EKSPRESS GRUPP | Annual report

Interactive Online Report

AS Ekspress Grupp Annual Report can also be accessed online at:

http://2020-annual-report.egrupp.ee

As well as company information and an extensive financial section, the online report offers many extra features, including videos and additional web links.

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GENERAL INFORMATION

Beginning of reporting period	1 January 2020
End of reporting period	31 December 2020
Company name	AS Ekspress Grupp
Registration number	10004677
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Phone	+372 669 8381
E-mail	egrupp@egrupp.ee
Internet homepage	www.egrupp.ee
Main field of activity	Publishing and related services (5814)
Management Board	Mari-Liis Rüütsalu Signe Kukin Kaspar Hanni
Supervisory Board	Priit Rohumaa Hans H. Luik Indrek Kasela Peeter Saks (until 11.01.2021) Aleksandras Česnavičius
Auditor	KPMG Baltics OÜ

The Annual Report consists of the Management Board's confirmation of the annual report, statement of the chairman of the Management Board, management report, report of corporate governance code, consolidated financial statements, independent auditor's report, proposal for profit allocation, and declaration of the Management Board and Supervisory Board. The document comprises 144 pages.

Management Board's confirmation of the consolidated annual report

The Management Board confirms that the management report of AS Ekspress Grupp disclosed on pages 6 to 79 presents a true and fair view of the business developments, results and financial position of the Parent Company and its group companies. The Management Board confirms that the consolidated financial statements disclosed on pages 80 to 135 give to the best of its knowledge a true and fair view of the assets, liabilities, financial position and results of the issuer and its group companies in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Commission and include a description of major risks and uncertainties.

Mari-Liis Rüütsalu	Chairman of the Management Board	signed digitally	23 March 2021
Signe Kukin	Member of the Management Board	signed digitally	23 March 2021
Kaspar Hanni	Member of the Management Board	signed digitally	23 March 2021

STATEMENT OF THE CHAIRMAN OF THE MANAGEMENT BOARD

Mari-Liis Rüütsalu, Chairman of the Management Board

The mission of AS Ekspress Grupp is to serve democracy. We wish to offer reliable, independent and timely information to our readers that would help Estonia, Latvia and Lithuania to become better- informed, open and digitally advanced societies. Our mission is especially important during the coronavirus pandemic. At the time when the number of users in all of our news portals reached an unprecedented level, we needed to quickly introduce remote working at our editorial staffs due to the state of emergency. Taking account of the interests of our readers turned out to be a challenge for all of us but the work of the periodicals never stopped for a second. I believe that solving such situations is one of the key reasons for a journalist to choose his or her profession. We continued to provide comprehensive services to our readers and the best possible services under the circumstances which meant major adjustment to new habits, practices and work procedures.

While the media sector was able to enjoy attention and plenty of work, the digital outdoor companies of Ekspress Grupp and the ticket sales platform in Latvia suffered the most during the pandemic. The main reason for the setbacks was national restrictions that almost halted the activities of these businesses.

In summary, the year 2020 was a success for the Group: despite the state of emergency and the economic instability due to the coronavirus, the Group was able to strengthen its market position and significantly improve profitability. Sales revenue over the 12-month period decreased by 6% to 63.2 million euros and net profit increased by 80% to 2.5 million euros. The Group's digital revenue made up 49% of total and 71% of media segment revenue. Thus, it can be said that the year of the pandemic accelerated the Group’s digitalisation process to a significant degree.

The year 2020 started off on a positive note for the Group but since March the Group considered and applied all the necessary measures to avoid the spread of the COVID-19 virus in our organisation. The primary goal was to protect our employees while still providing our readers and viewers reliable and timely news and other services. A major setback hit the Group in mid-March when the Baltic States declared a state of emergency to curb the spread of the coronavirus. This in turn led to sudden changes in the economic environment. The most susceptible companies to the effects of the restrictions were the Group's media companies, especially outdoor media and the ticket sales platform in Latvia.

“ As we look back on the past year we can state that owing to our quick reaction, clear and open communication, keeping of promises, correct management decisions, and the loyalty and contribution of all Group employees, Ekspress Grupp was able to cope with the coronavirus crisis and continue to give our readers what they needed the most - fast, relevant and reliable information in the most appropriate channels

We did not get stuck due to the virus and after our initial quick reaction to changed economic conditions we continued to focus on our key business goal – increase the digital revenue and profitability of Ekspress Grupp.

The year 2020 was a breakthrough year for the Group's media publications in terms of the growth of digital subscriptions. The number of digital subscriptions of AS Ekspress Grupp increased by 73% in the Baltic States in 2020 and was more than 81 thousand at the end of December. The key reason for the growth in digital subscriptions was the change in the attitudes and habits of people: they are more willing to pay for high-quality digital content in their own language. The change was supported by the general background – objective journalism is more and more appreciated in a society dominated by global fragmented information. The hunger of people for balanced information increased further once the pandemic started.

In 2020, we tied social topics and initiatives with our brands. They do not represent short-term campaigns, but topics that really matter to the majority of the people of Estonia, Latvia and Lithuania: violence against women, mental health, use of smart devices while driving, and forestry and environmental issues. We have created an opportunity to cover these areas in more detail and tie them with different activities at the Group to reflect the Group's values.

In 2020, Ekspress Grupp actively participated in the activities of the Estonian Association of Media Companies, the purpose of which is to increase equal competition in the Estonian media landscape, fight market distortions and increase availability of periodicals to the people of Estonia. The same focus is also in place in Latvia and Lithuania where people have similar concerns, but there are different ways to solve them. Therefore, we need to be active in all the markets to say competitive in the media landscape.

