

# 2017

## INTERIM REPORT



**50%**

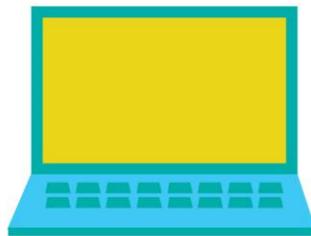
of all stairway entrance doors in Copenhagen use BEKEY

**25%**

of Danish households have opted for NoAds+



Circulation of  
**580,000**  
in Copenhagen and North Zealand



**+500 million**  
monthly digital views



**7 million**  
visits a month  
on websites  
and apps



**25%**  
of Danish municipalities  
use BEKEY

The Interim report 2017 has been prepared in Danish and English.

The Danish text shall be the governing text for all purposes and in case of any discrepancy the Danish wording shall be applicable.

**NORTH MEDIA A/S**

CVR-no. 66 59 01 19

**18 August 2017**

**Company announcement no 07-17**

**FK Distribution expects to sign contracts with new customers, and North Media Aviser reduces costs. Earnings expectations for 2017 adjusted upwards. Earnings expected to improve considerably in 2018.**

"Activities in H1 2017 have centred around the development of the business segments to create a basis for improving earnings. At North Media Aviser, we have completed the second phase of a major restructuring process and implemented a new metropolitan strategy. FK Distribution has signed new customer contracts and expects to see an inflow of more new customers in H2 2017. In this connection, FK Distribution is in the process of adjusting production accordingly. We expect that these steps will help improve earnings considerably in 2018 so that the Group's earnings will again be satisfactory and positive," says Kåre Wigh, Group Executive Director & CFO of North Media A/S.

#### **Group financial highlights from H1 2017**

- Group revenue reached DKKm 427.3 (2016: DKKm 430.9), which is 1% down on last year.
- EBIT before special items was a loss of DKKm 6.2 (2016: a loss of DKKm 25.0).
- The return on securities reached a positive DKKm 35.0, or 16.2%. The Group's total portfolio of securities amounted to DKKm 255.4 at 30 June 2017.
- The Group's net interest-bearing cash position was DKKm 128.7 at the balance sheet date, and its capital resources amounted to DKKm 283.1. Consequently, the Group's financial resources remain strong.

#### **Outlook for 2017**

The revenue expectations range for the Group has been reduced to now be between DKKm 860 and DKKm 890 for 2017. Expected group EBIT before special items has been made more specific and increased to now be between a negative DKKm 20 and DKK 0 for 2017.

Based on the restructuring of North Media Aviser in H1 2017, special items (costs) are expected to be negative by DKKm 5.3 for the financial year.

#### **Outlook for 2018**

There will be some uncertainties in 2018 that may have both a positive and a negative effect. Among them are general market developments and FK Distribution's costs for implementing the new mid-week distribution platform. Moreover, FK Distribution expects an inflow of more new customers, and North Media Aviser has reduced its cost base.

In this light, group EBIT is expected to improve considerably in 2018.

#### **FK Distribution – H1 2017**

- Revenue was DKKm 310.0 (H1 2016: DKKm 274.5), up 13%.
- EBITDA was DKKm 19.7 (H1 2016: DKKm 11.9).
- EBIT stood at DKKm 13.9 (H1 2016: DKKm 4.2).
- In March 2017, PostNord announced that they are going to introduce a new production model from 1 January 2018. This has led to FK Distribution signing new customer contracts. FK Distribution expects to see an inflow of more new customers in H2 2017. The new customers will primarily effect operations in 2018.

#### **North Media Aviser - H1 2017**

- Revenue was DKKm 63.8 (H1 2016: DKKm 97.6), down 35%.
- EBITDA was a negative DKKm 2.0 (H1 2016: a negative DKKm 12.6).
- EBIT before special items stood at a negative DKKm 5.4 (H1 2016: a negative DKKm 18.9). Special items (costs) related to restructuring are negative by DKKm 5.3 in H1 2017.
- Following massive restructuring and divestment measures in 2016, H1 2017 has been affected by the completion and implementation of the new metropolitan strategy. The reductions in cost made in 2016 have led to a significant earnings improvement in 2017.

#### **North Media Online - H1 2017**

- Revenue was DKKm 43.5 (H1 2016: DKKm 48.2), down 10%.
- EBITDA was a negative DKKm 8.1 (H1 2016: a negative DKKm 4.3).
- EBIT stood at a negative DKKm 8.7 (H1 2016: a negative DKKm 5.0).
- Decline for the "Job" business line (Ofir and Match-Work) due to Empl ApS' unwarranted termination of Ofir's interminable exclusive distribution right to the Empl Hire e-recruiting system.

#### **BEKEY – H1 2017**

- Revenue was DKKm 10.0 (H1 2016: DKKm 10.6), down 6%.
- EBITDA was a negative DKKm 7.5 (H1 2016: a negative DKKm 8.6).
- EBIT stood at a negative DKKm 7.6 (H1 2016: a negative DKKm 8.7).
- Contrary to expectations, revenue growth is negative, which is of course not satisfactory. In view of this, the strategy has been reconsidered, and focus been narrowed.

# Group financial highlights (DKK'm)

<b>Income statement:</b>	<b>H1-17</b>	<b>H1-16</b>	<b>2016</b>
	<i>unaudited</i>	<i>unaudited</i>	<i>audited</i>
Revenue	427.3	430.9	881.1
Gross profit	205.3	203.8	417.7
EBITDA	8.0	-5.5	10.9
Amortisation and depreciation	14.2	19.5	37.2
EBIT before special items	-6.2	-25.0	-26.3
Special items, net	-5.3	7.0	-41.1
EBIT	-11.5	-18.0	-67.4
Share of profit in associates	-2.5	25.0	24.5
Return on securities	35.0	-7.4	-6.2
Financials, net	0.6	-4.8	-20.6
Profit/loss continued operations before tax	21.6	-5.2	-69.7
Tax for the period / year	4.5	-5.0	-6.0
Net profit for the period / year	17.1	-0.2	-63.7
Comprehensive income	18.7	-1.1	-62.7
<b>Balance sheet:</b>			
Total assets	773.0	857.3	765.7
Shareholders' equity incl. minorities	479.4	521.5	460.4
Net interest-bearing cash position	128.7	108.7	106.9
Net working capital (NWC)	-49.0	-59.7	-37.1
Invested capital	350.7	412.8	353.5
Investments in property, plant and equipment	11.7	4.6	7.8
Free cash flow	-5.0	2.8	3.2
<b>Other information:</b>			
Average number of employees	570	551	548
Numbers of shares at year-end, in thousand	20,055	20,055	20,055
Treasury shares, in thousand	1,485	1,485	1,485
Share price at year-end, DKK	22.0	13.5	13.2
<b>Ratios:</b>			
Gross margin (%)	48.0	47.3	47.4
Operating margin (EBIT before special items) (%)	-1.5	-5.8	-3.0
Equity ratio (%)	62.0	60.8	60.1
Return on equity (ROE) (%) *)	7.3	-0.1	-13.0
Return on capital employed (ROIC) (%) *)	-3.5	-12.2	-6.9
Earnings per share (EPS)	0.9	0.0	-3.4

The financial highlights and financial ratios have been compiled in accordance with "Anbefalinger & Nøgletal 2015" (Recommendations & Ratios 2015) issued by the Danish Society of Financial Analysts.

Ratios marked by \*) are stated on an annual basis.

# Management commentary

Market conditions for FK Distribution improve. New metropolitan strategy and much lower cost base at North Media Aviser. BoligPortal extends its product range at North Media Online. BEKEY narrows its strategic focus.

