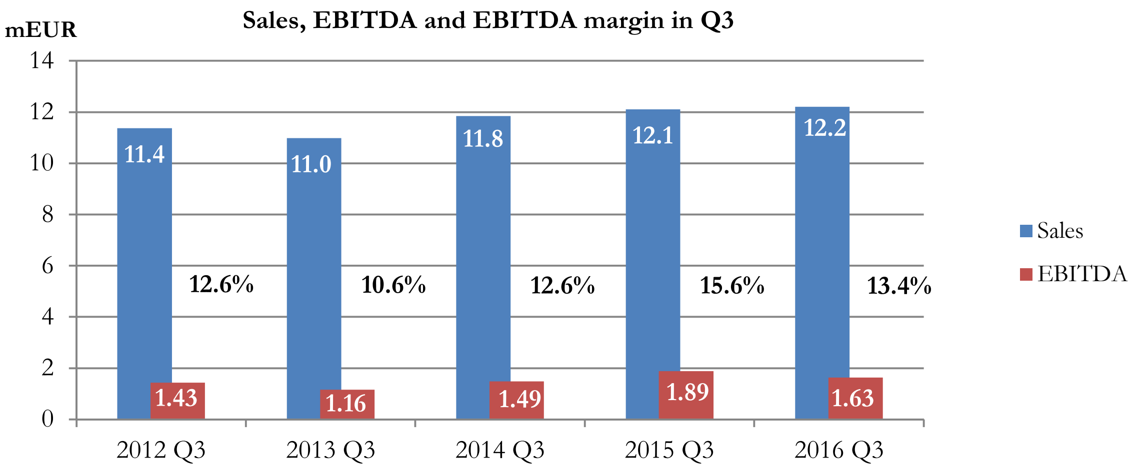


Balance sheet – joint ventures 50% consolidated (EUR thousand)	**30.09.2016**	**31.12.2015**	**Change %**
As of the end of the period			
Current assets	13 308	15 553	-14%
Non-current assets	61 950	61 588	1%
Total assets	**75 258**	**77 141**	**-2%**
incl. cash and bank	*2 270*	*4 666*	*-51%*
incl. goodwill	*39 035*	*38 232*	*2%*
Current liabilities	10 840	12 539	-14%
Non-current liabilities	15 247	15 928	-4%
Total liabilities	**26 087**	**28 467**	**-8%**
incl. borrowing	*17 241*	*18 787*	*-8%*
Equity	**49 171**	**48 674**	**1%**

Financial ratios (%) – joint ventures consolidated 50%	**30.09.2016**	**31.12.2015**
Equity ratio (%)	65%	63%
Debt to equity ratio (%)	35%	39%
Debt to capital ratio (%)	23%	22%
Total debt/EBITDA ratio	2.10	2.39
Debt service coverage ratio	2.66	1.79
Liquidity ratio	1.23	1.24

FINANCIAL INDICATORS AND RATIOS – joint ventures recognised under the equity method

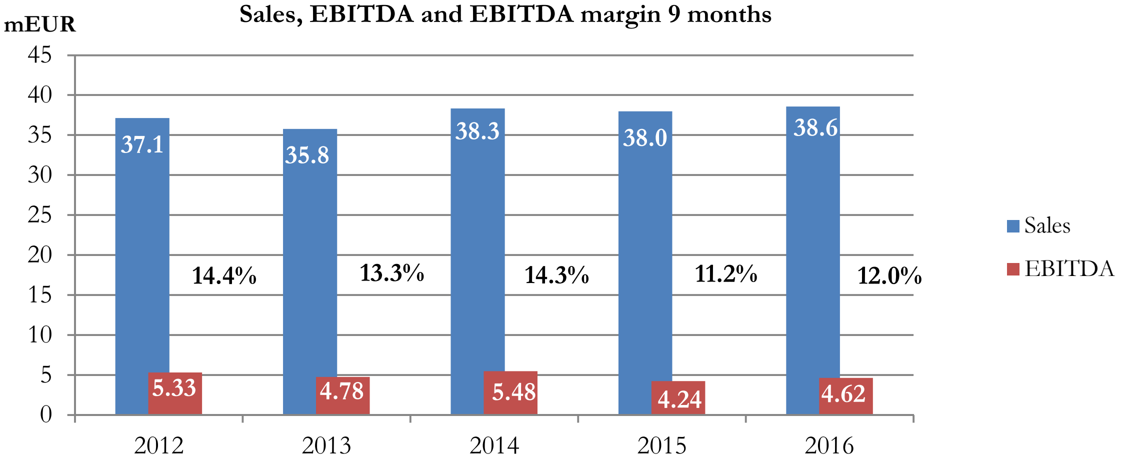
Performance indicators – joint ventures under equity method (EUR thousand)	Q3 2016	Q3 2015	Change %	Q3 2014	Q3 2013	Q3 2012
For the period						
Sales (only subsidiaries)	12 205	12 105	1%	11 841	10 985	11 377
EBITDA (only subsidiaries)	**1 633**	**1 889**	**-14%**	**1 487**	**1 164**	**1 435**
EBITDA margin (%)	***13.4%***	***15.6%***		***12.6%***	***10.6%***	***12.6%***
Operating profit (only subsidiaries)	867	1 230	-30%	783	544	643
Operating margin (%)	*7.1%*	*10.2%*		*6.6%*	*5.0%*	*5.7%*
Interest expenses (only subsidiaries)	(117)	(140)	17%	(175)	(204)	(301)
Profit of joint ventures by equity method	206	170	21%	87	174	33
Net profit for the period*	**902**	**1 210**	**-25%**	**658**	**455**	**263**
Net margin (%)*	***7.4%***	***10.0%***		***5.6%***	***4.1%***	***2.3%***
Net profit for the period in the financial statements (incl. impairments and gain on change of ownership interest)	902	1 210	-25%	1 613	455	263
Net margin (%)	*7.4%*	*10.0%*		*13.6%*	*4.1%*	*2.3%*
Return on assets ROA (%)	*1.3%*	*1.6%*		*2.2%*	*0.6%*	*0.3%*
Return on equity ROE (%)	*1.9%*	*2.5%*		*3.5%*	*1.1%*	*0.7%*
Earnings per share (EPS)	**0.03**	**0.04**		**0.05**	**0.02**	**0.01**

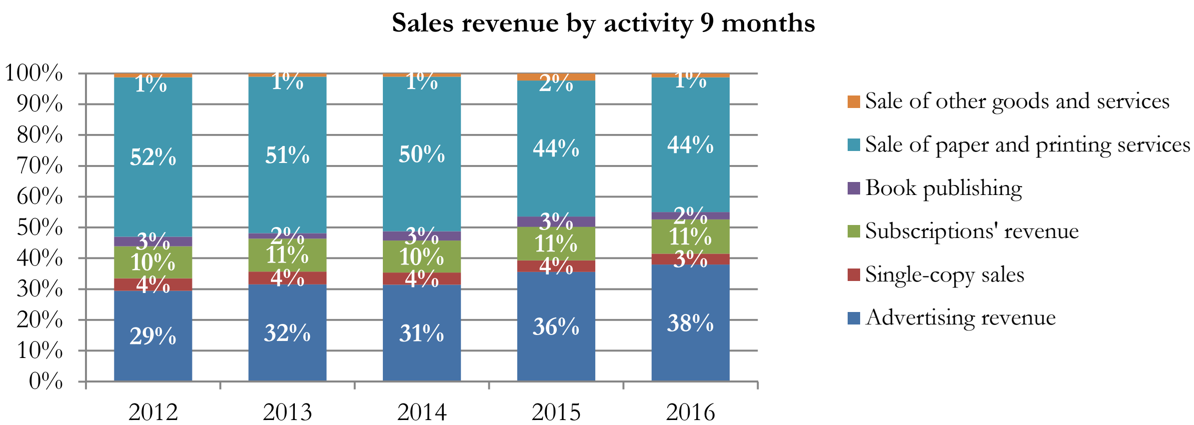


Performance indicators – joint ventures under equity method (EUR thousand)	9 months 2016	9 months 2015	Change %	9 months 2014	9 months 2013	9 months 2012
For the period						
Sales (only subsidiaries)	38 581	37 962	2%	38 338	35 796	37 125
EBITDA (only subsidiaries)	**4 620**	**4 240**	**9%**	**5 481**	**4 777**	**5 328**
EBITDA margin (%)	***12.0%***	***11.2%***		***14.3%***	***13.3%***	***14.4%***
Operating profit (only subsidiaries)	2 439	2 202	11%	3 313	2 897	2 879
Operating margin (%)	*6.3%*	*5.8%*		*8.6%*	*8.1%*	*7.8%*
Interest expenses (only subsidiaries)	(357)	(425)	16%	(531)	(578)	(1 344)
Profit of joint ventures by equity method	562	589	-5%	375	320	137
Net profit for the period*	**2 538**	**2 247**	**13%**	**3 019**	**2 490**	**1 414**
Net margin (%)*	***6.6%***	***5.9%***		***7.9%***	***7.0%***	***3.8%***
Net profit for the period in the financial statements (incl. impairments and gain on change of ownership interest)	2 538	2 247	13%	3 974	2 490	1 414
Net margin (%)	*6.6%*	*5.9%*		*10.4%*	*7.0%*	*3.8%*
Return on assets ROA (%)	*3.5%*	*3.0%*		*5.3%*	*3.3%*	*1.8%*
Return on equity ROE (%)	*5.2%*	*4.7%*		*9.0%*	*5.9%*	*3.6%*
Earnings per share (EPS)	**0.09**	**0.08**		**0.13**	**0.08**	**0.05**

***** The results exclude the revenue earned from the acquisition of shares of AS Ajakirjade Kirjastus and AS SL Õhtuleht from AS Eesti Meedia in 2014, their sale to OÜ Suits Meedia and further restructuring in the amount of EUR 1.0 million, where joint ventures with AS Eesti Meedia

were essentially terminated and new joint ventures with OÜ Suits Meedia were created





Balance sheet – joint ventures under equity method (EUR thousand)	30.09.2016	31.12.2015	Change %
As of the end of the period			
Current assets	10 554	12 386	-15%
Non-current assets	61 353	60 794	1%
Total assets	**71 907**	**73 180**	**-2%**
incl. cash and bank	*913*	*2 927*	*-69%*
incl. goodwill	*36 953*	*36 953*	*0%*
Current liabilities	8 656	9 033	-4%
Non-current liabilities	14 080	15 473	-9%
Total liabilities	**22 736**	**24 506**	**-7%**
incl. borrowing	*16 356*	*17 687*	*-8%*
Equity	**49 171**	**48 674**	**1%**

Financial ratios (%) – joint ventures under equity method	30.09.2016	31.12.2015
Equity ratio (%)	68%	67%
Debt to equity ratio (%)	33%	36%
Debt to capital ratio (%)	24%	23%
Total debt/EBITDA ratio	2.32	2.65
Debt service coverage ratio	2.58	1.67
Liquidity ratio	1.22	1.37

Cyclicality

All operating areas of the Group are characterised by cyclicality and fluctuation, related to the changes in the overall economic conditions and consumer confidence. The Group's revenue can be adversely affected by an economic slowdown or recession in home and export markets. It can appear in lower advertising costs in retail, preference of other advertising channels like preference of internet rather than print media and changes in consumption habits of retail consumers e.g. following current news in news portals versus reading printed newspapers, preference of the younger generation to use mobile devices and other communication channels, etc.

Seasonality

The revenue from the Group's advertising sales as well as in the printing services segment is impacted by major seasonal fluctuations. The level of both types of revenue is the highest in the 2nd and 4th quarter of each year and the lowest in the 3rd quarter. Revenue is higher in the 4th quarter because of higher consumer spending during the Christmas season, accompanied by the increase in advertising expenditure. Advertising expenditure is usually the lowest during the summer months, as well as during the first months of the year following Christmas and New Year's celebrations. Book sales are the strongest in the last quarter of the year. Subscriptions and retail sales of periodicals do not fluctuate as much as advertising revenue. However the summer period is always more quiet and at the beginning of the school year in September there is an increase in subscriptions and retail sale which usually continues until next summer holiday period.

