



**AS EKSPRESS GRUPP**  
**CONSOLIDATED INTERIM REPORT**  
**FOR THE THIRD QUARTER AND NINE MONTHS OF 2019**  
(unaudited)

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## GENERAL INFORMATION

Company name	AS Ekspress Grupp
Registration number	10004677
Address	Parda 6, Tallinn 10151
Phone	669 8381
E-mail	egrupp@egrupp.ee
Internet homepage	<a href="http://www.egrupp.ee">www.egrupp.ee</a>
Main field of activity	Media and related activities
Beginning of reporting period	1 January 2019
End of reporting period	30 September 2019
Financial year	1 January - 31 December
Management Board	Mari-Liis Rüütsalu Signe Kukin Kaspar Hanni
Supervisory Board	Ahto Päril Hans H. Luik Indrek Kasela Peeter Saks Aleksandras Česnavičius
Auditor	KPMG Baltics OÜ

## 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 52 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.

Mari-Liis Rüütsalu	Chairman of the Management Board	<i>signed digitally</i>	30.10.2019
Signe Kukin	member of the Management Board	<i>signed digitally</i>	30.10.2019
Kaspar Hanni	member of the Management Board	<i>signed digitally</i>	30.10.2019

## BRIEF OVERVIEW OF THE GROUP

Ekspress Group with its almost 30-year history is the leading media group in the Baltic States that owns five media companies in Estonia, Latvia and Lithuania and one of the largest printing houses in the Baltic States. We have a strong internal capability for provision of digital solutions and we arrange impressive and memorable entertainment events.

Our customers are media content consumers (retail and business customers), advertising buyers and other organisation that purchase the services of our companies.

- **Key activity:** creation of journalistic content, editing of news portals, publishing of newspapers, magazines and books all over the Baltics.
- **We provide printing services:** to Estonian and foreign customers, as well as to all of our own periodicals.
- **The key activities are supported by:** information technology development, audio-visual production solutions, renting of advertising space, home delivery of paper periodicals.
- In 2018 we entered the advertisement business through the **real estate portal**.
- Organiser of an increasing number of **entertainment and other events**.
- Since June 2019 the **operation of the electronic ticket platform and box offices in Latvia**.

The shares of AS Ekspress Grupp are listed on NASDAQ Tallinn Stock Exchange since 5 April 2007. The key shareholder is Hans H. Luik, whose ownership interest as the final beneficiary through various entities is 54.48%.

## Ekspress Grupp in figures (2018)



## GROUP'S KEY BUSINESSES



### **AS Ekspress Meedia** / Estonia

Ekspress Meedia publishes the internet portal Delfi with over 600 thousand monthly visitors, newspapers Eesti Ekspress, Eesti Päevaleht and Maaleht, and magazine Maakodu. From 1 June 2018, seven magazines were transferred from Ajakirjade Kirjastus with over 43 000 subscribers.



### **A/S Delfi** / Latvia

Delfi Latvia, an internet portal with over 800 thousand monthly users, was recognised in 2017 as the most trustworthy news channel in Latvia.



### **Delfi UAB** / Lithuania

Delfi Lithuania has almost 1.3 million monthly users and it is recognised as the premier media partner for high profile business and sports events in Lithuania.



### **AS Õhtuleht Kirjastus** / Estonia

Õhtuleht Kirjastus publishes Estonia's largest daily newspaper Õhtuleht, free newspaper Linnaleht and internet portal ohtuleht.ee with over 300 thousand monthly users. On 1 June 2018, it merged with Ajakirjade Kirjastus and more than 10 magazines with 47 000 subscribers were transferred to it.



### **OÜ Hea Lugu** / Estonia

Hea Lugu is a book publishing company. Hea Lugu publishes fiction, history books, autobiographies and memoirs, books for children, reference books and practical handbooks. Hea Lugu operates trademarks Maailm ja Mõnda, 100 Rooga, Õhtuõpik, Eesti Ekspressi Raamat, Eesti Päevaleht, Maalehe Raamat and Raamat24.



### **AS Printall** / Estonia

One of the most modern printing companies in the Baltic States, Printall prints the majority of periodicals and advertising materials in Estonia. It also exports many of its products abroad.



### **AS Express Post** / Estonia

Express Post is currently the only early-morning newspaper delivery company in Estonia that is also engaged in direct mail and home delivery of letters.



### **Babahh Media OÜ** / Estonia

Babahh Media provides a full range of professional video production, real-time and recorded video streaming, automation and video archive solutions.



### **Linna Ekraanid OÜ** / Estonia

Linna Ekraanid is a fast-growing outdoor media company that builds and operates well-positioned digital outdoor screens in several cities across Estonia.



### **Kinnisvarakeskkond OÜ** / Estonia

Kinnisvarakeskkond develops a modern real estate portal [kinnisvara24.ee](http://kinnisvara24.ee) in co-operation with local real estate agencies and it has over 23 thousand advertisements.



### **ACM LV SIA** / Latvia

ACM is a fast-growing outdoor media company that builds and operates well-positioned digital outdoor screens in several locations across Latvia.



### **Adnet Media UAB** / Estonia, Latvia, Lithuania

Adnet Media is the largest online advertising network in the Baltic States that offers modern programmatic advertising, audience and campaign optimisation.



### **SIA Bīlešu Paradīze** / Latvia

Bīlešu Paradīze operates the electronic ticket platform ([bilesuparadize.lv](http://bilesuparadize.lv)) and box offices to organise the sale of tickets to various entertainment events on behalf of event organisers. The company has provided online ticket distribution for more than 15 years and is one of the two leading ticket service providers in Latvia.

A detailed list of the entities that are part of the group structure is disclosed in Note 1 to the consolidated financial statements.

## OUR BRANDS

Our web media portals:

# DELFI

Information in a quick and convenient way for you – on a PC or a smart device.

Our weekly and daily newspapers with a strong digital outlet:

**Õhtuleht** **Maaaleht**  
**EESTI EKSPRESS** **LP** **Linnaleht**  
●●● **EestiPäevaleht**

Original and thorough treatment of hot topics.

# EKSPRESS GRUPP

We are the leading media group in the Baltic States whose activities primarily include web media content production, publishing of magazines and newspapers, publishing of books and provision of printing services.

**Always high-quality and reliable.**

Magazines with a strong web outlet:

**PEREKODU** **Kalale!**  
**Kodukiri** **anne & ful** **Tervis!**  
**Naisteleht** **Kroonika** **Nipiraamat**  
**NAINE käsitöö** **JANA**  
**OmaMaitse**

New ideas about hobbies and lifestyle of interest to you.

Our books:

**HEA LUGU**  
**Maaaleht** **EESTI EKSPRESS**  
●●● **EestiPäevaleht**

Adventures on your favourite topics.

Our other brands:

**KINNISVARA** **adnet**  
**printall** **express** **BABAHH**  
**ost** **ACMLV** **BIŁEŠU PARADIZE**

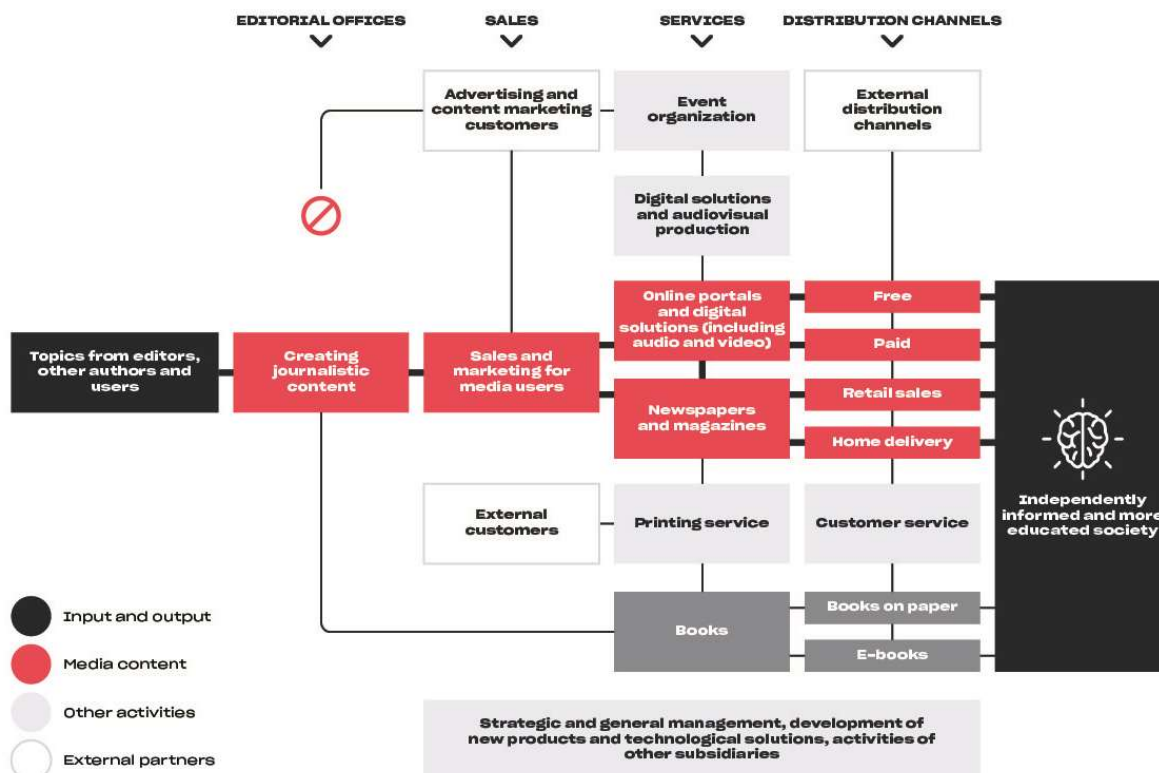
Support that significant information reaches you in a convenient way and at the right time.



## OUR CHAIN OF ACTIVITY

Journalistic content is created every day and is constantly changing. The entities of the Ekspres Group manage almost the entire chain of media content from content creation to printing, home delivery and customer service. We also sell printing services to foreign customers. We keep advertising and content marketing customers and our own event organization separate from the work of the editorial offices.

In addition, Group companies offer advertising on outdoor screens.





## MANAGEMENT REPORT

### MANAGEMENT'S COMMENTS

The revenue of AS Ekspress Grupp totalled EUR 16.8 million in the 3<sup>rd</sup> quarter and EUR 53.6 million in the first nine months of 2019. Revenue growth continued to be strong and it increased by 8% in the 3<sup>rd</sup> quarter as compared to last year. Growth was primarily driven by digital revenue which increased by 17% as compared to last year and made up already 58% of the Group's media segment revenue at the end of September.

The revenue of the Group's media companies increased by over 12% in the first 9 months of the year. In the 3<sup>rd</sup> quarter, most media companies were successful in advertising sale. In Estonia, the share of digital subscriptions also continued to increase. As an important innovation, Delfi Lithuania launched the sale of paid content in the 3<sup>rd</sup> quarter under the name of "DELFI plius". The launch of DELFI's own linear television channel in collaboration with Telia was also important in the Lithuanian market. The sale of paid content launched in Latvia in the 2<sup>nd</sup> quarter has been well received in the market, meeting our expectations. It should be kept in mind that the sale of paid content is a long-term process and it takes time to change consumer habits, primarily in Latvia and Lithuania where consumers have previously had no experience with paid content of local media.

The Group's earnings before interest, tax, depreciation and amortisation (EBITDA) totalled EUR 1.41 million in the 3<sup>rd</sup> quarter and EUR 3.88 million in the first 9 months of the year. The 3<sup>rd</sup> quarter's EBITDA increased by 117% as compared to the same period last year and by 30% in the first 9 months of the year. Despite strong EBITDA growth, the Group still incurred a consolidated loss in the amount of EUR 0.24 million in the first 9 months of the year due to two previous weak quarters. In the 3<sup>rd</sup> quarter, the Group earned a profit in the amount of EUR 0.02 million.

At the beginning of October, the wholly-owned Latvian subsidiary of AS Ekspress Grupp, i.e. A/S Delfi, concluded a contract to acquire 25.5% of the shares SIA Altero, that operates a comparison and brokerage portal for financial products in Latvia and Lithuania ([Altero.lv](http://Altero.lv) and [Altero.lt](http://Altero.lt)). More than 90,000 Altero clients have compared financial offers of consumer loans, car loans and other products since the launch in June 2016, which makes the company a leading provider of financial comparison services in Latvia and Lithuania. The aim of the acquisition is to increase the share of Group's digital revenues and develop its diversified digital business. Altero activity has clear synergies with our media business where movement of the final consumer has a similar pattern.

At the beginning of October, the Group issued 5000 notes with the nominal value of 1000 euros, interest rate of 6% per year and the maturity date on 7 October 2027 in a private placement for the pension funds managed by AS LHV Varahaldus. The notes were subscribed in the total amount of EUR 5 million. The Group used the proceeds from the issuance of the notes for stable long-term refinancing of the latest major capital expenditures and further expansion of the activities to foster the Group in its implementation of a digital change.

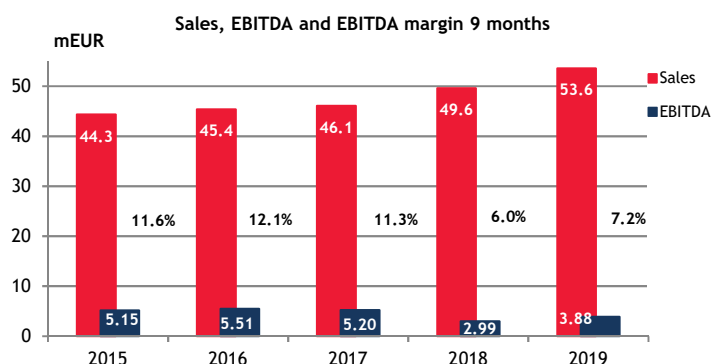
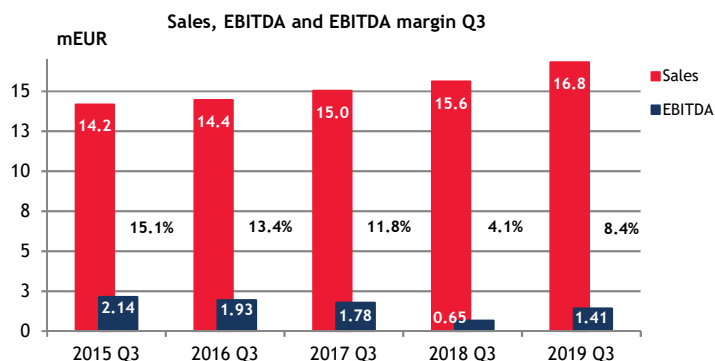
In collaboration with other media organisations and the Association of Media Companies, the Group has started to increase the awareness in Estonia regarding on the topic of fairer taxation, with the goal of establishing a tax for provision of digital services in Estonia.