## FK Distribution's commercial conditions improve considerably

FK DISTRIBUTION – FINANCIAL HIGHLIGHTS			
DKK'm	H1-17	H1-16	Development
Revenue	310.0	274.5	+35.5/+13%
EBIT before special items	13.9	4.2	+9.7

The weekly newspaper and printed matter distribution market has changed radically in the first half of 2017. This has affected FK Distribution's strategic goals and focus areas.

Focus has been on implementing new cooperation agreements with distributors of door-to-door distributed free newspapers and setting up new midweek newspaper routes in this connection. While these cooperation agreements have boosted volume at FK Distribution, the combination and discontinuation of other newspaper editions have also reduced volume. All in all, FK Distribution has a larger volume of free newspapers at the end of H1 2017 than at the beginning of the year.

Furthermore, in March 2017, PostNord announced that they are going to change their production model from 1 January 2018. One of the results of this change will be that PostNord can no longer distribute weekly newspapers and printed matter on few and pre-defined weekdays. Consequently, PostNord has properly withdrawn from large parts of the weekly newspaper and printed matter distribution market. Based on this, FK Distribution has signed new customer contracts in Q2 2017 and expects to take in more customers in H2 2017. This will primarily effect operations in 2018.

### Investment in more capacity

While changes in market conditions are overall expected to increase FK Distribution's volume in 2018, this increase in volume and the many changes and adjustments also pose a challenge to FK Distribution's production facilities and operations. This is why FK Distribution is going to increase costs in H2 2017 to be able to deal with the new customers and the required increase in logistical capacity.

In spite of the changed market conditions regarding distribution of printed matter, FK Distribution will continue to

extend its range of services on minetilbud.dk, which will include developing features that will provide a basis for closer relations between retailers and consumers.

### Revenue and earnings growth

FK Distribution's revenue reached DKK 310.0 million in H1 2017, which is 13% up on H1 2016. This increase has been caused by new incoming customers from contracts that were signed at the end of 2016 and by the full-year effect of more customers who want to have their printed matter distributed to NoAds+ households.

With the NoAds+ arrangement, consumers may themselves decide which printed matter they want to receive and which they do not. The launching of NoAds+ is a success among consumers, and today more than 600,000 households have signed up.

Going forward, FK Distribution will gradually develop its product range to match retailers.

For 2017, revenue is expected to range between DKK 635 million and DKK 650 million. Previously, it was expected to be between DKK 625 million and DKK 650 million.

Earnings expectations for the financial year 2017 remain unchanged with EBIT ranging between DKK 25 million and DKK 35 million.

In 2016, EBIT of FK Distribution stood at DKK 35.0 million.

## North Media Aviser implements metropolitan strategy and improves earnings heavily

NORTH MEDIA AVISER – FINANCIAL HIGHLIGHTS			
DKK'm	H1-17	H1-16	Development
Revenue	63.8	97.6	-33.8/-35%
EBIT before special items	-5.4	-18.9	+13.5

As planned, North Media Aviser's H1 2017 revenue was much lower than that for H1 2016. Also, earnings have improved heavily.

The reduction in revenue has been caused by the restructuring steps taken in the form of divestment and discontinuation of major elements of North Media Aviser's business foundation that were carried through in 2016 and that

have reduced circulation from 1,600,000 newspapers in June 2016 to 580,000 newspapers in June 2017.

2016 also saw acquisitions as five local newspapers in Copenhagen were acquired effective from 1 January 2017. The acquisition of Lokaltidningen Frederiksberg, Lokaltidningen Østerbro, Lokaltidningen Vesterbro, Lokaltidningen Valby and Lokaltidningen Vanløse enhanced North Media Aviser's presence in Copenhagen considerably and made it the strongest represented local media house in the area.

Every week, North Media Aviser issues 14 door-to-door distributed local editions mid-week and just before weekends in the capital and two editions in North Zealand. It is also the issuer of Helsingør Dagblad.

#### Cost adjustments continued in H1 2017

At the beginning of 2017, North Media Aviser had a total of 110 staff inclusive of those taken over from the acquisition of Lokaltidningen Frederiksberg. In 2016, the number of employees was cut by approx 50 people, and in H1 2017 the number has been reduced further as 20 posts were abolished in March.

In this connection, 10 employees were dismissed, and 10 were offered a voluntary termination arrangement. The 10 dismissals constituted posts across the editorial, administrative and commercial fields. The restructuring process led to costs of DKK 5.3 million which have been classified as special items in the financial statements.

#### New metropolitan strategy and weekend model launched

The commercial focus on advertisers has been intensified as part of the execution of a new metropolitan strategy. This has involved the launching of new activities targeted at small advertisers in the service sector as opposed to servicing the retail trade in general. North Media Aviser has both large and small business operators. Supermarkets, retailers and real estate agents account for a quite large portion of the total customer base. With renewed focus on local districts and communities, expectations are that municipalities, associations and trade networks will in future constitute a larger share of the general customer mix.

Furthermore, a new weekend newspaper model is in the pipeline, and its concept is to inspire and guide readers to possible weekend activities. The weekend material is combined with local material up to weekends, and the aim is to produce strong synergy between the mid-week local newspapers and the weekend editions.

From 1 August 2017, the around 65 employees working on the Copenhagen editions were gathered at Gammel Kongevej in Copenhagen and at our Amager office. The aim is to combine functions and come closer to customers, readers and other stakeholders, such as municipalities and professional organisations.

The just under 30 staff working on the North Zealand editions will still have their office in Elsinore. Based on the

same model used for the capital area, a new strategy has also been launched to be implemented in H2 2017.

#### Planned decline in revenue and heavy improvement of earnings

In H1 2016, revenue of North Media Aviser stood at DKK 97.6 million whereas it was DKK 63.8 million in H1 2017. This decline in revenue has been caused by the divestment and closure of some of North Media Aviser's circulation and editions.

EBIT before special items was negative by DKK 18.9 million in H1 2016. EBIT has improved by DKK 13.5 million to a negative DKK 5.4 million in H1 2017.

Overall, North Media Aviser still expects to realise revenue between DKK 120 million and DKK 130 million for the financial year 2017. EBIT before special items is now expected to range between a negative DKK 9 million and a negative DKK 12 million. Previously, EBIT was estimated to range from a negative DKK 15 million to a negative DKK 20 million (2016: a negative DKK 35.2 million).

Based on the restructuring conducted in March, special items (costs) are expected to be negative by DKK 5.3 million for the financial year. Previously, no special items were expected.

#### North Media Online launches "Rental Property" (Lejebolig), the digital rental contract. Revenue down on the "Job" business line

NORTH MEDIA ONLINE – FINANCIAL HIGHLIGHTS			
DKK'm	H1-17	H1-16	Development
Revenue	43.5	48.2	-4.7/-10%
EBIT before special items	-8.7	-5.0	-3.7

In H1 2017, revenue of North Media Online was DKK 43.5 million. This is 10% down on the same period in 2016.

The primary reason for the decline in revenue is the decline from the "Job" business line because of Emplify ApS' unwaranted termination of Ofir's actually interminable exclusive distribution right to the Emplify Hire e-recruiting system. This has also led to legal and consultancy costs in H1 2017 of around DKK 2 million related to the arbitration proceedings taken by Ofir A/S and the claim for compensation from Emplify ApS.

North Media Online's strategic focus is based on three thematic axes: Development of scalable business models, complete digitalisation and assessment of international perspectives. Early in the year, North Media Online defined four main areas that Management is to focus on in 2017:

- Objective:** To reduce losses on the “Job” business line and to reconsider strategy.

**Outcome:** In June, 11 posts were abolished, and staff were dismissed. The contract with HR Manager Talent Solutions has been terminated as Ofir has not succeeded in creating a customer base large enough to make operations profitable. The strategy is being re-considered.
- Objective:** To launch new “Rental Property” (*Lejebolig*) products for landlords and to establish an international expansion strategy.

