



AS EKS PRESS GRUPP

GROUP

**Consolidated Interim Report for
the Fourth Quarter and 12 Months of 2018
(unaudited)**

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GENERAL INFORMATION

| | |
|-------------------------------|--|
| Company name | AS Ekspress Grupp |
| Registration number | 10004677 |
| Address | Parda 6, Tallinn 10151 |
| Phone | 669 8381 |
| Fax | 669 8081 |
| E-mail | egrupp@egrupp.ee |
| Internet homepage | egrupp.ee |
| Main field of activity | Media and related activities |
| Beginning of reporting period | 1 January 2018 |
| End of reporting period | 31 December 2018 |
| Financial year | 1 January - 31 December |
| Management Board | Mari-Liis Rüütsalu Signe Kukin Kaspar Hanni |
| Supervisory Board | Ahto Päril Hans H. Luik Harri Helmer Roschier 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 43 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> | 28.02.2019 |
| Signe Kukin | member of the Management Board | <i>signed digitally</i> | 28.02.2019 |
| Kaspar Hanni | member of the Management Board | <i>signed digitally</i> | 28.02.2019 |

BRIEF OVERVIEW

AS Ekspress Grupp is the leading media group in the Baltic States that owns the most well-known online media portals in Estonia, Latvia and Lithuania, publishes the most popular newspapers and magazines and arranges their home delivery in Estonia. In addition to its own periodicals, it also provides printing services to other Estonian and foreign customers.

In addition to creating of high-quality and reliable media content, Ekspress Group also aims at providing more entertainment and experiences.

In planning its activities, each group entity independently takes into account the specifics of its field of activity, market and development stage. The objective of the media segment is to provide high-quality and diverse leading journalism in online channels that is based on the principles of free journalism. The printing services segment is characterised by innovative solutions and environmentally-friendly production.

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%.

News portals owned by the Group

| Owner | Portal | Owner | Portal |
|--------------------|--|-----------------------|--|
| AS Ekspress Meedia | www.delfi.ee | AS Ekspress Meedia | www.ekspress.ee |
| | rus.delfi.ee | | www.maaleht.ee |
| Delfi A/S | www.delfi.lv | | www.epl.ee |
| | rus.delfi.lv | | |
| Delfi UAB | www.delfi.lt | AS Õhtuleht Kirjastus | www.ohhtuleht.ee |
| | ru.delfi.lt | | www.vecherka.ee |

Ekspress Grupp in figures (2018)

Almost **1700**
EMPLOYEES

READERSHIP OF OVER
3 million
IN PORTALS THROUGHOUT THE BALTIC STATES

32
REGULARLY PUBLISHED MISCELLANEOUS
PERIODICALS IN ESTONIA

110 000
DIGITAL SUBSCRIPTIONS

23%
ONLINE REVENUE GROWTH

REVENUE
EUR 69 million

EBITDA
EUR 4.2 million

PAID DIVIDENDS TO SHAREHOLDERS
EUR 2.1 million

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 1.4 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.

Babahn Media OÜ
Estonia



Babahn 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 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.

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

MANAGEMENT REPORT

MANAGEMENT'S COMMENTS

The business volumes of AS Ekspress Grupp increased both in the fourth quarter as well as over the 12-month period. The consolidated revenue for the fourth increased by 11% amounting to EUR 19.5 million and the revenue for 12 months increased by 8% amounting to EUR 69.1 million. The consolidated digital revenue over for 12 months increased by 23% (2017: 16%) as compared to the same period last year and made up 38% (2017: 33%) of total revenue.

Consolidated profit before interest, tax, depreciation and amortization (EBITDA) amounted to EUR 1.2 million in the fourth quarter and EUR 4.2 million over the 12-month period. As compared to the same period in 2017, EBITDA decreased by EUR 0.3 million in the fourth quarter and EUR 2.5 million over 12 months. The continued fast growth of digital revenue, especially in Estonia and Lithuania, had a positive impact on profitability. Performance was under pressure due to strong price competition and growth of input prices in the printing services segment as well as for paper periodicals in media segments. The Group's printing company is under a strong price pressure due to falling circulations, leading to a higher-than-expected decline in the segment's profitability. The performance was also impacted by higher input prices, including primarily labour, electricity and paper costs. The latter has also had an impact on the Group's publishing companies Ekspress Meedia and Õhtuleht Kirjastus.

The results of the second half of the year include significant amount of one-off costs related to the reorganisation of the work of the areas of activity of AS Ajakirjade Kirjastus both in the organisations of AS Ekspress Meedia as well as AS Õhtuleht Kirjastus. At the end of 2018, the Group witnessed efficiency growth, and its other web platforms positively complemented the content of paper magazines, therefore we see an increase in efficiency here in 2019.

In addition, in the fourth quarter the Group had to write off part of the carrying amount of the book warehouse taken over from AS Ajakirjade Kirjastus at the end of 2017 which was higher as compared to the actual realisable value of the books. The effect of one-off costs over the 12 months of 2018 amounts to ca EUR 0.9 million.

The Group's strategy is aimed at increasing its digital revenue while continuing to create high-quality content that is well received by readers. We will also continue to increase our efficiency in all areas. Revenue growth is increasingly negatively impacted by the fact that two global groups, Facebook and Google, have grown to a noticeable market share of the Baltic advertising markets. However, the local states have no overview of the advertising volumes sold to these countries. The advertising competition is also complicated by the fact that unlike local media companies, the advertising giants do not have to pay taxes on their advertising revenue in Estonia, Latvia or Lithuania, because they reportedly sell their internet advertising to our markets via their Irish subsidiaries.

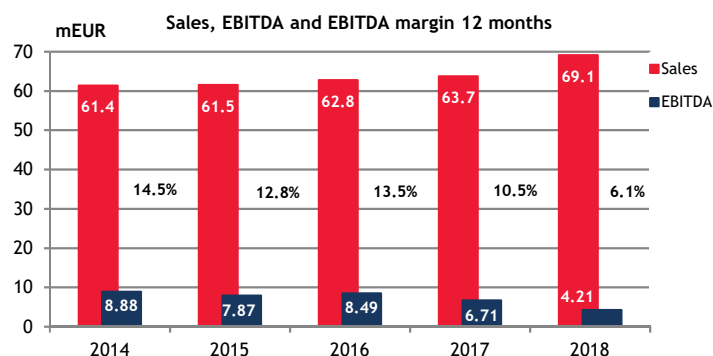
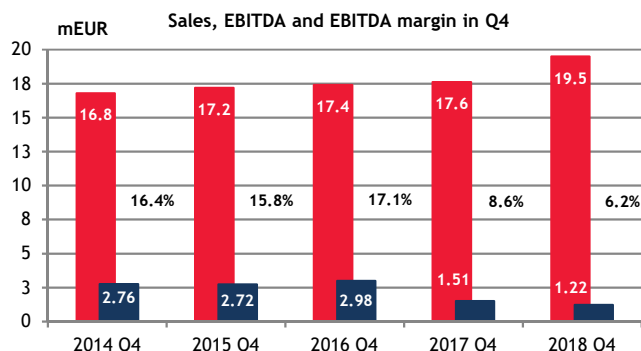
The Group is in a situation where alleviation of the problems stemming from social media falls on the shoulders of local media while advertising revenue is shifting tax-free to large foreign companies. Neither of the large platforms fosters or takes into account the interests of local state.

In the fourth quarter, Group's biggest media company AS Ekspress Meedia organised several concerts, among which it is worth mentioning: Kadri Voorand's concert in Saku Suurhall, year's best star Nublu concert in Tartu and among sports events, the ice hockey games of Helsingin Jokerit for the first time took place in Estonia. Delfi Latvia implemented important special projects such as "100 years in 100 days", "Founders of Latvia" and launched several charity campaigns. Delfi Lithuania published a book related to the project "Pravieniskiu Mafija" that reached to TOP3 bestseller list in Lithuania.

Despite the increase of business volumes, the Group's profitability is under pressure and this primarily due to the intensifying competition in the media and printing services segment. In the upcoming periods, the management is going to pay attention to and is looking for additional opportunities to improve profitability and enhance efficiency.

SUMMARY OF THE RESULTS FOR THE FOURTH QUARTER AND 12 MONTHS

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



REVENUE

The consolidated revenue for the 4th quarter of 2018 totalled EUR 19.5 million (Q4 2017: EUR 17.6 million) and the revenue for the 12 months of 2018 totalled EUR 69.1 million (12 months 2017: EUR 63.7 million). Revenue increased by 8% as compared to last year. Revenue growth is primarily attributable to the acquisition of the majority holding of the provider of an advertising network and programmatic sales solutions Adnet Media in November 2017 which together with Delfi entities has significantly increased the Group's online revenue and its share in total revenue. By the end of the 4th quarter, the share of the Group's digital revenue increased to 38% of total revenue which is by far the highest percentage. The Group's digital revenue for the 12 months of 2018 increased by 23% as compared to the same period last year.

PROFITABILITY

In the 4th quarter of 2018, the consolidated EBITDA totalled EUR 1.22 million (Q4 2017: EUR 1.51 million) and over the 12 months of 2018, EBITDA was EUR 4.21 million (12 months 2017: EUR 6.71 million). EBITDA decreased by 37% as compared to last year. The EBITDA margin declined to 6.1% (12 months 2017: 10.5%). The consolidated net profit for the 12 months of 2018 was EUR 0.03 million (12 months 2017: EUR 3.15 million) and the net margin totalled 0.0% (12 months 2017: 4.9%). The decline in profitability was primarily related to the intensifying competition of the printing services segment and the increase in input prices. In addition, it was related to the decline in the revenue of print media and higher home delivery and labour costs (growth +8% vs 12 months 2017) as well as one-off costs (12 months 2018: EUR 0.90 million), which mainly related to reorganisation and extraordinary allowance of books booked in 4th quarter. There is additional loss on shares of associates and from other financial investments in the 4th quarter (12 months 2018: EUR 0.27 million).

CASH POSITION

At the end of the reporting period, the Group had available cash by proportional consolidation in the amount of EUR 2.2 million and equity in the amount of EUR 50.4 million (64% of total assets). The comparative information as of 31 December 2017 were EUR 2.8 million and EUR 52.5 million (66% of total assets), respectively. As of 31 December 2018, the Group's net debt totalled EUR 13.3 million (31 December 2017: EUR 13.0 million).