Explosive growth of digital services (social media networks, sharing platforms, various mobile applications, online advertising, etc.) over the last ten years has significantly impacted the structure of traditional economy, providing completely new ways for making virtual transactions. On the other hand, this has led to major changes in the economy: reducing the tax base and transferring the profits of large information technology groups to the countries with a low tax rate.

In Estonia, the fast development of digital economy has created the similar problems as elsewhere in the European Union and the world: large digital services companies are capable of generating significant revenue from digital services targeted at Estonian users without a permanent place of operation in Estonia, but such digital revenue is generally not taxed in Estonia. Both the Group and other media organisations are of opinion that it is unilaterally possible to legally establish a digital services tax.

## SUMMARY OF THE RESULTS OF THE THIRD QUARTER AND NINE MONTHS

In the Group's reporting, the management monitors the performance on the basis of proportional consolidation of joint ventures. The loan contract also determines the calculation of some loan covenants while taking into account proportional consolidation.



### REVENUE

The consolidated revenue for the 3<sup>rd</sup> quarter of 2019 totalled EUR 16.8 million (3<sup>rd</sup> quarter 2018: EUR 15.6 million) and for the first 9 months of the year, it totalled EUR 53.6 million (9 months 2018: EUR 49.6 million). In the 3<sup>rd</sup> quarter revenue increased by 8% as compared to the previous year. Revenue growth is primarily attributable to the advertising revenue growth both in Estonia and Lithuania. The share of the Group's digital revenue made up 40% of total revenue and 58% of media segment revenue at the end of the 3<sup>rd</sup> quarter. In the first 9 months of 2019, the Group's digital revenue increased by 17% as compared to the same period last year.

### PROFITABILITY

In the 3<sup>rd</sup> quarter of 2019, consolidated EBITDA totalled EUR 1.41 million (3<sup>rd</sup> quarter 2018: EUR 0.65 million) and in the first 9 months of 2019, it totalled EUR 3.88 million (9 months 2018: EUR 2.99 million). EBITDA increased by 30% as compared to the previous year, of which EUR +0.64 million was related to the effect of the new accounting standard IFRS 16 *Leases* entered into force on 1 January 2019 on EBITDA. The EBITDA margin increased to 7.2% (9 months 2018: 6.0%). In the 3<sup>rd</sup> quarter, the Group earned a profit in the amount of EUR 0.02 million. In the first 9 months of 2019, the consolidated net loss was EUR -0.24 million (9 months 2018: profit EUR 0.27 million). The decline in profitability was primarily related to the intensifying competition in the printing services segment and the increase in input prices. In addition, it was related to the decline in the revenue of print media as well as higher home delivery and labour costs. In the first 9 months of 2019, the additional loss of EUR 0.1 million was related to the interests in associates and other financial investments.

From 1 January 2019, the Group has applied the new mandatory accounting standard IFRS 16 *Leases*. Due to this, the leased assets and lease liabilities are recognised at the present value of lease payments in the balance sheet. Depreciation on leased assets and the estimated interest expense on lease liabilities are recognised in the income statement.

The effect of IFRS 16 on the consolidated balance sheet and income statement as at 30 September 2019 is disclosed on page 18 of the financial statements.

### CASH POSITION

At the end of the reporting period, the Group had available cash by proportional consolidation in the amount of EUR 3.4 million and equity in the amount of EUR 49.9 million (54% of total assets, without taking into account the effect of IFRS 16 - 56%). The comparative figures as of 30 September 2018 were EUR 2.2 million and EUR 50.4 million (64% of total assets), respectively. As of 30 September 2019, the Group's net debt totalled EUR 16.4 million. Without taking into account the effect of IFRS 16, the Group's net debt totalled EUR 13.4 million (30 September 2018: EUR 13.3 million).

## BUSINESS OPERATIONS

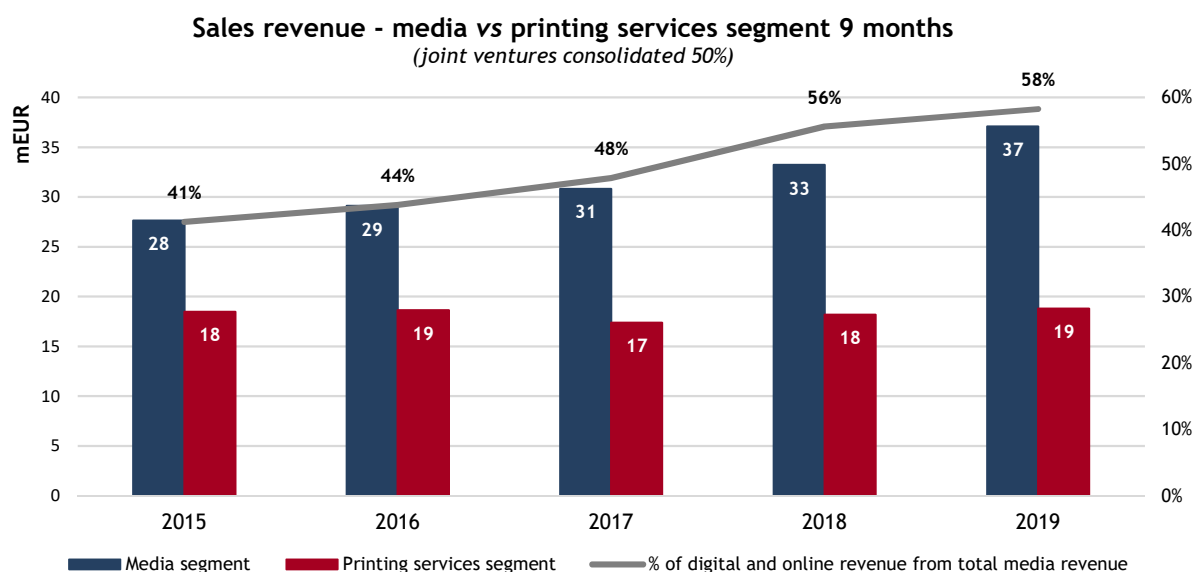
In the consolidated financial reports 50% joint ventures are recognised under the equity method, in compliance with **International Financial Reporting Standards (IFRS)**. In its monthly reports, the management monitors the Group's performance on the basis of proportional consolidation of joint ventures 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 and the other where joint ventures are recognised under the equity method and their net result is presented as financial income in one line.

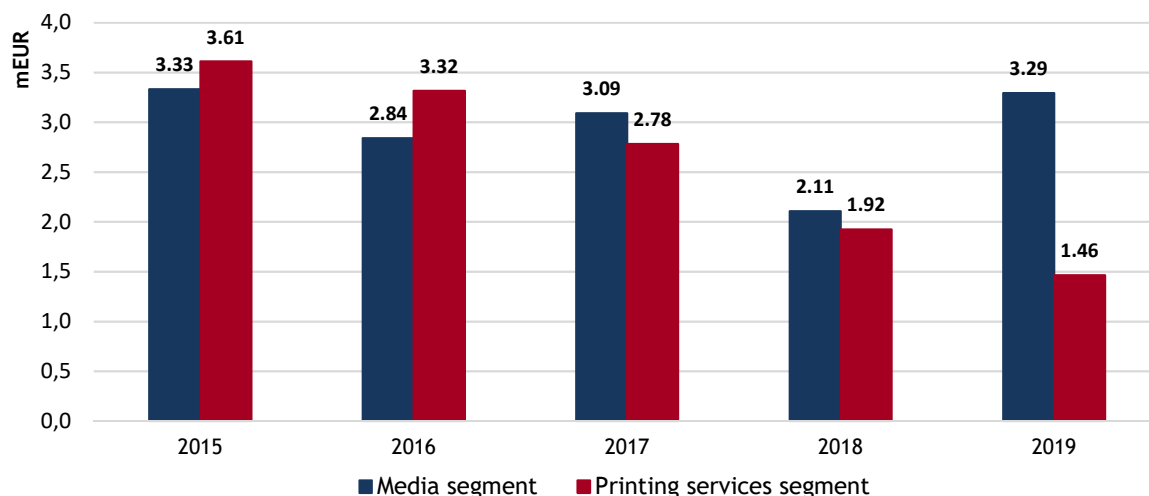
The effect of the new standard IFRS 16 "Leases" that entered into force on 1 January 2019 is described on page 18 and in Note 1 of the financial statements.

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

Performance indicators - joint ventures consolidated 50% (EUR thousand)	Q3 2019	Q3 2018	Change %	9 months 2019	9 months 2018	Change %	12 months 2018
<b>For the period</b>							
Sales	16 800	15 596	8%	53 585	49 606	8%	69 096
EBITDA	1 405	647	117%	3 880	2 991	30%	4 206
EBITDA margin (%)	8.4%	4.1%		7.2%	6.0%		6.1%
Operating profit /(loss)	324	(195)	267%	594	695	-15%	944
Operating margin (%)	1.9%	-1.2%		1.1%	1.4%		1.4%
Interest expenses	(240)	(111)	-115%	(562)	(317)	-77%	(458)
Net profit /(loss) for the period	20	(387)	105%	(238)	266	-189%	25
Net margin (%)	0.1%	-2.5%		-0.4%	0.5%		0.0%
Return on assets (ROA) (%)	0.0%	-0.5%		-0.3%	0.3%		0.0%
Return on equity (ROE) (%)	0.0%	-0.8%		-0.5%	0.5%		0.0%
Earnings per share (EPS)	0.00	(0.01)		(0.01)	0.01		0.00



**EBITDA - media vs printing services segment 9 months**  
(joint ventures consolidated 50%)



Financial indicators and ratios under the equity method are disclosed on pages 17-18 of the financial statements.

## SEGMENT OVERVIEW

The Group's activities are divided into two large segments - **media segment** and **printing services segment**

The media segment includes the Group's activities in Estonia, Latvia and Lithuania. It comprises the operations of online portal Delfi, several other news portal providing online advertising network and programmatic sales solutions, digital outdoor advertising in Estonia and Latvia, publishing of the Estonian weekly newspapers Maaleht, Eesti Ekspress and LP, publishing of the daily newspaper Päevaleht and tabloid Õhtuleht, publishing of the freesheet Linnaleht, publishing of books and magazines in Estonia and providing home delivery services. The media segment also includes organisation of the technology and innovation conference Login in Lithuania (since March 2019), operation of the electronic ticket sales platform ([bilesuparadize.lv](https://bilesuparadize.lv)), ticket sales sites in Latvia (since June 2019), selling through them tickets to various entertainment events on behalf of event organisers and production studio for content creation.

The printing services segment includes AS Printall which one of the largest is printing companies in Estonia. We are able to print high-quality magazines, newspapers, advertising materials, product and service catalogues, yearbooks, paperback books and other publications in our printing plant.

Segment EBITDA does not include one-off write-downs for goodwill and trademarks. Volume-based fees and other fees payable to agencies have been deducted from the segment's advertising revenue.

The effect of the new standard IFRS 16 Leases entered into effect on 1 January 2019 on the income statement is described on page 18 and Note 1 to the financial statements.

## Key financial indicators for segments

(EUR thousand)	Sales						
	Q3 2019	Q3 2018	Change %	9 months 2019	9 months 2018	Change %	12 months 2018
Media segment (under equity method)	9 908	8 593	15%	30 777	26 002	18%	37 248
<i>incl. revenue from all digital and online channels</i>	6 987	5 555	26%	20 815	17 468	19%	24 561
Printing services segment	5 608	5 614	0%	18 789	18 190	3%	25 242
Corporate functions	512	615	-17%	1 558	2 004	-22%	2 341
Inter-segment eliminations	(1 043)	(1 052)		(3 353)	(3 104)		(4 342)
<b>TOTAL GROUP under equity method</b>	<b>14 985</b>	<b>13 770</b>	<b>9%</b>	<b>47 771</b>	<b>43 091</b>	<b>11%</b>	<b>60 489</b>
Media segment (by proportional consolidation)	11 877	10 573	12%	37 084	33 208	12%	46 716
<i>incl. revenue from all digital and online channels</i>	7 204	5 875	23%	21 598	18 471	17%	25 954
Printing services segment	5 608	5 614	0%	18 789	18 190	3%	25 242
Corporate functions	512	615	-17%	1 558	2 004	-22%	2 341
Inter-segment eliminations	(1 197)	(1 206)		(3 846)	(3 795)		(5 204)
<b>TOTAL GROUP by proportional consolidation</b>	<b>16 800</b>	<b>15 596</b>	<b>8%</b>	<b>53 585</b>	<b>49 606</b>	<b>8%</b>	<b>69 096</b>

(EUR thousand)	EBITDA						
	Q3 2019	Q3 2018	Change %	9 months 2019	9 months 2018	Change %	12 months 2018
Media segment (under equity method)	1 188	625	90%	2 988	2 022	48%	3 355
<i>Media segment (by proportional consolidation)</i>	1 277	616	107%	3 292	2 108	56%	3 329
Printing services segment	357	440	-19%	1 465	1 924	-24%	2 403
Corporate functions	(219)	(409)	47%	(854)	(1 042)	18%	(1 492)
Inter-segment eliminations	(10)	0		(23)	1		(2)
<b>TOTAL GROUP under equity method</b>	<b>1 317</b>	<b>656</b>	<b>101%</b>	<b>3 576</b>	<b>2 905</b>	<b>23%</b>	<b>4 263</b>
<b>TOTAL GROUP by proportional consolidation</b>	<b>1 405</b>	<b>647</b>	<b>117%</b>	<b>3 880</b>	<b>2 991</b>	<b>30%</b>	<b>4 206</b>

EBITDA margin	Q3 2019	Q3 2018	9 months 2019	9 months 2018	12 months 2018
Media segment (under equity method)	12%	7%	10%	8%	9%
<i>Media segment (by proportional consolidation)</i>	11%	6%	9%	6%	7%
Printing services segment	6%	8%	8%	11%	10%
<b>TOTAL GROUP under equity method</b>	<b>9%</b>	<b>5%</b>	<b>7%</b>	<b>7%</b>	<b>7%</b>
<b>TOTAL GROUP by proportional consolidation</b>	<b>8%</b>	<b>4%</b>	<b>7%</b>	<b>6%</b>	<b>6%</b>

## MEDIA SEGMENT

### ONLINE MEDIA

Important progress and significant accomplishments per country are listed below.