Formulas used to calculate the financial ratios	
EBITDA	Earnings before interest, tax, depreciation and amortization. EBITDA does not include any impairment losses recognized during the period or result from restructuring.
EBITDA margin (%)	EBITDA/sales x 100
Operating margin* (%)	Operating profit*/sales x100
Net margin (%)	Net profit/sales x100
Net margin (%)	Net profit /sales x100
Earnings per share	Net profit / average number of shares
Equity ratio (%)	Equity/ (liabilities + equity) x100
Debt to equity ratio (%)	Interest bearing liabilities /equity x 100
Debt to capital ratio (%)	Interest bearing liabilities – cash and cash equivalents (net debt) /(net debt +equity) x 100
Total debt/EBITDA ratio	Interest bearing borrowings /EBITDA
Debt service coverage ratio	EBITDA/loan and interest payments for the period
Liquidity ratio	Current assets / current liabilities
Return on assets ROA (%)	Net profit /average assets x 100
Return on equity ROE (%)	Net profit /average equity x 100

CORPORATE STRUCTURE as of 30.09.2016

EKSPRESS GRUPP

SL Õhtuleht	50%	AS SL Õhtuleht publishes daily newspaper Õhtuleht. The company is owned in equal parts by Ekspress Grupp and Suits Meedia.
Ajakirjade Kirjastus	50%	Ajakirjade Kirjastus publishes 34 magazine titles for more than 600,000 readers. The company is owned in equal parts by Ekspress Grupp and Suits Meedia.
Hea Lugu	100%	Hea Lugu is the Group's book publishing company. The company has published fiction, history books, children's books, reference books, handbooks and various series.
Ekspress Meedia	100%	The main activity of Ekspress Meedia AS is the publication of the biggest Estonian weekly newspapers - Eesti Ekspress and Maaleht, as well as the publication of the daily newspaper Eesti Päevaleht. Ekspress Meedia also publishes Delfi what is the largest internet portal whose websites are according to TNS Metrix visited by more than 500,000 people a month.
Delfi (Latvia)	100%	In Latvia Delfi is the largest news portal whose websites are according to Gemius Audience visited by more than 700,000 people a month.
Delfi (Lithuania)	100%	In Lithuania Delfi is the largest internet portal whose websites are according to Gemius Audience visited by more than 1,100,000 people a month. In addition, Delfi publishes several magazines that are the leading titles in their segments in Lithuania.
Ekspress Digital	100%	Ekspress Digital is an IT development and management company that supports Group companies in developing and managing their IT solutions.
Express Post	50%	Express Post specialises in early-morning home delivery of periodicals and letters in Estonia. The company is owned in equal parts by Ekspress Grupp and Eesti Meedia.
Medipresa (Lithuania)	40%	Delfi has 40% shares in Lithuanian home delivery company Medipresa.
Printall	100%	The most contemporary printing plant in the Baltic countries. Large part of the Estonian newspapers, magazines and advertising materials are printed in Printall. Most of the production is exported.
Babahh	49%	Babahh Meedia is a company that provides video production ja streaming services.
Linnaekraanid	50%	Linnaekraanid is an outdoor media company that operates several interactive screens all over Estonia
Adnet Media	49%	Adnet is an advertising network operating in the Baltic countries that mediates Internet advertising to end-consumers and re-sells international advertising space.

SEGMENT OVERVIEW

The Group's activities are divided into two large segments - **media segment** and **printing services segment**. Last year, there was also an **entertainment segment**.

The segments' EBITDA does not include intragroup management fees, impairment of goodwill and trademarks. Volume-based and other fees payable to advertising agencies have not been deducted from the advertising sales of segments, because the management monitors gross advertising sales. Discounts and rebates are reduced from the Group's sales and are included in the combined line of eliminations.

Key financial data of the segments Q3 2012-2016

(EUR thousand)	Sales			Sales		
	Q3 2016	Q3 2015	Change %	Q3 2014	Q3 2013	Q3 2012
media segment (by equity method)	7 436	7 098	5%	6 017	5 551	5 841
incl. revenue from all digital and online channels	*3 996*	*3 544*	*13%*	*2 918*	*2 479*	*2 315*
printing services segment	5 629	5 753	-2%	6 596	6 147	6 263
entertainment segment	0	64	-	0	0	0
corporate functions	535	434	23%	427	396	268
intersegment eliminations	(1 395)	(1 245)		(1 200)	(1 109)	(995)
TOTAL GROUP by equity method	**12 205**	**12 105**	**1%**	**11 841**	**10 985**	**11 377**
media segment (by proportional consolidation)	9 965	9 432	6%	8 202	7 724	7 929
incl. revenue from all digital and online channels	*4 268*	*3 812*	*12%*	*3 101*	*2 621*	*2 435*
printing services segment	5 629	5 753	-2%	6 596	6 147	6 263
entertainment segment	0	64	-	0	0	0
corporate functions	535	434	23%	427	396	268
intersegment eliminations	(1 692)	(1 514)		(1 392)	(1 290)	(1 182)
TOTAL GROUP by proportional consolidation	**14 437**	**14 169**	**2%**	**13 833**	**12 977**	**13 278**

(EUR thousand)	EBITDA			EBITDA		
	Q3 2016	Q3 2015	Change %	Q3 2014	Q3 2013	Q3 2012
media segment by equity method	860	889	-3%	323	102	330
media segment by proportional consolidation	*1 159*	*1 143*	*1%*	*567*	*297*	*390*
printing services segment	986	1 178	-16%	1 326	1 245	1 310
entertainment segment	0	(1)	95%	0	0	0
corporate functions	(213)	(178)	-20%	(162)	(183)	(206)
intersegment eliminations	0	0		0	0	1
TOTAL GROUP by equity method	**1 633**	**1 889**	**-14%**	**1 487**	**1 164**	**1 435**
TOTAL GROUP by proportional consolidation	**1 932**	**2 143**	**-10%**	**1 732**	**1 359**	**1 495**

EBITDA margin	Q3 2016	Q3 2015	Q3 2014	Q3 2013	Q3 2012
media segment by equity method	12%	13%	5%	2%	6%
media segment by proportional consolidation	*11%*	*12%*	*7%*	*4%*	*5%*
printing services segment	18%	20%	20%	20%	21%
TOTAL GROUP by equity method	**13%**	**16%**	**13%**	**11%**	**13%**
TOTAL GROUP by proportional consolidation	**13%**	**15%**	**13%**	**10%**	**11%**

Key financial data of the segments in nine months 2012-2016

(EUR thousand)	Sales 9 months 2016	9 months 2015	Change %	Sales 9 months 2014	9 months 2013	9 months 2012
media segment (by equity method)	22 718	21 663	5%	19 923	18 225	18 513
incl. revenue from all digital and online channels	*12 294*	*11 011*	*12%*	*9 434*	*8 206*	*7 532*
printing services segment	18 633	18 457	1%	20 868	19 896	21 121
entertainment segment	0	517	-	0	0	0
corporate functions	1 667	1 394	20%	1 271	1 137	688
intersegment eliminations	(4 438)	(4 068)		(3 725)	(3 462)	(3 197)
TOTAL GROUP by equity method	**38 581**	**37 962**	**2%**	**38 338**	**35 796**	**37 125**
media segment (by proportional consolidation)	30 394	28 899	5%	26 788	24 912	25 241
incl. revenue from all digital and online channels	*13 193*	*11 778*	*12%*	*10 050*	*8 643*	*7 963*
printing services segment	18 633	18 457	1%	20 868	19 896	21 121
entertainment segment	0	517	-	0	0	0
corporate functions	1 667	1 394	20%	1 271	1 137	688
intersegment eliminations	(5 310)	(4 921)		(4 321)	(4 044)	(3 790)
TOTAL GROUP by proportional consolidation	**45 384**	**44 346**	**2%**	**44 606**	**41 901**	**43 260**

(EUR thousand)	EBITDA 9 months 2016	9 months 2015	Change %	EBITDA 9 months 2014	9 months 2013	9 months 2012
media segment by equity method	1 954	2 425	-19%	1 922	1 109	1 478
media segment by proportional consolidation	*2 840*	*3 334*	*-15%*	*2 565*	*1 579*	*1 785*
printing services segment	3 317	3 611	-8%	4 321	4 258	4 402
entertainment segment	(1)	(1 106)	100%	0	0	0
corporate functions	(649)	(689)	6%	(763)	(593)	(555)
intersegment eliminations	0	0		0	2	2
TOTAL GROUP by equity method	**4 620**	**4 240**	**9%**	**5 481**	**4 777**	**5 328**
TOTAL GROUP by proportional consolidation	**5 507**	**5 148**	**7%**	**6 124**	**5 246**	**5 634**

EBITDA margin	9 months 2016	9 months 2015	9 months 2014	9 months 2013	9 months 2012
media segment by equity method	9%	11%	10%	6%	8%
media segment by proportional consolidation	*9%*	*12%*	*10%*	*6%*	*7%*
printing services segment	18%	20%	21%	21%	21%
TOTAL GROUP by equity method	**12%**	**11%**	**14%**	**13%**	**14%**
TOTAL GROUP by proportional consolidation	**12%**	**12%**	**14%**	**13%**	**13%**

MEDIA SEGMENT

The media segment includes Delfi operations in wholly-owned subsidiaries in Estonia, Latvia and Lithuania, publishing of Estonian newspapers Maaleht, Eesti Ekspress and Eesti Päevaleht, book publishing in Estonia, magazine publishing in Lithuania, activities of the retail offer portal Zave and holding company Delfi Holding. This segment also includes 50% joint ventures AS SL Õhtuleht (publisher of Õhtuleht and Linnaleht), magazine publisher AS Ajakirjade Kirjastus, home delivery company AS Express Post and, since the summer 2016, OÜ Linna Ekraanid, engaged in sale of digital outdoor advertising.

In July 2015 AS Delfi and newspaper publisher AS Eesti Ajalehed were merged in Estonia. New company continued to operate under name of AS Ekspress Meedia. In 2014, Delfi UAB and magazine publisher Ekspress Leidyba UAB were merged in Lithuania.

News portals owned by the Group

Owner	Portal	Owner	Portal
Ekspress Meedia	www.delfi.ee	Ekspress Meedia	www.ekspress.ee
	rus.delfi.ee		www.maaleht.ee
Delfi Latvia	www.delfi.lv		www.epl.ee
	rus.delfi.lv		
Delfi Lithuania	www.delfi.lt	SL Õhtuleht	www.ohtuleht.ee
	ru.delfi.lt		www.vecherka.ee

(EUR thousand)	Sales			EBITDA		
	Q3 2016	Q3 2015	Change %	Q3 2016	Q3 2015	Change %
Ekspress Meedia AS (Delfi Estonia + Eesti Ajalehed)	4 601	4 373	5%	328	613	-46%
incl. Delfi Estonia online revenue	*1 615*	*1 363*	*18%*			
Delfi Latvia	751	678	11%	58	33	76%
Delfi Lithuania (incl. Ekspress Leidyba)	1 979	1 941	2%	474	311	52%
incl.. Delfi Lithuania online revenue	*1 498*	*1 377*	*8%*			
OÜ Hea Lugu	106	106	0%	0	(5)	100%
OÜ Zave Media	0	3	-100%	0	(60)	99%
Other companies (Delfi Holding)	-	-		0	(2)	100%
Intersegment eliminations	(1)	(2)		0	(1)	
TOTAL subsidiaries	**7 436**	**7 098**	**5%**	**860**	**889**	**-3%**
AS SL Õhtuleht*	1 034	1 001	3%	81	111	-27%
AS Ajakirjade Kirjastus*	1 139	1 024	11%	181	107	70%
AS Express Post*	612	564	8%	35	36	-5%
Linna Ekraanid OÜ*	51	-	-	2	-	-
Intersegment eliminations	(306)	(256)		0	0	
TOTAL joint ventures	**2 529**	**2 333**	**8%**	**299**	**254**	**18%**
TOTAL segment by proportional consolidation	**9 965**	**9 432**	**6%**	**1 159**	**1 143**	**1%**

* Proportional share of joint ventures

(EUR thousand)	Sales			EBITDA		
	9 months 2016	9 months 2015	Change %	9 months 2016	9 months 2015	Change %
Ekspress Meedia AS (Delfi Estonia + Eesti Ajalehed)	14 031	13 491	4%	1 005	1 474	-32%
incl. Delfi Estonia online revenue	*4 957*	*4 339*	*14%*			
Delfi Latvia	2 378	2 139	11%	150	144	4%
Delfi Lithuania (incl. Ekspress Leidyba)	6 005	5 816	3%	876	867	1%
incl.. Delfi Lithuania online revenue	*4 560*	*4 164*	*9%*			
OÜ Hea Lugu	307	347	-12%	(17)	6	-383%
OÜ Zave Media	1	3	-62%	(60)	(60)	0%
Other companies (Delfi Holding)	-	-		(1)	(5)	80%
Intersegment eliminations	(4)	(133)		1	(1)	
TOTAL subsidiaries	**22 718**	**21 663**	**5%**	**1 953**	**2 425**	**-19%**
AS SL Õhtuleht*	3 195	3 089	3%	328	396	-17%
AS Ajakirjade Kirjastus*	3 398	3 130	9%	384	306	25%
AS Express Post*	1 933	1 828	6%	172	206	-17%
Linna Ekraanid OÜ*	51	-	-	2	-	-
Intersegment eliminations	(901)	(810)		0	0	
TOTAL joint ventures	**7 675**	**7 237**	**6%**	**887**	**908**	**-2%**
TOTAL segment by proportional consolidation	**30 394**	**28 899**	**5%**	**2 840**	**3 334**	**-15%**

* Proportional share of joint ventures

DELFI and related products

As a market leader Delfi continues to invest into new technologies and IT solutions to improve user experience of its readers and advertisers. Last year, new Delfi mobile applications for both IOS and Android devices were launched, enabling to use more creative solutions in the mobile environment. Programmatic advertising sales will be further developed in all three countries. Delfi TV platforms will continue to be enhanced and developed. The clients of Levira and Starman in Estonia are now able to watch Delfi TV broadcasts and programmes on television screens. In Lithuania, Delfi launched its app for users of Apple TV and Sony Android TV.