In the Estonian and Baltic media market, the global Internet platforms Facebook and Google create the largest market distortions, taking out tax-free about half of the local advertising market's proceeds which in Estonia amounts to at least 100 million euros a year. This constitutes unfair competition which hampers the potential of media companies to invest in journalism. As a result, the media landscape will shrink and people will be less informed, creating a long-term threat to democracy in the region.

The second key factor distorting competition is the activities of state-funded broadcasting companies. For example, the Estonian Public Broadcasting has expanded its activities into the areas which are not their key functions as laid down by law and where the activities of the media organisations funded from the state budget interfere with free competition. According to privately-funded media organisations, this constitutes unlawful state aid and the parties are taking legal steps to put an end to this market distortion.

The third central problem is raising the home delivery fees of paper periodicals by local state-run postal delivery companies. Increasing of home delivery fees and unsatisfactory arrangement of home delivery will put the biggest pressure on traditional regional newspapers under the conditions of decreasing circulations, but will have a negative impact on the future prospects of the entire local printed press. The Estonian Association of Media Companies has made specific proposals to the state of Estonia to resolve the problem and will continue to garner political support for their proposals.

In 2021, we will continue with the implementation of our strategy primarily aimed at growing digital business and revenue despite the challenges outlined above. The digital transformation has had a good momentum and as an innovation leader in our markets we are making a bigger contribution to the development of media companies so as to ensure greater satisfaction of our current subscribers and thereby growth of subscription revenue.

As the digital market leader, we are dedicated to high-quality journalism and advanced product innovation that support growth and profitability in the years to come.

Thank you for the trust and support placed in us!

Yours sincerely, Mari-Liis Rüütsalu

BRIEF OVERVIEW OF THE GROUP

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

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

- **Key activity:** creation of journalistic content, editing of news portals, publishing of newspapers, magazines and books throughout the Baltic States.
- **Development of digital lines of business:** the share of digital revenue is constantly rising, and it made up 71% of media segment and 49% of the Group's total revenue at the end of 2020.
- We provide **printing services** to Estonian and foreign customers, as well as to all of our own periodicals.
- **The key activities are supported by** information technology development, audio-visual production solutions, renting of advertising space, home delivery of paper periodicals.
- Management of the **real estate portal** in Estonia.
- Organisation of an increasing number of **entertainment and other events**.
- Since 2019, the **operation of the electronic ticket platform and box offices** in Latvia.

In 2020, group companies strengthened their position in all areas of activity. The state of emergency related to the global spread of the virus presented challenges to the work of media outlets and digitization of all services.

The shares of AS Ekspress Grupp have been 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 56.15%.

Ekspress Grupp in figures (2020)

63.2 million €
revenue

7.0 million €
EBITDA

2.5 million €
net profit

49%
the share of digital revenue of group's revenue

+ 81000
digital subscriptions throughout the Baltics

73%
digital subscriptions growth

+ 3.0 million
monthly real users across Delfi portals in Baltics

34
regularly published miscellaneous periodicals in Estonia

27
online media platforms all over the Baltics

22
group companies

≈ 1600
employees

STRATEGY AND GOALS OF THE GROUP

Mission

- To serve democracy

Our goals

- Produce award-winning content, appreciated by our readers and media experts alike
- Be the leading digital publisher in Baltics (in terms of user time spent and number of real users)
- Maintain our quality paper-based media products for the audiences who value this format
- Increase the value of the company for our shareholders

Group strategy

Ekspress Grupp continues focusing on the organic growth of the existing digital business as well as finding opportunities to increase its business volumes through acquisitions. The Group's goal is to increase the company's value by creating a synergy between the new businesses acquired and current media operations. In addition to the development of the digital media segment, the quality and cost-efficiency of printed media and printing services are also vital for the Group.

The Group plans to strengthen its existing core business and facilitate digital transformation through increasing the share of the Group's digital revenue. In order to support growth, the goal of Ekspress Grupp is to ensure optimal distribution of investments, repayment of loans and profit allocation both from the point of view of the Group and its investors.

To implement the Group's strategy, our goal remains production of award-winning content valued by our readers and media experts alike while being a leading digital publisher in the Baltic States both in terms of the time spent online and the number of actual users. We wish to continue providing high-quality printed media products for those readers who value this format.

GROUP'S KEY BUSINESSES

AS Ekspress Meedia / Estonia

Ekspress Meedia manages Estonia's most versatile and readable online portal Delfi with more than 600,000 weekly readers. Ekspress Meedia also publishes the flagships of newspapers (Eesti Ekspress, Eesti Päevaleht, Maaleht) and magazines (Maakodu, Eesti Naine, Tervis +, Oma Maitse, Anne & Stiil, Pere & Kodu, Kroonika) in Estonian media landscape.

Delfi UAB / Lithuania

Delfi Lithuania has almost 1.4 million monthly users and more than 700 thousand daily real users.

A/S Delfi / Latvia

Delfi Latvia has been recognised as the most trustworthy and most beloved news media brand in Latvia, with more than 800,000 monthly users DELFI is a leading news media channel in Latvia, in both languages - Latvian and Russian.

SIA Biļešu Paradīze / Latvia

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

AS Õhtuleht Kirjastus / Estonia

Õhtuleht Kirjastus publishes Estonia's largest daily newspaper Õhtuleht, free newspaper Linnaleht and news and entertainment portals with over 440,000 monthly users. On 1 June 2018, it merged with Ajakirjade Kirjastus and more than 10 magazines were transferred to it. At the end of 2019, Õhtuleht Kirjastus bought the magazines Tiiu and Eesti Ajalugu. Õhtuleht Kirjastus has a total of over 120,000 subscriptions.