#### Estonia

- Ekspress Meedia stood out with several large campaigns, such as "Don't Read While Driving" (Delfi), "Series of Lake Races" (Delfi), "Forest" (Maaleht), "The Baltic Way 30" (Maaleht), "The Newspaper of Tomorrow" (Eesti Päevaleht), and the campaign of newspaper boys and girls of Eesti Ekspress.
- Several major longread articles were published, such as "[Look Back at the Song Festival](#)", a longread related to the [shipwreck of MS Estonia](#) and a long-read [Mähkmeer](#).
- In Delfi, the block "breaking news" was revamped both in online and mobile versions.
- Delfi launched a special environment for [Basketball World Championship 2019](#).
- Ekspress Meedia had a successful quarter of events, the highlights including the opening party of the magazine *Anne ja Stiil*; Zalgiris basketball evening, Maaleht trips and Olustvere fair of home-canned foods.
- Ekspress Meedia launched a new major portal [Delfi Lood](#).
- Ekspress Meedia launched a new DelfiTV video block with a revamped structure and design.
- Õhtuleht Kirjastus launched revamped mobile apps for both platforms (Android ja iOS).
- Õhtuleht Kirjastus launched an option to buy articles using mobile payments and reached a new record in the revenue of digital products.

#### Latvia

- Latvian Delfi continued to be the biggest online news outlet by total audience.
- Latvian Delfi plus digital subscriptions continued to grow quicker than expected.
- Latvian Delfi served as main media partner for: Rammstein, Father John Misty, Positivus (music festival), Fono Cēsis (music festival), Prāta Vētra (band), Instrumenti (band), Dagamba (band), Jelgava 94 (Latvian movie).
- Latvian Delfi launched multiple significant projects such as "[Izlaušanās 94](#)" (the biggest escape in the history of Latvian prisons), "[Stay brutal](#)" (youth subcultures in 90'ties), "[1989: Back to Freedom](#)", "[The Threshold of Pain](#)" (about palliative care), [DELFI Campus](#) (new portal about STEM education).
- Delfi TV launched new regular video show "You must know to judge".
- Delfi Verticals continued to post strong results, for example [Tasty](#) and [Vina](#) reached their largest audience in history.
- Latvian Delfi launched a comprehensive program for optimizations and portal improvements.

#### Lithuania

- Lithuanian Delfi launched Delfi Plius digital subscriptions and the [Open Monetization Platform](#) both of which were well received by the market.
- DELFI TV linear channel was launched on Telia platform in Lithuania.
- Lithuanian Delfi launched 4th year in a row its traditional [Influentials project](#).
- Lithuanian Delfi launched a donations based initiative „[responsible standpoint](#)".
- Debunk.eu project got even more international attention and recognition: [The Independent](#) wrote favorably about the project and European Council shared a video story about Debunk initiative across its social media accounts on Facebook, Instagram, Twitter and LinkedIn which explains how the Lithuanian tool empowers journalists in a fight against [disinformation](#).

## PRINT MEDIA

Based on the data of the Estonian Newspaper Association, the daily newspaper with the largest circulation in Estonia for the last 12 months continues to be Õhtuleht. In January and December, the newspaper with the largest circulation was Maaleht.

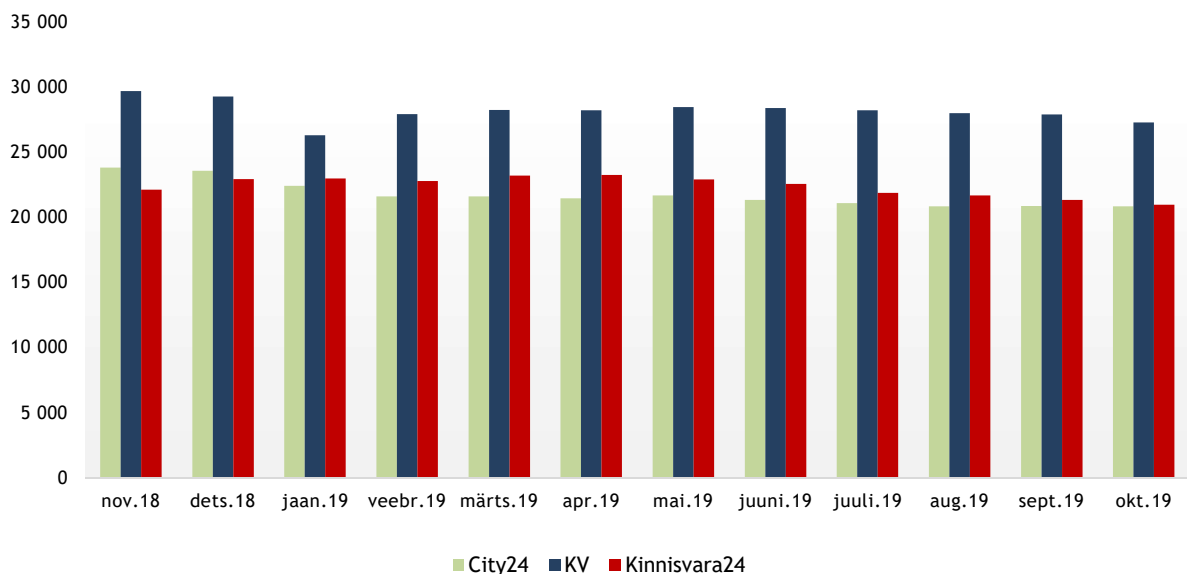
In the 3<sup>rd</sup> quarter of 2019, media segment revenue totalled EUR 11.9 million (3<sup>rd</sup> quarter 2018: EUR 10.6 million) and in the first nine months of 2019, it totalled EUR 37.1 million (first nine months of 2018: EUR 33.2 million). Revenue increased by 12% as compared to the previous year. Revenue growth is primarily attributable to the advertising revenue growth both in Estonia and Lithuania.

Digital media keeps growing and despite tough competition, we have not lost market share and our revenue is increasing. By the end of the 3<sup>rd</sup> quarter, the Group's digital revenue made up 40% of total revenue and 58% of media segment revenue. The Group's digital revenue in the first 9 months of 2019 increased by 17% as compared to the same period last year.

The EBITDA of the media segment in the 3<sup>rd</sup> quarter of 2019 totalled EUR 1.3 million (3<sup>rd</sup> quarter 2018: EUR 0.6 million) and in the first 9 months of 2019, it totalled EUR 3.3 million (first 9 months of 2018: EUR 2.1 million). As compared to the previous year, EBITDA increased by 56%, of which EUR +0.57 million was the effect of the new accounting standard IFRS 16 *Leases* entered into force on 1 January 2019 on EBITDA.

## REAL ESTATE PORTAL

Number of ads monthly data (Nov 2018 - Sept 2019)



According to the survey on the recognition of real estate companies that was conducted by Turu-uuringute AS in the 2<sup>nd</sup> quarter of 2019, the recognition of [Kinnisvara24.ee](https://kinnisvara24.ee) that was launched just one year ago has reached almost the same level as that of the market leaders kv.ee and City24. In just one year, [Kinnisvara24.ee](https://kinnisvara24.ee) has become the most popular real estate search channel for 39% of the respondents.

In the 3<sup>rd</sup> quarter of 2019, the portal [Kinnisvara24.ee](https://kinnisvara24.ee) laid a great emphasis on branding - in addition to regular advertising channels, ads ran also on TV, radio, outdoor billboards, magazines and newspapers and thus, the organic growth in the number of visits reached 25% in the 3<sup>rd</sup> quarter.

A new portal subsite was completed which today has more than 170 new real estate development projects. Close cooperation was launched with Inbank in order to provide repair and interior decoration loans to visitors that can be conveniently applied for through the real estate portal.



As of 30 September 2019, the portal [Kinnisvara24.ee](http://Kinnisvara24.ee) had 506 active real estate companies and 560 regular users with active ads. The number of brokers who had joined the portal was 1716.

In the 3<sup>rd</sup> quarter of 2019, the revenue increased by 7% as compared to the 2nd quarter.

The Group continues to actively develop the portal to attain the leadership position in the market. The first-class search engine developed for [Kinnisvara24.ee](http://Kinnisvara24.ee) enables to search real estate properties by such criteria as "house with a pool" and "pets allowed" (rental apartments).

At the competition "Real Estate Deal of the Year 2018", the Estonian Real Estate Agents' Association awarded the first prize to the development of the real estate portal [Kinnisvara24.ee](http://Kinnisvara24.ee).

## PRINTING SERVICES SEGMENT

In the 3<sup>rd</sup> quarter of 2019, the revenue of AS Printall totalled EUR 5.6 million (3<sup>rd</sup> quarter 2018: EUR 5.6 million) and in the first 9 months of 2019, it totalled EUR 18.8 million (first 9 months of 2018: EUR 18.2 million). Revenue increased by 3% as compared to the previous year and it was primarily impacted by higher paper prices. The revenue of printing services has declined in Estonia due to the decline of the share of print media and advertising brochures of large store chains. In the 3<sup>rd</sup> quarter of 2019, EBITDA totalled EUR 0.4 million (3<sup>rd</sup> quarter 2018: EUR 0.4 million) and in the first nine months of 2019, it totalled EUR 1.5 million (first nine months of 2018: EUR 1.9 million). EBITDA decreased by 24% as compared to the previous year. This was primarily impacted by higher input prices (paper, labour, electricity, natural gas, etc.) as well as stronger competition which put negative pressure on sales margins.

For several consecutive years, the printing services segment has been under pressure due to continued digitalisation of regular journalism and increasing popularity of Internet as compared to printed products. Competition concerning sales prices continues to be intense. The sales volumes of print circulations have declined which in turn leads to higher printing costs. In addition, appreciation of input prices (incl. labour, paper and electricity) is another major challenge.

In the first 9 months of the year, the share of revenue of AS Printall in other countries was 62% (9 months 2018: 60%).

## FINANCIAL INDICATORS AND RATIOS

Performance indicators - joint ventures under equity method (EUR thousand)	Q3 2019	Q3 2018	Change %	9 months 2019	9 months 2018	Change %	12 months 2018
<b>For the period</b>							
Sales	14 985	13 770	9%	47 771	43 091	11%	60 489
<b>EBITDA</b>	<b>1 317</b>	<b>656</b>	<b>101%</b>	<b>3 576</b>	<b>2 905</b>	<b>23%</b>	<b>4 263</b>
<b>EBITDA margin (%)</b>	<b>8.8%</b>	<b>4.8%</b>		<b>7.5%</b>	<b>6.7%</b>		<b>7.0%</b>
Operating profit /(loss)	339	(90)	477%	603	700	-14%	1 211
<i>Operating margin (%)</i>	<i>2.3%</i>	<i>-0.7%</i>		<i>1.3%</i>	<i>1.6%</i>		<i>2.0%</i>
Interest expenses	(239)	(109)	-119%	(555)	(305)	-82%	(443)
Profit /(loss) of joint ventures under equity method	(16)	(103)	84%	(17)	(12)	-44%	(273)
<b>Net profit /(loss) for the period</b>	<b>20</b>	<b>(387)</b>	<b>105%</b>	<b>(238)</b>	<b>266</b>	<b>-190%</b>	<b>25</b>
<b>Net margin (%)</b>	<b>0.1%</b>	<b>-2.8%</b>		<b>-0.5%</b>	<b>0.6%</b>		<b>0.0%</b>
<i>Return on assets (ROA) (%)</i>	<i>0.0%</i>	<i>-0.5%</i>		<i>-0.3%</i>	<i>0.3%</i>		<i>0.0%</i>
<i>Return on equity (ROE) (%)</i>	<i>0.0%</i>	<i>-0.8%</i>		<i>-0.5%</i>	<i>0.5%</i>		<i>0.0%</i>
<b>Earnings per share (EPS)</b>	<b>0.00</b>	<b>(0.01)</b>		<b>(0.01)</b>	<b>0.01</b>		<b>0.00</b>

Financial indicators and profitability ratios by proportional consolidation are disclosed on page 11 of the financial statements.

The effect of the new standard IFRS 16 "Leases" that entered into effect on 1 January 2019 on the income statement and balance sheet is described on page 18 and Note 1 of the financial statements.

Balance sheet (EUR thousand)	joint ventures 50% consolidated			joint ventures under equity method		
	30.09.2019	31.12.2018	Change %	30.09.2019	31.12.2018	Change %
<b>As of the end of the period</b>						
Current assets	18 017	15 631	15%	16 916	13 831	22%
Non-current assets	74 235	63 286	17%	73 487	62 907	17%
<b>Total assets</b>	<b>92 252</b>	<b>78 917</b>	<b>17%</b>	<b>90 403</b>	<b>76 738</b>	<b>18%</b>
<i>incl. cash and bank</i>	<i>3 391</i>	<i>2 228</i>	<i>52%</i>	<i>2 771</i>	<i>1 268</i>	<i>119%</i>
<i>incl. goodwill</i>	<i>43 420</i>	<i>39 799</i>	<i>9%</i>	<i>42 376</i>	<i>37 969</i>	<i>12%</i>
Current liabilities	20 785	14 207	46%	19 131	12 186	57%
Non-current liabilities	21 532	14 276	51%	21 295	14 118	51%
<b>Total liabilities</b>	<b>42 318</b>	<b>28 483</b>	<b>49%</b>	<b>40 426</b>	<b>26 304</b>	<b>54%</b>
<i>incl. borrowings</i>	<i>19 758</i>	<i>15 554</i>	<i>27%</i>	<i>19 498</i>	<i>15 474</i>	<i>26%</i>
<b>Equity</b>	<b>49 934</b>	<b>50 434</b>	<b>-1%</b>	<b>49 977</b>	<b>50 434</b>	<b>-1%</b>

Financial ratios (%)	joint ventures 50% consolidated			joint ventures under equity method		
	30.09.2019	30.09.2019 without the effect of IFRS 16	31.12.2018	30.09.2019	30.09.2019 without the effect of IFRS 16	31.12.2018
Equity ratio (%)	54%	56%	64%	55%	57%	66%
Debt to equity ratio (%)	40%	33%	31%	39%	33%	31%
Debt to capital ratio (%)	25%	21%	21%	25%	22%	22%
Total debt/EBITDA ratio	3.88	3.30	3.70	3.95	3.40	3.63
Liquidity ratio	0.87	0.88	1.10	0.88	0.89	1.13

From 1 January 2019, the Group applied the new mandatory accounting standard IFRS 16 "Leases" to recognise rental expenses. Due to this, the leased assets and lease liabilities are recognised at the present value of lease payments and depreciation on leased assets and the estimated interest expenses on lease liabilities is recognised in the income statement.