**Outcome:** The digital rental contract has been launched in Denmark, and several similar products are in the pipeline. The market position in Sweden has been strengthened.
- Objective:** To continue to improve earnings and to clarify the long-term value creation potential of håndværker.dk.

**Outcome:** Unsatisfactory revenue and earnings development. The strategy is being reconsidered.
- Objective:** To invest in new companies and activities to ensure continued addition of technology and products that can support North Media Online’s vision of being a leading digital media house.

**Outcome:** Ongoing dialogue with companies and start-ups looking for business partners and minority investors.

In H1 2017, North Media Online’s EBIT before special items was a negative DKK 8.7 million. In H1 2016, this amount was a loss of DKK 5.0 million. The decline in EBIT is primarily attributable to Emply ApS’ unwarranted termination of Ofir A/S’ actually interminable exclusive distribution right to the Emply Hire e-recruiting system.

Based on developments at North Media Online in H1 2017, revenue for the financial year 2017 is now expected to be between DKK 87 million and DKK 90 million as opposed to previously between DKK 95 million and DKK 100 million. EBIT before special items is now expected to range between a negative DKK 15 million and a negative DKK 17 million. Previously, it was expected to be between a negative DKK 15 million and a negative DKK 18 million. In 2016, North Media Online’s EBIT before special items stood at a negative DKK 11.5 million.

### BEKEY narrows its strategic focus to customers handling many stairway entrance doors

BEKEY – FINANCIAL HIGHLIGHTS			
DKK’m	H1-17	H1-16	Development
Revenue	10.0	10.6	-0.6/ -6%
EBIT before special items	-7.6	-8.7	+1.1

BEKEY’s H1 2017 revenue was lower than expected. In the first half of 2017, revenue reached DKK 10.0 million whereas in the first half of 2016 it was DKK 10.6 million.

EBIT before special items was negative by DKK 8.7 million in H1 2016. EBIT has improved by DKK 1.1 million to a negative DKK 7.6 million in H1 2017.

At the beginning of 2017, growth of approx DKK 8 million, or approx 40%, was expected for the financial year 2017. This growth was to have been generated by a large number of distribution contracts in Scandinavia and the US as well as the delivery of a number of orders from contracts signed in 2016. However, the implementation of some of these orders has been postponed several times. Of course it is not satisfactory that the expected increase in earnings has failed to materialise. Strategically, BEKEY has for a period of time been working a fairly wide range of customer types to sell a larger number of products. Based on customer feedback, demand and experience from operations, BEKEY has narrowed and intensified its strategic focus.

In future, BEKEY will concentrate on specific groups of customers who will derive particular benefit from BEKEY’s advanced administration module, NETKEY. So focus will be on customers who need to handle many and frequently used stairway entrance doors. BEKEY will be a major value creator for such customers. In this context, BEKEY will maintain focus on sales to municipalities in Scandinavia and Finland and is presently in the process of also identifying other relevant customer groups and markets.

BEKEY now expects revenue for 2017 to range between DKK 18 million and DKK 20 million as opposed to previously between DKK 25 million and DKK 30 million and EBIT before special items ranging between a negative DKK 16 million and a negative DKK 18 million. Previously, EBIT before special items was expected to be between a negative DKK 16 million and a negative DKK 20 million (2016: a negative DKK 21.1 million).

### Revenue expectations for 2017 lowered and EBIT expectations heightened

Outlook for 2017		
DKK’m.	Revenue	EBIT before special items
FK Distribution	635-650	+25 to +35
North Media Newspaper	120-130	-9 to -12
North Media Online	87-90	-15 to -17
BEKEY	18-20	-16 to -18
Unallocated income.		+2 to +5
Group	860-890	-20 to 0

Expectations for annual revenue have been made more specific and been reduced. The reason is lower revenue expectations at North Media Online and BEKEY.

Group revenue is now expected to range between DKK 860 million and DKK 890 million as opposed to before between DKK 865 million and DKK 910 million. Group EBIT expectations before special items have been made more specific and have instead been increased to range from a negative DKK 20 million to DKK 0. Previously, EBIT before special items was estimated to range from a negative DKK 30 million to a negative DKK 5 million for 2017.

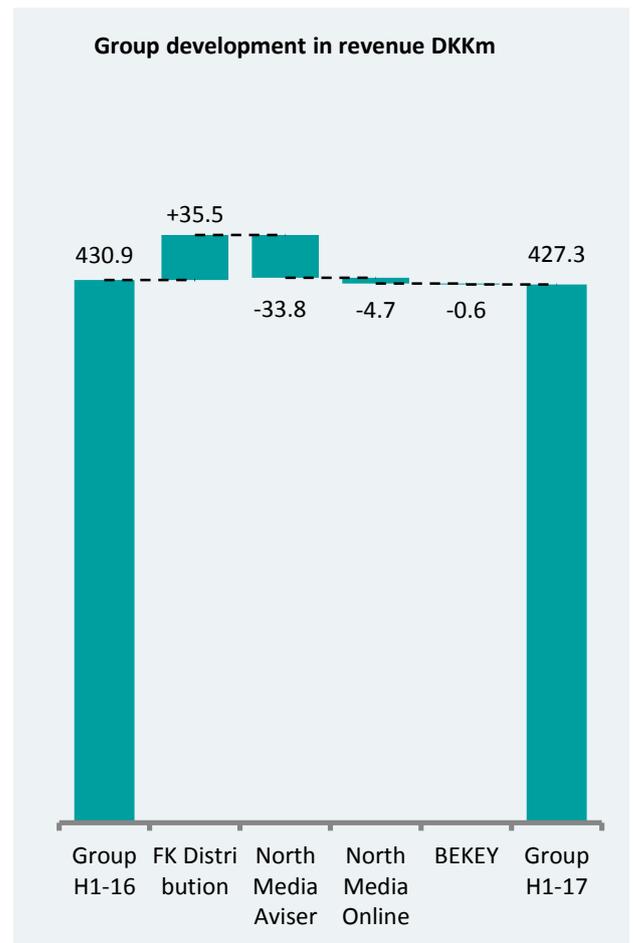
Based on the restructuring conducted in March at North Media Aviser, special items (costs) are expected to be negative by DKK 5.3 million for the financial year. Previously, no special items were expected.

The Group's investments for 2017 are estimated to amount to approx DKK 35 million whereas ordinary amortisation and depreciation are estimated to be approx DKK 30 million.

## Financial review

### Inflow of new customers at FK Distribution and divestments and closures at North Media Aviser affect revenue and performance.

Group revenue went down from DKK 430.9 million in H1 2016 to DKK 427.3 million in H1 2017. This is equivalent to a decline of DKK 3.6 million, or 1%, and is a result of inflow of new customers at FK Distribution as well as divestments and closures of various newspaper editions at North Media Aviser.



Group EBIT went up from a negative DKK 25.0 million in H1 2016 to a negative DKK 6.2 million in H1 2017. The increase in FK Distribution's revenue has contributed to the improved EBIT. At North Media Aviser, divestments and closures of loss-making newspapers have resulted in a heavy decline in revenue, but in a major improvement of earnings. The improved earnings of North Media Aviser are satisfactory and a result of the restructuring process that has taken place in both 2016 and 2017.

### Group EBIT development in DKKm (before special items)



### Contribution margin

For H1 2017, the total contribution margin for the Group was DKK 205.3 million, which is DKK 1.5 million up on the same period in 2016, equalling a contribution ratio of 48.0%. For H1 2016, the contribution margin was DKK 203.8 million and the contribution ratio was 47.3%.

### Staff costs

Staff costs for H1 2017 came to DKK 135.7 million, a decrease of DKK 5.6 million compared to 2016. The primary reason for this decrease is that payroll costs for North Media Aviser employees put on garden leave are disclosed in special items.