Adnet Media UAB / Estonia, Latvia, Lithuania

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

SIA Altero / Estonia, Latvia, Lithuania

Altero is a leading financial comparison platform in the Baltics. Altero started its operations in Latvia in 2016, in Lithuania in 2019 and in Estonia in 2020. More than 100,000 Altero clients have compared financial offers for consumer loans, car loans and other products since the launch in June 2016.

Babahh Media OÜ / Estonia

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

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.

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.

D Screens SIA / Latvia

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

OÜ Hea Lugu / Estonia

Hea Lugu is a book publishing company. Hea Lugu publishes both original and translated fiction, history books, autobiographies and memoires, books for children, reference books and practical handbooks. Hea Lugu operates trademarks Maailm ja Mõnda, 100 Rooga, Õhtuõpik, Eesti Ekspressi Raamat, Eesti Päevalehe Raamat, Maalehe Raamat and Raamat24. Books are also published in e- and audio formats.

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.

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

OUR MEDIA BRANDS

Our web media portals:

Delfi

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

Our weekly and daily newspapers with a strong digital outlet:

Õhtuleht, Maaleht, Eesti Ekspress, LP, Linnaleht, Eesti Päevaleht

Original and thorough treatment of hot topics.

EKSPRESS GRUPP

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

Always high-quality and reliable.

Magazines with a strong web outlet

Pere ja Kodu, Kalale!, Kodukiri, Anne & Stiil, Tervis+, Naisteleht, Kroonika, Nipiraamat, Naine, Käsitöö, Tiiu, Oma Maitse, Eesti Ajalugu

New ideas about hobbies and lifestyle of interest to you.

Our books:

Hea Lugu, Maaleht, Eesti Ekspress, Eesti Päevaleht

Adventures on your favourite topics.

Our other brands:

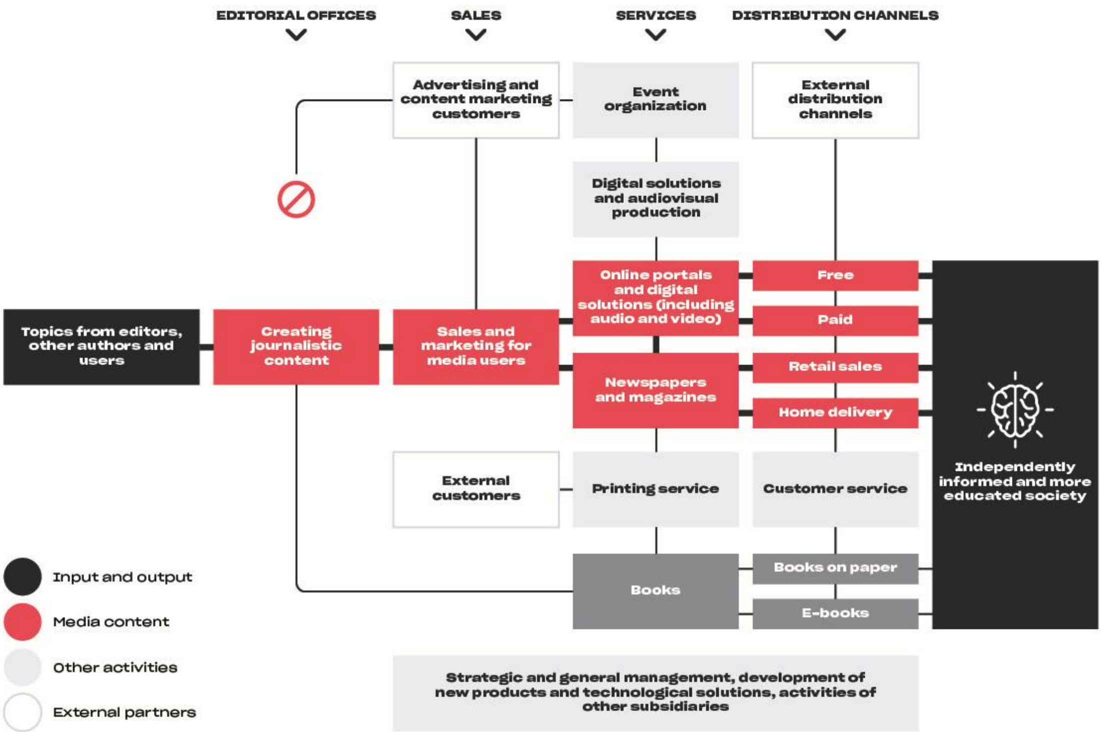
Kinnisvara24, Biļešu Paradīze, altero, Login

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

OUR CHAIN OF KEY ACTIVITIES

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

In addition, group companies offer advertising on outdoor screens. The Group also manages the electronic ticket sales platform bilesuparadize.lv and ticket sales sites in Latvia and operates the financial comparison and brokerage platform in Latvia and Lithuania.



RESPONSIBILITY OF A MEDIA GROUP IN THE SOCIETY

As the media group operating in the three Baltic States, Ekspress Grupp plays a leading role in promoting the society. In its three home markets, the Group is one of the main companies impacting the public information space and it is a major employer. This entails responsibility to manage all group companies in a responsible manner and create high-quality and reliable journalistic content in an independent and ethical manner.

> "
> Ekspress Grupp is able to fully carry out its mission (serve democracy) only if it creates an environment that helps people, companies and leaders to make decisions that ensure the sustainability of the society.

The prerequisite for the trust of the wider public and the companies that are related to Ekspress Grupp is that group companies are managed in an honest, law-abiding and ethical manner.