Starting from this year, our advertising sales departments are offering in addition to online advertising in our own portals also the possibility to buy advertising in other local or international channels. We also offer our customers a full advertising service from the idea to execution and booking media space.

In Lithuania, Delfi was the first publisher that introduced Facebook messenger bots. Delfi was also the first in Lithuania to use Facebook Live streaming. Of pan-Baltic developments, the solution to use Facebook Instant Article was completed and AdFree Delfi for mobile phones was completed that removes all ads in the Delfi environment for a monthly fee.

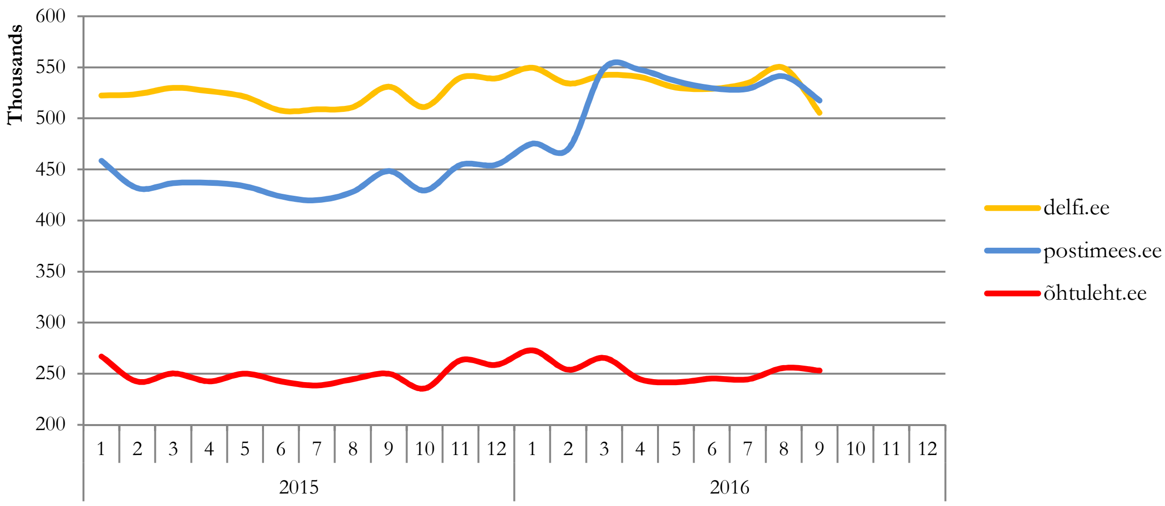
The range of vertical products continues to expand. This year, Delfi Estonia launched www.filmiveeb.ee dedicated to the film art and www.homme.ee that is targeted at men and refers to an Eesti Ekpress supplement. Delfi Latvia launched an esoterics portal www.orakuls.lv and two video sub-verticals www.retvplay.lv and www.360play.lv. In Lithuania, in cooperation with the Lithuanian Marketing Association (LiMA), a new unique website for marketing professionals was launched that aims to promote communication between them. Delfi FIT, a Delfi subsite that is promoting healthy lifestyle, was launched in cooperation with the Lithuanian Basketball Federation. Also portal www.busiumama.lt, a portal targeted at expecting mothers, and a new Delfi subsite Delfi *Style*, were launched.

Delfi Lithuania continues developing the classified portal www.alio.lt. In July, Delfi Latvia acquired a specialized classified portal www.atverskapi.lv. As a new e-commerce service, www.spetsialist.ee was launched in Estonia that accumulates and mediates jobseekers and people looking for handymen.

In all three Baltic countries the focus is on writing more long-read analytical articles in order to increase the value of Delfi to users. In Estonia this is being provided in co-operation with editorial teams of our daily and weekly newspapers Eesti Päevaleht, Eesti Ekspress and Maaleht.

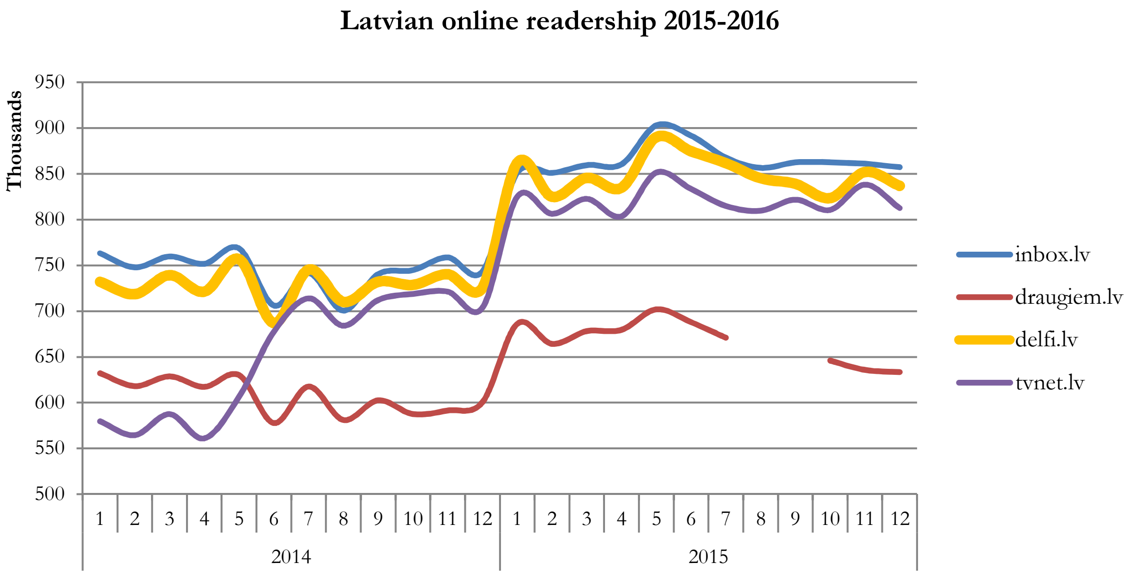
A lot of attention is being paid on socially responsible behaviour and to supporting various charity projects, cultural, sport, social and business events in all Baltic countries.

Estonian online readership 2015-2016



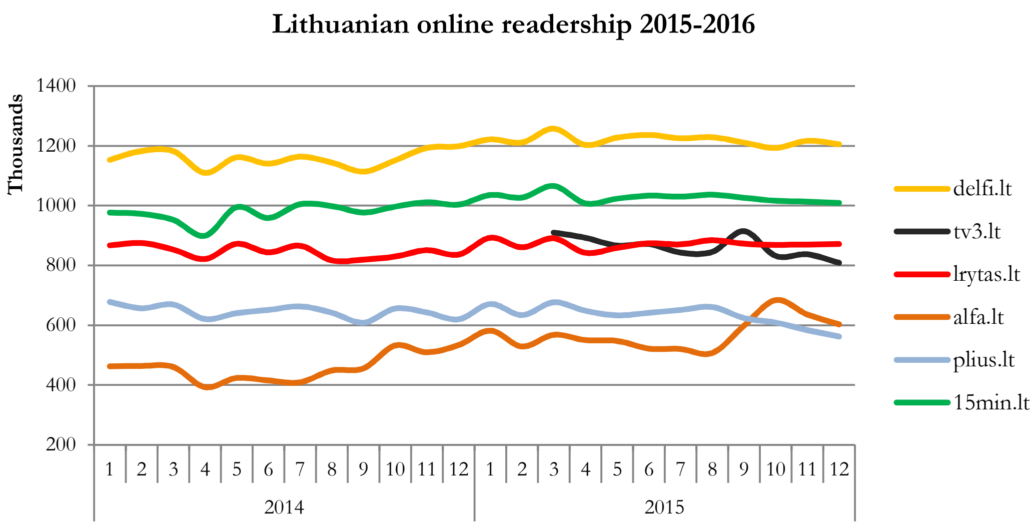
GemiusAudience monthly audience survey

In the first quarter of 2016, Postimees merged two classified portals www.kv.ee and www.osta.ee owned by Eesti Meedia under its postimees.ee domain. This increased the number of users of Postimees.ee by 17%. In the third quarter 2016, Gemius changed the methodology of the online readership survey, as a result of which the readership of mobile devices and tablets was added to the above readership of computer or PC users. As a result of the change of the methodology that was made in September, the total number of PC users in Estonia fell by 11%. The number of computer users of Postimees.ee decreased less than that of computers users of Delfi.



GemiusAudience monthly audience survey

At the beginning of 2016 research company Gemius changed its method of online survey, and, as a result, the online readership figure in February decreased. This figure shows only the online readership of PC users. Inbox.lv remains Latvia's largest portal among PC users. Delfi.lv has increased its lead over tvnet.lv. The local social network draugiem.lv steadily continues to lose users to Facebook. As in other Baltic countries, the main competition in Latvia is for attracting new mobile users. In the third quarter, there were no significant changes in the competition of the three largest portals.

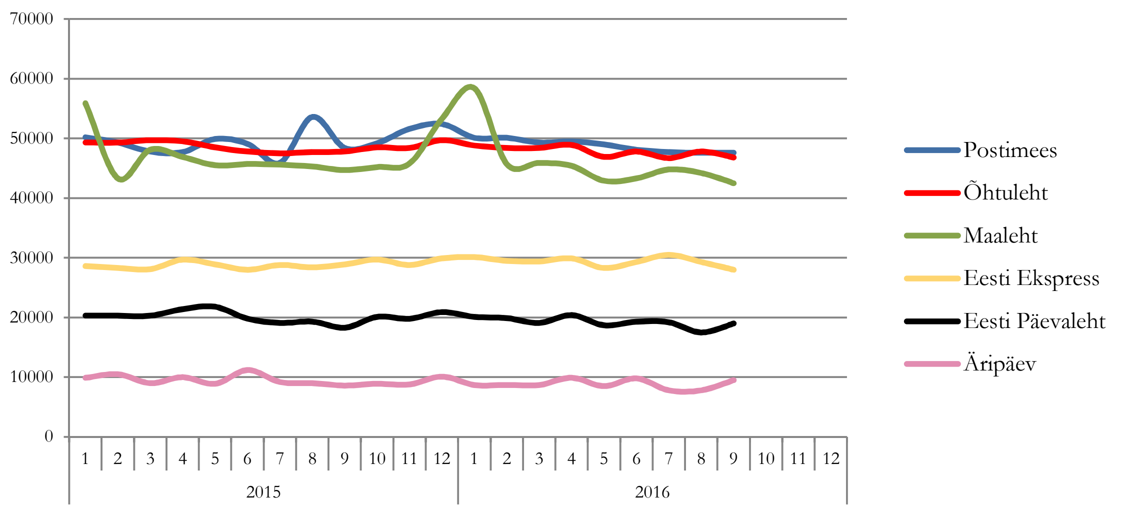


GemiusAudience monthly audience survey

Delfi.lt remains Lithuania's largest online portal. In the third quarter 2016, there were no major changes in the preferences of online users in Lithuania. 15min.lt has somewhat lost readership, while Delfi has slightly increased readership. In the competition for third place, TV3 has fallen fourth and Lietuvas Rytas is stable on third place. As in other markets, development and marketing activities in Lithuania are focused on increasing the number of mobile users. In this segment, Delfi has notably increased its readership.