BUSINESS OPERATIONS

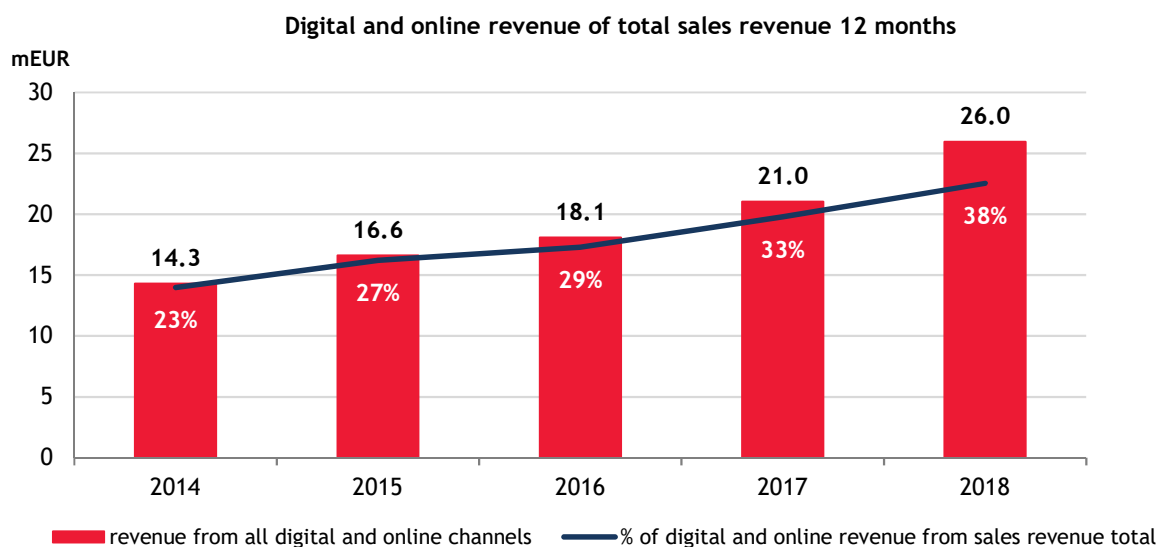
In the consolidated financial reports 50% joint ventures are recognised under the equity method, in compliance with **International Financial Reporting Standards (IFRS)**. In its monthly reports, the management monitors the Group's performance on the basis of proportional consolidation of joint ventures 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.

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

| Performance indicators - joint ventures consolidated 50% (EUR thousand) | Q4 2018 | Q4 2017 | Change % | 12 months 2018 | 12 months 2017 | Change % |
|--|---------------|--------------|--------------|----------------|----------------|-------------|
| For the period | | | | | | |
| Sales revenue | 19 490 | 17 606 | 11% | 69 096 | 63 699 | 8% |
| EBITDA | 1 215 | 1 512 | -20% | 4 206 | 6 713 | -37% |
| EBITDA margin (%) | 6.2% | 8.6% | | 6.1% | 10.5% | |
| Operating profit* | 249 | 630 | -60% | 944 | 3 526 | -73% |
| <i>Operating margin* (%)</i> | <i>1.3%</i> | <i>3.6%</i> | | <i>1.4%</i> | <i>5.5%</i> | |
| Interest expenses | (141) | (104) | -36% | (458) | (427) | -7% |
| Net profit/(loss)* for the period | (240) | 508 | -148% | 25 | 2 952 | -99% |
| Net margin* (%) | -1.2% | 2.8% | | 0.0% | 4.6% | |
| Net profit (-loss) for the period in the financial statements (incl. write-downs and gain from change in ownership interest) | (240) | 703 | -134% | 25 | 3 146 | -99% |
| Net margin (%) | -1.2% | 4.0% | | 0.0% | 4.9% | |
| <i>Return on assets ROA (%)</i> | <i>-0.3%</i> | <i>0.9%</i> | | <i>0.0%</i> | <i>4.1%</i> | |
| <i>Return on equity (%)</i> | <i>-0.5%</i> | <i>1.3%</i> | | <i>0.0%</i> | <i>6.1%</i> | |
| Earnings per share (EPS) | (0.01) | 0.02 | | 0.00 | 0.11 | |

* The results reflect the outcome of regular business activities and do not include impairment losses on goodwill, gains from the changes in ownership interests in joint ventures, etc.



Financial indicators and ratios under the equity method are disclosed on pages 14-15 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, outdoor digital screen advertising in Estonia and Latvia, publishing of the Estonian weekly newspapers Maaleht, Eesti Ekspress and LP, the daily newspaper Päevaleht, tabloid Õhtuleht, freesheet Linnaleht, publishing of books and magazines in Estonia, publishing of magazines in Lithuania until December 2017 and providing home delivery services.

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 and other fees payable to advertising agencies are deducted from the advertising sales of segments.

Key financial indicators for segments

| (EUR thousand) | Revenue | | | | | |
|---|---------------|---------------|------------|----------------|----------------|------------|
| | Q4 2018 | Q4 2017 | Change % | 12 months 2018 | 12 months 2017 | Change % |
| Media segment (under equity method) | 11 246 | 8 862 | 27% | 37 248 | 31 753 | 17% |
| <i>incl. revenue from all digital and online channels</i> | 7 093 | 5 944 | 19% | 24 561 | 19 963 | 23% |
| Printing services segment | 7 052 | 6 496 | 9% | 25 242 | 23 879 | 6% |
| Corporate functions | 338 | 686 | -51% | 2 341 | 2 486 | -6% |
| Inter-segment eliminations | (1 238) | (1 029) | | (4 342) | (4 048) | |
| TOTAL GROUP under equity method | 17 398 | 15 016 | 16% | 60 489 | 54 070 | 12% |
| Media segment (by proportional consolidation) | 13 509 | 11 782 | 15% | 46 716 | 42 604 | 10% |
| <i>incl. revenue from all digital and online channels</i> | 7 482 | 6 272 | 19% | 25 954 | 21 024 | 23% |
| Printing services segment | 7 052 | 6 496 | 9% | 25 242 | 23 879 | 6% |
| Corporate functions | 338 | 686 | -51% | 2 341 | 2 486 | -6% |
| Inter-segment eliminations | (1 409) | (1 358) | | (5 204) | (5 270) | |
| TOTAL GROUP by proportional consolidation | 19 490 | 17 606 | 11% | 69 096 | 63 699 | 8% |

| (EUR thousand) | EBITDA | | | | | |
|--|--------------|--------------|-------------|----------------|----------------|-------------|
| | Q4 2018 | Q4 2017 | Change % | 12 months 2018 | 12 months 2017 | Change % |
| Media segment (under equity method) | 1 333 | 1 168 | 14% | 3 355 | 3 729 | -10% |
| Media segment (by proportional consolidation) | 1 221 | 1 089 | 12% | 3 329 | 4 181 | -20% |
| Printing services segment | 479 | 952 | -50% | 2 403 | 3 734 | -36% |
| Corporate functions | (450) | (529) | 15% | (1 492) | (1 201) | -24% |
| Inter-segment eliminations | (3) | 0 | | (2) | 0 | |
| TOTAL GROUP under equity method | 1 359 | 1 590 | -15% | 4 263 | 6 261 | -32% |
| TOTAL GROUP by proportional consolidation | 1 215 | 1 512 | -20% | 4 206 | 6 713 | -37% |

| EBITDA margin | Q4 2018 | Q4 2017 | 12 months 2018 | 12 months 2017 |
|--|-----------|------------|----------------|----------------|
| Media segment (under equity method) | 12% | 13% | 9% | 12% |
| Media segment (by proportional consolidation) | 9% | 9% | 7% | 10% |
| Printing services segment | 7% | 15% | 10% | 16% |
| TOTAL GROUP under equity method | 8% | 11% | 7% | 12% |
| TOTAL GROUP by proportional consolidation | 6% | 9% | 6% | 11% |

MEDIA SEGMENT

ONLINE MEDIA

Related to Gemius changes to online readership survey methodology in the Baltic states, we continue to revise our coverage of online media (readership statistics are not comparable to earlier data).

Important progress and significant accomplishments per country are listed below.

Estonia

Significant developments and accomplishments during the quarter:

- Ekspress Meedia renewed versions of Eesti Ekspress web portal and mobile app.
- Ekspress Meedia organised several successful events such as concerts of Kadri Voorand, 2 Quick Start and Nublu as well as hockey weekend with Helsingin Jokerit.
- Ekspress Meedia launched new Delfi platform.
- Ekspress Meedia posted all-time highest results in digital subscriptions.
- Ekspress Meedia launched a new platform for podcasts called Delfi Tasku. Podcasts are enjoying good listenership numbers.
- Õhtuleht launched new layout of the entire ohtuleht.ee portal.
- Õhtuleht grew strongly in digital subscriptions and during the quarter posted highest results in 2018.

Latvia

Significant developments and accomplishments during the quarter:

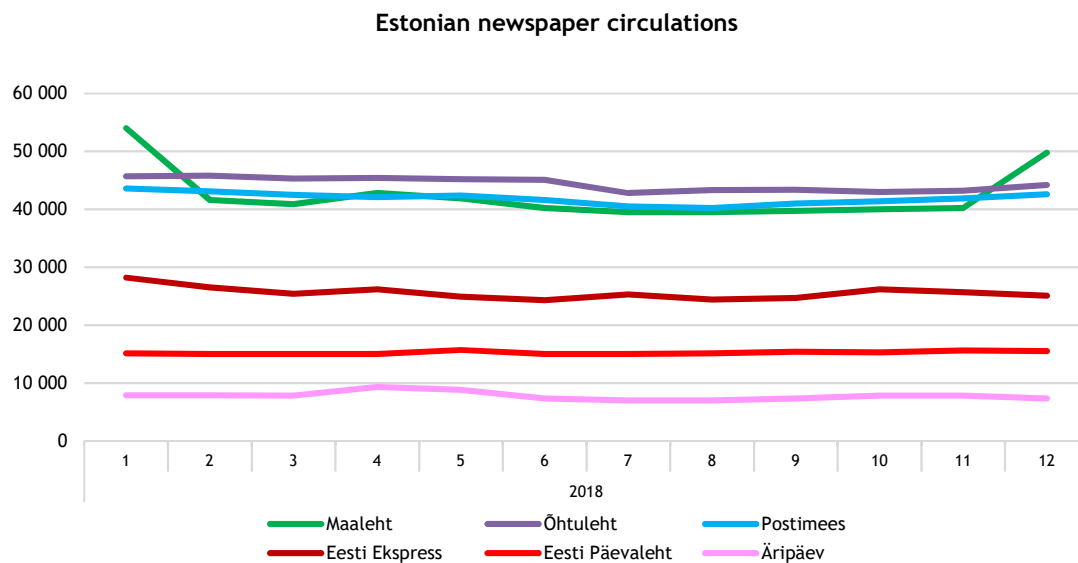
- Delfi carried out successful special projects "100 years in 100 days", "10 years after Parex bank crash", "Founders of Latvia", "Top: 2018 Year in Review" among others.
- Cālis got an appreciation prize from the Ombudsman of Latvia for support of disabled persons, especially children.
- Delfi was represented on Digital Freedom festival with Delfi Media Lab Stage featuring international guest speakers.
- Delfi launched successful social and charity campaign for caregivers of disabled relatives.
- Delfi media partnerships included Latvian National Film Award "Lielais Kristaps", Latvian National Theater Award and Techchill conference.
- Delfi launched a renewed version of its news portal.
- Delfi launched a new subsection of popular podcasts providing the biggest collection of Latvian podcasts in one place.