For H1 2017, an average of 570 was employed with North Media A/S, which is 22 people more than at year-end 2016, and 19 more compared to H1 2016. The primary reason for this increase is that the number of staff at FK Distribution's packing terminals has gone up, and their pay is included in the line item "Direct staff costs".

### Other expenses

Other expenses primarily include marketing costs, costs of premises, IT costs, fees and administrative expenses. Other expenses for H1 2017 total DKK 63.5 million against DKK 70.3 million for H1 2016. Most of the decline is attributable to development, implementation and marketing costs related to NoAds+ and minetilbud.dk having been reduced compared to H1 2016.

### Special items

In H1 2017, special items constitute costs of DKK 5.3 million compared to income of DKK 7.0 million for the same period in 2016.

Special items include costs for abolishing a total of 20 posts at North Media Aviser, which took place in March.

In H1 2016, special items included a profit of DKK 14.6 million from the sale of six local editions of Søndagsavisen to Sjællandske Medier as well as total costs of DKK 7.6 million for the restructuring of Søndagsavisen.

Please also refer to Note 4 to the financial statements.

### Share of profit/loss from associates

The Group's share of net profit/loss from associates for H1 2017 was a negative DKK 2.5 million compared to a positive DKK 25.0 million for H1 2016.

In July 2017, the Group increased its equity interest in Mesto.ua from 34.6% to 66.0%, based on an overall valuation of Mesto of EUR 0.6 million (DKK 4.4 million) before capital contribution. In this connection, the value of the original interest has been written down by DKK 3.0 million, based on the new and much lower valuation of the company. Together with North Media Online's share of profit/loss for the period, this impairment loss has been included in profit/loss from associates.

The equity interest has been increased by way of the capital of DKK 3.7 million contributed to the company to the effect that the company's value after contribution of DKK 3.7 million is DKK 8.1 million.

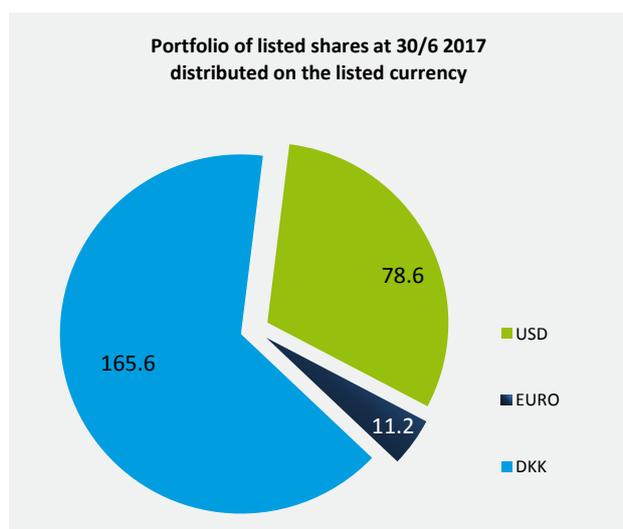
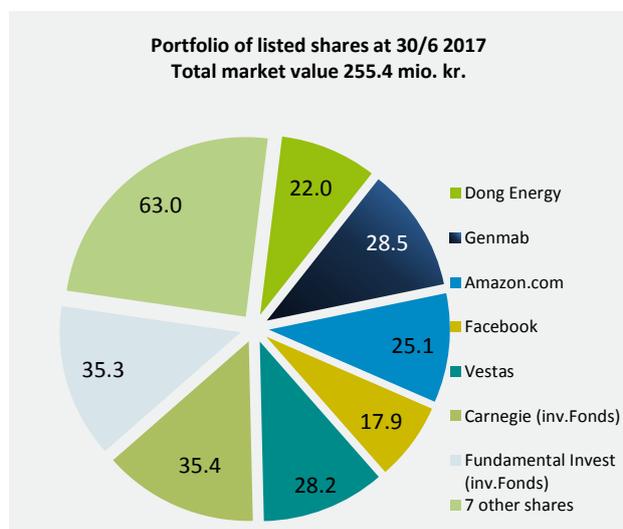
Effective from 1 July 2017, Mesto.ua will be recognised as a subsidiary.

In 2016, the share of profit/loss from associates was affected by the profit earned from the divestment of the Group's equity interest in A/S Vestsjællandske Distriktsblade.

Please also refer to Note 1 to the financial statements.

## Returns increase the portfolio of securities

At the end of June 2017, the Group had invested in 14 different shares and share-based investment funds. The portfolio consists of listed shares and investment funds with high transferability such as OMXC20 shares or shares in similar international indexes.



## Positive return on securities in H1 2017

H1 2017 yielded a positive net return on securities of DKK 35.0 million for the Group, or 16.2%.

For 2016, the Group had realised a negative net return of DKK 6.2 million, or a negative 4.1%. The quarterly returns/loss in 2016 and the H1 2017 return are shown in the graph below.

At 30 June 2017, the share portfolio risk has been calculated at 10.1%. Risk has been calculated as the annualised standard deviation measured over the past 90 days of trading. "Value at risk", which reflects the maximum loss over a three-month period with a probability of 95%, was DKK 21.8 million.



## Financial income

In H1 2017, the Group had financial income of DKK 4.9 million, whereas it was DKK 0.1 million in H1 2016. This income is primarily related to the fair value adjustment of the equity interest in Lix Technologies, which was revalued when external investors contributed a total of DKK 32 million in July 2017. North Media has decided to defend its equity interest by co-investing DKK 3.6 million. North Media's equity interest net of warrants granted is 10.2%.

Please also refer to Note 3 to the financial statements.

## Financial expenses

Financial expenses for H1 2017 totalled DKK 4.3 million against DKK 4.9 million for H1 2016. Interest expenses are attributable to interest on mortgage loans and the discount effect of the purchase price payable. The decrease compared to last year primarily results from lower interest expenses on the Group's mortgage loans.

Please also refer to Note 3 to the financial statements.

## Profit before tax

The Group's pre-tax profit was DKK 21.6 million for H1 2017 compared to a loss of DKK 5.2 million for H1 2016. The primary reason for this improvement is the return on the portfolio of securities which yielded an income of DKK 35.0 million for H1 2017 compared to a loss of DKK 7.4 million for the same period last year. Conversely, profit/loss of associates has declined from a profit of DKK 25 million in 2016 to a loss of DKK 2.5 million in 2017.

## Taxation

Tax on profit for the period constitutes a cost of DKK 4.5 million.

For H1 2016, income tax totalled an income DKK 5.0 million based on a loss of DKK 5.2 million. The tax income in 2016 was attributable to a reduction in deferred tax due to the operating loss as the profit earned from the divested shares in A/S Vestsjællandske Distriktsblade was free of tax.

### **Profit for the period**

The Group has realised a profit of DKK 17.1 million for H1 2017. This is DKK 17.3 million up on 2016.

### **Intangible assets**

In the Group's balance sheet for H1 2017, intangible assets have gone up by DKK 2.3 million.

In this period, intangible assets have been amortised by DKK 3.2 million in North Media Aviser, which relates to the activities acquired from Lokalavisen Frederiksberg, and by DKK 0.6 million in North Media Online, which relates to BoligPortal.

At 30 June 2017, goodwill totals DKK 39.1 million and is attributable to FK Distribution and North Media Online/BoligPortal. The other intangible assets also relate to North Media Online/BoligPortal.

It has been concluded that no indication of impairment exists at 30 June 2017.

### **Investments in associates**

In H1 2017, investments in associates are the investments in Lead Supply ApS and the Ukrainian housing website Mesto.ua. Their value is mainly made up of the companies' intangible assets.

In July 2017, the Group increased its equity interest in Mesto.ua from 34.6% to 66.0% through a cash contribution of EUR 0.5 million (DKK 3.7 million), based on an overall valuation of the company of EUR 0.6 million (before capital contribution). In this connection, the value of the original interest has been written down by DKK 3.0 million, based on the new and much lower valuation of the company.