Print media in Estonia

Estonian newspaper circulation 2015-2016

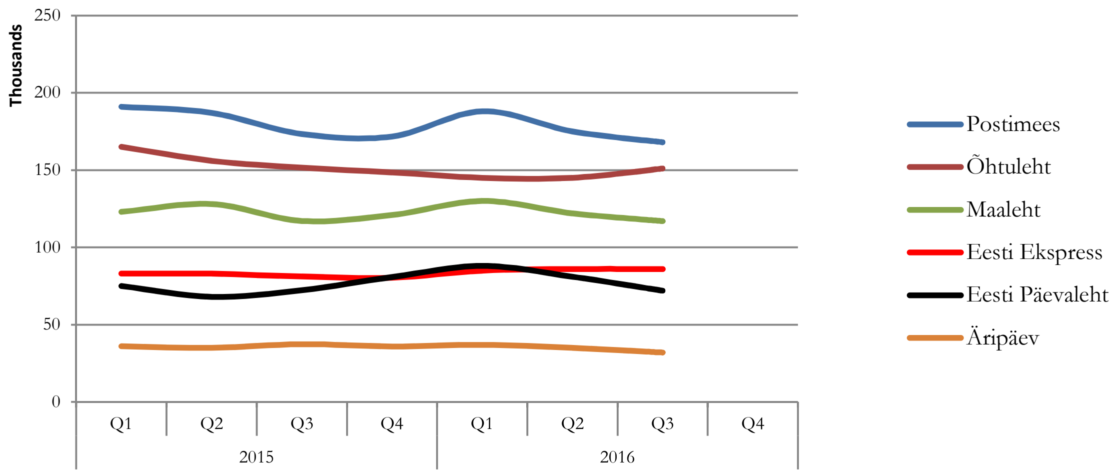


Estonian Newspaper Association data

Circulations of newspapers in Estonia have been falling moderately in the long run. In this respect, 2015 was a pleasant exception since newspaper circulations stabilized. We will probably see similar trends in 2016 – the first half of the year has been quite stable in comparison with earlier periods. Circulations of weekly newspapers have been falling, whereas circulations of daily newspapers have been relatively stable.

One also needs to add to the above readership the number of subscribers of digital newspapers. At the end of the third quarter 2016, Eesti Päevaleht had ca 23 thousand subscribers, Eesti Ekspress ca 10 thousand and Maaleht ca 6,5 thousand subscribers.

Estonian newspaper readership 2015-2016



Turu-uuringute AS

Similarly with the circulation of newspapers, the readership of publications also remained relatively stable in the third quarter of 2016. As compared to the third quarter 2015, readership of Eesti Ekspress and Eesti Päevaleht increased, while that of Postimees and Õhtuleht decreased. As this survey does not cover the readership of digital newspapers, it does not represent the complete readership. The number of digital subscriptions of periodicals of the Ekspress Group amounts to ca 40 thousand. Increasing the readership of digital newspapers remains the main task for the Group's publications.

PRINTING SERVICES SEGMENT

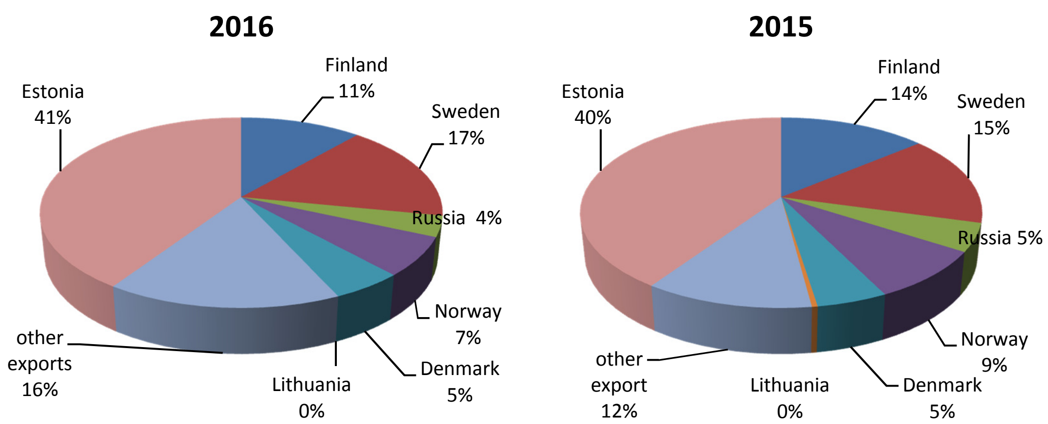
All printing services of the Group are provided by AS Printall which is one of the largest printing companies in Estonia. We are able to print high-quality magazines, newspapers, advertising materials, product and service catalogues, paperback books and other publications in our printing plant. The new printing machine installed in 2015 has enabled us to further expand the range of printed products.

(thousand EUR)	Sales			EBITDA		
	Q3 2016	Q3 2015	Change %	Q3 2016	Q3 2015	Change %
AS Printall	5 629	5 753	-2%	986	1 178	-16%

(thousand EUR)	Sales			EBITDA		
	9 months 2016	9 months 2015	Change %	9 months 2016	9 months 2015	Change %
AS Printall	18 633	18 457	1%	3 317	3 611	-8%

The printing services segment continues to be impacted by the economic sanctions imposed towards Russia, the negative impact of which on the Scandinavian printing industry also impacts us. The production volume of Printall continues to increase, but the price pressure is still strong due to the production capacity which has become available in Scandinavia. The sales keep increasing, however the profit margin continues to fall due to lower prices.

Geographical break-down of printing services



Printing services and the environment

The Nordic Council of Ministers has awarded Printall with the environmental label "The Nordic Ecolabel", used to acknowledge the companies in the Nordic countries that use environmentally efficient production. Printall consumes green energy. GREEN CHOICE certificate confirms that 100% of energy consumed by printing plant has been produced from renewable energy sources. The Minister of the Environment of the Republic of Estonia and the waste managing company AS Ragn-Sells awarded Printall with the title of the Top Recycler of the Year, because the company recycles 95% of its waste.

Printall also has FSC and PEFC Chain of Custody (COC) certificates, which the company uses to promote a green way of thinking in the printing industry. Both of those certificates indicate compliance with monitoring and product production process requirements which are issued to businesses that comply with the requirements established by the FSC (Forest Stewardship Council) and the PEFC (Programme for the Endorsement of Forest Certification). A business that is received these certificates helps to support the environmentally friendly, socially fair and economically viable management of the world's forests.

SHARES AND SHAREHOLDERS OF AS EKSPRESS GRUPP

As of 30.09.2016, the company's share capital is EUR 17 878 105 and it consists of 29 796 841 shares with the nominal value of EUR 0.60 per share. The share capital and the total number of shares have remained unchanged since 31.12.2011.

All shares are of one type and there are no ownership restrictions. The company does not have any shares granting specific controlling rights and the company lacks information about agreements dealing with the restrictions on voting rights of shareholders. The articles of association of the public limited company set no restrictions on the transfer of the shares of the public limited company. The agreements entered into between the public limited company and the shareholders set no restrictions on the transfer of shares. In the agreements concluded between the shareholders, they are only known to the company to the extent related to pledging of securities and that is public information.

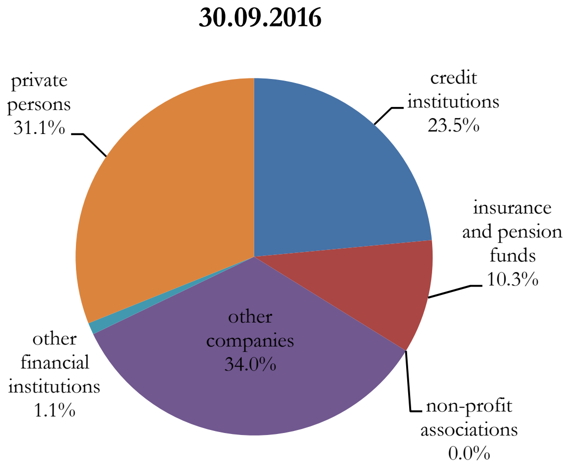
Structure of shareholders as of 30.09.2016 according to the Estonian Central Register of Securities

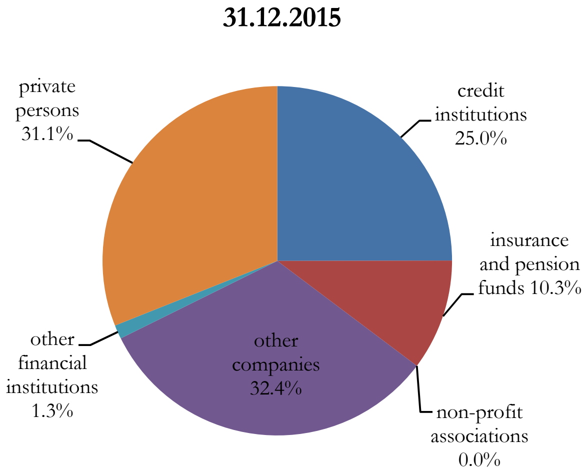
Name	Number of shares	%
Hans Luik	16 597 532	55.70%
Hans Luik	*7 963 307*	*26.73%*
Hans Luik, OÜ HHL Rühm	*8 627 325*	*28.95%*
Hans Luik, OÜ Minigert	*6 900*	*0.02%*
ING Luxembourg S.A.	4 002 052	13.43%
LHV Bank and funds managed by LHV Varahaldus	1 273 394	4.27%
SEB S.A. CLIENT ASSETS UCITS	2 538 008	8.52%
Members of the Management and Supervisory Boards and their close relatives	39 364	0.13%
Viktor Mahhov, OÜ Flexinger	*37 464*	*0.13%*
Pirje Raidma, OÜ Aniston Trade	*1 900*	*0.01%*
Other minority shareholders	4 668 564	15.67%
Treasury shares	677 927	2.28%
Total	**29 796 841**	**100.0%**

East Capital Asset Management AB has an ownership interest through the nominee account of SEB S.A. CLIENT ASSETS UCITS. KJK Fund SICAV-SIF has an ownership interest through the account of ING Luxembourg S.A.

Distribution of shareholders by category according to the Estonian Central Register of Securities

Category	30.09.2016		31.12.2015	
	Number of shareholders	Number of shares	Number of shareholders	Number of shares
Private persons	2 768	9 259 230	2 862	9 253 538
Other companies	236	10 137 268	247	9 652 351
Other financial institutions	44	318 078	51	378 925
Credit institutions	14	7 005 348	13	7 448 318
Insurance and retirement funds	10	3 076 498	11	3 063 290
Non-profit organisations	2	419	2	419
TOTAL	**3 074**	**29 796 841**	**3 186**	**29 796 841**





AS Ekspress Grupp share information and dividend policy

Share information

ISIN	EE3100016965
Ticker symbol	EEG1T
List/segment	BALTIC MAIN LIST
Issuer	Ekspress Grupp (EEG)
Nominal value	EUR 0.60
Issued shares	29 796 841
Listed shares	29 796 841
Date of listing	05.04.2007

Payment **of dividends** is decided annually and it depends on the Group's results of operations, fulfilment of conditions laid down in the syndicated loan contract and potential investment needs. The company expects to continue with regular dividend payments to its investors.