Lithuania

Significant developments and accomplishments during the quarter:

- Delfi launched a physical book related to the "Pravieniskiu Mafia" project, that reached TOP3 best-selling book status.
- Delfi together with 100 children took a plane to Lapland and met with the Santa Claus, deers and huskies: <https://www.delfi.lt/apps/laplandija/>.
- Delfi journalists Edgaras Savickas and Tomas Janonis were recognised for anticorruption publications by Lithuanian Journalists' Union and Transparency International.
- Delfi launched a new podcasts platform <https://www.delfi.lt/klausyk/>
- Delfi launched a renewed version of its IOS app.

PRINT MEDIA



Based on Estonian Newspaper Association data, the daily newspaper with the largest circulation in Estonia for 2018 full year continues to be Õhtuleht. For January and December, the largest newspaper was Maaleht. During the last 12 months, 5 largest newspapers have declined in circulation in total by ca 10 600 copies.

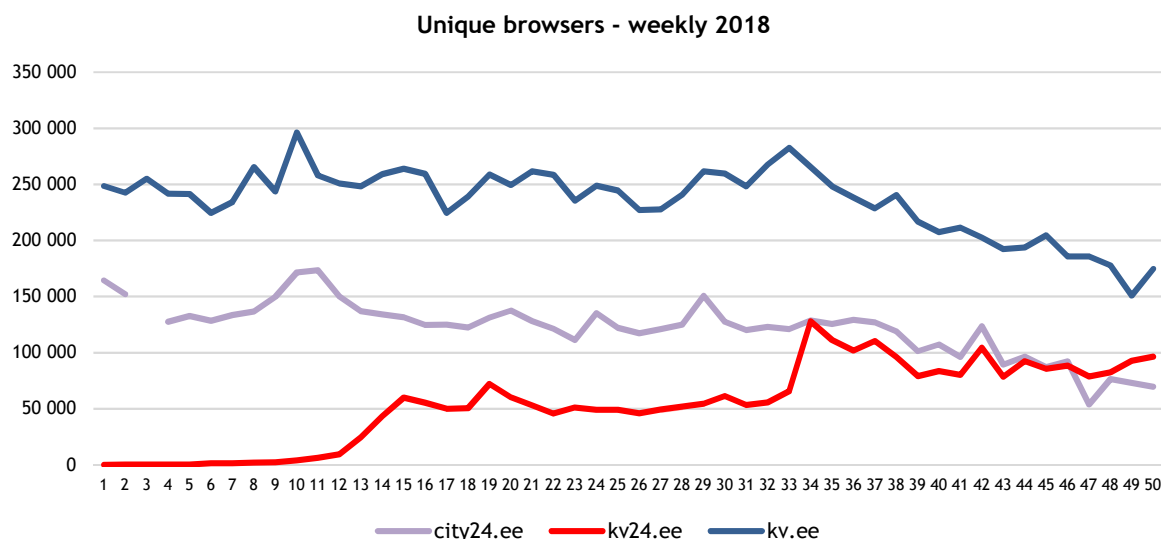
In the 4th quarter of 2018, the revenue in the media segment totalled EUR 13.5 million (Q4 2017: EUR 11.8 million) and in the 12 months of 2018, the revenue totalled EUR 46.7 million (12 months 2017: EUR 42.6 million). Revenue increased by 10% as compared to last year. Revenue growth is primarily attributable to the acquisition of the majority holding of the provider of an advertising network and programmatic sales solutions Adnet Media last November which together with Delfi entities has significantly increased the Group's online revenue and its share in total revenue.

Digital media is in growth and despite of hard competition we haven't lost market share and revenues are increasing. By the end of the 4th quarter, the share of the Group's digital revenue increased to 38% of total revenue. The Group's digital revenue for the 12 months of 2018 increased by 23% as compared to the same period last year.

In the 4th quarter of 2018, the media segment's EBITDA was EUR 1.2 million (Q4 2017: EUR 1.1 million) and in the 12 months of 2018, the EBITDA was EUR 3.3 million (12 months 2017: EUR 4.2 million), decreasing by 20% as compared to last year. Lower profitability is related to the decline in print media and higher printing, home delivery and labour costs, EUR 0.5 million one-off costs related to reorganisation (AS Ajakirjade Kirjastus) and EUR 0.1 million related to write-off books.

On 1 June 2018, the reorganisation of the joint venture Ajakirjade Kirjastus took place. The publishing of monthly magazines was primarily moved to Ekspress Meedia and that of weekly magazines to Õhtuleht Kirjastus (former name SL Õhtuleht). From the same date, Ajakirjade Kirjastus and SL Õhtuleht were considered as merged and it carries the name of Õhtuleht Kirjastus now.

REAL ESTATE PORTAL



By the end of the 4th quarter, with its marketing and sales activities the real estate portal [Kinnisvara24.ee](https://kinnisvara24.ee) managed to surpass its main competitor city24.ee both in terms of the number of advertisements as well as the number of visitors.

At the end of December, there were 23 660 advertisements on the site [Kinnisvara24.ee](https://kinnisvara24.ee) which was 3% more than those of the portal city24.ee. In December, it had 8% more unique visitors than its competitor.

As of the end of December, 315 real estate companies and 635 regular users had published their advertisements in the portal. The number of brokers that had joined the portal totalled 1 780.

PRINTING SERVICES SEGMENT

In the 4th quarter of 2018, the revenue of AS Printall totalled EUR 7.1 million (Q4 2017: EUR 6.5 million) and in the 12 months of 2018, the revenue totalled EUR 25.2 million (12 months 2017: EUR 23.9 million). Revenue increased by 6% as compared to last year that is mainly impacted by a higher paper prices. Printing revenues have decreased in Estonia partially due to decline in printing media and promotional leaflets used by large supermarket chains. In the 4th quarter of 2018, EBITDA was EUR 0.5 million (Q4 2017: EUR 1.0 million) and in the 12 months of 2018, it was EUR 2.4 million (12 months 2017: EUR 3.7 million). EBITDA declined by 36% as compared to last year. This is mainly impacted by increased input prices (paper, labour, electricity and gas etc) and also tightened competition where sales margins are under pressure.

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 of labour, paper and electricity is another major challenge.

The revenue of AS Printall over the 12 months of 2018 outside of Estonia is 61% (12 months 2017: 57%).

FINANCIAL INDICATORS AND RATIOS

| Performance indicators - joint ventures under equity method (EUR thousand) | Q4 2018 | Q4 2017 | Change % | 12 months 2018 | 12 months 2017 | Change % |
|---|---------------|--------------|--------------|----------------|----------------|-------------|
| For the period | | | | | | |
| Sales revenue | 17 398 | 15 016 | 16% | 60 489 | 54 070 | 12% |
| EBITDA | 1 359 | 1 590 | -15% | 4 263 | 6 261 | -32% |
| EBITDA margin (%) | 7.8% | 10.6% | | 7.0% | 11.6% | |
| Operating profit* | 511 | 840 | -39% | 1 211 | 3 475 | -65% |
| <i>Operating margin * (%)</i> | <i>2.9%</i> | <i>5.6%</i> | | <i>2.0%</i> | <i>6.4%</i> | |
| Interest expenses | (138) | (97) | -43% | (443) | (400) | -11% |
| Profit (loss) on shares of joint ventures under equity method | (261) | (233) | -12% | (273) | (2) | -16767% |
| Net profit/(loss) for the period* | (240) | 508 | -147% | 25 | 2 952 | -99% |
| Net margin* (%) | -1.4% | 3.4% | | 0.0% | 5.5% | |
| Net profit / (-loss) in the financial statements (incl. write-downs and gain from a change in ownership interest) | (240) | 703 | -134% | 25 | 3 146 | -99% |
| <i>Net margin (%)</i> | <i>-1.4%</i> | <i>4.7%</i> | | <i>0.0%</i> | <i>5.8%</i> | |
| <i>Return on assets ROA (%)</i> | <i>-0.3%</i> | <i>0.9%</i> | | <i>0.0%</i> | <i>4.2%</i> | |
| <i>Return on equity (%)</i> | <i>-0.5%</i> | <i>1.3%</i> | | <i>0.0%</i> | <i>6.1%</i> | |
| Earnings per share (EPS) | (0.01) | 0.02 | | 0.00 | 0.11 | |

* The results reflect the outcome of regular business activities and do not include impairment losses on goodwill, gains from the changes in ownership interests in joint ventures, etc.

Financial indicators and profitability ratios by proportional consolidation are disclosed on page 9 of the financial statements.

| Balance sheet (EUR thousand) | joint ventures consolidated 50% | | | joint ventures under equity method | | |
|------------------------------------|---------------------------------|---------------|-------------|------------------------------------|---------------|------------|
| | 31.12.2018 | 31.12.2017 | Change % | 31.12.2018 | 31.12.2017 | Change % |
| As of the end of the period | | | | | | |
| Current assets | 15 631 | 16 725 | -7% | 13 831 | 13 827 | 0% |
| Non-current assets | 63 286 | 62 597 | 1% | 62 907 | 62 130 | 1% |
| Total assets | 78 917 | 79 322 | -1% | 76 738 | 75 957 | 1% |
| <i>incl. cash and bank</i> | <i>2 228</i> | <i>2 818</i> | <i>-21%</i> | <i>1 268</i> | <i>1 073</i> | <i>18%</i> |
| <i>incl. goodwill</i> | <i>39 799</i> | <i>39 920</i> | <i>0%</i> | <i>37 969</i> | <i>37 969</i> | <i>0%</i> |
| Current liabilities | 14 207 | 11 081 | 28% | 12 186 | 8 372 | 46% |
| Non-current liabilities | 14 276 | 15 747 | -9% | 14 118 | 15 091 | -6% |
| Total liabilities | 28 483 | 26 828 | 6% | 26 304 | 23 463 | 12% |
| <i>incl. borrowings</i> | <i>15 554</i> | <i>15 791</i> | <i>-2%</i> | <i>15 474</i> | <i>15 257</i> | <i>1%</i> |
| Equity | 50 434 | 52 494 | -4% | 50 434 | 52 494 | -4% |

| Financial ratios (%) | joint ventures consolidated 50% | | joint ventures under equity method | |
|---------------------------|------------------------------------|------------|---------------------------------------|------------|
| | 31.12.2018 | 31.12.2017 | 31.12.2018 | 31.12.2017 |
| Equity ratio (%) | 64% | 66% | 66% | 69% |
| Debt to equity ratio (%) | 31% | 30% | 31% | 29% |
| Debt to capital ratio (%) | 21% | 20% | 22% | 21% |
| Total debt/EBITDA ratio | 3.70 | 2.35 | 3.63 | 2.44 |
| Liquidity ratio | 1.10 | 1.51 | 1.13 | 1.65 |

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 |
| Net margin* (%) | Net margin*/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 |

* The results reflect the outcome of regular business activities and do not include impairment losses on goodwill, gains from the changes in ownership interests in our joint ventures, etc.