As of 30.09.2019, the effect of IFRS 16 on the consolidated balance sheet and income statement is as follows:

Balance sheet (EUR thousand)	joint ventures 50% consolidated 30.09.2019	joint ventures under equity method 30.09.2019
Right of use of buildings	2 750	2 525
Lease liability (short-term)	197	175
Lease liability (long-term)	2 775	2 537
Retained earnings	(263)	(219)

Income statement (EUR thousand)	joint ventures 50% consolidated 9 months 2019	joint ventures under equity method 9 months 2019
Decrease in operating expenses	693	590
Increase in depreciation	585	525
Estimated interest expense on lease liabilities	55	50

#### Formulas used to calculate the financial ratios

EBITDA	Earnings before interest, tax, depreciation and amortisation. EBITDA does not include any impairment losses recognised during the period or result from restructuring.
EBITDA margin (%)	EBITDA/sales x 100
Operating margin (%)	Operating profit/sales x100
Net margin (%)	Net margin in financial statements/sales x100
Earnings per share	Net profit / average number of shares
Equity ratio (%)	Equity/ (liabilities + equity) x100
Dividend rate (%)	Total amount of dividends paid / Net profit
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
Debt-Service Coverage Ratio (DSCR)	EBITDA/(interest payments + principal repayments)

## RESPONSIBILITY OF A MEDIA GROUP IN THE SOCIETY

As a media group operating in three Baltic States, Ekspress Group plays a key role in promoting the society. In its home markets, the Group is one of the key companies to shape the public information space and it is a major employer. It has an obligation to manage companies in a responsible manner and to create high-quality and reliable journalistic content in an independent and ethical manner.

The comprehensive social responsibility of group companies stems primarily from six aspects:

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**The society expects from Ekspress Group  
creation of independent, high-quality and reliable journalistic content.**

<b>Satisfaction of over 3 million end consumers</b> depends on the quality of the content, smooth services and excellent provision of services, all this progressively through innovative digital solutions.	<b>Dependence of contemporary media business on advertising customers</b> is based on creation of useful solutions for them while maintaining a clear line between journalistic content and advertising.	<b>Employer for more than 1700 people</b> is both a risk and an opportunity: for employees, stressful but exciting work related to the trends in the field and for employers, intense competition to attract talent.	Sustainable arrangement of <b>unavoidable environmental impact of printing</b> is a prerequisite for success in export markets while also becoming part of the requirements of customers in home countries.
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**The boarder public and the related parties of Ekspress Group's assume that  
group companies are managed in an honest, law-abiding and ethical manner.**

**As a media group, Ekspress Group is able to support key initiatives in the society  
- both through media content and through supplementary cooperation projects.**

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**The key role of the Group's media companies** is to provide information to people, bring transparency, honesty and equilibrium to the society, and support diversity. To preserve trust at any given time, fact-based, independent and ethical content should be provided to people. For quality media, it is important to bring topics to media consumers at the fastest rate, as it will hinder dissemination of misleading and biased information.

**The meaning of journalistic ethics** for Ekspress Group starts with independence. For the Group, it is essential that the work of journalists and publishers is not influenced by business interests, personal relations and gains. The principles of balanced journalism are followed, all parties are allowed to speak and counter-arguments are allowed; source information is always verified and verifiable and if necessary, each journalist needs to ensure source protection and confidentiality.

## DIGITAL MEDIA COMPANY

In developing its digital capability, Ekspress Group aims to adapt to the changes taking place in the way how information and media are used and to make sure that access to the media content is convenient and attractive to its customers at any time.

Digital business already accounts for a significant share in the Group's business. Delfi portals in Latvia and Lithuania are focused on digital media. While a large part of the business of Õhtuleht Kirjastus and Ekspress Media is newspapers and magazines on paper, the portals of Delfi and Õhtuleht as well as online versions of the publications are a good web and mobile channel. Hea Lugu sells also e-books and operates an e-store (Raamat24). Adnet Media, Babahh Media and Kinnisvara24 are 100% digital businesses. Linna Ekraanid and ACM operate digital outdoor advertising screens.

In addition to developing digital products as a whole, Ekspress Group is committed to finding and developing synergies between existing products on paper and online. The development of mobile-friendly platforms and digital solutions for smart devices is constant work. The next big step for the Group will be to properly embrace multimedia journalism, i.e. produce more video and audio materials as a supplement to text-based content.

The second trend for Ekspress Group is to offer content both in its own channels and elsewhere. It is important to reach the customer with your content and, in addition to your own channels, more and more options are used. The first steps in this direction are the Delfi app for Apple TV, publications of Ekspress Media and several publications of Õhtuleht available on Telia Newstand and Elisa Book platforms, and Delfi TV broadcasts on YouTube. Many of these developments took place or were fully realised in 2018.



### Online versions of paper publications

The reorganisation of Ajakirjade Kirjastus in 2018 was aimed at providing a better online version for its paper publications and to support cooperation with other strong web platforms of the Group. Instead of

building a major new online environment, it is more reasonable to offer the readers quality content in cooperation with existing platforms of Ekspress Media, Delfi and Õhtuleht.



### Audio stories and podcasts

Audio content was one of the most important keywords in the development of the Group's media channels in 2018. Since the autumn, with the help of the speech synthesizer, all Eesti Ekspress's stories as well as longer Delfi articles are also available in the audio format. Ekspress Media launched the podcast hub "Delfi Tasku" with regular broadcasts. Õhtuleht Kirjastus produces original audio content under the name of ÕL Raadio. Podcast platforms were launched also by Delfi in Latvia and Lithuania. For many users, web-based audio content that is available at any time has replaced linear radio. The next step for the company will be increasing its capacity in distributing the news in the audio format.



### Video and TV shows

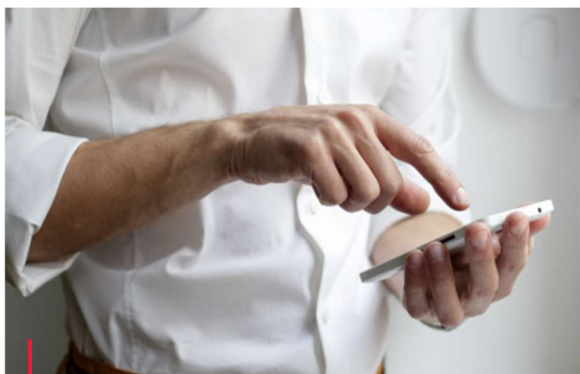
Delfi portals implemented more video projects in 2018 than before. In addition to the video content that until now has mainly focused on sports

broadcasts, regular original programming is now being produced. For example, Delfi Lithuania produces two talk shows "Delfi in the Spotlight" and "Delfi's Day" which are aired daily in the country's largest TV channel. Delfi plans to increase its capacity to produce original programming and trusted news for Lithuanian TV channels. Delfi Latvia has also launched a weekly talk show.



### Digital and mobile versions

The Group is regularly developing the digital channels of all its products. In 2018, the online and digital sites of several publications as well as updates for mobile versions and applications were launched (Ekspress Media magazines, Eesti Ekspress, Delfi Estonia, Delfi Lithuania, publications of Õhtuleht Kirjastus). Media products are increasingly sold as a complete online access package, not as separate publications.



### Digital payment options

In 2018, the Group further simplified the payment for digital services in Estonia, and also made it more secure. The Group uses Zlick - zero click payment

service for smooth payments. In 2018, Ekspress Media expanded the micropayment option from article-based purchases also to digital subscriptions.



### Social media

Social media helps to distribute the content created by Ekspress Group's journalists more widely. This is supported by special social media editors in the editorial offices and includes major projects. For example, in 2018, before Latvian parliamentary elections, Delfi Latvia collaborated with Facebook to disseminate video tutorials on how to recognise fake news - the costs of distributing videos uploaded on the Delfi account to all Facebook users in Latvia was covered by the social network itself.



### Groupwide hackathon

Once a year the Group invites all Group's employees to a hackathon. The objective of this intense brainstorming competition focusing on digital development is to solve existing problems in group companies, use technology to create added value and select new business ideas that deserve further development.

Digitisation has a direct impact on the quality of the content. The online format enables to collect in real time information about the number of content users, feedback and other data. Journalists will be able to use this feedback and information as inspiration to create content that truly addresses the needs of the users.



## MEDIA RECOGNITIONS AND AWARDS IN 2019

### Estonia

In March 2019, the winners of the competition of the Estonian Newspaper Association "Newspaper awards 2018" were announced. They include several employees and periodicals of Ekspress Group:



- **Tarmo Vahter** (Eesti Ekspress) was named as the journalist of the year.
- **Joosep Tiks** (Eesti Päevaleht) won the prize of the young journalist.
- **Silja Lättemäe** (Maaleht) won the lifetime award.
- In the opinion category, **Tarmo Vahter** (Eesti Ekspress) was named as the winner with his article "Who the heck is creating the state of Estonia when nobody is allowed to know anything?"



- In the feature story category, the winners were **Madis Jürgen** and **Tarmo Vahter** (Eesti Ekspress) with their article "Death of a writer".
- The winner in the category of the overall design of periodicals with a national coverage is Õhtuleht (19 July and 22 December newspaper editions); design Õhtuleht, layout Risto Mandre.
- The winner of feature stories in national newspapers is the cover story published in Eesti Ekspress's Areen on 7 March "There was no need for sexual education during the Soviet time, as the fiction helped young people".
- The winner in the category of visual communication in national newspapers is the photo story published in Õhtuleht on 2 June "Morning stretch of the sun wheel above Estonia".
- The winner of the open group is the special edition of Õhtuleht on 31 December "Year of competitions".
- The winner in the article views of digital newspapers is Eesti Ekspress.

In March 2019, the prizes of the **Estonian Association of Press Photographers** for 2018 were also announced:



- **Martin Ahven** won the best sports photo award with his work "Tough measures". The photo was taken at the selected match of the 2020 European Handball Championships held between Estonia and Slovenia.



- Delfi TV video "Generation shift: the Estonian first social network 10 years later" won the award for the best video", whose authors were **Sigrid Salutee**, **Joonatan Allandi**, **Kadri Nikopensius** and **Mark Šandali**.



In February 2019, the journalist of Eesti Ekspress **Kirsti Vainküla** together with Merilin Pärn from the Estonian National Broadcasting Company were awarded the most important prize of investigative journalism, i.e. Bonnier prize.

Their stories talked about a small boy Martin without parental care whose adoption created problems due to the biased attitude of child protection officers.

## Lithuania



In January 2019, the journalists of Delfi Lithuania won three prizes out of eight prizes which was given to the journalists who covered the topic of effective use of European Union investments.

## SHARES AND SHAREHOLDERS OF AS EKSPRESS GRUPP

As of 30.09.2019, 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 30.09.2019 according to the Estonian Central Register of Securities

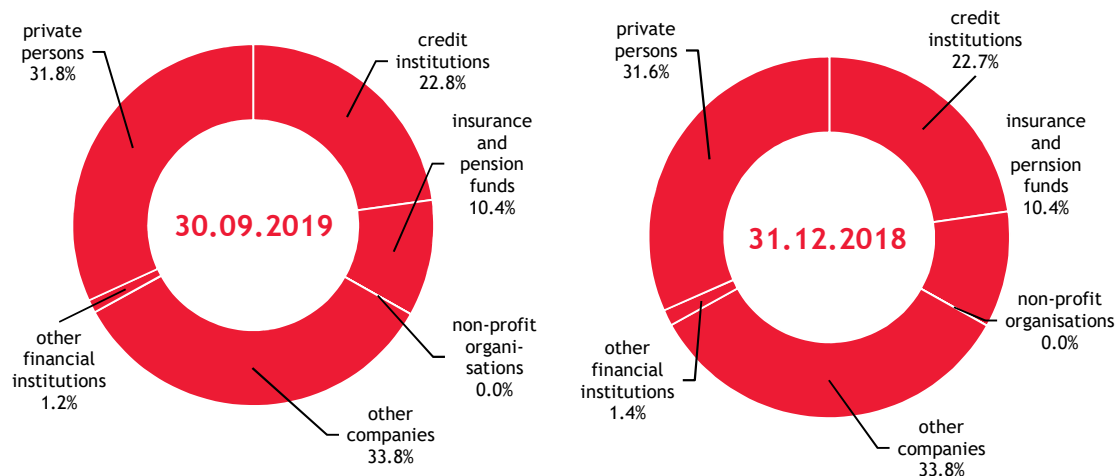
Name	Number of shares	%
Hans H. Luik	17 360 597	58,26%
Hans H. Luik	7 963 307	26,73%
Hans H. Luik, OÜ HHL Rühm	9 397 290	31,54%
ING Luxembourg S.A.	4 002 052	13,43%
LHV Bank and funds managed by LHV Varahaldus	2 561 212	8,60%
SEB S.A. CLIENT ASSETS UCITS	1 273 394	4,27%
Other minority shareholders	4 582 059	15,38%
Treasury shares	17 527	0,06%
<b>TOTAL</b>	<b>29 796 841</b>	<b>100,0%</b>

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.

As of 30.09.2019, the ownership interest of Hans H. Luik as the ultimate beneficiary of AS Ekspress Grupp is 54.48% (16 232 922 shares).

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

Category	30.09.2019		31.12.2018	
	Number of shareholders	Number of shares	Category	Number of shareholders
Private persons	2 619	9 486 053	2 635	9 423 926
Other companies	190	10 058 128	197	10 070 708
Other financial institutions	44	363 004	47	428 677
Credit institutions	13	6 783 135	12	6 767 009
Insurance and pension funds	8	3 106 102	8	3 106 102
Non-profit organisations	2	419	2	419
<b>TOTAL</b>	<b>2 876</b>	<b>29 796 841</b>	<b>2 901</b>	<b>29 796 841</b>



## 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 loan contract and potential investment needs. In May 2019, due to the company's liquidity position, the Annual General Meeting of Shareholders decided not to pay dividends in 2019.

Date of General Meeting	20.06.2014	27.05.2015	13.06.2016	13.06.2017	06.06.2018
Period for which dividends are paid	2013	2014	2015	2016	2017
Dividend payment for share EUR	1 sent	4 cents	5 cents	6 cents	7 cents
Total payment of dividends (EUR thousand)	298	1 187	1 456	1 787	2 086
Dividend rate (%)	28%	23%	54%	41%	66%
Date of fixing the list of dividend recipients	09.07.2014	10.06.2015	29.06.2016	29.06.2017	20.06.2018
Date of dividend payment	02.10.2014	02.10.2015	06.07.2016	06.07.2017	03.07.2018

## Securities trading history 2015-2019

Pice (EUR)	9 months 2019	9 months 2018	9 months 2017	9 months 2016	9 months 2015
Opening price	1.03	1.26	1.32	1.35	1.15
Closing price	0.79	1.26	1.33	1.34	1.25
High	1.03	1.38	1.37	1.37	1.47
Low	0.73	1.16	1.26	1.18	1.07
Average	0.89	1.28	1.32	1.27	1.28
Traded shares, pieces	555 606	489 746	352 658	636 487	549 143
Sales, EUR million	0.49	0.63	0.47	0.81	0.70
Capitalisation at balance sheet date, EUR million	23.54	37.54	39.61	39.93	39.33

The price of the share of Ekspress Group (EEG1T) in euros and the trading statistics on Nasdaq Tallinn Stock Exchange from 1 January 2015 until 30 September 2019.