An agreement has been reached within the Group concerning the focus trends and activities embodying social impact and responsibility in which the Group has assumed a strategic role.

We wish to be:

Independent and modern content creator

- Information accessible to everyone through convenient and attractive digital solutions
- Independent and ethical journalism

Desirable employer

- Retaining and developing professionals
- Appreciation diversity

Responsibly managed company

- Open and honest leadership
- Green activities

Social leader

- Supporting participatory democracy
- Raising topics of major social impact
- Development of media wisdom

Our Targets under Social Responsibility:

1. Develop **ethics and behaviour principles** for the entire Group to ensure that every employee understands corporate social responsibility.
2. Establish **targets** for business-related social responsibility aspects for the Group, and **monitor and report** them in accordance with the best international practices (e.g. Global Reporting Initiative or Sustainable Development Goals).
3. Develop **socially important key topics** that allow group entities to implement initiatives that systematically contribute to addressing some of our social challenges, to establish an **institutional foundation** for better journalism to serve the democracy.

We are committed to sustainability. Our commitment is provided in our Environmental Management Report, Social Responsibility Report and the Report of the Corporate Governance Code.

The Group's annual report reflects the management principles, examples and results of all of the above aspects for the year 2020.

THE ROLE OF MEDIA COMPANIES IN THE SOCIETY IS CHANGING

As a media organisation, Ekspress Grupp is undergoing major changes. The pressure on the current business model is building up while the revival of traditional media has started. The role of media companies in a society is becoming increasingly stronger and more important.

Similarly to other media companies, Ekspress Grupp also needs to take into account current social trends and the media sector's developments when creating journalistic content and managing its companies:

- Polarisation in the society will continue, there are widespread views that deliberately try to disrupt both media and the society;
- The use of smart devices for media consumption and getting information is common, the requirements for technical solutions keep increasing – the content of all periodicals needs to be easily found and used in various devices;
- Media companies create more and more synergy between their businesses while real estate and ticket sales portals, content marketing and event organisation support the media business.

"In 2020, political struggle for survival carried over from politics to the debates of ordinary people. Each person needs to choose sides at all times and this is quite a depressing and tiresome trend. I am all for open debates, but they turned unnaturally intense. There was an impression that if people do not choose sides, they are inevitably against somebody."

Urmo Soonvald, Editor-in-Chief of Delfi and Eesti Päevaleht

" As early as 2019, Delfi Latvia became the largest online news channel in terms of the total number of readers, the number of viewing of websites as well as the time of use. It became evident from the survey of the research company Kantar TNS in 2020 that the Latvians trust Internet portals as much as the all remaining traditional media combined. The purpose of the survey was to determine people's trust in different media channels during the COVID-19 pandemic. According to the survey, the Delfi portal was the undisputed number one portal for people to search for COVID-19 related topics, and it was more popular and reliable than Facebook or any other Latvian media publication, incl. the national media segment.

Balanced journalism is important

Journalism needs to be independent and free. The work of journalists and periodicals should not be influenced by business interests, political links, personal relations or gains, bribes or any other benefits. The principles of balanced journalism are followed in all Group companies. Various parties are allowed to express themselves and counter-arguments are permitted; source information is to be always verified and if necessary, each journalist needs to ensure source protection and confidentiality. In case of sensitive topics, the line of ethics should be perceived.

"We focus on creating quality content. We no longer post each press release or tweet, but choices are analysed from the content point of view. This has helped further increase the number of articles that are read for more than 10 000 times. This trend has not even been hindered by the fact that almost a quarter of all articles are currently fee-based, while a year ago every tenth article and two years ago every twentieth article was fee-based"

Martin Šmutov, Editor-in-Chief of Õhtuleht

According to the global press freedom indices, the media in the Baltic States is free – in the table of the Reporters Without Borders (RSF) for 2020, Estonia ranked 14th (2019: 11th), Latvia 22nd (2019: 24th) and Lithuania 28th (2019: 30th). While Latvia and Lithuania have improved their positions, Estonia has fallen by three spots. One reason outlined was the constant attacks against the press by the Estonian Conservative People's Party that was part of the coalition at the time.

"In my opinion, we have freedom of expression in Estonia, at least at the media companies of Ekspress Grupp. Still, there were media leaders in Estonia who thought that media should be less critical of the government in the crisis situation. I personally do not think so. Each decision is of critical importance especially during the time of the crisis. One needs to ask questions, give and explain reasons, and the press has a major role to play in it."

Urmo Soonvald, Editor-in-Chief of Delfi and Eesti Päevaleht

All newspapers, news portals and some magazines are members of independent self-regulatory bodies of the Estonian, Latvian or Lithuanian press – press councils.

Complaints are an inevitable part of the media business

The several dozen periodicals of Ekspress Grupp produce tens of thousands of articles, podcasts and television shows each year. Complaints about the journalistic content are an inevitable and integral part of the media business.

In 2020, 28 complaints were filed at the Estonian Press Council against the Estonian media outlets of Ekspress Grupp, 24 of which against the periodicals of Ekspress Meedia and 4 against the periodicals of Õhtuleht Kirjastus.

In 2020, no complaints were filed against Delfi Latvia, whereas 34 complaints were filed against Delfi Lithuania. There are two institutions that process complaints in Lithuania: Inspector of Journalist Ethics and Ethics Commission for Public Information. Often, complaints are filed with both organisations.

"Media publications are often accused of crucifying people before the court has made a ruling. This characterises an environment in which we operate today – we are under the avalanche of constant accusations so as to not cover certain topics. We do not see an option not to cover them, because media responsibility and role as a social supervisor is increasing. While previously we were not fully convinced in which direction media impact is heading, it is clear now that it is constantly increasing and we need to be free to do this."