RESPONSIBILITY OF A MEDIA GROUP IN THE SOCIETY

As a media group operating in three Baltic States, Ekspress Group plays a key role in consolidating and shaping local societies. This is the responsibility to create professional journalistic content in a high-quality, reliable and ethical manner.

The broader social responsibility of group companies stems primarily from six aspects.

| The society expects high-quality, reliable and ethical media space | | | |
|---|--|---|---|
| Satisfaction of over 3 million end consumers shaped by: quality and continuity of content and services as well as data protection. | Dependence of today's media business on advertising customers involves careful monitoring of the line between journalistic content and advertising. | Employer for almost 1700 people means both a risk and an opportunity: stressful but exciting work related to the trends in the field, intense competition to attract talent. | Sustainable arrangement of unavoidable environmental impact of printing is a prerequisite for success in export markets while also becoming part of the requirements of customers. |
| The broader public and the related parties of Ekspress Group's assume that group companies are managed in an honest, law-abiding and ethical manner. | | | |

The key role of the Group's media companies is to provide information to people, bring transparency, honesty and equality to the society. The objective of the journalists of Ekspress Group is to create fact-based and true content placed in the reference system. The work of media companies is guided by awareness that the information space of an increasing number of groups in a society is primarily shaped by social media, information abundance and different capabilities of ordinary people to separate manipulation and deliberate misinformation from truth.

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.

MEDIA DISTINCTIONS AND AWARDS IN 2018

Estonia

In March 2018, the **Estonian Newspaper Association** announced the winners of "Press Awards 2017", which included several employees and publications of Ekspress Group.

- The journalist of the year 2017 is **Madis Jürgen** from Eesti Ekspress.
- **Mihkel Tamm** from Eesti Päevaleht won the Estonian Young Journalist Award.
- The winner in the multimedia category was the article on Rail Baltic published in Delfi in March 2017, the authors of which were **Tanel Saarmann, Aivar Õepa, Sigrid Salutee, Ester Vaitmaa, Kerttu Pass, Madis Veltman, Andres Putting, Priit Simson, Hendrik Osula, Eiliki Pukk, Karin Kaljuläte, Siim Solman, Ago Tammik, Heleri Kuris, Liisi Viskus, Alari Heinsoo, Karl-Erik Leik and Mart Nigola**.
- The winner in the news category was **Sulev Vedler** from Eesti Ekspress with articles "Wrong Patient, Wrong Blood. The Nurse's Fatal Mistake", "PERH under pressure. The story of the hospital nurse who made the fatal blood transfusion is gaining momentum" and "How much does human life in Estonia cost? Zero euros or several millions?"
- The winner in the feature article category was **Madis Jürgen** with his articles published in Eesti Ekspress "The Unusual Prisoner" and "The Last Summer of the Former Police Chief".
- In the category of layout of nationwide newspapers, the silver award went to Eesti Ekspress (May 3 and November 8 issues) and the bronze went to Õhtuleht (December 23 and 28 issues).
- In the features category of the nationwide newspapers, the gold award went to the cover story published in Eesti Ekspress Areen "The Woman behind November". Silver went to the article published in Õhtuleht "French Fries: Street Food or Restaurant Dish?" Bronze went to the Õhtuleht article "Parents Say that Clowns are Horrible. And Children Believe Them!" and "Mom! There is Still Hope!" published in Eesti Ekspress.
- The bronze awards of the open group went to the article in LP on the total transformation of Ott Kiivikas "From a Skinny Basketball Player to Mister Olympia" and the covers of Eesti Päevaleht "I'll Stay".
- In the category of web pages, two silver awards were issued, one of them to the Õhtuleht web page.
- In the category of digital individual projects, Delfi's "We Love Tangerines" won the Gold Award.

In March 2018, the **Estonian Association of Press Photographers** announced its awards for 2017:

- The competition "Press Video of the year 2017" was won by the DELFI TV experiment: "The Beginner's "Golden Figure" Dives into the World of Street Performers" by **Sigrid Salutee, Mark Šandali and Kadri Nikopensius**.
- In the competition "Press Photo of the Year", the award for the best sports photo went to **Madis Veltman** from Delfi, the award for the best feature photo went to **Rauno Volmar** from Delfi and Eesti Päevaleht LP.

In the **Instar study of attractive employers** among students of humanitarian studies in 2018, Ekspress Media came 7th (2017: 8th place).

In February 2019, Estonia's most important investigative journalist award, **Bonnier Prize**, for 2018 was awarded to Eesti Ekspress journalist **Kirsti Vainküla**, jointly with Estonian Public Broadcasting journalist Merilin Päril. They were awarded for their stories on a custody case involving a four-year-old boy known as Martin, who had no parental care and whose adoption caused problems because of the bias of child protection specialists.

Latvia

Delfi Latvia was recognized in the award gala held by the **Latvian Journalist Association** in March 2018:

- Delfi won the award in the category of promoting culture for its series of cultural and historical lectures "Vaidelote" on the most important persons and events in the history of Latvia.

- **Jānis Domburs**, yhe TV show host of Delfi Latvia, received the Inta Brixis Memorial Award for his outstanding contribution to journalism.

The activities of Delfi Latvia on Twitter were recognized in the award ceremony held by the **advertising company DDB and the research agency RAIT** as the strongest social network channel in the Latvian media sector. Delfi TV Portal was recognized as the TV channel with the strongest media brand.

Lithuania

Delfi Lithuania's business journalist **Edgaras Savickas** and environmental journalist **Tomas Janonis** won awards for their entries in "Transparency – it's in our hands 2018", the contest of articles on corruption.

Delfi Lithuania's journalists won 3 out of 8 prizes during a special event held in January 2019 and dedicated to those journalists who were covering the best about the efficiency of European Union investments.

SHARES AND SHAREHOLDERS OF AS EKSPRESS GRUPP

As of 31.12.2018, 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 31.12.2018 according to the Estonian Central Register of Securities

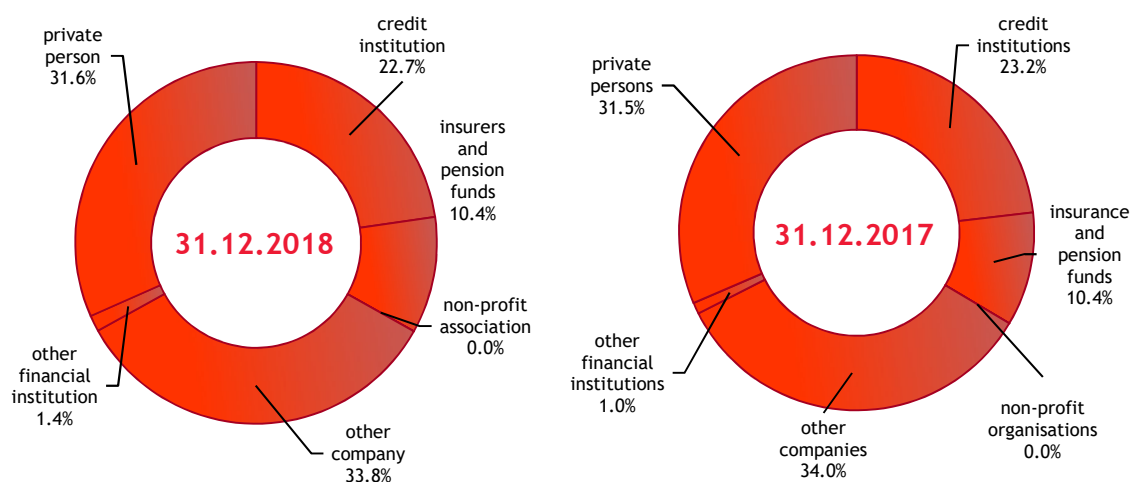
| Name | Number of shares | % |
|--|-------------------|---------------|
| Hans H. Luik | 17 360 597 | 58.26% |
| Hans H. Luik | 7 963 307 | 26.73% |
| Hans H. Luik, OÜ HHL Rühm | 9 390 390 | 31.51% |
| Hans H. Luik, OÜ Minigert | 6 900 | 0.02% |
| ING Luxembourg S.A. | 4 002 052 | 13.43% |
| LHV Bank and funds managed by LHV Varahaldus | 2 554 828 | 8.57% |
| SEB S.A. CLIENT ASSETS UCITS | 1 273 394 | 4.27% |
| Other minority shareholders | 4 588 443 | 15.40% |
| Treasury shares | 17 527 | 0.06% |
| TOTAL | 29 796 841 | 100.0% |

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

As of 31.12.2018, the ownership interest of Hans H. Luik as the ultimate beneficiary of AS Ekspress Grupp is 54.48% (16 233 496 shares).