The share price comparison (%) with Nasdaq Tallinn Stock Exchange index from 1 January 2015 until 30 September 2019.



## CORPORATE GOVERNANCE

### CORPORATE GOVERNANCE AND STRUCTURE

As a media group favouring independent and transparent journalism, keeping its trustworthy reputation is of great importance to Ekspress Group. This requires impeccable adherence to journalism ethics and general rules of conduct as well as laws.

In its business activities, Ekspress Groups proceeds from legal regulations in all of its markets (Estonia, Latvia and Lithuania), the Company's articles of association, as a publicly listed company from the requirements of Nasdaq Tallinn Stock Exchange, the guidelines of the Corporate Governance Code (CGC) and the equal treatment of its shareholders and investors. There is zero tolerance at the Group regarding conflict of interest, corruptive behaviour or dishonest competition.

*Estonian media companies follow the code of ethics of the Estonian Newspaper Association and the Estonian Magazine Association; company-based ethics and behaviour codes are available at Delfi Latvia and Delfi Lithuania. In addition to ethical norms, Ekspress Group companies follow the local market's data protection, public information and other relevant laws in their media work. In unregulated situations, companies proceed from the public interest and integrity principle when making decisions. This is described in more detail in the financial statements' chapter „Responsibility of a media group in the society“.*

Corruption, ethics and various compliance risks are generally managed at the subsidiary level. To ensure uniform conduct, new employees of group companies are taught the company's business philosophy, journalism ethics, source protection, sales and marketing issues, staff principles and other necessary topics.

As honest conduct starts from the communication in one's organisation, several group companies have recently started to pay more targeted attention to making team cooperation, employee dialogue, information movement and assumption of personal responsibility more efficient.

At the Group level, regular information exchange takes place between the Management Board of the parent company of Ekspress Group and the senior management of subsidiaries. This ensures involvement of a larger circle of decision-makers and transparency in case of large-scale transactions, changes and decisions.

The Group's management structure is the same as its legal structure.

### GROUP'S LEGAL STRUCTURE

As of 30 September 2019, the Group consists of 22 companies (31.12.2018: 19). A detailed list of the group companies is disclosed in Note 1 to the financial statements.

#### Changes in the Group's legal structure

On 18 October 2019, the wholly-owned subsidiary of AS Ekspress Grupp, A/S Delfi, concluded a contract to acquire 25.5% of the shares of comparison and brokerage portal for financial products SIA Altero.

**SIA Altero** operates the financial comparison and brokerage platform in Latvia (Altero.lv) and since spring 2019, also in Lithuania (Altero.lt). More than 90,000 Altero clients have compared financial offers of consumer loans, car loans and other products since the launch in June 2016. The company is a leading financial comparison service provider in Latvia and Lithuania.

The aim of the acquisition is to increase the share of the Group's digital revenue and develop its diversified digital business.

On 24 July 2019, the wholly-owned subsidiary of AS Ekspress Grupp, SIA Delfi Holding, was liquidated.

On 10 July 2019, the wholly-owned subsidiary of AS Ekspress Grupp, UAB Andet Media, adopted a decision to liquidate its wholly-owned subsidiary OÜ Andet Media. The liquidation will be completed at the beginning of next year.

The wholly-owned subsidiary of AS Ekspress Grupp, SIA Delfi Tickets Service, has decided to merge its subsidiaries SIA Bīlēšu Paradīze and SIA Delfi Tickets.

On 4 June 2019, the wholly-owned subsidiary of AS Ekspress Grupp, A/S Delfi through its subsidiaries SIA Delfi Tickets and SIA Delfi Tickets Service entered into a contract to acquire all the shares of the Latvian ticket sales platform SIA Biļešu Paradīze.

SIA Biļešu Paradīze manages the electronic ticket sales platform ([bilesuparadize.lv](http://bilesuparadize.lv)) and ticket sales sites, selling through them tickets to various entertainment events on behalf of event organisers.

The purpose of the acquisition is:

- Expand into new business sectors, by focusing on increasing the share of the Group's digital revenue;
- Increase the Group's return on capital as well as use the synergy between the new business acquired and the media activities;
- Enhance key activities and support the implementation of the Group's digital transformation;
- Develop the diverse digital footprint of the Group's business.

On 7 March 2019, UAB Delfi concluded a contract with UAB Small Talk Ideas and Arnoldas Rogoznyj for the acquisition of a 100% ownership interest in the Lithuanian company UAB Login Conferences that is engaged in organisation of technology and innovation conferences.

The key activity of UAB Login Conferences is organisation of the technology and innovation conference "Login".

The purpose of the acquisition of the ownership interest is to enter the conference organisation market and make this innovation and technology conference into one of the most well-known innovation events in the Baltic States.

On 8 March 2019, AS Ekspress Grupp acquired a 100% ownership interest in Linna Ekraanid OÜ that is engaged in sales of digital outdoor advertising in Estonia. Until then, AS Ekspress Grupp owned 50% of the company.

In July 2016, a 50% ownership interest was acquired in OÜ Linna Ekraanid. The purpose of the acquisition was to lay a foundation for launch of a new business line at AS Ekspress Grupp and thereby grow the portfolio of the Group's operating areas. The Group's long-term objective is to continue developing the digital outdoor advertising and assume a leadership position in the market in this business. According to the contract concluded in 2016, Ekspress Group had an obligation to acquire the remaining 50% of the company in 2019.

On 19 December 2018, AS Ekspress Grupp and its wholly-owned subsidiaries OÜ Ekspress Finance and OÜ Ekspress Digital concluded a merger agreement agreeing that AS Ekspress Grupp as the acquiring company will acquire all assets and liabilities of OÜ Ekspress Finance and OÜ Ekspress Digital. The balance sheet date of the merger, i.e. when the transactions of the companies being acquired will be considered as those being done by the acquiring company is 1 October 2018. The merger agreement was concluded for the purpose of simplifying the Group's management and legal structure. As of 22 January 2019, the extraordinary meeting of shareholders approved of the merger. The entry in the Commercial Registry was made on 11 March 2019.

#### **Changes in the management of the Group's subsidiaries**

The term of authority of Urmo Soonvald, member of the Management Board of AS Ekspress Meedia, was extended until 31 January 2022. The Management Board of the company still has five members: Argo Virkebau (Chairman of the Management Board), Erle Laak-Sepp, Tarvo Ulejev, Karin Vene and Urmo Soonvald

On 1 July 2019, Kirstjan Saar was elected as member of the Management Board of OÜ Linna Ekraanid. The company's Management Board still has two members: Peeter Merivälja and Kristjan Saar.

On 28 May 2019, Konstantins Kuzikovs, Signe Kukin and Mari-Liis Rüütsalu were elected as members of the Management Board of SIA Delfi Tickets.

On 28 May 2019, Konstantins Kuzikovs, Signe Kukin and Mari-Liis Rüütsalu were elected as members of the Management Board of SIA Delfi Tickets Service.

From 1 August 2019, Jānis Ķuzulis was elected as new member of the Management Board and CEO of SIA Biļešu Paradīze. On 1 August 2019, former member of the Management Board Konstantins Kuzikovs was recalled from the Management Board and from the same date, he was appointed as member of the Supervisory Board of SIA Biļešu Paradīze. The company's Management Board has two members: Jānis Daube and Jānis Ķuzulis and the Supervisory Board has four members: Mari-Liis Rüütsalu (Chairman), Signe Kukin, Ēriks Naļivaiko and Konstantins Kuzikovs.



## GENERAL MEETING OF SHAREHOLDERS

The general meeting is the highest governing body of AS Ekspress Grupp. Regular general meetings are held once a year not later than six months after the end of the financial year at the seat of the company. Extraordinary general meetings are allowed to be convened in cases prescribed by law.

The extraordinary meeting of shareholders of AS Ekspress Grupp was held on 22 January 2019 in the seat of the public limited company. All members of the Management Board participated in the meeting. The general meeting:

- approved the merger agreement entered into between AS Ekspress Grupp, OÜ Ekspress Finance and OÜ Ekspress Digital on 19 December 2018.

The regular meeting of shareholders of AS Ekspress Grupp was held on 17 May 2019 in the seat of the public limited company. All members of the Management Board participated in the meeting. The general meeting:

- approved the consolidated annual report and profit allocation proposal of AS Ekspress Grupp for 2018. Of the net profit for 2018 in the amount of EUR 6 491 thousand, the statutory capital reserve was increased by EUR 325 thousand and the remaining amount of EUR 6 166 thousand was taken to retained earnings.
- The authority of member of the Supervisory Board of AS Ekspress Grupp Hans Luik as member of the Supervisory Board was extended from 21 May 2019 until 20 May 2024.
- The authority of member of the Supervisory Board of AS Ekspress Grupp Indrek Kasela as member of the Supervisory Board was extended from 21 May 2019 until 20 May 2024.
- The authority of member of the Supervisory Board of AS Ekspress Grupp Harri Helmer Roschier as member of the Supervisory Board was not extended.

## SUPERVISORY BOARD

The Supervisory Board of the Company approves the activities of the company, organises its management and supervises the activities of the Management Board. According to the articles of association, the number of members of the Supervisory Board is between three and seven. The number of the members shall be determined by the General Meeting. The members of the Supervisory Board shall be elected by the General Meeting for a term of five years. Since 20 May 2019, the Supervisory Board of Ekspress Group has five members instead of the former six members.

### Ahto Päril (appointed until 21.11.2023)

- Chairman of the Supervisory Board and member of the Audit Committee, in the Supervisory Board since 22.11.2018
- AS Nordic Aviation Group, CFO in 2015-2018
- Supervisory Board member of AS Baltic Workboats
- Management Board member of OÜ NA Advisory and OÜ OREA
- Graduated from University of Tartu in 2003, Faculty of Economics, bachelor's degree, and from New York University in 2007, Master of Business Administration
- Number of shares of AS Ekspress Grupp: -.

### Hans H. Luik (appointed until 20.05.2024)

- Member of the Supervisory Board since 1.06.2004
- 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
- Number of shares of AS Ekspress Grupp: 16 232 922 (54.48%)

### Indrek Kasela (appointed until 20.05.2024) - independent Supervisory Board member

- Member of the Supervisory Board since 20.06.2014
- 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.
- Number of shares of AS Ekspress Grupp: -.

### Peeter Saks (appointed until 26.10.2021) - independent Supervisory Board member

- Member of the Supervisory Board since 26.10.2016
- 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, 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
- Number of shares of AS Ekspress Grupp: -.

### Aleksandras Česnavičius (appointed until 26.10.2021)

- Member of the Supervisory Board since 26.10.2016
- General Manager of Central European Media Enterprises Ltd. Romanian region
- Managing Director of Delfi Lithuania between 2011-2013
- Graduated from Vilnius Universitetas in Lithuania with a PhD in Media in 2010
- Number of shares of AS Ekspress Grupp: -.

Harri Helmer Roschier, an independent Supervisory Board member from 20.06.2014 until 20.05.2019, was recalled from the Supervisory Board with the resolution of the General Meeting of Shareholders held at 17.05.2019.

## MANAGEMENT BOARD

The authorities of the Management Board of the Company are specified in the Commercial Code and they are limited to the extent determined in the articles of association of the company. The Management Board of Ekspress Group does not have any right to issue shares of the company. The members of the Management Board are elected for a period of up to 5 years. In order to elect and remove the members of the Management Board, a simple majority of the votes of the Supervisory Board is required. In order to resign from the position of a member of the Management Board, the member shall give one month's notice to the Supervisory Board. There are no agreements between Ekspress Group and the members of the Management Board which would deal with the benefits regarding a takeover of a public limited company provided for in Chapter 19 of the Securities Market Act. According to the articles of association, the Management Board of Ekspress Group has between three and five members. The Management Board of Ekspress Group has three members.

### Mari-Liis Rüütsalu



- Chairman of the Management Board and Chief Executive Officer of the Group since 01.01.2017 with the term of office of up to 3 years
- Managing director of AS Ekspress Meedia 2015-2016
- Managing director of AS Delfi 2012-2015
- Marketing and development director of AS Estravel 1998-2012
- Graduated from Eesti Majandusjuhtide Instituut in 1998 specializing in business administration and University of Tartu Pärnu College in 1995 specializing in entrepreneurship and business management
- Number of shares of AS Ekspress Grupp: -.

### Kaspar Hanni



- Member of the Management Board since 18.12.2017, with the term of office of up to 3 years, Development Director of the Group
- Member of the board of the Estonian Business Angles Association since 2017
- Software Asset Management and Compliance Lead of Microsoft in Baltics 2015-2016
- Enterprise and Partner Group Lead of Microsoft in Baltics 2011-2015
- Graduated from Estonian Business School in 2002 with a degree in Business Administration and studied Information Technology at Tallinn University of Technology
- Number of shares of AS Ekspress Grupp: -.

### Signe Kukin



- Member of the Management Board since 01.08.2018, the term of office of up to 3 years, Chief Financial Officer of the Group
- Chief Financial Officer of AS Merko Ehitus 2012 - 2017
- In various positions of United Utilities International Ltd in Estonia, Great Britain and the Arab United Emirates 2001-2011
- Auditor at Deloitte 1997-2001
- Graduated from Tallinn University of Technology 1999 (diploma studies)
- Association of Chartered Certified Accountants - ACCA, Fellow Member - FCCA 2004
- Number of shares of AS Ekspress Grupp: -.

## SUPERVISORY AND MANAGEMENT BOARDS OF SUBSIDIARIES

The authorities and responsibility of the subsidiaries of AS Ekspress Grupp are laid down in their articles of association and intra-group rules. The changes to the articles of association are made in accordance with the requirements laid down in the Commercial Code. The supervisory boards are generally made up of the members of the management and supervisory boards of a company that is the majority shareholder of the subsidiary.

The meetings of the supervisory boards of the key subsidiaries normally take place once a quarter, in other cases based on the Group's needs, articles of association and legal acts. The members of the supervisory boards of subsidiaries do not normally receive separate remuneration.