Argo Virkebau, Chairman of the Management Board of Ekspress Meedia

Any kinds of violations of the Code of Ethics are taken seriously at the Group. For this purpose, training courses are regularly provided to journalists and discussions are held at editorial offices in order to avoid potential missteps in the future. The Group wishes to cause no harm to related parties and avoid formal complaints, court cases and penalties.

The crisis brought new readership records

In the spring of 2020 when the first disquieting signs of the spread of the COVID-19 virus and the related dangers became apparent, the readership numbers in all channels increased sharply, the Group's publications posted new readership and digital subscription records. People needed relevant, comprehensible information from reliable sources.

"For journalists, this was a situation for the first time in history when countries were being shut down, and it was not related to the weather conditions or war. All of a sudden it was as if we were participants at the start of the action movie where different topics could be thoroughly scripted. March and half of April were such months where the willpower, passion and contribution of our people to cover the topics increased in line with the speed at which many people were reading us. Our impact was at the peak at that time."

Urmo Soonvald, Editor-in-Chief of Delfi and Eesti Päevaleht

"Delfi was the key information sources for the people of the Baltic States during the coronavirus crisis and the state of emergency, journalists shared quickly necessary information for people via articles, videos, pictures as well as podcasts. The readers' appreciation and positive attitude inspired us and motivated the society to stay in touch with necessary information. The Delfi portal in Estonia witnessed its highest ever number of visitors that reached 600 000 on record days.

"There is a saying that a good crisis should never go to waste. I am 100% convinced that the greatest achievement of 2020 was laying down a very strong foundation for the future success of Delfi Lithuania. We invested a lot of resources in growing our digital subscriptions and we were extremely successful at that."

Vytautas Benokraitis, CEO of Delfi Lithuania

Journalist's responsibility, i.e. the interventionist

- Marju Himma-Kadakas, a journalism researcher at the University of Tartu is involved in the survey of the Journalistic Role Performance which observes how six journalistic roles are represented in news texts. Of the Estonian periodicals, it covers Õhtuleht, Eesti Päevaleht, Postimees, Delfi, Postimees.ee, ERR.ee, "Aktuaalne kaamera", "Seitsmesed uudised", „Reporter", "Päevakaja" and "Päevapilk". Altogether, almost 6000 articles published in 2020 were analysed. By October 2020, almost 1200 stories had been coded, therefore, the analysis and information do not reveal the final results, but it is possible to draw preliminary conclusions.
- One role measured in the survey is that of the interventionist and within it, the presence of the first person of the journalist in the news article, the journalist's assessment and interpretation of the topic covered and opinion in the vocabulary used. In short, the interventionist means a bias in the news article, the desire

of the journalist to impact the public in a certain direction – this is allowed in a feature but not news articles.

- Of the 39 articles analysed in Õhtuleht, the journalist's personal viewpoint was evident in only article. The journalist's interpretation was detected in three articles out of 39. The characteristic of the role of the interventionist is also calling upon readers – this has not yet been detected in the articles coded in Õhtuleht. The text of the news is undoubtedly more interesting if colourful vocabulary is used, although if the vocabulary is too colourful it becomes opinionated. Opinionated vocabulary was coded in three articles out of 39. The journalist had used the first person in two instances.

"We understand our role in the fight against the dissemination of fake news and propaganda, and this is becoming more and more important. The outcome of all this hard work was the best European lie detector award granted to Delfi Lithuania."

Vytautas Benokraitis, CEO of Delfi Lithuania

The spread of fake news is still relevant, necessitating re-checking of facts and statements made in media for several times. The Group's media outlets need to be even more accurate in their daily activities in order to offer important and balanced coverage of topics based on reliable sources.

"Fact-checking assumed a new meaning in the year of the crisis. At the start of the coronavirus pandemic, there were a lot of so-called half-facts and lies, pseudoscientists and doctors turned up. The fact-checking section of Delfi grew strongly. We understood that one needs to be careful when publishing certain facts or leave them out altogether. If there is just a quarter of a lie in a sentence, we cannot publish it."

Urmo Soonvald, Editor-in-Chief of Delfi and Eesti Päevaleht

" The Lithuanian Centre of Journalism arranged media monitoring from August to October 2020 to disclose the trends of citing expert sources in Lithuanian media. It became evident that expert sources are citied in the Lithuanian media portal Delfi.lt most frequently. In the research period, experts were citied in Delfi in exactly 241 instances.

"The Latvian media market is sensitive, in 2020, several print periodicals were discontinued and journalists lost their jobs. Media organisations demanded subsidies from the state that were also granted in certain cases. Instead of hoping to get the money thrown out of the helicopter, so to speak, Delfi successfully participated in local and international aid programmes aimed at supporting journalism and hindering dissemination of fake information."

Filips Lastovskis, Deputy Editor-in-Chief of Delfi Latvia

Review of message boards by human moderation

In case of online publications, the use of message boards still plays a key role. The media outlets of Ekspress Grupp promote the use of message boards with registered and logged in users. For removal of improper comments, human or machine moderation is used.

Theme-based (online) events with the effect of connecting people

In 2020, due to the state of emergency the events broadcast over the Internet became more important than ever. The companies of Ekspress Grupp were able to react quickly and they brought important events to the readers, such as concerts, sport series, major events and promoted them. Delfi in Latvia and Lithuania broadcast significant cultural and public events.