### **Investments**

The Group's investments in intangible assets and property, plant and equipment totalled DKK 18.2 million for H1 2017 against DKK 4.6 million for H1 2016. This increase is a result of heightened investments in FK Distribution's packing terminals to prepare for the expected increase in volume when PostNord properly withdraws from large parts of the weekly newspaper and printed matter distribution market.

Amortisation and depreciation for H1 2017 came to DKK 14.2 million, which is DKK 5.3 million down on the same period last year. This decline is mainly attributable to reduced amortisation of North Media Aviser's intangible assets and to a lesser degree to lower depreciation of plant at FK Distribution's packing terminals.

### **Working capital**

At 30 June 2017, the Group's trade receivables amounted to DKK 71.1 million. This is equivalent to a debtor days ratio of 24.8 days. Compared to the same period in 2016, the Group's receivables have gone down by DKK 6.1 million, and the debtor days ratio has gone down by 1.9 days from 26.7 days. This decrease arises across most of the activities.

At 30 June 2017, short-term trade payables stood at DKK 32.2 million compared to DKK 33.8 million at 30 June 2016. In days' payable outstanding, this equals 25.0 days in H1 2017 compared to 24.3 days in H1 2016.

At 30 June 2017, other payables amounted to DKK 93.8 million, which is DKK 5.9 million down on the same date in 2016. Other payables primarily relate to holiday pay payable, VAT payable and costs payable. The decline is primarily attributable to the reduction in provisions for the restructuring process implemented.

The Group's net working capital (NWC) amounted to a negative DKK 49.0 million at 30 June 2017, which is DKK 10.7 million less than at the same time last year, when it was a negative DKK 59.7 million. At year-end 2016, the negative net working capital stood at DKK 37.1 million.

### **Cash flows from operating activities a plus of DKK 0.3 million in 2017**

Cash flows from operating activities for H1 2017 were positive by DKK 0.3 million and so DKK 8.0 million better than for the same period in 2016. This improvement in cash flows from operating activities is a result of the improved EBIT for the period.

Cash flows from investing activities for H1 2017 came to a negative DKK 25.5 million against a negative DKK 7.6 million for H1 2016. Cash flows from investing activities are substantially affected by the purchase and sale of securities, investments in intangible assets and property, plant and equipment, and in 2016 also by the divestment of the equity interest in A/S Vestsjællandske Distriktsblade and some editions of Søndagsavisen.

Cash flows from financing activities were negative by DKK 3.6 million in H1 2017, and this is attributable to repayments of mortgage loans. For H1 2016, cash flows from financing activities came to a negative DKK 3.2 million, which was also attributable to repayments of mortgage loans.

Cash flows for H1 2017 totalled a negative DKK 28.8 million.

### **Net interest-bearing cash position ensuring financial latitude**

The Group's capital resources remain strong. At 30 June 2017, the Group's net interest-bearing cash position came to DKK 128.7 million. This is DKK 21.8 million up on the amount at 31 December 2016 when it was DKK 106.9 million.

The net interest-bearing cash position consists of cash of DKK 27.7 million, ultra-liquid shares and investment funds in the amount of DKK 255.4 million, mortgage debt and interest rate swaps totalling DKK 149.3 million and acquisition price payable of DKK 5.1 million in total for the acquisition of the remaining 15% of the shares in Lokalaviserne Østerbro og Amager A/S.

So at 30 June 2017, the Group's cash resources (exclusive of overdraft facility) stood at DKK 283.1 million while at 31 December 2016 they were DKK 271.3 million.

### **Equity and holding of treasury shares**

At 30 June 2017, the Group's equity was DKK 479.4 million, which is DKK 19.0 million up on equity at year-end 2016.

No treasury shares were purchased or sold during the period.

At 30 June 2017, the Group's holding of treasury shares was still 1,485,000, corresponding to 7.4% of the share capital and the votes in North Media A/S. The average buying price was DKK 27.7 per share.

### **Special risks and elements of uncertainty in H2 2017**

The Group's activities are distinct high-volume enterprises subject to high start-up costs and subsequent low unit costs, for which reason revenue growth would support a profit margin increase. Conversely, a decline in revenue would have a negative effect on the profit margin as it is only possible to slightly reduce costs in the short run. Also, operations are conducted in markets characterised by massive structural changes which contributes to increasing the uncertainty.

### **Related parties**

Besides ordinary remuneration of Management, no transactions were carried out with members of the Executive Board or the Board of Directors.

By virtue of his holding company, Baunegård ApS, Richard Bunck is the Company's principal shareholder and is thus subject to the disclosure requirement applicable to related parties. No transactions were carried out with Richard Bunck in the period under review except for the directors' remuneration.

Transactions with associates consisted of ordinary sales and purchase transactions only.

### **Contingent liabilities and assets**

No material changes occurred in H1 2017 concerning the Group's contingent liabilities and assets.

## **Events after the balance sheet date**

The Board of Directors and the Executive Board are not aware of any significant events having occurred since 30 June 2017, except for the circumstances referred to in Note 7 which have a significant effect on the Group's financial position.

## **Accounting policies**

The Interim Report includes a summary of the consolidated financial statements of North Media A/S for the period 1 January to 30 June 2017. The Interim Report is presented in accordance with IAS 34, Presentation of Interim Reports, as adopted by the EU and additional Danish disclosure requirements governing interim reports of listed companies.

The accounting policies applied on this Interim Report are consistent with those applied on the Annual Report for 2016.

In the Interim Report, income tax is charged summarily at a rate of 22% of the pre-tax profit/loss, however, adjusted for the profit for 2016 from the sale of A/S Vestsjællandske Distriktsblade. In addition, DKK 5.0 million in deferred tax has been taken to income based on an estimated computation of taxable loss for the period. No allowance has been made for non-recognised tax losses.

## **Changes in Management**

None.

## **Contact**

For further information, please contact:

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- Chief Executive Officer of FK Distribution Mads Dahl Andersen, mobile +45 20 42 09 85.
- Chief Executive Officer of North Media Aviser Gorm Wesing Flyvholm, mobile +45 25 45 67 74
- Chief Executive Officer of North Media Online Henrik Løvig, mobile +45 61 79 94 31
- Chief Executive Officer of BEKEY Søren Holmblad, mobile +45 25 65 21 30.

## QUARTERLY HIGHLIGHTS

DKKm	Revenue								
	Year		Q2	Q1	Q4	Q3	Q2	Q1	Year
	2017	2016	2017	2017	2016	2016	2016	2016	2016
FK Distribution	310.0	274.5	164.1	145.9	174.4	141.7	137.2	137.3	590.6
<i>Index cp. same period last year</i>	112.9	80.6	119.6	106.3	89.7	90.6	78.1	83.3	85.4
North Media newspapers	63.8	97.6	31.5	32.3	40.3	36.7	48.1	49.5	174.6
<i>Index cp. same period last year</i>	65.4	87.4	65.5	65.3	76.5	84.0	87.0	87.8	83.9
North Media Online	43.5	48.2	22.3	21.2	22.4	25.4	24.0	24.2	96.0
<i>Index cp. same period last year</i>	90.2	99.0	92.9	87.6	101.8	105.8	99.6	98.4	101.4
BEKEY	10.0	10.6	4.2	5.8	5.1	4.2	5.3	5.3	19.9
<i>Index cp. same period last year</i>	94.3	99.1	79.2	109.4	141.7	107.7	86.9	115.2	109.3
<b>Group revenue</b>	<b>427.3</b>	<b>430.9</b>	<b>222.1</b>	<b>205.2</b>	<b>242.2</b>	<b>208.0</b>	<b>214.6</b>	<b>216.3</b>	<b>881.1</b>
<i>Index cp. same period last year</i>	99.2	84.2	103.5	94.9	88.8	91.2	82.2	86.3	87.0