The chairman or a member of the Management Board is appointed by the supervisory board of the subsidiary. The supervisory and management boards of the AS Ekspress Group's wholly-owned subsidiaries as of 30 September 2019 is shown below:

COMPANY*	SUPERVISORY BOARD	MANAGEMENT BOARD
Printall AS (28 589 237)	Hans Luik (esimees), Kaspar Hanni, Signe Kukin, Mari-Liis Rüütsalu, Ahto Päril	Andrus Takkin (esimees), Evali Mültis, Tõnis Peebo
Ekspress Meedia AS (17 984 102)	Hans Luik (esimees), Mari-Liis Rüütsalu, Kaspar Hanni, Signe Kukin	Argo Virkebau (esimees) Urmo Soonvald, Tarvo Ulejev, Erle Laak-Sepp, Karin Vene
Delfi UAB (3 602 822)	Mari-Liis Rüütsalu (esimees), Kaspar Hanni, Signe Kukin	Vytautas Benokraitis
SIA Biļešu Paradīze (754 571)	Ēriks Naļivaiko, Mari-Liis Rüütsalu, Signe Kukin, Konstantīns Kuzikovs	Jānis Daube, Jānis Kuzulis

\* amount of share capital of the key subsidiary in parent company's ownership as of 30 September 2019 is shown in parentheses.

# CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## Consolidated balance sheet (unaudited)

(EUR thousand)	30.09.2019	31.12.2018
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	2 771	1 268
Trade and other receivables	10 674	9 154
Corporate income tax prepayment	219	27
Inventories	3 253	3 382
<b>Total current assets</b>	<b>16 916</b>	<b>13 831</b>
<b>Non-current assets</b>		
Trade and other receivables	986	1 588
Deferred tax asset	49	44
Investments in joint ventures	1 272	2 345
Investments in associates	323	319
Property, plant and equipment (Note 5)	14 702	11 921
Intangible assets (Note 5)	56 155	46 691
<b>Total non-current assets</b>	<b>73 487</b>	<b>62 907</b>
<b>TOTAL ASSETS</b>	<b>90 403</b>	<b>76 738</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Borrowings (Note 7)	3 848	1 356
Trade and other payables	15 123	10 801
Corporate income tax payable	159	29
<b>Total current liabilities</b>	<b>19 131</b>	<b>12 186</b>
<b>Non-current liabilities</b>		
Long-term borrowings (Note 7)	15 650	14 118
Other long-term liabilities	5 645	0
<b>Total non-current liabilities</b>	<b>21 295</b>	<b>14 118</b>
<b>TOTAL LIABILITIES</b>	<b>40 426</b>	<b>26 304</b>
<b>EQUITY</b>		
Minority shareholding	92	87
<b>Capital and reserves attributable to equity holders of parent company:</b>		
Share capital (Note 11)	17 878	17 878
Share premium	14 277	14 277
Treasury shares (Note 11)	(22)	(22)
Reserves (Note 11)	1 688	1 688
Retained earnings	16 064	16 526
<b>Total capital and reserves attributable to equity holders of parent company</b>	<b>49 885</b>	<b>50 347</b>
<b>TOTAL EQUITY</b>	<b>49 977</b>	<b>50 434</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>90 403</b>	<b>76 738</b>

The Notes presented on pages 38-52 form an integral part of the consolidated interim report.

## Consolidated statement of comprehensive income (unaudited)

(EUR thousand)	Q3 2019	Q3 2018	9 months 2019	9 months 2018	12 months 2018
Sales	14 985	13 770	47 771	43 091	60 489
Cost of sales	(12 161)	(11 399)	(39 384)	(34 989)	(48 874)
<b>Gross profit</b>	<b>2 824</b>	<b>2 371</b>	<b>8 387</b>	<b>8 102</b>	<b>11 615</b>
Other income	161	61	450	222	394
Marketing expenses	(685)	(693)	(2 311)	(2 177)	(3 108)
Administrative expenses	(1 962)	(1 816)	(5 868)	(5 398)	(7 609)
Other expenses	1	(14)	(54)	(49)	(82)
<b>Operating profit /(loss)</b>	<b>339</b>	<b>(90)</b>	<b>603</b>	<b>700</b>	<b>1 211</b>
Interest income	6	30	18	118	143
Interest expenses	(239)	(109)	(555)	(305)	(443)
Other finance income and costs	7	(17)	(37)	(51)	(103)
<b>Net finance cost</b>	<b>(226)</b>	<b>(96)</b>	<b>(574)</b>	<b>(238)</b>	<b>(403)</b>
Profit (loss) on shares of joint ventures	(16)	(103)	(17)	(12)	(273)
Profit (loss) on shares of associates	(22)	9	(97)	9	(234)
<b>Profit /(loss) before income tax</b>	<b>75</b>	<b>(280)</b>	<b>(85)</b>	<b>460</b>	<b>302</b>
Income tax expense	(55)	(107)	(153)	(194)	(276)
<b>Net profit /(loss) for the reporting period</b>	<b>20</b>	<b>(387)</b>	<b>(238)</b>	<b>266</b>	<b>25</b>
<b>Net profit /(loss) for the reporting period attributable to</b>					
Equity holders of the parent company	20	(386)	(243)	268	6
Minority shareholders	0	(1)	5	(2)	19
<b>Total comprehensive income</b>	<b>20</b>	<b>(387)</b>	<b>(238)</b>	<b>266</b>	<b>25</b>
<b>Comprehensive income for the reporting period attributable to</b>					
Equity holders of the parent company	20	(386)	(243)	268	6
Minority shareholders	0	(1)	5	(2)	19
Basic and diluted earnings per share (Note 9)	0,00	(0,01)	(0,01)	0,01	0,00

The Notes presented on pages 38-52 form an integral part of the consolidated interim report.

## Consolidated statement of changes in equity (unaudited)

(EUR thousand)	Attributable to equity holders of parent company						Minority interest	Total equity
	Share capital	Share premium	Treasury shares	Reserves	Retained earnings	Total		
<b>Balance on 31.12.2017</b>	<b>17 878</b>	<b>14 277</b>	<b>(22)</b>	<b>1 531</b>	<b>18 762</b>	<b>52 426</b>	<b>68</b>	<b>52 494</b>
Increase of statutory reserve capital	0	0	0	157	(157)	0	0	0
Dividends paid	0	0	0	0	(2 085)	(2 085)	0	(2 085)
<i>Total transactions with owners</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>157</i>	<i>(2 242)</i>	<i>(2 085)</i>	<i>0</i>	<i>(2 085)</i>
Net profit /(loss) for the reporting period	0	0	0	0	268	268	(2)	266
<i>Total comprehensive income for the reporting period</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>268</i>	<i>268</i>	<i>(2)</i>	<i>266</i>
<b>Balance on 30.09.2018</b>	<b>17 878</b>	<b>14 277</b>	<b>(22)</b>	<b>1 688</b>	<b>16 788</b>	<b>50 609</b>	<b>66</b>	<b>50 675</b>
<b>Balance on 31.12.2018</b>	<b>17 878</b>	<b>14 277</b>	<b>(22)</b>	<b>1 688</b>	<b>16 526</b>	<b>50 347</b>	<b>87</b>	<b>50 434</b>
Effect of changes in accounting policies (Note 1)	0	0	0	0	(219)	(219)	0	(219)
<b>Restated balance on 01.01.2019</b>	<b>17 878</b>	<b>14 277</b>	<b>(22)</b>	<b>1 688</b>	<b>16 307</b>	<b>50 128</b>	<b>87</b>	<b>50 215</b>
Net profit /(loss) for the reporting period	0	0	0	0	(243)	(243)	5	(238)
<i>Total comprehensive income for the reporting period</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>(243)</i>	<i>(243)</i>	<i>5</i>	<i>(238)</i>
<b>Balance on 30.09.2019</b>	<b>17 878</b>	<b>14 277</b>	<b>(22)</b>	<b>1 688</b>	<b>16 064</b>	<b>49 885</b>	<b>92</b>	<b>49 977</b>

The Notes presented on pages 38-52 form an integral part of the consolidated interim report.



## Consolidated cash flow statement (unaudited)

(EUR thousand)	9 months 2019	9 months 2018
<b>Cash flows from operating activities</b>		
Operating profit /(loss) for the reporting year	603	700
<u>Adjustments for:</u>		
Depreciation, amortisation and impairment (Note 5)	2 987	2 204
(Gain)/loss on sale and write-down of property, plant and equipment	(17)	(8)
<b>Cash flows from operating activities:</b>		
Trade and other receivables	(1 463)	(157)
Inventories	130	(840)
Trade and other payables	3 363	1 287
<b>Cash generated from operations</b>		
Income tax paid	(220)	(317)
Interest paid	(428)	(305)
<b>Net cash generated from operating activities</b>	<b>4 954</b>	<b>2 564</b>
<b>Cash flows from investing activities</b>		
Purchase of subsidiaries (less acquired cash)	(4 858)	0
Purchase of other investments	0	(1 000)
Proceeds from joint ventures	323	0
Interest received	18	70
Purchase of property, plant and equipment (Note 5)	(2 124)	(1 663)
Proceeds from sale of property, plant and equipment (Note 5)	18	27
Loans granted	(93)	(551)
Loan repayments received	303	1 069
<b>Net cash used in investing activities</b>	<b>(6 414)</b>	<b>(2 047)</b>
<b>Cash flows from financing activities</b>		
Dividends paid	0	(2 085)
Lease payments made	(669)	(55)
Change in overdraft	(267)	1 008
Loans received / Repayments of bank loans (Note 7)	3 899	200
<b>Net cash used in financing activities</b>	<b>2 963</b>	<b>(932)</b>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>1 503</b>	<b>(415)</b>
Cash and cash equivalents at the beginning of the year	1 268	1 073
Cash and cash equivalents at the end of the year	2 771	658

The Notes presented on pages 38-52 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.

The Management Board approved and signed these financial statements on 30 October 2019. The interim 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 30.09.2019	Ownership interest 31.12.2018	Main field of activity	Domicile
<b>Operating segment: corporate functions</b>					
Ekspress Grupp AS	Parent company			Holding company and support services	Estonia
<b>Operating segment: media (online and print media)</b>					
Ekspress Meedia AS	Subsidiary	100%	100%	Online media, publishing of daily and weekly newspapers. From 1 June, also publishing of magazines.	Estonia
Delfi A/S	Subsidiary	100%	100%	Online media	Latvia
ACM LV SIA	Subsidiary	100%	100%	Sale of outdoor advertising	Latvia
Delfi Ticket Service SIA	Subsidiary	100%	-	Holding company (established in June 2019)	Latvia
Delfi Tickets SIA	Subsidiary	100%	-	Holding company (established in June 2019)	Latvia
Biļešu Paradīze SIA	Subsidiary	100%	-	Operation of the electronic ticket platform and box offices (acquired in June 2019)	Latvia
Delfi UAB	Subsidiary	100%	100%	Online media	Lithuania
UAB Login Conferences	Subsidiary	100%	-	Organisation of technology and innovation conference (acquired in March 2019)	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). Liquidated on 24.07.2019	Latvia
Hea Lugu OÜ	Subsidiary	83%	83%	Book publishing	Estonia
Adnet Media UAB	Subsidiary	100%	100%	Online advertising solutions and network	Lithuania
Adnet Media OÜ	Subsidiary	100%	100%	Online advertising solutions and network. In liquidation.	Estonia
Adnet Media SIA	Subsidiary	100%	100%	Online advertising solutions and network	Latvia
Videotinklas UAB	Subsidiary	100%	45%	Production studio for content creation (100% ownership interest since August 2019)	Lithuania
Õhtuleht Kirjastus AS	Joint venture	50%	50%	Newspaper publishing. From 1 June 2018 also publishing of magazines as an outcome of the merger with Ajakirjade Kirjastus.	Estonia
Express Post AS	Joint venture	50%	50%	Home delivery of periodicals	Estonia
Linna Ekraanid OÜ	Subsidiary	100%	50%	Sale of digital outdoor advertising (100% ownership interest since March 2019)	Estonia
Babahh Media OÜ	Associate	49%	49%	Sale of video production, media and infrastructure solutions	Estonia
Kinnisvarakeskkond OÜ	Associate	49%	49%	Development of a real estate portal	Estonia
<b>Operating segment: printing services</b>					
Printall AS	Subsidiary	100%	100%	Printing services	Estonia
<b>Operating segment: entertainment</b>					
Delfi Entertainment SIA	Subsidiary	100%	100%	Currently dormant	Latvia

## Note 2. Bases of preparation

The consolidated interim financial statements of AS Ekspress Grupp for the 3<sup>rd</sup> quarter and 9 months ended 30 September 2019 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 on 31 December 2018.

The Management Board estimates that the interim consolidated financial statements for the 3<sup>rd</sup> quarter and 9 months 2019 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.

The accounting policies used for preparation of these financial statements are the same as those used for preparation of the Group's consolidated annual report for the year ended 31 December 2018, other than lease accounting where the principles of IFRS 16 "Leases" entered into force on 1 January 2018 have been used. The changes in lease accounting are described below.

### Changes in key accounting policies

From 1 January 2019, the standard IFRS 16 "Leases" entered into force. Several other standards also entered into force on 1 January 2019 but they did not have a material impact on the Group's financial statements. The application of IFRS on the Group's financial statements as of 1 January 2019 is described in detail below.

**IFRS 16 "Leases"** - applied to reporting periods beginning on or after 1 January 2019.

IFRS 16 supersedes IAS 17 "Leases" and the related interpretations. The standard liquidates the accounting model for two types of leases for lessors and requires that entities recognise most of the lease agreements under a uniform model, liquidating distinction between operating and finance leases.

Under IFRS 16, an agreement is a lease agreement or includes a lease agreement if it transfers the right to control the use of a certain asset during a specified period of time. For such agreements, the new model requires the lessor to recognise right of use assets and lease liabilities. As a result, most of the lease agreements have a cost pattern where the majority of the cost is recognised at the beginning of the agreement and this even in the case when the lessor continues to make equal-sized lease payments each year.

The new standard establishes several exceptions with a limited scope for lessors, including:

- lease agreements whose lease term is 12 months or less and which do not contain purchase options and
- lease agreements, the value of the underlying asset of which is low (insignificant lease agreements).

The accounting policies of the lessor do not materially change as a consequence of adoption of the new standard, and a distinction is still made between finance and operating leases.

The Group is under obligation to start applying IFRS 16 "Leases" from 1 January 2019.

The Group recognises new assets and liabilities related to operating lease of office space. The nature of costs related to such operating leases changed because the Group started to recognise depreciation on assets used under right of use and interest on lease liabilities.