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

| Category | 31.12.2018 | | 31.12.2017 | |
|--------------------------------|------------------------|-------------------|------------------------|-------------------|
| | Number of shareholders | Number of shares | Number of shareholders | Number of shares |
| Private persons | 2 635 | 9 423 926 | 2 665 | 9 379 607 |
| Other companies | 197 | 10 070 708 | 203 | 10 120 578 |
| Other financial institutions | 47 | 428 677 | 47 | 308 066 |
| Credit institutions | 12 | 6 767 009 | 14 | 6 903 744 |
| Insurance and retirement funds | 8 | 3 106 102 | 7 | 3 084 427 |
| Non-profit organisations | 2 | 419 | 2 | 419 |
| TOTAL | 2 901 | 29 796 841 | 2 938 | 29 796 841 |



AS Ekspress Grupp share information and dividend policy

Share information

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

Payment of **dividends** is decided annually and it depends on the Group's results of operations, fulfilment of conditions laid down in the syndicated loan contract and potential investment needs.

| | | | | | |
|--|------------|------------|------------|------------|------------|
| Date of the 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 per share (EUR) | 1 cent | 4 cents | 5 cents | 6 cents | 7 cents |
| Total payment of dividends (EUR thousand) | 298 | 1 187 | 1 456 | 1 787 | 2 086 |
| Dividend pay-out ratio (%) | 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 2014-2018

| Price (EUR) | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|----------|---------|---------|---------|-----------|
| Opening price | 1.26 | 1.32 | 1.35 | 1.15 | 1.12 |
| Closing price | 1.04 | 1.25 | 1.32 | 1.35 | 1.14 |
| High | 1.38 | 1.37 | 1.37 | 1.47 | 1.14 |
| Low | 0.99 | 1.21 | 1.18 | 1.07 | 0.79 |
| Average | 1.20 | 1.30 | 1.27 | 1.28 | 1.03 |
| Traded shares, pieces | 751 026 | 538 175 | 696 292 | 657 508 | 1 389 244 |
| Sales, EUR million | 0.90 | 0.70 | 0.88 | 0.84 | 1.43 |
| Capitalisation at balance sheet date, EUR million | 30.99 | 37.25 | 39.33 | 40.23 | 33.97 |
| P/E ratio (price earnings ratio) | 4 701.36 | 11.84 | 8.93 | 14.94 | 6.56 |

The price of the share of Ekspress Group (EEG1T) in euros and the trading statistics on Nasdaq Tallinn Stock Exchange from 1 January 2014 until 31 December 2018.



The share price comparison (%) with Nasdaq Tallinn Stock Exchange index from 1 January - 31 December 2018.



SUPERVISORY AND MANAGEMENT BOARDS OF AS EKSPRESS GRUPP

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 6 June 2018, the Supervisory Board of Ekspress Group has six members instead of the former seven 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 20.05.2019)

- 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: 16 233 496 (54.48%)

Harri Helmer Roschier (appointed until 20.05.2019) - independent Supervisory Board member

- Member of the Supervisory Board since 30.05.2007
- Chairman of the Board of (Directors) Avaus Marketing Innovations OY
- Chairman of the Board of (Directors) Rostek OY
- Member of the Board of (Directors) Futurice OY
- HRC Invest OY Chairman of the Management Board
- Completed graduate studies in economics
- Number of shares of AS Ekspress Grupp: -.

Indrek Kasela (appointed until 20.05.2019) - 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 Vilniaus Universitetas in Lithuania with a PhD in Media in 2010
- Number of shares of AS Ekspress Grupp: -.

Gunnar Kobin, a Chairman of the Supervisory Board from 01.01.2017 until 22.02.2018, was recalled from the Supervisory Board with the resolution of the General Meeting of Shareholders held at 22.02.2018.

Marek Kiisa, an independent Supervisory Board member from 26.10.2016 until 06.06.2018, was recalled from the Supervisory Board with the resolution of the General Meeting of Shareholders held at 06.06.2018.

Andre Veskimeister, a Chairman of the Supervisory Board and member of the Audit Committee from 22.02.2018 until 22.11.2018, was recalled from the Supervisory Board with the resolution of the General Meeting of Shareholders held at 22.11.2018.

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 5 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: -.

Pirje Raidma was member of the Management Board (Chief Financial Officer of the Group) from 07.10.2010 until 31.07.2018.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Consolidated balance sheet (unaudited)

| (EUR thousand) | 31.12.2018 | 31.12.2017 |
|--|---------------|---------------|
| ASSETS | | |
| Current assets | | |
| Cash and cash equivalents | 1 268 | 1 073 |
| Trade and other receivables | 9 154 | 9 918 |
| Corporate income tax prepayment | 27 | 4 |
| Inventories | 3 382 | 2 832 |
| Total current assets | 13 831 | 13 827 |
| Non-current assets | | |
| Trade and other receivables | 1 588 | 1 749 |
| Deferred tax asset | 44 | 47 |
| Investments in joint ventures | 2 345 | 2 372 |
| Investments in associates | 319 | 354 |
| Property, plant and equipment (Note 5) | 11 921 | 12 189 |
| Intangible assets (Note 5) | 46 691 | 45 419 |
| Total non-current assets | 62 907 | 62 130 |
| TOTAL ASSETS | 76 738 | 75 957 |
| LIABILITIES | | |
| Current liabilities | | |
| Borrowings (Note 7) | 1 356 | 166 |
| Trade and other payables | 10 801 | 8 095 |
| Corporate income tax payable | 29 | 111 |
| Total current liabilities | 12 186 | 8 372 |
| Non-current liabilities | | |
| Long-term borrowings (Note 7) | 14 118 | 15 091 |
| Total non-current liabilities | 14 118 | 15 091 |
| TOTAL LIABILITIES | 26 304 | 23 463 |
| EQUITY | | |
| Minority interest | 87 | 68 |
| Capital and reserves attributable to equity holders of parent company: | | |
| 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 | 1 531 |
| Retained earnings | 16 526 | 18 762 |
| Total capital and reserves attributable to equity holders of parent company | 50 347 | 52 426 |
| TOTAL EQUITY | 50 434 | 52 494 |
| TOTAL LIABILITIES AND EQUITY | 76 738 | 75 957 |

The Notes presented on pages 29-43 form an integral part of the consolidated interim report.

Consolidated statement of comprehensive income (unaudited)

| (EUR thousand) | Q4 2018 | Q4 2017 | 12 months 2018 | 12 months 2017 |
|--|--------------|--------------|-------------------|-------------------|
| Sales revenue | 17 398 | 15 016 | 60 489 | 54 070 |
| Cost of sales | (13 884) | (11 900) | (48 874) | (42 869) |
| Gross profit | 3 513 | 3 115 | 11 615 | 11 201 |
| Other income | 173 | 666 | 394 | 1 383 |
| Marketing expenses | (930) | (821) | (3 108) | (2 898) |
| Administrative expenses | (2 211) | (1 884) | (7 609) | (5 921) |
| Other expenses | (33) | (42) | (82) | (97) |
| Operating profit | 511 | 1 034 | 1 211 | 3 669 |
| Interest income | 25 | 36 | 143 | 173 |
| Interest expenses | (138) | (97) | (443) | (400) |
| Other finance income/ (costs) | (52) | 170 | (103) | 117 |
| Net finance cost | (165) | 108 | (403) | (109) |
| Profit (loss) on shares of joint ventures | (261) | (233) | (273) | (2) |
| Profit (loss) on shares of associates | (243) | (17) | (234) | (68) |
| Profit before income tax | (158) | 892 | 302 | 3 490 |
| Income tax expense | (83) | (190) | (276) | (344) |
| Net profit for the reporting period | (240) | 703 | 25 | 3 146 |
| Net profit for the reporting period attributable to | | | | |
| Equity holders of the parent company | (262) | 696 | 6 | 3 140 |
| Minority shareholders | 21 | 6 | 19 | 6 |
| Total comprehensive income | (240) | 703 | 25 | 3 146 |
| Comprehensive income for the reporting period attributable to | | | | |
| Equity holders of the parent company | (262) | 696 | 6 | 3 140 |
| Minority shareholders | 21 | 6 | 19 | 6 |
| Basic and diluted earnings per share (Note 9) | (0.01) | 0.02 | 0.00 | 0.11 |

The Notes presented on pages 29-43 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 | | | | | | | Total equity |
|--|--|---------------|-----------------|--------------|-------------------|----------------|-------------------|----------------|
| | Share capital | Share premium | Treasury shares | Reserves | Retained earnings | Total | Minority interest | |
| Balance on 31.12.2016 | 17 878 | 14 277 | (863) | 2 058 | 17 723 | 51 073 | 0 | 51 073 |
| Increase of statutory reserve capital | 0 | 0 | 0 | 220 | (220) | 0 | 0 | 0 |
| Share option | 0 | 0 | 841 | (747) | (94) | 0 | 0 | 0 |
| Dividends paid | 0 | 0 | 0 | 0 | (1 787) | (1 787) | 0 | (1 787) |
| Other changes | 0 | 0 | 0 | 0 | 0 | 0 | 62 | 62 |
| <i>Total transactions with owners</i> | <i>0</i> | <i>0</i> | <i>841</i> | <i>(527)</i> | <i>(2 101)</i> | <i>(1 787)</i> | <i>62</i> | <i>(1 725)</i> |
| Net profit for the reporting period | 0 | 0 | 0 | 0 | 3 140 | 3 140 | 6 | 3 146 |
| <i>Total comprehensive income for the reporting period</i> | <i>0</i> | <i>0</i> | <i>0</i> | <i>0</i> | <i>3 140</i> | <i>3 140</i> | <i>6</i> | <i>3 146</i> |
| Balance on 31.12.2017 | 17 878 | 14 277 | (22) | 1 531 | 18 762 | 52 426 | 68 | 52 494 |
| 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 for the reporting period | 0 | 0 | 0 | 0 | 6 | 6 | 19 | 25 |
| <i>Total comprehensive income for the reporting period</i> | <i>0</i> | <i>0</i> | <i>0</i> | <i>0</i> | <i>6</i> | <i>6</i> | <i>19</i> | <i>25</i> |
| Balance on 31.12.2018 | 17 878 | 14 277 | (22) | 1 688 | 16 526 | 50 347 | 87 | 50 434 |

The Notes presented on pages 29-43 form an integral part of the consolidated interim report.