DKKm	EBIT before special items								
	Year		Q2	Q1	Q4	Q3	Q2	Q1	Year
	2017	2016	2017	2017	2016	2016	2016	2016	2016
FK Distribution	13.9	4.2	8.9	5.0	25.3	5.5	0.6	3.6	35.0
<i>Profit margin</i>	4.5%	1.5%	5.4%	3.4%	14.5%	3.9%	0.4%	2.6%	5.9%
North Media newspapers	-5.4	-18.9	-3.2	-2.2	-5.2	-11.1	-10.1	-8.8	-35.2
<i>Profit margin</i>	-8.5%	-19.4%	-10.2%	-6.8%	-12.9%	-30.2%	-21.0%	-17.8%	-20.2%
North Media Online	-8.7	-5.0	-4.5	-4.2	-5.2	-1.3	-2.7	-2.3	-11.5
<i>Profit margin</i>	-20.0%	-10.4%	-20.2%	-19.8%	-23.2%	-5.1%	-11.3%	-9.5%	-12.0%
BEKEY	-7.6	-8.7	-4.7	-2.9	-5.9	-6.5	-4.9	-3.8	-21.1
<i>Profit margin</i>	-76.0%	-82.1%	-111.9%	-50.0%	-115.7%	-154.8%	-92.5%	-71.7%	-106.0%
Unallocated income	1.6	3.4	1.4	0.2	1.5	1.6	2.0	1.4	6.5
<b>Group EBIT before special items</b>	<b>-6.2</b>	<b>-25.0</b>	<b>-2.1</b>	<b>-4.1</b>	<b>10.5</b>	<b>-11.8</b>	<b>-15.1</b>	<b>-9.9</b>	<b>-26.3</b>
<i>Profit margin</i>	-1.5%	-5.8%	-0.9%	-2.0%	4.3%	-5.7%	-7.0%	-4.6%	-3.0%

# Statement by Management on the Interim Report

The Board of Directors and the Executive Board have today considered and approved the unaudited Interim Report of the North Media A/S Group for the period 1 January to 30 June 2017.

The Interim Report has been prepared in accordance with IAS 34 as adopted by the EU and additional Danish disclosure requirements governing interim reports of listed companies.

We consider the accounting policies applied appropriate and the accounting estimates reasonable. In our opinion,

the Interim Report gives a true and fair view of the Group's financial position at 30 June 2017 and of its financial performance and its cash flows for the period 1 January to 30 June 2017.

We also believe that the management commentary contains a fair review of the developments in the Group's business and of its financial position as a whole together with a description of the principal risks and uncertainties that it faces.

Søborg, 18 August 2017

## Executive Board

Kåre Stausø Wigh  
Group Executive Director & CFO

Mads Dahl Møberg Andersen  
Chief Executive Officer  
Forbruger-Kontakt A/S

Gorm Wesing Flyvholm  
Chief Executive Officer  
North Media Aviser A/S

Henrik Løvig Jensen  
Chief Executive Officer  
North Media Online A/S

Søren Jacob Frederik Holmblad  
Chief Executive Officer  
BEKEY A/S

## Board of Directors

Richard Bunck  
Chairman

Peter Rasztar  
Vice-Chairman

Steen Gede

Ulrik Holsted-Sandgreen

# Consolidated statement of comprehensive income

Note	H1-17 DKKm <i>unaudited</i>	H1-16 DKKm <i>unaudited</i>	2016 DKKm <i>audited</i>
Revenue	427.3	430.9	881.1
Direct expenses	127.8	136.9	282.2
Direct staff costs	94.2	90.2	181.2
<b>Gross margin</b>	<b>205.3</b>	<b>203.8</b>	<b>417.7</b>
Staff costs	135.7	141.3	267.0
Other costs	63.5	70.3	144.1
Amortisation and depreciation	14.2	19.5	37.2
Other operating income	1.9	2.3	4.3
<b>EBIT before special items</b>	<b>-6.2</b>	<b>-25.0</b>	<b>-26.3</b>
4 Special items, net	-5.3	7.0	-41.1
<b>EBIT</b>	<b>-11.5</b>	<b>-18.0</b>	<b>-67.4</b>
1 Share of profit/loss in associates	-2.5	25.0	24.5
2 Return on securities	35.0	-7.4	-6.2
3 Financial income	4.9	0.1	0.3
3 Financial expenses	-4.3	-4.9	-20.9
<b>Profit before tax</b>	<b>21.6</b>	<b>-5.2</b>	<b>-69.7</b>
Tax for the period / year	4.5	-5.0	-6.0
<b>Net profit for the period / year</b>	<b>17.1</b>	<b>-0.2</b>	<b>-63.7</b>
<i>Financial statement items that may later be reclassified for the income statement</i>			
Translation adjustments, foreign companies	0.1	0.4	0.6
Fair value adjustment of hedging instruments	1.9	-1.7	0.5
Tax, other comprehensive income	-0.4	0.4	-0.1
<b>Other comprehensive income</b>	<b>1.6</b>	<b>-0.9</b>	<b>1.0</b>
<b>Comprehensive income</b>	<b>18.7</b>	<b>-1.1</b>	<b>-62.7</b>
<b>Attributable, net profit</b>			
Shareholders in North Media A/S	17.1	0.4	-63.1
Minority interests	0.0	-0.6	-0.6
	<b>17.1</b>	<b>-0.2</b>	<b>-63.7</b>
<b>Attributable, comprehensive income</b>			
Shareholders in North Media A/S	18.7	-0.5	-62.1
Minority interests	0.0	-0.6	-0.6
	<b>18.7</b>	<b>-1.1</b>	<b>-62.7</b>
<b>Earnings per share, in DKK</b>			
Earnings per share (EPS) - total	0.9	0.0	-3.4
Diluted earnings per share (EPS-D) - total	0.9	0.0	-3.4

# Consolidated balance sheet

## Assets

Note		H1-17 DKKm <i>unaudited</i>	H1-16 DKKm <i>unaudited</i>	2016 DKKm <i>audited</i>
	Goodwill	39.1	62.1	39.1
	Other intangible assets	17.5	44.3	14.8
	Completed development projects, software	0.5	1.5	0.9
	<b>Intangible assets</b>	<b>57.1</b>	<b>107.9</b>	<b>54.8</b>
	Land and buildings	262.4	270.7	266.6
	Plant and machinery	39.7	37.6	34.7
	Operating equipment, fixtures and fittings	9.7	10.3	9.6
	<b>Property, plant and equipment</b>	<b>311.8</b>	<b>318.6</b>	<b>310.9</b>
5	Investments in associates	11.7	31.8	13.6
	Other securities and investments	7.1	4.6	2.8
	Deferred tax asset	0.0	0.0	0.2
	Other receivables	2.9	2.5	2.4
	<b>Other non-current assets</b>	<b>21.7</b>	<b>38.9</b>	<b>19.0</b>
	<b>Total non-current assets</b>	<b>390.6</b>	<b>465.4</b>	<b>384.7</b>
	Inventory	7.0	9.1	6.3
	Trade receivables	71.1	77.2	79.6
	Receivables from associates	0.3	0.1	0.0
	Income tax receivables	2.3	0.3	5.9
	Other receivables	1.6	1.2	6.9
	Prepayments	17.0	15.7	11.0
	Securities	255.4	214.4	214.8
	Cash	27.7	73.9	56.5
	<b>Total current assets</b>	<b>382.4</b>	<b>391.9</b>	<b>381.0</b>
	<b>Total assets</b>	<b>773.0</b>	<b>857.3</b>	<b>765.7</b>