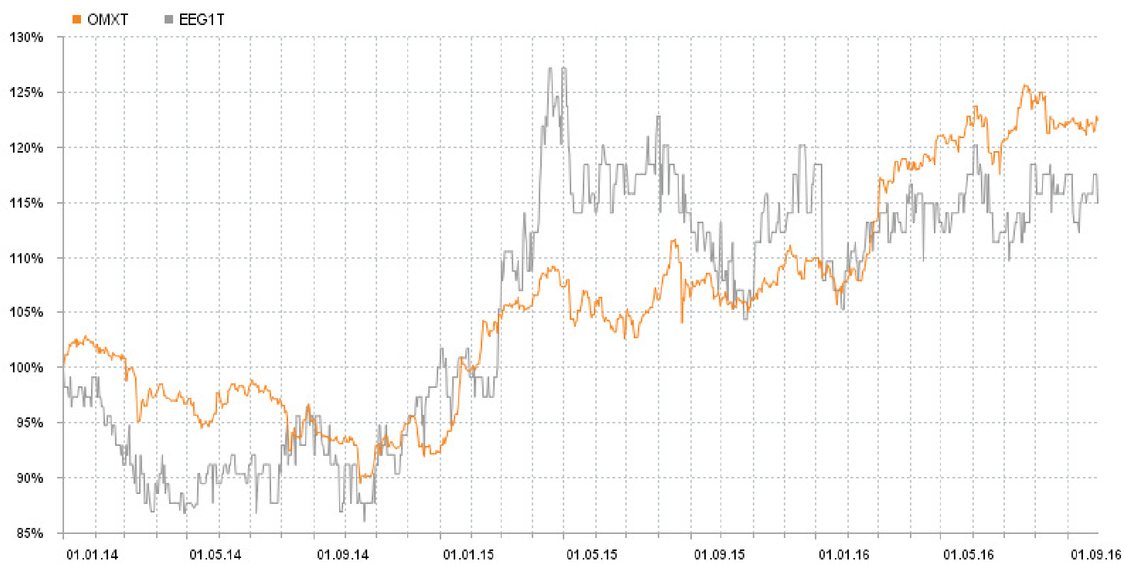
Date of the General Meeting	24.05.2013	20.06.2014	27.05.2015	13.06.2016
Period for which dividends are paid	2012	2013	2014	2015
Dividend payment per share (EUR)	1 cent	1 cent	4 cents	5 cents
Total payment of dividends (EUR thousand)	298	298	1 187	1 456
Date of fixing the list of dividend recipients	07.06.2013	09.07.2014	10.06.2015	29.06.2016
Date of dividend payment	01.10.2013	02.10.2014	02.10.2015	06.07.2016

The table below shows the stock trading history 2012-2016

Price (EUR)	9 months 2016	9 months 2015	9 months 2014	9 months 2013	9 months 2012
Opening price	1.35	1.15	1.12	1.06	1.03
Closing price	1.34	1.25	1.00	1.19	1.02
High	1.37	1.47	1.13	1.22	1.18
Low	1.18	1.07	0.79	1.03	0.96
Average	1.27	1.28	1.03	1.12	1.05
Traded shares, pieces	636 487	549 143	1 076 879	1 198 856	802 537
Sales, millions	0.81	0.70	1.11	1.34	0.84
Capitalisation at balance sheet date, millions	39.93	39.33	29.80	35.46	30.39

The price of the share of Ekspress Group (EEG1T) in euros and the trading statistics on OMX Tallinn Stock Exchange from 1 January 2012 until 30 September 2016.

The share price comparison (%) with OMX Tallinn Stock Exchange index from 1 January 2014 – 30 September 2016.



SUPERVISORY AND MANAGEMENT BOARDS OF AS EKSPRESS GRUPP

The Supervisory Board of AS Ekspress Grupp has six members.

Viktor Mahhov (recalled on 26.10.2016)
- Chairman of the Supervisory Board since 2006
- AS Scandagra Estonia Finance Director
- Completed graduate studies in economics at St. Petersburg University in 1992

Hans H. Luik (appointed until 20.05.2019)
- Member of the Supervisory Board since 2004
- Member of the Management Board of OÜ HHL Rühm
- Member of the Management Board of OÜ Minigert
- Graduated from University of Tartu in 1984 with a degree in journalism

Harri Helmer Roschier (appointed until 20.05.2019) – independent Supervisory Board member
- Member of the Supervisory Board since 2007
- Chairman of the Board of (Directors) Avaus Marketing Innovations OY
- Chairman of the Board of (Directors) Rostek OY
- Member of the Board of (Directors) Futurice OY
- HRC Invest OY Chairman of the Management Board
- Completed graduate studies in economics

Kari Sakari Salonen (recalled on 26.10.2016)
- Member of the Supervisory Board since 2012
- Member of the Board of (Directors) KJK Management SA
- Chairman of the Board of (Directors) KJK Capital Oy
- Chairman of the Board of (Directors) KJK Invest Oy
- KJK Fund Sicav-SIF Member of the Management Board
- Member of the Board of (Directors) KJK Fund II Sicav-SIF
- Member of the Supervisory Board of UAB "D Investuciju Valdymas"
- Graduated from Espoo School of Economics in 1983

Indrek Kasela (appointed until 20.05.2019) - independent supervisory board member
- Member of the Supervisory Board since 2014
- Partner of the private equity fund Amber Trust
- Chairman of the Management Board of AS PRFoods
- Member of the Supervisory Board of AS Toode, ELKE Grupi AS, EPhaG AS and Salva Kindlustuse AS
- Graduated from New York University in 1996 with a Master's degree in law. Bachelor's degree from Tartu University in 1994, has a certificate in EU law from Uppsala University.

Jaak Ennuste (recalled on 26.10.2016) - independent supervisory board member
- Member of the Supervisory Board since 2014
- Member of the Supervisory Board and partner of e-marketing agency ADM Interactive
- Member of the Supervisory Board and partner of Mediabrands Digital
- Graduated *cum laude* from Tallinn University of Technology in 1989 with a degree in engineering and finished Accelerated Development programme at London Business School in 2001.

Marek Kiisa (appointed from 26.10.2016 until 26.10.2021) – independent supervisory board member
- Member of the Supervisory Board since 2016
- Member of the Management Board of telecommunication infrastructure company Astrec Baltic OÜ
- Member of the Management Board of Miss Mary of Sweden OÜ
- Member of the Management Board of Dynaplay Estonia OÜ
- Member of the Management Board of Fitek AS which provides solutions for financial process automation
- Founding member and a board member of a Nordic Business Angels Network NordicBAN
- Graduated from Swedish KTH Royal Institute of Technology with a masters degree in engineering in 1995 and Estonian Business School with a degree in Business Administration in 2004.

Peeter Saks (appointed from 26.10.2016 until 26.10.2021) – independent supervisory board member
- Member of the Supervisory Board since 2016
- Managing partner of Baltics private equity and venture capital company AS BaltCap
- Member of the Management Board of BC EKT HoldCo OÜ and Surroundings OÜ
- Member of the Supervisory Board of AS Epler & Lorez, AS Adam Bd, Intrac Eesti AS, Magnetic MRO AS, BPT Real Estate AS, Fitek AS, Eesti Keskkonnateenused AS, Radix Hoolduse OÜ, OÜ Kudjape Ümberlaadimisjaam and Radix Rent OÜ
- Graduated from Tallinn University of Technology in 1993, specialising in economics.

Aleksandras Česnavičius (appointed from 26.10.2016 until 26.10.2021)
- Member of the Supervisory Board since 2016
- General Manager of Central European Media Enterprises Ltd. Romanian region
- Managing Director of Delfi Lithuania between 2011-2013
- Graduated from Vilniaus Universitetas in Lithuania with a PhD in Media in 2010

Management Board

The Management Board of AS Ekspress Grupp has three members: Chairman of the Management Board Gunnar Kobin and members of the Management Board Pirje Raidma and Andre Veskimeister.

Gunnar Kobin (term of contract until 31.12.2016)

- Chairman of the Management Board since 2009
- CEO of the Group
- Chairman of the Management Board of AS Ülemiste City in 2005-2008
- Graduated from Tallinn University of Technology in 1993, specialising in production planning and management

Andre Veskimeister (term of contract until 16.12.2017)

- Member of the Management Board since 2009
- Chief Innovation Officer of the Group
- Director of Finance and Support Services of Enterprise Estonia in 2003-2006
- Head of development of AS Ülemiste City in 2006-2009
- Graduated from Estonian Business School in 2004, specialising in business management

Pirje Raidma (term of contract until 16.12.2017)

- Member of the Management Board since 2010
- Chief Financial Officer of the Group
- Auditor at auditing company PwC (worked in Estonia and the Channel Islands) in 1997 - 2005
- Finance and Administrative Director of LHV Group in 2005 - 2006
- Finance and Administrative Director of the investment bank GILD Bankers in 2006 - 2010
- Graduated from University of Tartu in 1996 with a degree in international economy
- Certified Auditor and fellow of the Association of Chartered Certified Accountants, FCCA

INTERIM CONSOLIDATED FINANCIAL STATEMENT

Consolidated balance sheet (unaudited)

(thousand EUR)	30.09.2016	31.12.2015
ASSETS		
Current assets		
Cash and cash equivalents	868	2 927
Term deposits	45	0
Trade and other receivables	7 068	6 741
Corporate income tax prepayment	123	0
Inventories	2 450	2 718
Total current assets	**10 554**	**12 386**
Non-current assets		
Trade and other receivables	1 144	1 149
Deferred tax asset	42	42
Investments in joint ventures	2 225	1 007
Investments in associates	536	215
Property, plant and equipment (Note 5)	13 159	13 791
Intangible assets (Note 5)	44 247	44 590
Total non-current assets	**61 353**	**60 794**
TOTAL ASSETS	**71 907**	**73 180**
LIABILITIES		
Current liabilities		
Borrowings (Note 7)	2 302	2 240
Trade and other payables	6 224	6 679
Corporate income tax payable	130	114
Total current liabilities	**8 656**	**9 033**
Non-current liabilities		
Long-term borrowings (Note 7)	14 054	15 447
Deferred tax liability	26	26
Total non-current liabilities	**14 080**	**15 473**
TOTAL LIABILITIES	**22 736**	**24 506**
EQUITY		
Share capital (Note 11)	17 878	17 878
Share premium	14 277	14 277
Treasury shares (Note 11)	(863)	(176)
Reserves (Note 11)	2 024	1 787
Retained earnings	15 855	14 908
TOTAL EQUITY	**49 171**	**48 674**
TOTAL LIABILITIES AND EQUITY	**71 907**	**73 180**

The Notes presented on pages 33-46 form an integral part of the consolidated interim report.

Consolidated statement of comprehensive income (unaudited)

(thousand EUR)	Q3 2016	Q3 2015	9 months 2016	9 months 2015
Sales revenue	12 205	12 105	38 581	37 962
Cost of sales	(9 812)	(9 315)	(30 959)	(30 660)
Gross profit	**2 393**	**2 790**	**7 622**	**7 302**
Other income	270	132	505	378
Marketing expenses	(517)	(502)	(1 717)	(1 634)
Administrative expenses	(1 262)	(1 161)	(3 911)	(3 764)
Other expenses	(17)	(29)	(60)	(80)
Operating profit	**867**	**1 230**	**2 439**	**2 202**
Interest income	6	11	25	32
Interest expense	(117)	(140)	(357)	(425)
Other finance costs	(17)	(27)	(49)	(61)
Net finance cost	**(128)**	**(156)**	**(381)**	**(454)**
Profit on shares of joint ventures	206	170	562	589
Profit from shares of associates	25	5	41	14
Profit before income tax	**970**	**1 249**	**2 661**	**2 351**
Income tax expense	(68)	(39)	(123)	(104)
Net profit for the reporting period	**902**	**1 210**	**2 538**	**2 247**
Net profit for the reporting period attributable to:				
Equity holders of the parent company	902	1 210	2 538	2 247
Other comprehensive income	0	0	0	0
Total comprehensive income	**902**	**1 210**	**2 538**	**2 247**
Attributable to equity holders of the parent company	902	1 210	2 538	2 247
Basic and diluted earnings per share (Note 9)	0.03	0.04	0.09	0.08

The Notes presented on pages 33-46 form an integral part of the consolidated interim report.

Consolidated statement of changes in equity (unaudited)

(thousand EUR)	Share capital	Share premium	Treasury shares	Reserves	Retained earning	Total equity
Balance on 31.12.2014	**17 878**	**14 277**	**(64)**	**1 440**	**13 644**	**47 175**
Increase of statutory reserve capital	0	0	0	256	(256)	**0**
Purchase of treasury shares	0	0	(102)	0	0	**(102)**
Share option	0	0	0	98	0	**98**
Dividends paid	0	0	0	0	(1 187)	**(1 187)**
Total transactions with owners	*0*	*0*	*(102)*	*354*	*(1 443)*	***(1 191)***
Net profit for the reporting period	0	0	0	0	2 247	**2 247**
Total comprehensive income for the reporting period	0	0	*0*	*0*	*2 247*	***2 247***
Balance on 30.09.2015	**17 878**	**14 277**	**(166)**	**1 794**	**14 448**	**48 231**
Balance on 31.12.2015	**17 878**	**14 277**	**(176)**	**1 787**	**14 908**	**48 674**
Increase of statutory reserve capital	0	0	0	135	(135)	**0**
Purchase of treasury shares	0	0	(687)	0	0	**(687)**
Share option	0	0	0	102	0	**102**
Dividends paid	0	0	0	0	(1 456)	**(1 456)**
Total transactions with owners	*0*	*0*	*(687)*	*237*	*(1 591)*	***(2 041)***
Net profit for the reporting period	0	0	0	0	2 538	**2 538**
Total comprehensive income for the reporting period	*0*	*0*	*0*	*0*	*2 538*	***2 538***
Balance on 30.09.2016	**17 878**	**14 277**	**(863)**	**2 024**	**15 855**	**49 171**

The Notes presented on pages 33-46 form an integral part of the consolidated interim report.