Paid content needs to be highlighted

Content marketing as an ever-increasing advertising format also sets requirements and restrictions for the Group's media outlets. The Group is still firmly convinced that the interests of advertising customers, content marketing and organisation of the Group's own commercial events should not impact the journalistic content of periodicals. The line between advertising and media editing should be clear, content marketing and other content shown for a fee should be readily Identifiable. The situations where customers wish to pay for coverage of certain topics but not under their own name are discussed with the CEO and Editor-in-Chief of the media company.

> **“ Paid content must be clearly highlighted and identifiable**

Media creates value by raising important topics

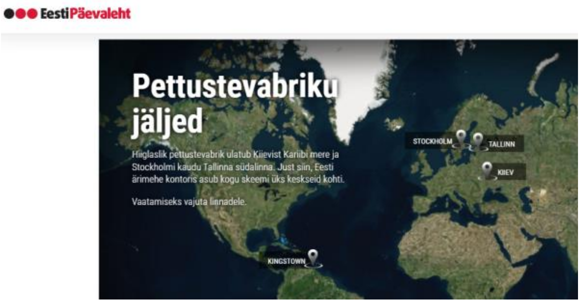
Media's responsibility is to cover relevant and problematic topics. It is also an opportunity to highlight and draw attention to the society's sore points and key processes that need to be changed, and impact them in a positive direction.

It is the daily responsibility of the Group's media companies to find and keep a balance between news stories that are attractive to media consumers and require immediate attention, and treatment of forward-looking social issues that require an in-depth analysis.

> **“ The role of the press is to draw attention, generate public debate and give a voice to various parties on issues of social importance**

In 2020, the journalists of Ekspress Grupp addressed a number of major issues that sparked public debate or brought about significant changes.

- **The series of articles "Dirty Money"** in **Päevaleht** highlighted how the world's elite has moved money around. According to statistics, almost every tenth suspicious transaction moved through certain Estonian banks.
- The investigative editorial staff of **Eesti Päevaleht** and **Ekspress Meedia** participated in the international money laundering investigation of the press that uncovered the flip side of the global shadow economy.



- **Õhtuleht** carried out a thorough analysis showing that payment of millions just for the trademark on the package of medicinal products is not a conscious choice of patients. Writing, compensation and arrangement of selling of prescriptions have several systemic drawbacks.

- In order to highlight violence against women, **Eesti Ekspress** carried out a large cooperation project with Marat, the proceeds of which were donated to the Women's Asylum.
- In middle of the coronavirus crisis, **Eesti Ekspress** wrote about how the Health Board collected data about the spread of the coronavirus, but was neither able to use nor transfer them to the researchers advising the government.
- In May, the investigation of **Õhtuleht** showed that although the rules of procedure were violated in the detention house of the central police of Tallinn when an employee of the detention house did not perform a routine cell check, it did not cause the death of the head of TV3, Priit Leito. The investigation was terminated with nobody being punished.
- The summer started with the article in **Eesti Päevaleht** about how the mother of the year Malle Kobin abused her stepchildren for years. Everyone knew but nobody talked about it. In August, Kobin was convicted of misappropriation, imprisonment and physical abuse of underage children.
- In July, **Eesti Päevaleht** exposed that Louis Freeh, a U.S. lawyer hired by Martin Helme to bring millions euros of money laundering fines to Estonia, had previously defended businessmen with a suspicious background.

- In July, the journalist of **Õhtuleht Arno Põder** published a survey that showed how Estonian youngsters are selling sex for money, food, computer games and nice items. The people who have had contact with underage prostitution were interviewed for the article, according to whom the stories that reach the police are only a tip of the iceberg.
- **LP** published a thorough interview with several fascinating people, among them the hero of the coronavirus crisis Arkadi Popov, the businessman Enn Veskimägi who candidly spoke about his disease and cure at the end of the summer and the spokesperson of the Health Board during the crisis Martin Kadai who openly spoke about the reasons for leaving his job.
- In July, a survey was published in **Õhtuleht** how savings and loan association offer incredibly high interest rates as compared to banks. Based on public information, Õhtuleht identified several associations that have provided 20% larger loans to its members despite being prohibited by law.
- **Eesti Ekspress** uncovered that the donation in the amount of EUR 50 000 given to the Estonian Centre Party was not made by Jana-Helen Juhaste but a controversial Tallinn entrepreneur who has business

interest in one of the most notorious real estate projects and who is expecting a huge favour from the city.

- The Estonian Drama Theatre celebrated its 100th anniversary this year. Due to the state of emergency, there were no celebrations: however, **LP** and **Delfi** wrote a story as a jubilee gift about the theatre's 100 year-history.
- Uno Loop who celebrated his 90th birthday gave an interview to the magazine **Kroonika** where he talked about his life in the retirement home.
- **Eesti Ekspress** was the first newspaper to write about how Aivar Mäe, the Director of the Estonian National Opera humiliated and harassed women in the work team. Mäe stepped down from the position and in October, the Police and Border Guard Board imposed a monetary fine on him in administrative proceedings for sexual harassment.

- **Õhtuleht** monitored the routes of the chauffer of the Ministry of Education in the afternoons of three random working days during a period of three months. In all of these cases, instead of giving a ride to the Minister, the chauffeur drove around her children. Due to the disclosure of the misuse of the official car, the Minister of Education Mailis Reps resigned from her position.