Consolidated cash flow statement (unaudited)

| (EUR thousand) | 12 months 2018 | 12 months 2017 |
|--|-------------------|-------------------|
| Cash flows from operating activities | | |
| Operating profit for the reporting year | 1 211 | 3 669 |
| <u>Adjustments for:</u> | | |
| Depreciation, amortisation and impairment (Note 5) | 3 052 | 2 787 |
| Gain from selling business assets | 0 | (194) |
| (Gain)/loss on sale and write-down of property, plant and equipment | (5) | (11) |
| Cash flows from operating activities: | | |
| Trade and other receivables | (397) | (105) |
| Inventories | (550) | (62) |
| Trade and other payables | 2 449 | (497) |
| Cash generated from operations | 5 760 | 5 587 |
| Income tax paid | (379) | (371) |
| Interest paid | (462) | (448) |
| Net cash generated from operating activities | 4 920 | 4 769 |
| Cash flows from investing activities | | |
| Acquisition of subsidiaries (less cash acquired) | 0 | (546) |
| Acquisition of associate | 0 | (74) |
| Purchase and receipts of other investments (Note 4) | (995) | (785) |
| Proceeds from sale of business assets | 0 | 130 |
| Interest received | 127 | 169 |
| Purchase of property, plant and equipment and intangible assets (Note 5) | (3 082) | (2 023) |
| Proceeds from sale of property, plant and equipment and intangible assets (Note 5) | 29 | 12 |
| Loans granted | (700) | (2 227) |
| Loan repayments received | 1 763 | 1 054 |
| Net cash used in investing activities | (2 858) | (4 290) |
| Cash flows from financing activities | | |
| Dividends paid | (2 085) | (1 787) |
| Dividends received | 0 | 56 |
| Finance lease payments made | (74) | (71) |
| Change in overdraft | 1 191 | 92 |
| Loans received (Note 7) | 1 000 | 0 |
| Repayments of bank loans (Note 7) | (1 900) | (552) |
| Net cash used in financing activities | (1 868) | (2 261) |
| NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS | 194 | (1 782) |
| Cash and cash equivalents at the beginning of the year | 1 073 | 2 856 |
| Cash and cash equivalents at the end of the year | 1 268 | 1 073 |

The Notes presented on pages 29-43 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 interim financial statements on 28 February 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 31.12.2018 | Ownership interest 31.12.2017 | Main field of activity | Domicile |
|--|----------------|----------------------------------|----------------------------------|---|-----------|
| Operating segment: corporate functions | | | | | |
| Ekspress Grupp AS | Parent company | | | Holding company and support services | Estonia |
| Ekspress Digital OÜ | Subsidiary | - | 100% | Provision of IT services. From 1 October 2018 merged with Ekspress Grupp AS. | Estonia |
| Ekspress Finance OÜ | Subsidiary | - | 100% | Provision of financing for the Group. From 1 2018 October merged with Ekspress Grupp AS. | Estonia |
| Operating segment: media (online and print media) | | | | | |
| Ekspress Meedia AS (former Delfi AS) | Subsidiary | 100% | 100% | Online media, publishing of daily and weekly newspapers. From 1 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 (acquired in July 2017) | Latvia |
| Delfi UAB | Subsidiary | 100% | 100% | Online media (magazine business was sold in December 2017) | Lithuania |
| Sport Media UAB | Subsidiary | 51% | 51% | Currently dormant | Lithuania |
| Delfi Holding SIA | Subsidiary | 100% | 100% | Holding company (previously parent company to Delfi companies in different countries) | Latvia |
| Hea Lugu OÜ | Subsidiary | 83% | 83% | Book publishing (merged with the book-publishing department of Ajakirjade Kirjastus in 2017) | Estonia |
| Adnet Media UAB | Subsidiary | 100% | 100% | Online advertising solutions and network | Lithuania |
| Adnet Media OÜ | Subsidiary | 100% | 100% | Online advertising solutions and network | Estonia |
| Adnet Media SIA | Subsidiary | 100% | 100% | Online advertising solutions and network | Latvia |
| Videotinkas UAB | Associate | 45% | 45% | Content creation production studio | Lithuania |
| Zave Media OÜ | Subsidiary | - | 100% | Operations moved to Delfi local companies. From 1 October 2018 merged with AS Ekspress Meedia | Estonia |
| Ajakirjade Kirjastus AS | Joint venture | - | 50% | Magazine publishing. Reorganised on 1 June 2018 and merged with Õhtuleht Kirjastus AS | Estonia |
| Õhtuleht Kirjastus AS (former SL Õhtuleht AS) | Joint venture | 50% | 50% | Newspaper publishing. From 1 June 2018 also publishing of magazines as an outcome of the merger with Ajakirjade Kirjastus AS. | Estonia |
| Express Post AS | Joint venture | 50% | 50% | Home delivery of periodicals | Estonia |
| Linna Ekraanid OÜ | Joint venture | 50% | 50% | Sale of digital outdoor advertising | Estonia |
| Babahn 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 (established in August 2017) | Estonia |
| Operating segment: printing services | | | | | |
| Printall AS | Subsidiary | 100% | 100% | Printing services | Estonia |
| Operating segment: entertainment | | | | | |
| 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 4th quarter and 12 months of 2018 ended on 31.12.2018 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 2017.

The Management Board estimates that the interim consolidated financial statements for the 4th quarter and 12 months of 2018 present a true and fair view of the Group's operating results, and all group companies are going concerns. These interim financial statements have neither been audited nor reviewed in any other way by auditors. These consolidated interim financial statements are presented in thousands of euros, unless otherwise indicated.

Starting from 1 January 2018, several new standards, amendments to standards and interpretations were entered into force which became mandatory for the Group but none of which have an impact on the Group's interim financial statements.

Note 3. Financial risk management

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

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

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

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

Credit risk

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

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

| Bank | Moody`s | Standard & Poor`s | 31.12.2018 | 31.12.2017 |
|--------------|---------|-------------------|--------------|--------------|
| SEB | Aa2 | A+ | 360 | 339 |
| Swedbank | Aa2 | AA- | 884 | 519 |
| Luminor/LHV | Aa2/- | AA-/- | 9 | 201 |
| Total | | | 1 253 | 1 059 |

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. 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.

| 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 (Parent Company) | 0 | 8 392 | 8 392 |
| | 0%+2.15% | Syndicated loan (Printall) | 0 | 5 602 | 5 602 |
| | 1-month Euribor + 2.3% | Finance lease (Printall) | 73 | 124 | 197 |
| | 1-month Euribor + 1.9% | Overdraft | 1 284 | 0 | 1 284 |

| Type of interest | Interest rate | 31.12.2017 (EUR thousand) | <= 1 year | >1 year and <=5 years | Carrying amount |
|----------------------------------|------------------------|----------------------------------|-----------|--------------------------|-----------------|
| Fixed and floating interest rate | 0%+2.15% | Syndicated loan (Parent Company) | 0 | 9 067 | 9 067 |
| | 0%+2.15% | Syndicated loan (Printall) | 0 | 5 827 | 5 827 |
| | 1-month Euribor + 2.3% | Finance lease (Printall) | 74 | 197 | 271 |
| | 1-month Euribor + 1.9% | Overdraft | 92 | 0 | 92 |

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 2018, ca 1% (2017: ca 2%) 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 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. As of 31.12.2017, the Group foreign currency risk related to SEK was EUR 55 thousand and to other currencies (NOK, USD), EUR 103 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) | 31.12.2018 | 31.12.2017 |
|------------------------|------------|------------|
| Interest-bearing debt | 15 474 | 15 257 |
| Cash and bank accounts | 1 268 | 1 073 |
| Net debt | 14 207 | 14 184 |
| Equity | 50 434 | 52 494 |
| Total capital | 64 641 | 66 678 |
| Debt to capital ratio | 22% | 21% |
| Total assets | 76 738 | 75 957 |
| Equity ratio | 66% | 69% |

Note 4. Business combinations

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 from which all transactions to be concluded by the companies being acquired shall be deemed as completed by the acquiring company was 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 this merger. The entry in the commercial registry is expected to be made in the first half of the year.

On 8 October 2018, the merger agreement was signed whereby AS Ekspress Grupp's subsidiary OÜ Zave Media will be 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 and Kodu, Oma Maitse, Tervis Pluss, Jana and Kroonika 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 with a new business name 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 fair value as of the acquisition date. Upon acquisition the fair value of trademarks were recognised in the amount of EUR 795 thousand and customer relationships were recognised in the amount of EUR 200 thousand by the management. The estimated useful life of trademarks is 10 years and customer relationships is 2 years.

Reorganisations will be 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.

On November 16, 2017, AS Ekspress Grupp acquired 51% of the shares in UAB Adnet Media after obtaining a permission from the Lithuanian Competition Authority. As a result, AS Ekspress Grupp now owns 100% of the company's shares. AS Ekspress Grupp owned 49% of the company's shares since autumn 2014. UAB Adnet Media is engaged in the sale of internet advertising in Estonia, Latvia and Lithuania. The acquisition price was EUR 415 thousand. In accounting, the transaction was recognised in two parts: the sale of a 49% stake acquired previously and the acquisition of 100% of the company and control thereof. In the case of the sale transaction, profit in the amount of EUR 190 thousand is included in financial income.

On 17 July 2017 A/S Delfi (Latvia) acquired a 100% stake in ACM LV SIA, which is engaged in sales of digital outdoor advertising in Latvia. The acquisition price was EUR 390 thousand. The purchase supports the Group's goal to develop digital outdoor advertising in all three Baltic countries and thereby increase its portfolio of activities.

The following table provides an overview of acquired identifiable assets and liabilities at the time of acquisition. The purchase analysis is based on the Adnet Media balance sheet as of 30.11.2017 and the balance sheet of ACM LV SIA as at 31.07.2017.

| (EUR thousand) | Adnet Media UAB (100%) | | ACM LV SIA (100%) | |
|--|------------------------|-----------------|-------------------|-----------------|
| | Fair value | Carrying amount | Fair value | Carrying amount |
| Net assets | 103 | 103 | 85 | 85 |
| Intangible assets | 0 | 0 | 0 | 0 |
| Total identifiable assets | 103 | 103 | 85 | 85 |
| Goodwill | 712 | | 305 | |
| Cost of ownership interest | 815 | | 390 | |
| Paid for ownership interest in cash | 415 | | 390 | |
| Cash and cash equivalent in acquired company | 248 | | 12 | |
| Cash effect on Group | (167) | | (378) | |

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

| (EUR thousand) | Property, plant and equipment | | Intangible assets | |
|--|-------------------------------|----------------|-------------------|----------------|
| | 12 months 2018 | 12 months 2017 | 12 months 2018 | 12 months 2017 |
| Balance at beginning of the period | | | | |
| Cost | 33 992 | 33 166 | 64 141 | 64 329 |
| Accumulated depreciation and amortisation | (21 804) | (20 446) | (18 722) | (20 018) |
| Carrying amount | 12 189 | 12 722 | 45 419 | 44 310 |
| Acquisitions and improvements | 2 035 | 1 629 | 1 047 | 678 |
| Acquired through business combinations | 0 | 72 | 1 000 | 1 020 |
| Disposals (at carrying amount) | (21) | (23) | 0 | (0) |
| Write-down and write-off of non-current assets | 0 | (14) | (6) | 0 |
| Depreciation and amortisation | (2 283) | (2 197) | (769) | (590) |
| Balance at end of the period | | | | |
| Cost | 35 421 | 33 992 | 65 854 | 64 141 |
| Accumulated depreciation and amortisation | (23 500) | (21 804) | (19 163) | (18 722) |
| Carrying amount | 11 921 | 12 189 | 46 691 | 45 419 |

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

Note 6. Intangible assets

Intangible assets by type

| (in thousands) | EUR | |
|--------------------------------|---------------|---------------|
| | 31.12.2018 | 31.12.2017 |
| Goodwill | 37 969 | 37 969 |
| Trademarks | 6 761 | 6 259 |
| Other intangible assets | 1 960 | 1 191 |
| Total intangible assets | 46 691 | 45 419 |

Goodwill by cash-generating units and segments

| (in thousands) | EUR | |
|-----------------------|---------------|---------------|
| | 31.12.2018 | 31.12.2017 |
| Delfi | 35 441 | 35 441 |
| Adnet | 712 | 712 |
| Maaleht | 1 816 | 1 816 |
| Total goodwill | 37 969 | 37 969 |

The discounted cash flow method is used to determine **the recoverable value** and to calculate value in use in the impairment tests. For each business unit acquired, five-year cash flow forecasts have been prepared for the respective cash-generating units. Revenue growth, variable and fixed costs have been estimated on the basis of prior period results and future strategic plans. In the impairment tests, the nominal models are used.