Consolidated cash flow statement (unaudited)

(thousand EUR)	9 months 2016	9 months 2015
Cash flows from operating activities		
Operating profit for the reporting year	2 439	2 202
Adjustments for:		
Depreciation, amortisation and impairment (Note 5)	2 180	2 038
(Gain)/loss on sale and write-down of property, plant and equipment	(25)	(3)
Change in value of share option (Note 10)	102	98
Cash flows from operating activities:		
Trade and other receivables	(319)	(7)
Inventories	267	(25)
Trade and other payables	(496)	(434)
Cash generated from operations	**4 148**	**3 869**
Income tax paid	(231)	(110)
Interest paid	(357)	(425)
Net cash generated from operating activities	**3 560**	**3 334**
Cash flows from investing activities		
Term deposit release	0	1 600
Acquisition of joint venture (Note 4)	(868)	0
Acquisition of associate (Note 4)	(311)	0
Purchase of other investments	0	(50)
Interest received	25	32
Purchase of property, plant and equipment (Note 5)	(866)	(1 429)
Proceeds from sale of property, plant and equipment	31	147
Loans granted	(25)	0
Loan repayments received	12	74
Net cash used in investing activities	**(2 002)**	**374**
Cash flows from financing activities		
Dividends paid	(1 456)	0
Dividends received from joint ventures	246	278
Finance lease repayments	(52)	(62)
Change in use of overdraft	0	(1 117)
Loan received (Note 7)	11	687
Repayments of bank loans (Note 7)	(1 634)	(4 414)
Purchase of treasury shares (Note 11)	(687)	(103)
Net cash used in financing activities	**(3 572)**	**(4 731)**
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	**(2 014)**	**(1 023)**
Cash and cash equivalents at the beginning of the year	2 927	3 656
Cash and cash equivalents at the end of the year	913	2 633

The Notes presented on pages 33-46 form an integral part of the consolidated interim report.

SELECTED NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Note 1. General information

The main fields of activity of AS Ekspress Grupp and its subsidiaries include online media, publishing of newspapers, magazines and books, and provision of printing services.

AS Ekspress Grupp (registration number 10004677, address: Parda 6, 10151 Tallinn) is a holding company registered and operating in the Republic of Estonia. The Group consists of the subsidiaries, joint ventures and associates listed below.

These interim financial statements were approved and signed by the Management Board on 31 October 2016.

The consolidated financial statements of AS Ekspress Grupp (hereinafter the Group) reflect the results of operations of the following group companies.

Company name	Status	Ownership interest 30.09.2016	Ownership interest 31.12.2015	Main field of activity	Domicile
Operating segment: corporate functions					
Ekspress Grupp AS	Parent company			Holding company and support services	Estonia
Ekspress Digital OÜ	Subsidiary	100%	100%	Provision of IT services	Estonia
Ekspress Finance OÜ	Subsidiary	100%	100%	Provision of financing for the Group	Estonia
Operating segment: media (online and print media)					
Ekspress Meedia AS (former Delfi AS)	Subsidiary	100%	100%	Online media, publishing of daily and weekly newspapers (from 1 July 2015 merged with AS Eesti Ajalehed)	Estonia
Delfi A/S	Subsidiary	100%	100%	Online media	Latvia
Delfi UAB	Subsidiary	100%	100%	Online media and magazine publishing (merged with UAB Ekspress Leidyba on 1 July 2014)	Lithuania
Sport Media UAB	Subsidiary	51%	51%	Currently dormant	Lithuania
Delfi Holding SIA	Subsidiary	100%	100%	Holding company (previously parent company to Delfi companies in different countries)	Latvia
Zave Media OÜ	Subsidiary	100%	100%	Developer of portal incorporating retailers' sales offers throughout Baltics (operations moved to Delfi local companies)	Estonia
Hea Lugu OÜ	Subsidiary	100%	100%	Book publishing	Estonia
Ajakirjade Kirjastus AS	Joint venture	50%	50%	Magazine publishing	Estonia
SL Õhtuleht AS	Joint venture	50%	50%	Newspaper publishing	Estonia
Express Post AS	Joint venture	50%	50%	Home delivery of periodicals	Estonia
Linna Ekraanid OÜ	Joint venture	50%	.	Sale of digital outdoor advertising (acquired in July 2016)	Estonia
Babahh Media OÜ	Associate	49%	.	Sale of video production, media and infrastructure solutions (acquired in September 2016)	Estonia
Adnet Media UAB	Associate	49%	49%	Online advertising solutions and network	Lithuania
Adnet Media OÜ	Associate	49%	49%	Online advertising solutions and network	Estonia
Adnet Media SIA	Associate	49%	49%	Online advertising solutions and network	Latvia
Operating segment: printing services					
Printall AS	Subsidiary	100%	100%	Printing services	Estonia
Tegevussegment: meelelahutus					
Delfi Entertainment SIA	Subsidiary	100%	100%	Arrangement of exhibitions (currently dormant)	Latvia

Note 2. Bases of preparation

The consolidated interim financial statements of AS Ekspress Grupp for the nine months of 2016 ended 30.09.2016 9 have been prepared in accordance with IAS 34 "Interim Financial Reporting". The condensed interim consolidated financial statements should be read together to the annual report for the financial year ended 31 December 2015.

The Management Board estimates that the interim consolidated financial statements for the nine months of 2016 present a true and fair view of the Group's operating results, and all group companies are going concerns. These interim financial statements have neither been audited nor reviewed in any other way by auditors. These consolidated interim financial statements are presented in thousands of euros, unless otherwise indicated.

Starting from 1 January 2016, several new standards, amendments to standards and interpretations were entered into force which became mandatory for the Group but none of which have an impact on the Group's interim financial statements.

Note 3. Financial risk management

The management of financial risks is an essential and integral part in managing the business processes of the Group. The ability of the management to identify, measure and verify different risks has a substantial impact on the profitability of the Group. The risk is defined by the management of the Group as a possible negative deviation from the expected financial performance.

Several financial risks are related to the activities of the Group, of which the more substantial ones include credit risk, liquidity risk, market risk (including foreign exchange risk, interest rate risk and price risk), operational risk and capital risk.

The risk management of the Group is based on the requirements established by the Tallinn Stock Exchange, Financial Supervision Authority and other regulatory bodies, compliance with the generally accepted accounting standards and good practice, internal regulations and policies of the Group and its subsidiaries. The management of risks at the Group level includes the definition, measurement and control of risks. The Group's risk management programme focuses on unpredictability of financial markets and finding of possibilities to minimise the potential negative impacts arising from this on the Group's financial activities.

The main role upon the management of risks is vested in the management boards of the Parent and its subsidiaries. The Group assesses and limits risks through systematic risk management. For managing financial risks, the management of the Group has engaged the financial unit of the Group that deals with the financing of the Parent Company and its subsidiaries and hence also managing of liquidity risk and interest rate risk. The risk management at the joint ventures is performed in cooperation with the other shareholder of joint ventures.

Credit risk

Credit risk is expressed as a loss which may be incurred by the Group and is caused by the counterparty if the latter fails to perform its contractual financial obligations. Credit risk arises from cash and bank, trade receivables, other short-term receivables and loans granted. Since the Group invests available liquid funds in the banks with the credit rating of "A" they do not expose the Group to substantial credit risk.

Bank account balances (incl. term deposits) by credit ratings of the banks

Bank name	Moody`s	Standard & Poor`s	30.09.2016	31.12.2015
SEB	Aa3	A+	357	2 266
Swedbank	Aa3	AA-	366	285
Nordea/Danske	Aa3/A2	AA-/A	168	364
Total			**891**	**2 915**

The banks' latest long-term credit rating, which was shown on the bank's website, is used.

The payment discipline of clients is continuously monitored to reduce credit risk. A credit policy has been established to ensure the sale or services to clients with an adequate credit history and the application of prepayments to clients in a higher risk category. According to the credit policy, different client groups are subject to different payment terms and credit limits. Clients are classified on the basis of their size, reputation, and the results of credit background checks and history of payment behaviour. At the first level, the advertising clients are divided into two groups: advertising agencies and direct clients, they are further grouped according to the above principles. The Group applies the same credit policy in all Baltic States, but is aware of different credit behaviour of clients. While in Estonia invoices are generally paid when due, the usual practice in Latvia and especially in Lithuania is to pay invoices 1-3 months past their due date and not to consider it as a violation of the credit discipline. Subsidiaries outsource reminder services in order to collect overdue receivables more effectively.

In the case of new clients, their credit background is checked with the help of financial information databases such as Krediidiinfo and other similar databases. Upon following the payment discipline, it is possible to receive more flexible credit terms, such as longer payment terms, higher credit limits, etc. Upon violation of the payment discipline, stricter credit terms are applied. In case of large transactions, in particular in the segment of printing services, clients are requested to make prepayment or provide a guarantee letter.

The Group is not aware of any substantial risks related to the concentration of its clients and partners. The management estimates that there is no substantial credit risk in the loans to related parties due to their solid financial position.

Liquidity risk

Liquidity risk means that the Group may not have liquid funds to fulfil its financial obligations in a timely manner.

The objective of the Group is to maintain a balance between the financial need and financial possibilities of the Group. Cash flow planning is used as a means to manage the liquidity risk. To manage liquidity risk as effectively as possible, the bank accounts of the Parent Company and its subsidiaries comprise one group account (cash pool) which enables the members of the group account to use the finances of the Group within the limit established by the Parent Company. The group account operates in Estonia, but foreign subsidiaries in Latvia and Lithuania are also part thereof. According to the policy of the Group, all subsidiaries and joint ventures prepare long term cash flow projections for the following year, which are adjusted on a quarterly basis. For monitoring short-term cash flows the subsidiaries prepare eight week cash flow projections on a weekly basis.

To manage liquidity risk, the Group uses different financing sources which include bank loans, overdraft, factoring, continuous monitoring of trade receivables and delivery contracts.

Overdraft credit is used to finance working capital, long-term bank loans and finance lease agreements are used to make capital expenditures to acquire non-current assets. The Group's overdraft loan is long-term and related to the term of the syndicated loan contract. This essentially works as a long-term line of credit, the use of which the Group can regulate at its own discretion. The Group has quite high leverage, thus liquidity risk management is one of the priorities of the Group.

Interest rate risk

Interest rate risk means that a change in interest rates results in a change in the cash flow and profit of the Group. The interest rates of loans granted and taken by the Group are all tied to Euribor.

The Group's interest rate risk is related to short-term and long-term borrowings which have been assumed with a floating interest rate. The interest rate risk is mainly related to the fluctuation of Euribor and the resulting change in average interest rates of banks. Interest rate change by 1 percentage point would change the Group's loan interest expense by ca 160 thousand euros per year.

Type of interest	Interest rate	30.09.2016 (thousand EUR)	<= 1 year	>1 year and <=5 years	Carrying amount
Floating interest	3-month Euribor + 2.5%	Syndicated loan (*Parent Company*)	1 537	8 292	9 829
	3-month Euribor + 2.5%	Syndicated loan *(Printall)*	690	5 479	6 169
	1-month Euribor + 2.3%	Finance lease *(Printall, Delfi Eesti)*	75	283	358
	1-month Euribor + 1.9%	Overdraft	0	0	0

Type of interest	Interest rate	31.12.2015 (thousand EUR)	<= 1 year	>1 year and <=5 years	Carrying amount
Floating interest	3-month Euribor + 2.5%	Syndicated loan (*Parent Company*)	1 507	9 449	10 955
	3-month Euribor + 2.5%	Syndicated loan *(Printall)*	678	5 988	6 666
	1-month Euribor + 2.3%	Finance lease *(Printall, Delfi Eesti)*	56	9	65
	1-month Euribor + 1.9%	Overdraft	0	0	0

Foreign exchange risk

The Group's operating activities have an international dimension and therefore, the Group is to some extent exposed to foreign exchange risk. Foreign exchange risk arises when future business transactions or recognised assets or liabilities are fixed in a currency which is not the functional currency of the Group. Group companies are required to manage their foreign exchange risk with regard to the functional currency. The income of the Group's local companies (exc. for. Printall) is fixed in local currencies, i.e. the euro. The Group also pays most of its suppliers and employees in local currencies. The subsidiaries are typically required to use the euro as the currency in foreign contracts. The subsidiary Printall exports outside of euro-zone and it also issues invoices denominated in Norwegian kroner and Swedish kronor. In 9 months of 2016, ca 4.5% (2015 9 months ca 6.3%) of the Group's revenue was exposed to foreign exchange risk. In addition, the Russian clients pay in Russian roubles, although the invoices issued have been denominated in euros and hence carry no exchange risk. The amounts received in foreign currencies are typically converted into euros immediately after their receipt, thereby reducing open foreign currency positions. No other means are used for hedging foreign exchange risk.