# Consolidated balance sheet

## Equity and liabilities

Note	H1-17 DKKm <i>unaudited</i>	H1-16 DKKm <i>unaudited</i>	2016 DKKm <i>audited</i>
Share capital	100.3	100.3	100.3
Treasury shares	-41.2	-41.2	-41.2
Hedging reserves	-10.8	-14.0	-12.3
Reserve, translation adjustments	-2.8	-3.1	-2.9
Retained earnings	433.9	479.5	416.5
<b>Total equity</b>	<b>479.4</b>	<b>521.5</b>	<b>460.4</b>
Deferred tax	0.2	2.3	0.0
Financial institutions	128.1	136.1	131.8
Fair value, interest-rate swap	11.2	15.0	13.0
6 Purchase price payable	4.2	6.1	4.8
<b>Total non-current liabilities</b>	<b>143.7</b>	<b>159.5</b>	<b>149.6</b>
Financial institutions	7.3	6.4	7.2
Trade payables	32.2	33.8	38.9
6 Purchase price payable	0.9	13.0	4.9
Fair value, interest-rate swap	2.7	3.0	2.7
Deferred income	13.0	20.4	12.8
Other payables	93.8	99.7	89.2
<b>Total current liabilities</b>	<b>149.9</b>	<b>176.3</b>	<b>155.7</b>
<b>Total liabilities</b>	<b>293.6</b>	<b>335.8</b>	<b>305.3</b>
<b>Total equity and liabilities</b>	<b>773.0</b>	<b>857.3</b>	<b>765.7</b>

# Consolidated statement of changes in equity

Half year - unaudited

H1-17 DKKm	Share capital	Treasury shares	Hedging reserves	Reserve, translation adjustment	Retained earnings	Parent Company's total share	Minority interests	Total equity
<b>Equity 1 January 2017</b>	<b>100.3</b>	<b>-41.2</b>	<b>-12.3</b>	<b>-2.9</b>	<b>416.5</b>	<b>460.4</b>	<b>0.0</b>	<b>460.4</b>
<b>Changes in equity in H1-17</b>								
Net profit for the period	0.0	0.0	0.0	0.0	17.1	17.1	0.0	17.1
Translation adjustment, foreign companies	0.0	0.0	0.0	0.1	0.0	0.1	0.0	0.1
Fair value adjustment of hedging instruments	0.0	0.0	1.9	0.0	0.0	1.9	0.0	1.9
Tax, other comprehensive income	0.0	0.0	-0.4	0.0	0.0	-0.4	0.0	-0.4
<b>Other comprehensive income after tax</b>	<b>0.0</b>	<b>0.0</b>	<b>1.5</b>	<b>0.1</b>	<b>0.0</b>	<b>1.6</b>	<b>0.0</b>	<b>1.6</b>
<b>Total comprehensive income</b>	<b>0.0</b>	<b>0.0</b>	<b>1.5</b>	<b>0.1</b>	<b>17.1</b>	<b>18.7</b>	<b>0.0</b>	<b>18.7</b>
Share-based payment	0.0	0.0	0.0	0.0	0.3	0.3	0.0	0.3
<b>Total changes in equity in H1-17</b>	<b>0.0</b>	<b>0.0</b>	<b>1.5</b>	<b>0.1</b>	<b>17.4</b>	<b>19.0</b>	<b>0.0</b>	<b>19.0</b>
<b>Equity at 31 June 2017</b>	<b>100.3</b>	<b>-41.2</b>	<b>-10.8</b>	<b>-2.8</b>	<b>433.9</b>	<b>479.4</b>	<b>0.0</b>	<b>479.4</b>
H1-16 DKKm	Share capital	Treasury shares	Hedging reserves	Reserve, translation adjustment	Retained earnings	Parent Company's total share	Minority interests	Total equity
<b>Equity 1 January 2016</b>	<b>100.3</b>	<b>-41.2</b>	<b>-12.7</b>	<b>-3.5</b>	<b>477.7</b>	<b>520.6</b>	<b>1.4</b>	<b>522.0</b>
<b>Changes in equity in H1-16</b>								
Net profit for the period	0.0	0.0	0.0	0.0	0.4	0.4	-0.6	-0.2
Translation adjustment, foreign companies	0.0	0.0	0.0	0.4	0.0	0.4	0.0	0.4
Fair value adjustment of hedging instruments	0.0	0.0	-1.7	0.0	0.0	-1.7	0.0	-1.7
Tax, other comprehensive income	0.0	0.0	0.4	0.0	0.0	0.4	0.0	0.4
<b>Other comprehensive income after tax</b>	<b>0.0</b>	<b>0.0</b>	<b>-1.3</b>	<b>0.4</b>	<b>0.0</b>	<b>-0.9</b>	<b>0.0</b>	<b>-0.9</b>
<b>Total comprehensive income</b>	<b>0.0</b>	<b>0.0</b>	<b>-1.3</b>	<b>0.4</b>	<b>0.4</b>	<b>-0.5</b>	<b>-0.6</b>	<b>-1.1</b>
Purchase of minority shares	0.0	0.0	0.0	0.0	0.8	0.8	-0.8	0.0
Share-based payment	0.0	0.0	0.0	0.0	0.6	0.6	0.0	0.6
<b>Total changes in equity in H1-16</b>	<b>0.0</b>	<b>0.0</b>	<b>-1.3</b>	<b>0.4</b>	<b>1.8</b>	<b>0.9</b>	<b>-1.4</b>	<b>-0.5</b>
<b>Equity at 30 June 2016</b>	<b>100.3</b>	<b>-41.2</b>	<b>-14.0</b>	<b>-3.1</b>	<b>479.5</b>	<b>521.5</b>	<b>0.0</b>	<b>521.5</b>

# Consolidated statement of changes in equity

Full year - audited

2016 DKKm	Share capital	Trea- sury shares	Hedging reserves	Reserve, trans- lation adjust- ment	Retai- ned earn- ings	Parent Com- pany's total share	Mino- rity inte- rests	Total equity
<b>Equity 1 January 2016</b>	<b>100.3</b>	<b>-41.2</b>	<b>-12.7</b>	<b>-3.5</b>	<b>477.7</b>	<b>520.6</b>	<b>1.4</b>	<b>522.0</b>
<b>Changes in equity 2016</b>								
Net profit for the year	0.0	0.0	0.0	0.0	-63.1	-63.1	-0.6	-63.7
Translation adjustment, foreign companies	0.0	0.0	0.0	0.6	0.0	0.6	0.0	0.6
Fair value adjustment of hedging instruments	0.0	0.0	0.5	0.0	0.0	0.5	0.0	0.5
Tax, other comprehensive income	0.0	0.0	-0.1	0.0	0.0	-0.1	0.0	-0.1
<b>Other comprehensive income after tax</b>	<b>0.0</b>	<b>0.0</b>	<b>0.4</b>	<b>0.6</b>	<b>0.0</b>	<b>1.0</b>	<b>0.0</b>	<b>1.0</b>
<b>Total comprehensive income</b>	<b>0.0</b>	<b>0.0</b>	<b>0.4</b>	<b>0.6</b>	<b>-63.1</b>	<b>-62.1</b>	<b>-0.6</b>	<b>-62.7</b>
Purchase of minority shares	0.0	0.0	0.0	0.0	0.8	0.8	-0.8	0.0
Share-based payment	0.0	0.0	0.0	0.0	1.1	1.1	0.0	1.1
<b>Total changes in equity in 2016</b>	<b>0.0</b>	<b>0.0</b>	<b>0.4</b>	<b>0.6</b>	<b>-61.2</b>	<b>-60.2</b>	<b>-1.4</b>	<b>-61.6</b>
<b>Equity at 31 December 2016</b>	<b>100.3</b>	<b>-41.2</b>	<b>-12.3</b>	<b>-2.9</b>	<b>416.5</b>	<b>460.4</b>	<b>0.0</b>	<b>460.4</b>