The impairment test of Delfi includes the cash flows of Delfi related product in AS Ekspress Meedia, the cash flows of Latvian entity AS Delfi and the cash flows of Lithuanian entity UAB Delfi. The impairment test of Maaleht is based on the future cash flows of business of newspaper Maaleht (including all related activities and their results) and magazine Maakodu in AS Ekspress Meedia. The impairment test of Adnet Media includes the cash flows of Adnet Media activities in all Baltic countries. In 2017, no impairment test for Adnet Media was done, as the full ownership was only acquired in November 2017 and the purchase price allocation was performed at that time.

Cash flows of all cash generating units are based on group accounting principles and adjusted for any internal management or similar fee where applicable.

The applied revenue growth rates are as follows:

| Cash-generating unit | Average revenue growth pa Next 5 years | | Terminal value growth | |
|----------------------|---|------------|-----------------------|------------|
| | 31.12.2018 | 31.12.2017 | 31.12.2018 | 31.12.2017 |
| Delfi | 7.8%-10.2% | 7.5%-10.2% | 3.5% | 3.5% |
| Adnet Media | 17.3% | - | 3% | - |
| Maaleht | 0% | 0% | 0% | 0% |

The present value and the terminal value of the cash flows for the following five years were determined using the weighted average cost of capital as the discount rate, where the expected ROE is 10.0%-11.8% (2017: 10.5%-11.8%) and the return on debt is 2.8%-3.6% (2017: 2.5%-3.2%). The debt to equity ratio is based on the latest average debt to equity ratio in publishing and newspapers sector provided by the database of Damodaran Online. The cost of equity has been calculated using CAPM (Capital Asset Pricing Model). The latest average unleveraged beta of the publishing and newspaper industry based on Damodaran Online database has been used as one component. The yields on long-term government bonds with maturities of close to ten years issued by Latvia and Lithuania provided by the European Central Bank have been used as the basis for determining the risk rates of these countries. In respect of Estonia, the country's risk rate is based on the long-term euro bond yield of Germany, plus the default spread for Estonia according to the database of Damodaran Online.

The applied discount rates are as follows:

| Cash-generating unit | 31.12.2018 | 31.12.2017 |
|----------------------|-------------|-------------|
| Delfi | 8.01%-9.56% | 8.17%-9.19% |
| Adnet Media | 8.01% | - |
| Maaleht | 8.35% | 9.03% |

The table below shows the recoverable and carrying amounts of cash-generating units, and the differences between them prior to recognition of an impairment loss. **The carrying amounts** include in addition to goodwill also trademarks, property, plant and equipment, other intangible assets and working capital. No impairment losses have been recognised during the year or the year before.

| (EUR thousand) | 31.12.2018 | | | 31.12.2017 | | |
|----------------|--------------------|---------------------------------------|------------|--------------------|---------------------------------------|------------|
| | Recoverable Amount | Carrying amount (prior to impairment) | Difference | Recoverable Amount | Carrying amount (prior to impairment) | Difference |
| Delfi | 78 155 | 43 846 | 34 309 | 77 177 | 44 259 | 32 918 |
| Adnet Media | 5 692 | 1 572 | 4 120 | - | - | - |
| Maaleht | 4 769 | 1 641 | 3 128 | 5 424 | 1 635 | 3 789 |

The Group's management considers the key assumptions used for the purpose of impairment testing of all cash-generating units to be realistic. If there is a major unfavourable change in any of the key assumptions used in the test, an additional impairment loss may be recognised.

The earnings of Delfi, Andet Media and Maaleht are high and their future expected cash flows exceed the carrying value of its related assets by amount where any reasonable change in underlying assumptions would not cause the necessity for impairment loss to be recognized.

Note 7. Bank loans and borrowings

| (EUR thousand) | Total amount | Repayment term | |
|--|--------------|----------------|-------------------|
| | | Up to 1 year | Between 1-5 years |
| Balance as of 31.12.2018 | | | |
| Overdraft | 1 284 | 1 284 | 0 |
| Long-term bank loans | 13 994 | 0 | 13 994 |
| incl. syndicated loan (AS Ekspress Grupp) | 8 392 | 0 | 8 392 |
| incl. syndicated and mortgage loan (AS Printall) | 5 602 | 0 | 5 602 |
| Finance lease | 197 | 73 | 124 |
| Total | 15 474 | 1 356 | 14 118 |
| Balance as of 31.12.2017 | | | |
| Overdraft | 92 | 92 | 0 |
| Long-term bank loans | 14 894 | 0 | 14 894 |
| incl. syndicated loan (AS Ekspress Grupp) | 9 067 | 0 | 9 067 |
| incl. syndicated and mortgage loan (AS Printall) | 5 827 | 0 | 5 827 |
| Finance lease | 271 | 74 | 197 |
| Total | 15 257 | 166 | 15 091 |

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 April 2017, 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 April 2017, an amendment to the syndicated loan agreement was signed with AS SEB Pank, terminating the monthly loan payments and the loan shall be paid back in a lump sum in October 2020. The interest rate on the loan is zero, plus a margin.

The syndicated loan is guaranteed by the shares of the subsidiaries, the guarantees of Estonian subsidiaries in the amount of EUR 17 million, the commercial pledge on the assets of AS Printall in the amount of EUR 19 million, the trademarks of Delfi, Eesti Ekspress, Maaleht, Eesti Päevaleht and Eesti Ekspressi Kirjastus in the amount of EUR 5 million, the value of all of which is included within the net assets of the Group. In addition, a mortgage has been set on the registered immovable and production facilities of AS Printall. As of 31.12.2018, the carrying amount of the building was EUR 3.3 million and that of the registered immovable was EUR 0.4 million. The ultimate controlling shareholder has also given a personal guarantee in the amount of EUR 4 million to cover the syndicated loan and overdraft agreements.

According to the conditions of the loan agreement, the borrower needs to keep the total debt/EBITDA ratio below 3.0. If the latter rises above 2.5, the monthly loan payments shall be resumed. As of 31.12.2018, the total debt/EBITDA ratio calculated in accordance with the adjustments laid down in the loan contract was 2.98 (unadjusted ratio was 3.70). From October 2018, the Group has made monthly loan repayments. In addition, the liquidity reserve should be held at the bank in the amount of EUR 1 million.

Overdraft facilities

As at 31.12.2018, the Group had an outstanding long-term overdraft facility with SEB Bank in the amount of EUR 3 million with the due date of 25.10.2020. As of 31.12.2018, the Group had used overdraft facilities in the amount of EUR 1 284 thousand. As of 31.12.2017, the amount of the overdraft limit used was EUR 92 thousand.

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 publications and books in Estonia and Lithuania (until 2017).

This segment includes subsidiaries Ekspress Meedia AS (former AS Delfi and AS Eesti Ajalehed in Estonia), 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) and Adnet Media (Lithuania, Estonia, Latvia). The latter was acquired in December 2017 when a 100% holding was acquired.

This segment also includes the joint ventures Linna Ekraanid OÜ, AS Ajakirjade Kirjastus (until its reorganisation on 1 June 2018), AS Õhtuleht Kirjastus 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, sales of advertising space in newspapers and magazines, revenue from subscriptions and single copy sales of newspapers and magazines, sales of books and miscellaneous book series, services fees for preparation of customer materials and other projects.

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

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

The **Group's corporate functions** are shown separately and they do not form a separate business segment. It includes the Parent Company AS Ekspress Grupp, which provides legal advice and accounting 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 at arm's length basis and they do not differ significantly from the conditions of the transactions concluded with third parties.

| Q4 2018 (EUR thousand) | Media | Printing services | Corporate functions | Eliminations | Total Group |
|---|---------------|--------------------------|----------------------------|---------------------|--------------------|
| Sales to external customers (subsidiaries) | 11 243 | 6 257 | 169 | (271) | 17 398 |
| Effect of joint ventures | 2 263 | (131) | (33) | (6) | 2 092 |
| Inter-segment sales | 3 | 927 | 202 | (1 131) | 0 |
| <i>Total segment sales, incl. joint ventures</i> | <i>13 509</i> | <i>7 052</i> | <i>338</i> | <i>(1 409)</i> | <i>19 490</i> |
| EBITDA (subsidiaries) | 1 333 | 479 | (450) | (3) | 1 359 |
| EBITDA margin (subsidiaries) | 12% | 8% | | | 8% |
| <i>EBITDA incl. joint ventures</i> | <i>1 221</i> | <i>479</i> | <i>(450)</i> | <i>(35)</i> | <i>1 215</i> |
| <i>EBITDA margin incl. joint ventures</i> | <i>9%</i> | <i>7%</i> | | | <i>6%</i> |
| Depreciation (subsidiaries) (Note 5) | | | | | 848 |
| Operating profit (subsidiaries) | | | | | 511 |
| Investments (subsidiaries) (Note 5) | | | | | 1 384 |