The Group previously recognised operating lease expenses on a straight-line basis over the lease term, and recognised assets and liabilities only to the extent that there was a timing difference between actual lease payments and recognised expenses.

As of 1 January 2019, the Group recognised additional lease liabilities in the amount of EUR 3 308 thousand and the assets used under the right of use in the amount of EUR 3 089 thousand. The effect on retained earnings was EUR (219) thousand.

### 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.

The Group deposits its funds (incl. term deposits) in the following banks in the Baltic States:

Pank	Moody`s	Standard & Poor`s
SEB	Aa2	A+
Swedbank	Aa2	AA-
Luminor	Aa3	AA-
Citadele	-	-
LHV	Baa1	-

The banks' latest long-term credit rating 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 of 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. The largest 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 Krediidinfo 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 interest rate is fixed and the margin is zero.

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. The lease liability in the Group's balance sheet as of 30 September 2019 has been recognised as a consequence of the first-time adoption of IFRS 16, the alternative loan interest rate as of 1 January 2019 has been used for discounting. The weighted average interest rate used for recognition of the lease liability is 2.15%.

Type of interest	Interest rate	30.09.2019 (EUR thousand)	<= 1 year	>1 year and <=5 years	Carrying amount
Fixed and floating interest rate	0%+2.15-12.00%	Loan	2 471	15 422	17 893
	1-month Euribor + 2.3%	Finance lease	186	386	572
	1-month Euribor + 1.9%	Overdraft	1 017	0	1 017
	2.15%	Lease liability	175	2 537	2 712

Type of interest	Interest rate	31.12.2018 (EUR thousand)	<= 1 year	>1 year and <=5 years	Carrying amount
Fixed and floating interest rate	0%+2.15%	Syndicated loan	0	13 994	13 994
	1-month Euribor + 2.3%	Finance lease	73	124	197
	1-month Euribor + 1.9%	Overdraft	1 284	0	1 284

### 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 Group's income is primarily fixed in local currencies, i.e. the euros in Estonia, Latvia and Lithuanian. 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 2019, ca 1% (2018: ca 1%) of revenue was exposed to foreign exchange risk. The Russian clients pay also 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 converted into euros immediately after their receipt in order to reduce open foreign currency positions. No other means are used for hedging foreign exchange risk.

As of 30.09.2019, the Group's foreign currency risk related to USD was EUR 166 thousand, to SEK was EUR 65 thousand and to NOK was EUR 47 thousand. As of 31.12.2018, the Group's foreign currency risk related to NOK was EUR 67 thousand and to other currencies (SEK, GBP, USD), EUR 34 thousand.

### Price risk

The price of paper affects the activities of the Group the most. By taking into consideration several criteria, the Group considers acceptance of paper price risk as the most optimal solution and does not consider it necessary to use 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.

## Equity ratios of the Group \*

(EUR thousand)	30.09.2019	31.12.2018
Interest-bearing debt	19 498	15 474
Cash and bank accounts	2 771	1 268
Net debt	16 727	14 207
Equity	49 977	50 434
Total capital	66 705	64 641
<b>Debt to capital ratio</b>	<b>25%</b>	<b>22%</b>
Total assets	90 403	76 738
<b>Equity ratio</b>	<b>55%</b>	<b>66%</b>

\* The effect of the new accounting standard IFRS 16 "Leases" that entered into force on 1 January 2019 on the balance sheet is described on page 18 and Note 1 of the financial statements.

## Note 4. Business combinations

On **6 August 2019** UAB Adnet Media acquired a 100% ownership interest in Videotinklas UAB that has a production studio for content creation. Until then UAB Adnet Media owned 45% of the company.

On **4 June 2019**, the wholly-owned subsidiary of AS Ekspress Grupp, i.e. A/S Delfi concluded through its subsidiaries SIA Delfi Tickets and SIA Delfi Tickets Service a contract for the acquisition of all the shares of the Latvian ticket sales platform SIA Biļešu Paradīze. The acquisition was partially funded by the loans granted by AS Citadele banka and Aktiva Finanšu OÜ (100% owner Hans H. Luik).

SIA Biļešu Paradīze manages the electronic ticket sales platform ([bilesuparadize.lv](http://bilesuparadize.lv)) and ticket sales sites, selling through them tickets to various entertainment events on behalf of the organisers.

The purpose of the acquisition is to:

- expand into new business sectors, by focusing on increasing the share of the Group's digital revenue;
- Increase the Group's return on equity, and use the synergy between the new business acquired and media activities;
- enhance key activities and support the implementation of the Group's digital transformation;
- develop the diverse digital footprint of the Group's business.

On **7 March 2019**, UAB Delfi concluded a contract with UAB Small Talk Ideas and Arnoldas Rogoznyjga to acquire a 100% ownership interest in UAB Login Conferences that is engaged in organisation of the Lithuanian technology and innovation conference.

The key activity of UAB Login Conferences is organisation of the technology and innovation conference "Login".

The purpose of the acquisition of the ownership interest is to enter the conference organisation market and turn this innovation and technology conference into one of the most well-known innovation events in the Baltic States.

On **8 March 2019**, AS Ekspress Grupp acquired a 100% ownership interest in Linna Ekraanid OÜ that is engaged in sales of digital outdoor advertising in Estonia. Until then, AS Ekspress Grupp owned 50% of the company.

In July 2016, a 50% ownership interest was acquired in OÜ Linna Ekraanid. The purpose of the acquisition was to lay a foundation for launch of a new business line at AS Ekspress Grupp and thereby grow the portfolio of the Group's operating areas. The Group's long-term objective is to continue developing digital outdoor advertising and assume a leadership position in the market in this business. According to the contract concluded in 2016, Ekspress Group had an obligation to acquire the remaining 50% of the company in 2019.



On 19 December 2018, AS Ekspress Grupp and its wholly-owned subsidiaries OÜ Ekspress Finance and OÜ Ekspress Digital concluded a merger agreement agreeing that AS Ekspress Grupp as the acquiring company will acquire all assets and liabilities of OÜ Ekspress Finance and OÜ Ekspress Digital. The balance sheet date of the merger, i.e. when the transactions of the companies being acquired will be considered as those being done by the acquiring company is 1 October 2018. The merger agreement was concluded for the purpose of simplifying the Group's management and legal structure. As of 22 January 2019, the extraordinary meeting of shareholders approved of the merger. The entry in the Commercial Registry was made on 11 March 2019.

On **8 October 2018**, a merger agreement was signed whereby AS Ekspress Grupp's subsidiary OÜ Zave Media was merged with AS Ekspress Grupp's subsidiary AS Ekspress Meedia from 1 October 2018. The merger agreement was concluded for the purpose of simplifying the Group's management and legal structure.

On **21 March 2018**, the Estonian Competition Authority approved the transaction for reorganisation of AS Ajakirjade Kirjastus by Ekspress Grupp and Suits Meedia. From 1 June 2018, the magazines Eesti Naine, Anne and Stiil, Pere ja Kodu, Oma Maitse, Tervis Pluss, Jana and Kroonika previously owned by AS Ajakirjade Kirjastus are published by Ekspress Meedia and the other magazines were moved to AS SL Õhtuleht. In the course of this transaction, the magazine business was sold to AS Ekspress Meedia on 31 May 2018, after which AS Ajakirjade Kirjastus merged with AS SL Õhtuleht on 1 June and the new business name of the merged entity is AS Õhtuleht Kirjastus. The ownership structure of the merged entity AS Õhtuleht Kirjastus did not change. Ekspress Grupp still owns 50% and Suits Meedia owns 50% of the company. AS Ekspress Meedia paid EUR 1 million for the acquired magazines which is the fair value of the transaction at the date of the transaction. The Group's management estimates that the fair value of trademarks of the acquired magazines is EUR 795 thousand and that of customer relationships is EUR 200 thousand. The Group's management estimates that the useful life of trademarks is 10 years and that of customer relationships is 2 years.

Reorganisations were carried out to enhance the future outlook of the magazines. The main goal of the change is to create a better online output for the content of printed magazines of Ajakirjade Kirjastus, integrating these more tightly with other strong digital publishing platforms of the owners.

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

(EUR thousand)	Property, plant and equipment		Intangible assets	
	9 months 2019	9 months 2018	9 months 2019	9 months 2018
<b>Balance at beginning of the period</b>				
Cost	35 421	33 992	65 854	64 141
Accumulated depreciation and amortisation	(23 500)	(21 804)	(19 163)	(18 722)
<b>Carrying amount</b>	<b>11 921</b>	<b>12 189</b>	<b>46 691</b>	<b>45 419</b>
First-time adoption of IFRS 16 (Note 1)	2 990	0	0	0
<b>Restated carrying amount on 01.01.2019</b>	<b>14 911</b>	<b>12 189</b>	<b>46 691</b>	<b>45 419</b>
Acquisitions and improvements	1 162	1 425	963	238
Disposals (at carrying amount)	(22)	(19)	0	0
Write-down and write-off of non-current assets	(2)	(2)	0	0
Reclassification	(2)	0	1	0
Acquired through business combinations	810	0	9 333	1 000
Depreciation and amortisation	(2 154)	(1 684)	(832)	(520)
<b>Balance at end of the period</b>				
Cost	40 884	35 284	76 487	65 381
Accumulated depreciation and amortisation	(26 182)	(23 376)	(20 332)	(19 244)
<b>Carrying amount</b>	<b>14 702</b>	<b>11 909</b>	<b>56 155</b>	<b>46 137</b>

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 thousand)	EUR	
	30.09.2019	31.12.2018
Goodwill	42 376	37 969
Trademarks	9 286	6 761
Other intangible assets	4 493	1 960
<b>Total intangible assets</b>	<b>56 155</b>	<b>46 691</b>

## Note 7. Bank loans and borrowings

(EUR thousand)	Repayment term		
	Total amount	Up to 1 year	1-5 aasta jooksul
Balance as of 30.09.2019			
Overdraft	1 017	1 017	0
Long-term bank loans	15 197	2 471	12 726
Finance lease	572	186	386
Lease liability	2 712	175	2 537
Total	19 498	3 848	15 650
Balance as of 31.12.2018			
Overdraft	1 284	1 284	0
Long-term bank loans	13 994	0	13 994
Finance lease	197	73	124
Total	15 474	1 356	14 118

As at 30.09.2019, the Group has received a loan from Aktiva Finants OÜ in the amount of EUR 2 696 thousand (31.12.2018: EUR 0). Aktiva Finants OÜ is 100% owned by Hans H. Luik.

The lease liability in the balance sheet as of 30.09.2019 has been recognised due to the first-time adoption of IFRS 16, the alternative loan interest rate as of 1 January 2019 has been used for discounting. The weighted average interest rate used when the lease liability was recognised is 2.15%.

The effective interest rates are very close to the nominal interest rates. The fair value of the loan liabilities is close to their book value. In January 2019, the margin has been negotiated based on market terms and the interest rate is fixed at the level of zero per cent when the three-month Euribor was still negative. It is customary to set the level of Euribor at zero at the time when it is negative. The loan liabilities are within level 3 of the fair value hierarchy.

### Long-term bank loan

In January 2019, the existing syndicated loan was refinanced. The new loan agreements between AS SEB Pank, AS Ekspress Meedia, Delfi UAB and AS Printall were concluded in the amount of EUR 14 200 thousand and the balance of the syndicated loan in the amount of EUR 13 994 was paid off in full.

The loan's due date is 20 October 2021. The loan interest is in the range of 2.15% - 2.6%, plus a base interest rate of 0%. The loans of AS Ekspress Meedia and Delfi UAB have bullet payments, the monthly loan payment of AS Printall is in the amount of EUR 206 thousand.

The new loans are secured by:

- Shares of AS Ekspress Meedia and AS Printall;

- Guarantees of AS Ekspress Grupp in the amount of EUR 14.2 million, guarantees of Printall AS in the amount of EUR 10.2 million, guarantees of Delfi UAB in the amount of EUR 8 million and guarantees of AS Ekspress Meedia in the amount of 5 million;
- Commercial pledge on the assets of AS Printall in the amount of EUR 19 million;
- Trademarks Delfi, Eesti Ekspress, Maaleht and Eesti Päevaleht in the amount of 4.9 million;
- In addition, a mortgage has been set on the registered immovable and production facilities of AS Printall (as of 30.09.2019, the buildings carrying amount was EUR 3.1 million and the carrying amount of the registered immovable is 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 needs to keep the total debt/EBITDA ratio below 3.0. If the latter is lower than 2.5, the lowest interest margin is used. As of 30.09.2019, debt/EBITDA ratio calculated in accordance with the adjustments laid down in the loan contract was 2.66. According to the conditions of the loan agreement, the borrower also needs to keep the debt-service coverage ratio (DSCR) at least 1.2. As of 30.09.2019, DSCR ratio calculated in accordance with the adjustments laid down in the loan contract was 1.88. In addition, the liquidity reserve should be held at the bank in the amount of EUR 1 million.

In June 2019, SIA Delfi Tickets concluded a loan agreement with AS "Citadele banka" in the amount of EUR 3 million. The monthly repayment of the loan is in the amount of EUR 50 thousand. The interest rate of the loan is 6-month Euribor plus a margin of 3.30%-3.90%. The due date of the loan is 3 June 2024. The loan is secured by:

- the shares of SIA Biļešu Paradīze;
- a commercial pledge on the total assets of SIA Delfi Tickets that the company owns at the time of making a pledge entry, as well as the assets that the company will acquire thereafter;
- a commercial pledge on the total assets of SIA Delfi Tickets Service that the company owns at the time of making a pledge entry, as well as the assets that the company will acquire thereafter;
- a commercial pledge on the total assets of SIA Biļešu Paradīze that the company owns at the time of making a pledge entry, as well as the assets that the company will acquire thereafter;
- financial pledges on the funds of SIA Delfi Tickets, SIA Delfi Tickets and SIA Biļešu Paradīze Service at Citadele Bank
- a guarantee of AS Delfi (Latvia) in the amount of EUR 1 million.

In May 2019, AS Ekspress Grupp concluded a guarantee agreement with OP Finance AS to secure the obligations under the lease agreements of AS Printall to OP Finance AS in the amount of EUR 1.5 million with the due date of 5 December 2026.

### **Overdraft facilities**

As of 30.09.2019, the Group had entered into 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. As of 30.09.2019, the Group had used overdraft facilities in the amount of EUR 1 017 thousand. As of 31.12.2018, the Group had used overdraft facility in the amount of EUR 1 284 thousand.

### **Notes**

In October 2019, AS Ekspress Grupp issued 5 000 notes with the nominal value of EUR 1 000, interest rate of 6% per year and due date on the 8th anniversary of the issue date, i.e. 7 October 2027. Interest is paid once a year on the 7th of October.