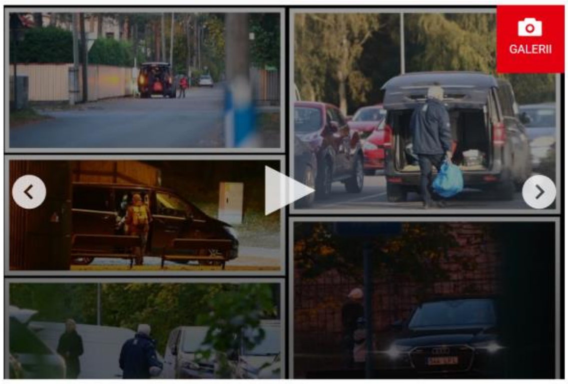
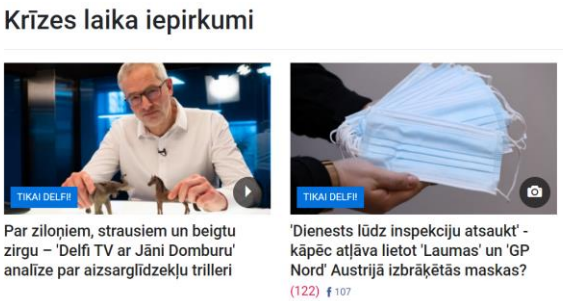


Foto: Robin Roots, Hannes Dreimanis

- In the last days of December, a false statement went viral in social media, trying to depict the first coronavirus vaccination in Estonia as a photoshopped picture. **Delfi** rebutted the false statement and demonstrated that the photoshop consisted of just taking several subsequent shoots but the vaccine in the syringe was authentic. Thus, raising any doubt and claiming that people were being fooled and ridiculed with the use of "staged vaccinations" was an outright lie.

- In December, **Delfi** came out with the special paper #JagameHead that consolidates positive and inspiring news and stories about people, communities, activities, initiatives as well as spiritual and practical advice that would help people during difficult times.
- **Delfi Latvia** processed a huge volume of the documents of the former National Security Committee of the Soviet Union that was made public only in 2018. Delfi published almost 100 articles and video interviews that analysed the content of these documents.
- Together with the Baltic Centre for Media Excellence, **Delfi Latvia** organised a series of talk shows about the impact of COVID on the freedom of the press.
- At the time of the outbreak of the COVID-19 crisis, **Delfi Latvia** assumed the role of a watchdog in respect of the decisions about making protective gear available. In several cases, these decisions were not transparent and indicated a potential corruption risk.



- A series of articles was published in collaboration of the fact-checking team of **Delfi Latvia** and the research and education channel Campus that rebutted fake information circulating about COVID-19.

- **Delfi Lithuania**'s freelance photographer was the first person in the country to publish a photo report of the so-called red zone - the hospital where COVID-19 patients were being treated.

- Lithuanian journalist **Rytis Zemkauskas** wrote a feature article that lifts the light blue cover of the Swedish utopia and throws light on the reality, where under quite a thin layer of wellbeing and success there is a cold rock of selfish cynicism. This became Delfi's most popular article of the year.
- A huge scandal erupted in Lithuania in January when it turned out that the country's largest toilet paper manufacturer Grigeo Klaipeda had directed its dirty production wastewater to the Curonian Lagoon in the Baltic Sea. **Delfi** found out that a few months earlier the company had reached an agreement with at least three companies in Klaipeda to clean its wastewater.

- In March, the Government of Lithuania set special national measures related to the COVID-19 virus. At the same time, **Delfi Lithuania** launched collaboration with the social media platform Facebook to identify fake news associated with the virus and restrict its dissemination. The Lie Detector, the special page of **Delfi Lithuania** publishes ca 40 articles a month to increase awareness of circulating fake news.

Funding of private media vs. national broadcasting

Ekspress Grupp together with other private media houses started an important discussion about the funding of the Estonian Public Broadcasting (ERR). The Estonian Association of Media Companies filed a complaint with the European Commission because it witnessed unfair competition from the ERR funded from public funds. The complaint primarily concerned the funding of the online news content produced by the ERR from the state budget which according to the association is not the task arising from the Estonian National Broadcasting Act and it creates unfair competition in the media market.

Impact of the social campaign “Don’t Read While Driving”

In May and June 2020, Delfi conducted a survey to map out whether people have noticed the social campaign “Don’t Read While Driving” that draws attention to the dangers of using mobile phones while driving. In Estonia, 935 people aged 18–74 participated in the survey.

- The majority of the respondents have not yet been involved in very serious incidents due to the use of mobile phones. However, people understand that it represents a serious danger. The longer people have had their licenses, the less dangerous the use of mobile phones while driving seems to them.
- The three most appropriate measures to make people not use their phones are stricter punishments when being caught (50%), stricter police checks (44%) and more active awareness campaigns (30%). 20% of the respondents do not believe that anything would help.
- In 2019, 40% of the respondents noticed the campaign “Don’t Read While Driving” whereas the campaign visibility was 70% in the Estonian-language target group. In 2018, 53% of the respondents had noticed the campaign.

DIGITAL MEDIA COMPANY

Kaspar Hanni, Development Director of the Group

Ekspress Grupp is a media group that is currently undergoing digital transformation – the biggest change ever in its key business. The media consumption habits of our readers are constantly changing and the key to our success in keeping up with these changes is our fast adaptability.

The year 2020 was a breakthrough year in the growth of digital subscriptions of the periodicals of Ekspress Grupp in all markets. We believe that the key reason for the growth in subscriptions is the change in people's attitudes and habits: they are increasingly more willing to pay for high-quality digital content. It is a pleasure to acknowledge that Ekspress Grupp has been the most successful company among the Estonian, Latvian and Lithuanian media companies in terms of the sale of digital subscriptions.

In 2020, the digital subscriptions of Ekspress Meedia became its largest revenue component. It clearly demonstrates that consumers value the content to be created and the periodicals, and they are willing to pay for them.