# Consolidated cash flow statement

Note	H1-17 DKKm <i>unaudited</i>	H1-16 DKKm <i>unaudited</i>	2016 DKKm <i>audited</i>
<b>Net profit</b>	<b>17.1</b>	<b>-0.2</b>	<b>-63.7</b>
Adjustment for non-cash operating items	-18.2	-12.8	76.3
Changes in working capital	6.3	13.7	-7.0
<b>Cash flow from operating activities before net financials</b>	<b>5.2</b>	<b>0.7</b>	<b>5.6</b>
Interest received	0.1	0.1	0.3
Interest paid	-4.1	-4.6	-8.6
<b>Cash flow from ordinary activities before tax</b>	<b>1.2</b>	<b>-3.8</b>	<b>-2.7</b>
Income tax paid	-0.9	-3.9	-11.6
<b>Cash flow from operating activities, total</b>	<b>0.3</b>	<b>-7.7</b>	<b>-14.3</b>
Investment in intangible assets and property, plant and equipment	-18.2	-4.6	-7.8
Disposals of intangible assets and property, plant and equipment	0.8	0.6	1.2
5 Dividend from associates	0.0	3.9	3.9
Investment in securities, net	-6.5	-28.7	-28.4
Dividend from securities	4.1	2.7	3.0
Investment in other non-current assets	-0.5	0.0	-10.0
6 Acquisition of companies, deferred payments	-4.6	-6.2	-6.6
Divestment of activity and equity interests in associates	0.0	42.2	41.9
Investment in associates	-0.6	-17.5	-12.1
<b>Cash flow from investing activities, total</b>	<b>-25.5</b>	<b>-7.6</b>	<b>-14.9</b>
Repayment of non-current liabilities	-3.6	-3.2	-6.7
<b>Cash flow from financing activities, total</b>	<b>-3.6</b>	<b>-3.2</b>	<b>-6.7</b>
<b>Changes in cash and cash equivalents</b>	<b>-28.8</b>	<b>-18.5</b>	<b>-35.9</b>
<b>Cash and cash equivalents at 1 January</b>	<b>56.5</b>	<b>92.4</b>	<b>92.4</b>
<b>Cash and cash equivalents at 30 June / 31 December</b>	<b>27.7</b>	<b>73.9</b>	<b>56.5</b>

# Notes to the Interim Report

## 1 Share of profit/loss of associates after tax

	H1-17 DKKm <i>unaudited</i>	H1-16 DKKm <i>unaudited</i>	2016 DKKm <i>audited</i>
Share of profit/loss before tax	0.9	0.0	0.1
Share of tax	-0.4	0.0	-0.2
Impairment	-3.0	-2.2	-2.2
Gain on sales of investments	0.0	27.2	26.8
<b>Total share of profit/loss of associates after tax</b>	<b>-2.5</b>	<b>25.0</b>	<b>24.5</b>

## 2 Return on securities

	H1-17 mio. kr. <i>unaudited</i>	H1-16 mio. kr. <i>unaudited</i>	2016 mio. kr. <i>audited</i>
Dividend	4.1	2.7	3.0
Net capital gains on shares	30.9	-10.1	-9.2
<b>Total return on securities</b>	<b>35.0</b>	<b>-7.4</b>	<b>-6.2</b>

## 3 Net financials

	H1-17 DKKm <i>unaudited</i>	H1-16 DKKm <i>unaudited</i>	2016 DKKm <i>audited</i>
Exchange differences	0.5	0.0	0.0
Interest income etc	0.1	0.1	0.3
Fair value adjustment of other investments	4.3	0.0	0.0
<b>Total financial income</b>	<b>4.9</b>	<b>0.1</b>	<b>0.3</b>
Interest expenses etc	3.5	4.2	8.1
Exchange differences	0.6	0.4	0.5
Fair value adjustment of other investments	0.0	0.0	11.8
Discount effect of the purchase price payable	0.2	0.3	0.5
<b>Total financial expenses</b>	<b>4.3</b>	<b>4.9</b>	<b>20.9</b>

#### 4 Special items

	<b>H1-17</b> <b>DKKm</b> <i>unaudited</i>	<b>H1-16</b> <b>DKKm</b> <i>unaudited</i>	<b>2016</b> <b>DKKm</b> <i>audited</i>
Severance costs on organisational change in Søndagsavisen A/S	5.3	7.6	11.0
Write-down of goodwill relating to local newspapers	0.0	0.0	23.0
Write-down of other intangible assets relating to local newspapers	0.0	0.0	22.9
Reversal of purchase price payable, Lokaltaviserne Østerbro og Amager A/S	0.0	0.0	-1.2
Gain on sale of newspapers to Sjællandske Media	0.0	-14.6	-14.6
<b>Total special items</b>	<b>5.3</b>	<b>-7.0</b>	<b>41.1</b>

#### 5 Investments in associates

	<b>H1-17</b> <b>DKKm</b> <i>unaudited</i>	<b>H1-16</b> <b>DKKm</b> <i>unaudited</i>	<b>2016</b> <b>DKKm</b> <i>audited</i>
Net asset value at 1 January	13,6	8,5	8,5
Additions for the year	0,6	29,7	12,1
Disposals for the year	0,0	-0,3	-0,8
Share of profit/loss before tax	0,9	0,0	0,1
Share of tax	-0,4	0,0	-0,2
Write down	-3,0	-2,2	-2,2
Dividend received	0,0	-3,9	-3,9
<b>Net asset value at 30 June / 31 December</b>	<b>11,7</b>	<b>31,8</b>	<b>13,6</b>
Specified as follows:			
Mesto	1,6	5,1	4,5
Lead Supply ApS	10,1	8,7	9,1
Lix Technologies ApS	0,0	18,0	0,0
<b>Net asset value at 30 Juni / 31 December</b>	<b>11,7</b>	<b>31,8</b>	<b>13,6</b>

Their value is almost entirely made up of the companies' intangible assets. In the 2016 financial statements, investments in Lix Technologies ApS were reclassified to other investments as North Media Online did not exercise its option to acquire further equity interests.

## 6 Purchase price payable

	H1-17 DKKm <i>unaudited</i>	H1-16 DKKm <i>unaudited</i>	2016 DKKm <i>audited</i>
Net liability value at 1 January	9.7	12.7	12.7
Additional	0.0	12.3	4.3
Payments	-4.6	-6.2	-6.6
Value adjustments	0.0	0.0	-1.2
Discount effect of the purchase price payable	0.0	0.3	0.5
<b>Total purchase price payable</b>	<b>5.1</b>	<b>19.1</b>	<b>9.7</b>
Non-current part	4.2	6.1	4.8
Current part	0.9	13.0	4.9
<b>Total purchase price payable</b>	<b>5.1</b>	<b>19.1</b>	<b>9.7</b>

## 7 Acquired activities

So far, North Media A/S has calculated identifiable intangible assets, liabilities and contingent liabilities at fair value when North Media Aviser acquired activities of five local newspapers in Copenhagen from 1 January 2017.

H1-17, DKKm	Fair value at time of acquisition
Intangible assets	6.5
Receivables	0.0
Other payables	-0.6
<b>Net assets acquired</b>	<b>5.9</b>
Goodwill	0.0
Aquisition cost	5.9
<b>Net cash acquisition cost</b>	<b>5.9</b>

After the end of the accounting period, North Media Online has increased its equity interest in Mesto.ua from 34.6% to 66.0% by contributing DKK 3.7 million in cash to the company. The company will be recognised as a subsidiary from 1 July 2017.



# 50%

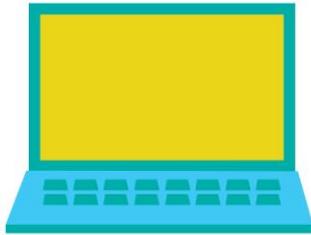
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# 25%

of Danish municipalities use BEKEY