| Q4 2017 (EUR thousand) | Media | Printing services | Corporate functions | Eliminations | Total Group |
|---|---------------|--------------------------|----------------------------|---------------------|--------------------|
| Sales to external customers (subsidiaries) | 8 862 | 5 995 | 160 | 0 | 15 016 |
| Effect of joint ventures | 2 920 | (280) | (49) | 0 | 2 590 |
| Inter-segment sales | 1 | 781 | 576 | (1 358) | 0 |
| <i>Total segment sales, incl. joint ventures</i> | <i>11 782</i> | <i>6 496</i> | <i>686</i> | <i>(1 358)</i> | <i>17 606</i> |
| EBITDA (subsidiaries) | 1 168 | 952 | (529) | 0 | 1 590 |
| EBITDA margin (subsidiaries) | 13% | 16% | | | 11% |
| <i>EBITDA incl. joint ventures</i> | <i>1 089</i> | <i>952</i> | <i>(529)</i> | <i>0</i> | <i>1 512</i> |
| <i>EBITDA margin incl. joint ventures</i> | <i>9%</i> | <i>15%</i> | | | <i>9%</i> |
| Depreciation (subsidiaries) (Note 5) | | | | | 750 |
| Gain from selling business assets | | | | | 194 |
| Operating profit (subsidiaries) | | | | | 1 034 |
| Investments (subsidiaries) (Note 5) | | | | | 1 132 |

| 12 months 2018 (EUR thousand) | Media | Printing services | Corporate functions | Eliminations | Total Group |
|--|--------|----------------------|------------------------|--------------|----------------|
| Sales to external customers (subsidiaries) | 37 241 | 22 799 | 449 | 0 | 60 489 |
| Effect of joint ventures | 9 468 | (709) | (146) | (7) | 8 607 |
| Inter-segment sales | 6 | 3 153 | 2 038 | (5 197) | 0 |
| Total segment sales, incl. joint ventures | 46 716 | 25 242 | 2 341 | (5 204) | 69 096 |
| EBITDA (subsidiaries) | 3 355 | 2 403 | (1 492) | (2) | 4 263 |
| EBITDA margin (subsidiaries) | 9% | 11% | | | 7% |
| EBITDA incl. joint ventures | 3 329 | 2 403 | (1 492) | (34) | 4 206 |
| EBITDA margin incl. joint ventures | 7% | 10% | | | 6% |
| Depreciation (subsidiaries) (Note 5) | | | | | 3 052 |
| Operating profit (subsidiaries) | | | | | 1 211 |
| Investments (subsidiaries) (Note 5) | | | | | 3 082 |

| 12 months 2017 (EUR thousand) | Media | Printing services | Corporate functions | Eliminations | Total Group |
|--|--------|----------------------|------------------------|--------------|----------------|
| Sales to external customers (subsidiaries) | 31 750 | 21 895 | 424 | 0 | 54 070 |
| Effect of joint ventures | 10 851 | (1 048) | (174) | 0 | 9 629 |
| Inter-segment sales | 3 | 3 032 | 2 236 | (5 270) | 0 |
| Total segment sales, incl. joint ventures | 42 604 | 23 879 | 2 486 | (5 270) | 63 699 |
| EBITDA (subsidiaries) | 3 729 | 3 734 | (1 201) | 0 | 6 261 |
| EBITDA margin (subsidiaries) | 12% | 17% | | | 12% |
| EBITDA incl. joint ventures | 4 181 | 3 734 | (1 201) | 0 | 6 713 |
| EBITDA margin incl. joint ventures | 10% | 16% | | | 11% |
| Depreciation (subsidiaries) (Note 5) | | | | | 2 787 |
| Gain from selling business assets | | | | | 194 |
| Operating profit (subsidiaries) | | | | | 3 669 |
| Investments (subsidiaries) (Note 5) | | | | | 2 307 |

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 | Q4 2018 | Q4 2017 | 12 months 2018 | 12 months 2017 |
|---------------------------------------|------------|------------|----------------|----------------|
| Profit attributable to equity holders | (261 573) | 696 308 | 6 491 | 3 139 994 |
| Average number of ordinary shares | 29 779 314 | 29 779 314 | 29 779 314 | 29 779 314 |
| Basic and diluted earnings per share | (0.01) | 0.02 | 0.00 | 0.11 |

As the Group had no instruments diluting earnings per share as of 31.12.2018 and 31.12.2017 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 31.12.2018, 736 thousand options have been issued in the framework of this stock option plan (as of 31.12.2017: 435 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 31.12.2018, the liability of the mentioned stock option amounted to EUR 460 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: EUR 1.04-1.35, 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 31 December 2018 and 31 December 2017, the share capital of AS Ekspress Grupp was EUR 17 878 105 it consisted of 29 796 841 shares with the nominal value of EUR 0.60 per share. The maximum amount of share capital as stipulated by the articles of association is EUR 25 564 656.

Treasury shares

Within the framework of the CEO's share option plan which was in place in 2013-2016, the company purchased treasury shares. As of 31.12.2018, the Company had 17 527 treasury shares in the total amount of EUR 22 thousand, 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 31.12.2018, it is possible to distribute dividends without income tax payment in the total amount EUR 21.2 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 | |
|---|--------------|--------------|
| | 31.12.2018 | 31.12.2017 |
| Statutory reserve capital | 1 049 | 892 |
| Additional cash contribution from shareholder | 639 | 639 |
| Total reserves | 1 688 | 1 531 |

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) | 12 months 2018 | 12 months 2017 |
|--|----------------|----------------|
| Sales of goods | | |
| Associates | 0 | 589 |
| Total sale of goods | 0 | 589 |
| Sale of services | | |
| Members of Supervisory Board and companies related to them | 18 | 13 |
| Associates | 152 | 145 |
| Joint ventures | 1 855 | 2 578 |
| Total sale of services | 2 025 | 2 737 |
| Total sales | 2 025 | 3 325 |

| PURCHASES (EUR thousand) | 12 months 2018 | 12 months 2017 |
|--|----------------|----------------|
| Purchase of services | | |
| Members of Management Board and companies related to them | 13 | 9 |
| Members of Supervisory Board and companies related to them | 389 | 300 |
| Associates | 85 | 199 |
| Joint ventures | 1 006 | 823 |
| Total purchases of services | 1 493 | 1 330 |

| RECEIVABLES (EUR thousand) | 31.12.2018 | 31.12.2017 |
|--|--------------|--------------|
| Short-term receivables | | |
| Members of Supervisory Board and companies related to them | 2 | 1 |
| Associates | 21 | 186 |
| Joint ventures | 251 | 297 |
| Total short-term receivables | 274 | 484 |
| Long-term receivables | | |
| Associates | 160 | 0 |
| Joint ventures | 568 | 875 |
| Total long-term receivables | 728 | 875 |
| Total receivables | 1 001 | 1 359 |

| LIABILITIES (EUR thousand) | 31.12.2018 | 31.12.2017 |
|--|------------|------------|
| Current liabilities | | |
| Members of Management Board and companies related to them | 2 | 1 |
| Members of Supervisory Board and companies related to them | 10 | 13 |
| Associates | 3 | 7 |
| Joint ventures | 132 | 111 |
| Total liabilities | 147 | 132 |

According to the decision of the General Meeting held on 2 June 2009 and 4 May 2012, Hans H. Luik will be paid a guarantee fee of 1.5% per annum on the guarantee amount for the personal guarantee of EUR 4 million on the syndicated loan and overdraft agreements until the guarantee expires. During the 12 months of 2018, a payment of EUR 60 thousand (2017: EUR 60 thousand) was paid for the personal guarantee and there are no outstanding liabilities as of 31 December 2018 and 31 December 2017.

The management estimates that the transactions with related parties have been carried out at arms' length conditions.

Remuneration of members of the Management Boards of the consolidation group

| (EUR thousand) | 12 months 2018 | 12 months 2017 |
|--|----------------|----------------|
| Salaries and other benefits (without social tax) | 1 590 | 1 308 |
| Termination benefits (without social tax) | 14 | 102 |
| Share option | 99 | 0 |
| Total (without social tax) | 1 703 | 1 410 |

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 31.12.2018, the maximum gross amount of potential Key Management termination benefits was EUR 634 thousand (31.12.2017: EUR 537 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.

Note 13. Contingent assets and liabilities

Contingent assets and liabilities arising from pending court cases

OÜ Grupivara, minority shareholder of AS Ekspress Grupp, holding 100 shares in the Company, has challenged in the court the results of the impairment tests of goodwill of Delfi Latvia and Delfi Estonia in the financial statements for the years 2013, 2014 and 2015. The Management Board of AS Ekspress Grupp and its independent auditors are of opinion that the financial statements for all the years, present fairly, in all material respects, the financial position and financial performance of the Company in accordance with the International Financial Reporting Standards as adopted by the European Commission. In relation to the years 2013 and 2014, the Supreme Court has also confirmed the Management Board's and auditors' opinion. Harju County Court has also confirmed the same related to the year 2015. OÜ Grupivara appealed the judgment of Harju County Court. On 22nd of November, 2018 Tallinn Circuit Court decided to dismiss the appeal filed by OÜ Grupivara and to leave the judgement unchanged made by Harju County Court on 12th of April, 2018. OÜ Grupivara didn't appeal the judgement of the Circuit Court.

The Group's subsidiaries have also several pending court cases related to the media and published articles, the impact of which on the Group's financial results is insignificant.

Note 14. Subsequent events

In January 2019 the current syndicate loan was refinanced. New loan agreements between AS SEB Pank, AS Ekspress Meedia, Delfi UAB and AS Printall were signed in total amount of EUR 14 200 thousand and the balance of syndicate loan EUR 13 994 was fully repaid.

The maturity date is 20 October 2021. Loans are carrying interest between 2.15% - 2.6% plus fixed base rate of 0%. AS Ekspress Meedia and Delfi UAB loans are with bullet payment, AS Printall's loan will be repaid by monthly instalments of EUR 200 thousand.

New loans are guaranteed by:

- the shares of AS Ekspress Meedia, Delfi UAB and AS Printall;
- the guarantees of AS Ekspress Grupp in the amount of EUR 14.2 million, Printall AS in the amount of EUR 10.2 million, Delfi UAB in the amount of EUR 8 million and AS Ekspress Meedia in the amount of EUR 5 million;
- the commercial pledge on the assets of AS Printall in the amount of EUR 19 million;
- the trademarks of Delfi, Eesti Ekspress, Maaleht and Eesti Päevaleht in the amount of EUR 4.9 million;
- in addition, a mortgage has been set on the registered immovable and production facilities of AS Printall;
- the ultimate controlling shareholder has also given a personal guarantee in the amount of EUR 4 million to cover the loan contracts and overdraft agreements.

According to the conditions of loan agreements, AS Ekspress Grupp (using the consolidated financials) needs to keep the total debt/EBITDA ratio below 3.0. If the latter is lower than 2.5, the lower interest margin shall be applied. In addition, a liquidity reserve 1 million euros must be kept in the bank.