The notes will be issued in a private placement to the pension funds managed by AS LHV Varahaldus. On 4 October 2019, AS Ekspress Grupp signed a subscription agreement with AS LHV Varahaldus, who is acting on behalf of pension funds (LHV Pension Fund XL, LHV Pension Fund L, and LHV Pension Fund M) to subscribe all the issued notes with the aggregate nominal value of 5 million euros.

The notes are subordinated to the outstanding loan Ekspress Grupp has borrowed from AS SEB Bank in January 2019 with the outstanding amount approximately 13.4 million euros on 30 September 2019. AS SEB Bank will have the

position of senior creditor and the notes are subordinated to the aforementioned loan from AS SEB Bank. The notes represent secured debt obligation of Ekspress Grupp before its shareholders and related parties. Notes are fully secured with the guarantee issued by OÜ Haep, owned 88% by AS Ekspress Grupp's ultimate shareholder Hans H. Luik.

From the proceeds of the notes, AS Ekspress Grupp will refinance its current loan of EUR 3.2 million from OÜ Aktiva Finants (100% owned by Hans H. Luik) and remaining EUR 1.8 million will be used for future investments. The loan with interest rate of 12% from OÜ Aktiva Finants was used as a bridge funding for the Group's larger acquisitions made in 2019. The Group has invested in the electronic ticket platform SIA Biļešu Paradīze ([bilesuparadize.lv](http://bilesuparadize.lv)) operating in Latvia and digital outdoor business OÜ Linna Ekraanid in Estonia. The Group is actively continuing with investments in order to strengthen the core existing activities and to support the group in carrying out the digital transformation.

According to the terms of the loan contract, the total debt / EBITDA ratio of AS Ekspress Grupp (using consolidated financial data) should be lower than 4.0 and the DSCR ratio should be at least 1.2.

## Note 8. Segment reporting

Operating segments have been specified by the management on the basis of the reports monitored by the 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 and advertising fliers, publication of books as well as sale of digital outdoor advertising in Estonia and Lithuania. The media segment also includes organisation of the technology and innovation conference *Login* in Lithuania and operation of the electronic ticket sales platform ([bilesuparadize.lv](http://bilesuparadize.lv)), ticket sales sites in Latvia, selling through them tickets to various entertainment events on behalf of event organisers and production studio for content creation.

This segment includes subsidiaries Ekspress Meedia AS, AS Delfi (Latvia), UAB Delfi (Lithuania), Delfi Holding SIA (Latvia), OÜ Hea Lugu (Estonia), OÜ Zave Media (Estonia - merged with Ekspress Meedia AS from 1 October 2018), ACM LV SIA (Latvia), Adnet Media (Lithuania, Estonia, Latvia) and Linna Ekraanid OÜ (from 1 March 2019 when AS Ekspress Grupp acquired a 100% ownership interest, previous ownership interest 50%), UAB Login Conferences (Lithuania - from March 2019), SIA Biļešu Paradīze (Latvia - from June 2019) and Videotinklas UAB (Lithuania - since August 2019).

This segment also includes the joint ventures AS Ajakirjade Kirjastus (until its reorganisation on 1 June 2018), AS Õhtuleht Kirjastus, Linna Ekraanid OÜ (until acquisition of an additional ownership interest on 1 March 2019) and AS Express Post engaged in home delivery of periodicals. 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, sale of advertising space in newspapers and magazines, revenue from subscriptions and single copy sales of newspapers and magazines, sale of books and miscellaneous book series, services fees for preparation of customer fliers and other projects as well as sale of digital outdoor advertising in Estonia, Latvia and Lithuania.

**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.

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 advisory, accounting and IT services to its group companies.

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 on an arm's length basis and they do not differ significantly from the conditions of the transactions concluded with third parties.

Q3 2019 (EUR thousand)	Media	Printing services	Corporate functions	Eliminations	Total Group
Sales to external customers (subsidiaries)	9 908	5 004	73	0	14 985
Effect of joint ventures	1 968	(120)	(33)	0	1 815
Inter-segment sales	0	725	472	(1 197)	0
<i>Total segment sales, incl. joint ventures</i>	<i>11 877</i>	<i>5 608</i>	<i>512</i>	<i>(1 197)</i>	<i>16 800</i>
EBITDA (subsidiaries)	1 188	357	(219)	(10)	1 317
EBITDA margin (subsidiaries)	12%	7%			9%
<i>EBITDA incl. joint ventures</i>	<i>1 277</i>	<i>357</i>	<i>(219)</i>	<i>(10)</i>	<i>1 405</i>
<i>EBITDA margin incl. joint ventures</i>	<i>11%</i>	<i>6%</i>			<i>8%</i>
Depreciation (subsidiaries) (Note 5)					1 010
Operating profit /(loss) (subsidiaries)					339
Investments (subsidiaries) (Note 5)					733

9 months 2019 (EUR thousand)	Media	Printing services	Corporate functions	Eliminations	Total Group
Sales to external customers (subsidiaries)	30 773	16 745	252	0	47 771
Effect of joint ventures	6 307	(389)	(104)	0	5 814
Inter-segment sales	4	2 432	1 410	(3 846)	0
<i>Total segment sales, incl. joint ventures</i>	<i>37 084</i>	<i>18 789</i>	<i>1 558</i>	<i>(3 846)</i>	<i>53 585</i>
EBITDA (subsidiaries)	2 988	1 465	(854)	(23)	3 576
EBITDA margin (subsidiaries)	10%	9%			7%
<i>EBITDA incl. joint ventures</i>	<i>3 292</i>	<i>1 465</i>	<i>(854)</i>	<i>(23)</i>	<i>3 880</i>
<i>EBITDA margin incl. joint ventures</i>	<i>9%</i>	<i>8%</i>			<i>7%</i>
Depreciation (subsidiaries) (Note 5)					2 986
Operating profit /(loss) (subsidiaries)					603
Investments (subsidiaries) (Note 5)					2 124

Q3 2018 (EUR thousand)	Media	Printing services	Corporate functions	Eliminations	Total Group
Sales to external customers (subsidiaries)	8 592	5 002	176	0	13 770
Effect of joint ventures	1 980	(117)	(37)	0	1 826
Inter-segment sales	1	728	477	(1 206)	0
<i>Total segment sales, incl. joint ventures</i>	<i>10 573</i>	<i>5 614</i>	<i>615</i>	<i>(1 206)</i>	<i>15 596</i>
EBITDA (subsidiaries)	625	440	(409)	0	656
EBITDA margin (subsidiaries)	7%	9%			5%
<i>EBITDA incl. joint ventures</i>	<i>616</i>	<i>440</i>	<i>(409)</i>		<i>647</i>
<i>EBITDA margin incl. joint ventures</i>	<i>6%</i>	<i>8%</i>			<i>4%</i>
Depreciation (subsidiaries) (Note 5)					746
Operating profit /(loss) (subsidiaries)					(90)
Investments (subsidiaries) (Note 5)					431

9 months 2018 (EUR thousand)	Media	Printing services	Corporate functions	Eliminations	Total Group
Sales to external customers (subsidiaries)	25 999	16 542	551	0	43 091
Effect of joint ventures	7 205	(578)	(112)	0	6 514
Inter-segment sales	4	2 227	1 565	(3 795)	0
<i>Total segment sales, incl. joint ventures</i>	33 208	18 190	2 004	(3 795)	49 606
EBITDA (subsidiaries)	2 022	1 924	(1 042)	0	2 905
EBITDA margin (subsidiaries)	8%	12%			7%
<i>EBITDA incl. joint ventures</i>	2 108	1 924	(1 042)		2 991
<i>EBITDA margin incl. joint ventures</i>	6%	11%			6%
Depreciation (subsidiaries) (Note 5)					2 204
Operating profit /(loss) (subsidiaries)					700
Investments (subsidiaries) (Note 5)					1 663

## 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 2019	Q3 2018	9 months 2019	9 months 2018
Profit attributable to equity holders	20 005	(386 146)	(243 201)	268 164
Average number of ordinary shares	29 779 314	29 779 314	29 779 314	29 779 314
Basic and diluted earnings per share	0.00	(0.01)	(0.01)	0.01

As the Group had no instruments diluting earnings per share as of 30.09.2019 and 31.12.2018 **diluted net profit per share** was equal to regular net profit per share.

## Note 10. Share option plan

In June 2017, the General Meeting of Shareholders approved the share option plan of new key employees.

As of 30.09.2019, 784 thousand options (as of 31.12.2018; 736 thousand options), each of which grants the right to receive one share of the company free of charge. As a rule, 1/3 of the options can be earned in each calendar year. Equity options can be used from December 2020.

Equity options are cash-settled share-based payments. When entering into contracts, options were accounted for at their fair value and reported on the one hand in the income statement as labour costs and, on the other hand, as a liability. As of 30.09.2019, the liability of this stock option amounted to EUR 622 thousand.

The fair value of the equity option is found by using the Black-Scholes-Merton model. Assumptions used in the model: the price of the share upon issue of the option: 0.79-1.35, dividend rate: EUR 0.06-0.07 per share, risk-free interest rate: 1.10% - 1.38%, option term: 3 years.

In order to meet the obligations related to the options, the company will buy shares from the market. Key employees have the right to sell their shares within two to three months after the sale of the options to the company and the company is required to repurchase these shares. Shares are redeemed based on their current market value.

## Note 11. Equity and dividends

### Share capital and share premium

As of 30 September 2019 and 31 December 2018, the share capital of AS Ekspress Grupp is EUR 17 878 105 and it consists 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 25 564 656.

### Treasury shares

A Within the framework of the CEO's share option plan which was in place in 2013-2016, the company purchased treasury shares. As of 30.09.2019, the Company had 17 527 treasury shares in the total amount of EUR 22 000 to be used for the current share option plan.

### Dividends

On 3 July 2018, shareholders were paid dividends in the total amount of 7 cents per share in the total amount of EUR 2.1 million. There was 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 income tax on dividends or the profit which has already been taxed in its domicile. Therefore, there will be no additional income tax to be paid on distribution of dividends from the Parent Company. As of 30.09.2019, it is possible to distribute dividends without income tax payment in the total amount of EUR 24.2 million.

### Reserves

The reserves include statutory reserve capital required by the Commercial Code and a general-purpose equity contribution by a founding shareholder.

(EUR thousand)	EUR	
	30.09.2019	31.12.2018
Statutory reserve capital	1 049	1 049
Additional cash contribution from shareholder	639	639
<b>Total reserves</b>	<b>1 688</b>	<b>1 688</b>

## 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 (EUR thousand)	9 months 2019	9 months 2018
<b>Sales of services</b>		
Members of Supervisory Board and companies related to them	68	13
Associates	119	128
Joint ventures	1 077	1 444
<b>Total sale of services</b>	<b>1 264</b>	<b>1 585</b>



<b>PURCHASES (EUR thousand)</b>	<b>9 months 2019</b>	<b>9 months 2018</b>
<b>Purchase of services</b>		
Members of Management Board and companies related to them	15	10
Members of Supervisory Board and companies related to them	405	292
Associates	66	74
Joint ventures	980	708
<b>Total purchases of services</b>	<b>1 466</b>	<b>1 084</b>

<b>RECEIVABLES (EUR thousand)</b>	<b>30.09.2019</b>	<b>31.12.2018</b>
<b>Short-term receivables</b>		
Members of Supervisory Board and companies related to them	4	2
Associates	86	21
Joint ventures	177	251
<b>Total short-term receivables</b>	<b>267</b>	<b>274</b>
<b>Long-term receivables</b>		
Associates	135	160
Joint ventures	0	568
<b>Total long-term receivables</b>	<b>135</b>	<b>728</b>
<b>Total receivables</b>	<b>402</b>	<b>1 001</b>

<b>LIABILITIES (EUR thousand)</b>	<b>30.09.2019</b>	<b>31.12.2018</b>
<b>Current liabilities</b>		
Members of Management Board and companies related to them	2	2
Members of Supervisory Board and companies related to them	179	10
Associates	3	3
Joint ventures	233	132
<b>Total current liabilities</b>	<b>418</b>	<b>147</b>
<b>Non-current liabilities</b>		
Members of Supervisory Board and companies related to them	2 696	0
<b>Total non-current liabilities</b>	<b>2 696</b>	<b>0</b>
<b>Total liabilities</b>	<b>3 114</b>	<b>147</b>

On 8 March 2019, the Group concluded a loan agreement with Aktiva Finants OÜ in the amount of EUR 550 thousand, with the interest rate of 12% and due date of 11 March 2021. The Group used the loan to fund the acquisition of the additional 50% ownership interest in OÜ Linna Ekraanid.

On 13 May 2019, the Group concluded a loan agreement with Aktiva Finants OÜ in the amount of EUR 1 950 thousand, with the interest rate of 12% and due date of 30 May 2021. The Group used the loan to fund the acquisition of the 100% ownership interest in SIA Biļešu Paradīze.

On 28 May 2019, the Group concluded a loan agreement with Aktiva Finants OÜ in the amount of EUR 660 thousand, with the interest rate of 12% and due date of 31 May 2021. The Group used the loan to fund the acquisition of semi-finished product collection systems for magazine web press and flow-feed systems for binding machines with loading equipment for semi-finished product. Hans H. Luik has a 100% ownership interest in Aktiva Finants OÜ.

In October 2019, AS Ekspress Grupp will refinance its current loan of EUR 3.2 million from OÜ Aktiva Finants (100% owned by Hans H. Luik) from the proceeds of the notes. In October 2019, AS Ekspress Grupp issued 5 000 notes with the nominal value of EUR 1 000.

According to the decision adopted at the general meeting that was held on 2 June 2009 and 4 May 2012, for his personal guarantee Hans H. Luik will be paid a guarantee fee of 1.5% per annum on the guarantee amount of EUR 4 million until the guarantee expires. In the first 9 months 2019, a payment of EUR 45 thousand (9 months 2018: 45 thousand) was paid for the personal guarantee and there are no outstanding liabilities as of 30 September 2019 and 31 December 2018.

The Group's management estimates that the transactions with related parties have been carried out on an arm's length basis.

#### Remuneration of members of the Management Boards of the consolidation group

(EUR thousand)	9 months 2019	9 months 2018
Salaries and other benefits (without social tax)	1 253	1 095
Termination benefits (without social tax)	16	14
Share option	61	107
<b>Total (without social tax)</b>	<b>1 330</b>	<b>1 216</b>

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 12 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 30.09.2019, the maximum gross amount of potential Key Management termination benefits was EUR 678 thousand (31.12.2018: EUR 634 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.