As of 30.09.2016, the Group had foreign currency risk related to the Swedish krona in the amount of EUR 152 thousand and other currencies (NOK, USD) in the amount of EUR 140 thousand. As of 31.12.2015, the Group had foreign currency risk related to the Swedish krona in the amount of EUR 465 thousand and other currencies (GBP, NOK, USD) in the amount of EUR 21 thousand.

Price risk

The price of paper affects the activities of the Group the most. Taking into consideration various criteria, the Group has determined the most optimal way for accepting paper risk and thus it does consider it necessary to used derivative instruments to hedge this risk.

Operational risk

Operational risk is a possible loss caused by insufficient or non-functioning processes, employees and information systems or external factors.

The involvement of employees in the risk assessment process improves the general risk culture. For performing transactions different limits are used to minimise possible losses. The four-eye principle in use, under which the confirmation of at least two employees independent of each other or that of a unit is necessary for the performance of a transaction or a procedure, reduces the possible occurrence of human errors and mistakes. The four-eye principle is also applied during negotiations related to purchase and sales as well as other transactions. Drafts of important agreements prepared by law offices are reviewed by the management and in-house lawyers. The management considers the legal protection of the Group to be good.

The management estimates that the dependence of the Group's activities on IT systems is higher than average and continuous investments are made to increase its security and reliability. The responsibility for managing operational risk lies with the Management Board of the Group and the management boards of the subsidiaries.

Capital risk

The main objective of the Group upon managing capital risk is to ensure the sustainability of the Group in order to ensure income for its shareholders and benefits for other stakeholders, while maintaining the optimal capital structure in order to reduce the price of capital.

According to the common industry practice, the Group uses the debt to capital ratio to monitor its capital. The debt to capital ratio is calculated as the ratio of net debt to total capital. Net debt is calculated by deducting cash and bank accounts from total debt (short and long-term interest bearing liabilities recognised in the consolidated balance sheet). Total capital is recognised as the aggregate of equity and net debt. The ratio of equity to total assets (one of criteria measured quarterly according to the syndicated loan contract) is also monitored. As of the balance sheet date, the equity ratio of the Group has been in compliance with conditions set in the syndicate loan contract..

Equity ratios of the Group

(thousand EUR)	30.09.2016	31.12.2015
Interest-bearing debt	16 356	17 687
Cash and bank accounts	913	2 927
Net debt	15 443	14 760
Equity	49 171	48 674
Total capital	64 614	63 434
Debt to capital ratio	**24%**	**23%**
Total assets	71 907	73 180
Equity ratio	**68%**	**67%**

Note 4. Business combinations

On 22 July 2016, AS Ekspress Grupp acquired a 50% ownership interest in **Linna Ekraanid OÜ** engaged in digital outdoor advertising in Estonia. A payment of EUR 868 thousand was made for the ownership interest. In the 2nd quarter of 2019, AS Ekspress Grupp will also acquire the remaining 50% of the shares of Linna Ekraanid OÜ and will thus become the sole shareholder of the company. The acquisition price of the remaining 50% of the ownership interest is tied to the company's actual target results which will become known at the beginning of 2019.

The purpose of the acquisition is to create preconditions for launching a new line of business at AS Ekspress Grupp and thereby to expand the portfolio of the Group's fields of activity. The objective of AS Ekspress Grupp is to develop a line of business of digital outdoor advertising in all Baltic States and assume a market leadership position in this business.

On 16 September 2016, the Group acquired a 49% ownership interest in **Babahh Media OÜ** which is engaged in video production, media solutions and streaming related infrastructure sales in Estonia. A payment was immediately made for it in the amount of EUR 311 thousand. The purchase price or ownership interest percentage could be adjusted in accordance with the actual results over the next 5 years. AS Ekspress Grupp also obtained an option to acquire additional shares of Babahh Media OÜ in 2021, as a result of which the ownership interest of AS Ekspress Grupp in the share capital of Babahh Media OÜ would increase to 70%.

The purpose of the acquisition is to expand its fast-growing online video production and video streaming business. The team of Babahh Media represents a company that has operated in this market for a number of years and has a great potential in the growing video production market.

The table below gives an overview of the acquired identifiable assets and liabilities at the time of acquisitions. The purchase analysis has been prepared using the balance sheet of Linna Ekraanid OÜ as of 31.07.2016 and Babahh Media OÜ as of 30.09.2016.

(thousand EUR)	Linna Ekraanid OÜ (50%)		Babahh Media OÜ (49%)	
	Fair value	Carrying amount	Fair value	Carrying amount
Net assets	66	66	26	26
Intangible assets	131	0	0	0
Total identifiable assets	**197**	**66**	**26**	**26**
Goodwill	**671**		**285**	
Cost of ownership interest	868		311	
Paid for ownership interest in cash	868		311	
Cash and cash equivalents in acquired entity	6		19	
Total cash effect on the Group	**(862)**		**(292)**	

Note 5. Property, plant and equipment, and intangible assets

(thousand EUR)	Property, plant and equipment		Intangible assets	
	9 months 2016	9 months 2015	9 months 2016	9 months 2015
Balance at beginning of the period				
Cost	32 543	31 832	63 834	63 889
Accumulated depreciation and amortisation	(18 752)	(17 326)	(19 244)	(17 602)
Carrying amount	**13 791**	**14 506**	**44 590**	**46 287**
Acquisitions and improvements	910	1 079	301	350
Disposals (at carrying amount)	(5)	(20)	0	(120)
Write-offs and write-downs of PPE	(1)	(5)	0	(1)
Depreciation and amortisation	(1 536)	(1 405)	(644)	(633)
Balance at end of the period				
Cost	33 279	32 772	64 136	64 115
Accumulated depreciation and amortisation	(20 120)	(18 618)	(19 888)	(18 232)
Carrying amount	**13 159**	**14 154**	**44 247**	**45 883**

Information about the items of non-current assets pledged as loan collateral is disclosed in Note 7.

Note 6. Intangible assets

Intangible assets by type

(in thousands)	EUR	
	30.09.2016	**31.12.2015**
Goodwill	36 953	36 953
Trademarks	6 570	6 911
Other intangible assets	724	726
Total intangible assets	**44 247**	**44 590**

Goodwill by cash-generating units and segments

(in thousands)	EUR	
	30.09.2016	**31.12.2015**
Delfi Estonia	15 281	15 281
Delfi Latvia	7 007	7 007
Delfi Lithuania	12 848	12 848
Maaleht	1 816	1 816
Total goodwill	**36 953**	**36 953**

Note 7. Bank loans and borrowings

(thousand EUR)	Total amount	Repayment term	
		Up to 1 year	During 1-5 years
Balance as of 30.09.2016			
Long-term bank loans	**15 998**	2 227	13 771
incl. syndicated loan (AS Ekspress Grupp)	**9 829**	1 537	8 292
incl. syndicated and mortgage loan (AS Printall)	**6 169**	690	5 479
Finance lease	**358**	75	283
Total	**16 356**	**2 302**	**14 054**
Balance as of 31.12.2015			
Long-term bank loans	**17 621**	2 184	15 437
incl. syndicated loan (AS Ekspress Grupp)	**10 955**	1 507	9 449
incl. syndicated and mortgage loan (AS Printall)	**6 666**	678	5 988
Finance lease	**65**	56	9
Total	**17 686**	**2 240**	**15 447**

The effective interest rates are very close to the nominal interest rates. The fair value of the loan liabilities is close to its book value as the interest rate is floating and related to Euribor and the margin has been negotiated based on market terms. The loan liabilities are within level 3 of the fair value hierarchy.

Long term bank loan

In September 2015, the joint syndicated loan of AS Ekspress Grupp and AS Printall was refinanced. As a result of the transaction, the new maturity date of the loan is October 2020. The main changes relate to the annual principal loan repayment and the applied interest rate. The annual loan repayment is approximately EUR 2 million and from 25 September 2015, the interest rate is 3-month EURIBOR + margin. Upon the expiration of the loan contract, the total loan balance will be ca EUR 7 million. In June 2016, SEB assumed the full ownership in the syndicate, remaining the only creditor.

The syndicated is still guaranteed by the shares of the subsidiaries, the guarantees of Estonian subsidiaries in the amount of EUR 37 million, the commercial pledge on the assets of AS Printall in the amount of EUR 19 million, the trademarks of Delfi, Eesti Ekspress, Maaleht, Eesti Päevaleht and Eesti Ekspressi Kirjastus in the amount of EUR 5 million, the value of all of which is included within the net assets of the Group. As of 30.09.2016, the carrying amount of the building was EUR 3.3 million and that of the registered immovable was EUR 0.4 million. The ultimate controlling shareholder has also given a personal guarantee in the amount of EUR 4 million to cover the syndicated loan and overdraft agreements.

According to the conditions of the loan agreement, the borrower must comply with certain loan covenants, such as the equity ratio (equity/total assets), total debt/EBITDA ratio and the debt-service coverage ratio. As of the end of each quarter in 2015, all financial ratios were in compliance with the loan covenants set in the loan contract.

Overdraft facilities

As of 30.09.2016, the Group had entered into a long-term overdraft facility with SEB Bank in the amount of EUR 3 million with the due date of 25.10.2020, which had not been used as of the balance sheet date or 31.12.2015.

Note 8. Segment reporting

Management Board of the Parent Company AS Ekspress Grupp. The Management Board considers the business from the company perspective.

Media segment: management of online news portals and classified portals, advertising sales in own portals in the Baltics and publishing of newspapers, magazines, customer publications and books in Estonia and Lithuania.

This segment includes subsidiaries AS Ekspress Meedia (former AS Delfi and AS Eesti Ajalehed in Estonia), AS Delfi (Latvia), UAB Delfi (Lithuania), Delfi Holding SIA (Latvia), OÜ Hea Lugu (Estonia) and OÜ Zave Media (Estonia).

This segment also includes the joint ventures AS Ajakirjade Kirjastus, AS SL Õhtuleht, AS Express Post and Linna Ekraanid OÜ. Joint ventures are not consolidated line-by-line, however some tables include their results and impact on the Group's figures.

The revenue of the **media segment** is derived from sale of advertising banners and other advertising space and products in its own portals, sales of advertising space in newspapers and magazines, revenue from subscriptions and single copy sales of newspapers and magazines, sales of books and miscellaneous series, services fees for preparation of customer materials and other projects.

Printing services: rendering of printing and related services. This segment includes the group company AS Printall.

Segment revenue is derived from the sale of paper and printing services.

Entertainment segment: organisation of exhibitions and other events. At present this segment includes Latvian company SIA Delfi Entertainment. Income and expenses related to the entertainment segment but recognised at the parent company for which no separate subsidiary has been established yet, are also allocated to this segment. The segment revenue comes from exhibition's tickets sales and from sale of other services related to the organized events.

The Group's **corporate functions** are shown separately and they do not form a separate business segment. It includes the Parent Company AS Ekspress Grupp, which provides legal advice and accounting services to its group companies, a subsidiary OÜ Ekspress Digital that provides intra-group IT services, and OÜ Ekspress Finance, the main activity of which is intra-group financing.

The Management Board assesses the performance of the operating segments based on revenue, EBITDA and the EBITDA margin. Volume-based and other fees payable to advertising agencies have not been deducted from the advertising sales of segments, because the Group's management monitors the gross income of companies and segments. Discounts and volume rebates are reported as a reduction of the consolidated sales revenue and are shown in the aggregate line of eliminations. Internal management fees and goodwill impairment are not included in segment results.

According to the estimate of the Parent Company's management, the inter-segment transactions have been carried out at arm's length basis and they do not differ significantly from the conditions of the transactions concluded with third parties.

Q3 2016 (thousand EUR)	Media	Printing services	Enter-tainment	Corporate functions	Elimi-nations	Total Group
Sales to external customers (subsidiaries)	**7 435**	**5 130**	**0**	**34**	**(394)**	**12 205**
Effect of joint ventures	2 529	(269)	0	(16)	(12)	2 232
Inter-segment sales	1	768	0	517	(1 286)	0
Total segment sales, incl. joint ventures	*9 965*	*5 629*	*0*	*535*	*(1 692)*	*14 437*
EBITDA (subsidiaries)	**860**	**986**	**0**	**(213)**	**0**	**1 633**
EBITDA margin (subsidiaries)	**12%**	**18%**	**-**			**13%**
EBITDA incl. joint ventures	*1 159*	*986*	*0*	*(213)*	*0*	*1 932*
EBITDA margin incl. joint ventures	*12%*	*18%*	*-*			*13%*
Depreciation (subsidiaries) (Note 5)						766
Operating profit (subsidiaries)						867
Investments (subsidiaries) (Note 5)						799

9 months 2016 (thousand EUR)	Media	Printing services	Enter-tainment	Corporate functions	Elimi-nations	Total Group
Sales to external customers (subsidiaries)	**22 716**	**17 014**	**0**	**100**	**(1 251)**	**38 581**
Effect of joint ventures	7 675	(787)	0	(46)	(39)	6 803
Inter-segment sales	2	2 406	0	1 613	(4 021)	0
Total segment sales, incl. joint ventures	*30 394*	*18 633*	*0*	*1 667*	*(5 311)*	*45 384*
EBITDA (subsidiaries)	**1 953**	**3 317**	**(1)**	**(649)**	**0**	**4 620**
EBITDA margin (subsidiaries)	**9%**	**18%**	**-**			**12%**
EBITDA incl. joint ventures	*2 840*	*3 317*	*(1)*	*(649)*	*0*	*5 507*
EBITDA margin incl. joint ventures	*9%*	*18%*	*-*			*12%*
Depreciation (subsidiaries) (Note 5)						2 180
Operating profit (subsidiaries)						2 439
Investments (subsidiaries) (Note 5)						1 211

Q3 2015 (thousand EUR)	Media	Printing services	Enter-tainment	Corporate functions	Elimi-nations	Total Group
Sales to external customers (subsidiaries)	**7 097**	**5 278**	**64**	**6**	**(342)**	**12 105**
Effect of joint ventures	2 333	(238)	0	(1)	(29)	2 064
Inter-segment sales	1	713	0	429	(1 143)	0
Total segment sales, incl. joint ventures	9 432	5 753	64	434	(1 514)	14 169
EBITDA (subsidiaries)	**889**	**1 178**	**(1)**	**(178)**	**0**	**1 889**
EBITDA margin (subsidiaries)	13%	20%	-2%			16%
EBITDA incl. joint ventures	***1 143***	***1 178***	***(1)***	***(178)***	***0***	***2 143***
EBITDA margin incl. joint ventures	*12%*	*20%*	*-2%*			*15%*
Depreciation (subsidiaries) (Note 5)						660
Operating profit (subsidiaries)						1 230
Investments (subsidiaries) (Note 5)						385

9 months 2015 (thousand EUR)	Media	Printing services	Enter-tainment	Corporate functions	Elimi-nations	Total Group
Sales to external customers (subsidiaries)	**21 653**	**16 914**	**517**	**42**	**(1 163)**	**37 962**
Effect of joint ventures	7 237	(741)	0	(5)	(107)	6 383
Inter-segment sales	10	2 284	0	1 357	(3 651)	0
Total segment sales, incl. joint ventures	28 899	18 457	517	1 394	(4 921)	44 346
EBITDA (subsidiaries)	**2 425**	**3 611**	**(1 106)**	**(689)**	**0**	**4 240**
EBITDA margin (subsidiaries)	11%	20%	-214%			11%
EBITDA incl. joint ventures	***3 334***	***3 611***	***(1 106)***	***(689)***	***0***	***5 148***
EBITDA margin incl. joint ventures	*12%*	*20%*	*-214%*			*12%*
Depreciation (subsidiaries) (Note 5)						2 038
Operating profit (subsidiaries)						2 202
Investments (subsidiaries) (Note 5)						1 429

Note 9. Earnings per share

Basic earnings per share have been calculated by dividing the profit attributable to equity holders of the Parent Company by the weighted average number of shares outstanding during the period. Treasury shares owned by the Parent Company are not taken into account as shares outstanding.

EUR	Q3 2016	Q3 2015	9 months 2016	9 months 2015
Profit attributable to equity holders	902 093	1 210 116	2 538 153	2 247 480
Average number of ordinary shares	29 118 914	29 663 199	29 362 877	29 690 530
Basic and diluted earnings per share	0.03	0.04	0.09	0.08

As the Group had no instruments diluting earnings per share as of 30.09.2016 and 31.12.2015, **diluted net profit per share** was equal to regular net profit per share.

Note 10. Management Board's share option plan

In November 2013, the General Meeting of Shareholders approved a share option plan for the Management Board. Under the plan, in the first quarter 2017 the Chairman of the Management Board will be entitled to acquire up to 700 000 shares of AS Ekspress Grupp that the company will buy from the securities market at the market price. Of this amount, 300 000 free of charge shares have already been earned at the time when the option was issued. The remaining amount is to be earned during the contractual period between September 2013 and December 2016 in equal quantities for every month of employment. Part of the shares is fixed and part depends on the fulfilment of set goals that is assessed once a year after the end of the financial year. The company is neither under the obligation to buy back shares nor pay cash compensation for them.

Upon approving the share option, the option was recognised at its fair value and recognised as a staff cost in the income statement and, on the side, as a share option reserve in equity. As of 30.09.2016 this reserve totalled EUR 713 thousand and the number of earned shares was 630 400 shares. As of 31.12.2015, this reserve totalled EUR 611 thousand and the number of earned shares was 540 400. See also Note 11.

For finding the fair value of the share option upon the issuing of the option (i.e. when it was approved by the General Meeting of Shareholders), the *Black-Scholes-Merton* model was used. The assumptions used in the model were as follows: share price at the time of issuing the option: 1.16 euros, dividend rate: 0.01 euros per share, risk-free rate 2.96%, option term: slightly over 3 years.

Note 11. Equity and dividends

Share capital and share premium

As of 30 September 2016 and 31 December 2015, the share capital of AS Ekspress Grupp was EUR 17 878 105 and it consisted of 29 796 841 shares with the nominal value of EUR 0.60 per share. The maximum amount of share capital as stipulated by the articles of association is EUR .

Treasury shares

Within the framework of the Management Board's share option plan, the company has purchased treasury shares through SEB Bank between April 2014 and May 2016 and in a OTC buyback transaction in May 2016. As of 30.09.2016, AS Ekspress Grupp had purchased ca 678 thousand treasury shares at the average price of EUR 1.27 per share for the total of EUR 863 thousand. As of 31.12.2015, AS Ekspress Grupp had purchased 149 thousand at the average price of EUR 1.18 per share for the total of EUR 178 thousand.

Dividends

At the Ordinary General Meeting of Shareholders held on 13 June 2016, it was decided to pay dividends to shareholders in the amount of five euro cents per share in the total amount of EUR 1 456 thousand. Dividends were paid out on 6 July 2016. There will be no accompanying income tax liability because the Company will pay out dividends it has received from its joint ventures and subsidiaries that have already paid corporate income tax on dividends or the profit which has already been taxed in its domicile. Therefore, there will be no additional tax to be paid on distribution of dividends from the Parent Company.

Reserves

The reserves include statutory reserve capital required by the Commercial Code, a general-purpose equity contribution by a founding shareholder and a share option reserve issued to the management (see Note 10).

(thousand EUR)	EUR	
	30.09.2016	31.12.2015
Statutory reserve capital	672	537
Additional cash contribution from shareholder	639	639
Share option reserve	713	611
Total reserves	**2 024**	**1 787**

Note 12. Related party transactions

Transactions with related parties are transactions with shareholders, associates, joint ventures, members of the Key Management of all group companies, their immediate family members and the companies under their control or significant influence.

The ultimate controlling individual of AS Ekspress Grupp is Hans H. Luik.

The Group has purchased from (goods for resale, manufacturing materials, non-current assets) and sold its goods and services to (lease of non-current assets, management services, other services) to the following related parties.

SALES (thousand EUR)	9 months 2016	9 months 2015
Sales of goods		
Associates	371	392
Total sale of goods	**371**	**392**
Sale of services		
Members of Supervisory Board and companies related to them	8	7
Joint ventures	1 737	1 546
Total sale of services	**1 745**	**1 553**
Total sales	**2 116**	**1 945**

PURCHASES (thousand EUR)	9 months 2016	9 months 2015
Purchase of services		
Members of Management Board and companies related to them	31	26
Members of Supervisory Board and companies related to them	227	154
Associates	0	1
Joint ventures	752	629
Total purchases of services	**1 010**	**810**

RECEIVABLES (thousand EUR)	30.09.2016	31.12.2015
Short-term receivables		
Members of Supervisory Board and companies related to them	7	6
Associates	313	245
Joint ventures	309	247
Total short-term receivables	**629**	**498**
Long-term receivables		
Members of Supervisory Board and companies related to them	160	160
Joint ventures	898	907
Total long-term receivables	**1 058**	**1 067**
Total receivables	**1 687**	**1 565**

LIABILITIES (thousand EUR)	30.09.2016	31.12.2015
Current liabilities		
Members of Management Board and companies related to them	3	3
Members of Supervisory Board and companies related to them	9	14
Joint ventures	111	87
Total liabilities	**123**	**104**

According to the decision of the General Meeting held on 2 June 2009 and 4 May 2012, Hans H. Luik will be paid a guarantee fee of 1.5% per annum on the guarantee amount for the personal guarantee of EUR 4 million on the syndicated loan and overdraft agreements until the guarantee expires. In 9 months of 2016, a payment of EUR 45 thousand (2015: EUR 45 thousand) was made and there are no outstanding liabilities as of 30 September 2016 and 31 December 2015.

The management estimates that the transactions with related parties have been carried out at arms' length condition. As of 30.09.2016, an allowance for the receivable from the associate Medipresa UAB was made in the amount of EUR 16 thousand (31.12.2015: EUR 13 thousand) in accordance with the ownership interest in the negative equity of Medipresa UAB

Remuneration of members of the Management Boards of the consolidation group

(thousand EUR)	9 months 2016	9 months 2015
Salaries and other benefits (without social tax)	971	910
Termination benefits (without social tax)	0	42
Share option	102	98
Total (without social tax)	**1 073**	**1 050**

The members of all management boards of the group companies (incl. key management of foreign subsidiaries if these companies do not have management board as per Estonian Commercial Code) (hereinafter Key Management) are entitled to receive compensation upon expiry or termination of their contracts in accordance with the terms laid down in their employment contracts. The Key Management terminations benefits are payable only in case the termination of contracts is originated by the company. If a member of the Key Management is recalled without a substantial reason, a notice thereof shall be given up to 3 months in advance and the member shall be paid compensation for termination of the contract in the amount of up to 7 months' salary. Upon termination of an employment relationship, no compensation shall be usually paid if a member of the Key Management leaves at his or her initiative or if a member of the Key Management is removed by the Supervisory Board with a valid reason. As of 30 September 2015, the maximum gross amount of potential Key Management termination benefits was EUR 523 thousand (31 December 2015: EUR 508 thousand). No remuneration is paid separately or in addition to the members of the Supervisory Boards of the Group companies and no compensation is paid if they are recalled.

Chairman of the Management Board of the Group also participates in share option plan described in Note 10.

Note 13. Contingent assets and liabilities

Contingent liabilities arising from pending court cases

The Group's subsidiaries have several pending court cases, the impact of which on the Group's financial results is insignificant.

OÜ Grupivara, minority shareholder of AS Ekspress Grupp, holding 100 shares in the Company, has challenged in the court the results of the impairment tests of goodwill of Delfi Latvia and Delfi Estonia in the financial statements for the years 2013 and 2014. OÜ Grupivara claims that bigger impairment losses on goodwill should have been recognized in the annual reports. Hence, the annual reports should have not been approved and a decision to pay dividends should have not been made.

The Management Board of AS Ekspress Grupp and its independent auditors are of an opinion that the financial statements for all the years, present fairly, in all material respects, the financial position and the financial performance of the company in accordance with the International Financial Reporting Standards as adopted by the European Union.

Contingent assets and liabilities arising from guarantees given

The Parent Company has given a guarantee in amount of EUR 1.6 million on 50% bank borrowings received by its joint ventures AS Ajakirjade Kirjastus and AS SL Õhtuleht. The other 50% of the loan is guaranteed by other co-owner of these joint ventures.