All media organisations around the world are undergoing a major transformation where the share of digital business and its importance keeps growing. The key question is how to preserve the current business, incl. how to continue providing paper products while offering high-quality, relevant and interesting content in digital channels, and increasingly more in real time. This requires new skills and knowledge about the functioning of e-channels.

All media products of Ekspress Grupp are available in a digital format but Estonian consumers can also traditionally read the key periodicals on paper. In Latvia and Lithuania, the Group operates only in digital channels. In addition, Hea Lugu sells e- and audiobooks and runs the e-store Raamat24. Our companies Adnet Media, Babahh Media, Kinnisvara24.ee and Biļešu Paradīze are 100% digital businesses. Linna Ekraanid and D Screens provide advertisements on digital outdoor screens.

We are constantly developing mobile-friendly platforms and digital solutions to be used in smart devices. In the year ended our companies implemented a number of platform, service and design upgrades.

I would like to point out some facts about digital media that illustrate the new records for the year ended:

> **“ The number of digital subscriptions of Ekspress Grupp increased by 73% in the Baltic States in 2020**

- In Latvia, the number of digital subscriptions increased by almost 2.5 times and totalled more than 11 000 at the year-end.
- In Lithuania, the number of digital subscriptions was almost 6600, increasing by almost 7.0 times in a year.
- The market share of Ekspress Grupp in the digital subscriptions of all Estonian media outlets was 50% at the end of December.
- The number of paid digital subscriptions of Ekspress Meedia increased by 53% to almost 50 000 in a year. The growth of Õhtuleht Kirjastus was 36% and it had almost 14 000 subscriptions.

Ekspress Grupp is currently finishing one of the largest development projects of the last few years, within the framework of which the entire Delfi platform will be replaced. Internal information systems, i.e. the tools that the editorial staffs in Estonia, Latvia and Lithuania work with on a daily basis, are also going to be more modern with a range of new features. Development of digital solutions and services will be our key focus going forward. The main objective of these developments is to create more value for our digital subscribers.

Ekspress Grupp identifies itself as a growing digital media group that monitors the changing information and media consumption habits of its readers and adapts to them. For the media group with one of the best IT solutions in the region, besides development of digital solutions it is increasingly important to synchronise content production among group companies – finding a common denominator and creating synergy.

The year 2020 was a breakthrough year in terms of digital subscription growth of all the periodicals of Ekspress Grupp and in all the markets. The key reason for the growth in subscriptions is the change in the attitudes and habits of people who are more and more willing to pay for high-quality digital content. The growth in digital subscriptions was also supported by the general backdrop of the media market – greater value is placed on objective journalism in global societies dominated by fragmented information. Ekspress Grupp has been the most successful media company in Estonia in terms of its digital subscriptions.

Digital subscriptions made up the largest share of the revenue of Ekspress Meedia in 2020. This clearly demonstrates that consumers value the content to be created and the periodicals, and they are willing to pay for them.

Our key focus is development of digital solutions and services

All media organisations throughout the world are undergoing a major upheaval where the share and importance of digital business keeps growing. Today the question no longer is “if” but “how’”. They all have similar tasks – how to retain the current business and customers, how to continue to offer paper products while also being able to provide high-quality, relevant and interesting content in digital channels, more and more in real time. This requires new skills and knowledge about the functioning of e-channels.

All media products of Ekspress Grupp are available in a digital format. The Estonian consumers can also traditionally read the most important periodicals on paper. The Group is also represented in the digital channels in Latvia and Lithuania.

In addition, Hea Lugu sells e- and audiobooks and operates Raamat24 e-store. Adnet Media, Babahh Media, Kinnisvara24.ee and Biļešu Paradīze are 100% digital businesses. Linna Ekraanid and D Screens operate digital outdoor advertising screens. We are constantly developing mobile-friendly platforms and digital solutions for smart devices. **We are in a leadership position in all our home markets.** The growth of digital subscribers also continued during the state of emergency which clearly demonstrated that the media outlets of Ekspress Grupp provide credible journalism to their readers.

Digital media indicators post new records

"Ekspress Grupp has 81 254 digital subscriptions in Estonia that cost more than 1 euro

- The number of digital subscriptions of Ekspress Grupp increased by 73% in the Baltic States in 2020.
- In Latvia, the number of digital subscriptions increased by almost 2.5 times in a year and totalled 11 143 at the year-end 2020.
- In Lithuania, the number of digital subscriptions was 6 595 at the year-end, increasing by almost 7.0 times in a year.
- The market share of Ekspress Grupp in the digital subscriptions of all Estonian media outlets was 50% at the end of December 2020.
- Digital revenue of the Group accounted for 49% of revenue.
- The number of paid digital subscriptions of Ekspress Meedia increased by 53% in a year and totalled 49 696, the growth of Õhtuleht Kirjastus was 36% and there were 13 820 subscriptions.

"In 2020, we made a huge leap forward in the growth of digital subscribers and digital products. The growth of subscriptions has been the highest in Estonia due to the most advanced products here. Growth rates have been higher in Latvia and Lithuania. We promote an attitude that each educated person should have a digital subscription of at least one media house where all the necessary information can be found. Stating that should be a matter of pride."

Mari-Liis Rüütsalu, CEO of Ekspress Grupp

The crisis presented challenges for technology

The COVID-19 related state of emergency had the most profound effect on the activities of the Latvian ticket sales platform Biļešu Paradīze. During the first virus outbreak, the state of Latvia set a 50% occupancy rate on the movie theatres and due to this, the company's activities were significantly restricted. Thus, the company focused on the development of its own web platform and launched a new and significantly more modern solution for final customers. For example, the new technical solutions will create state-imposed requirements for the customer profile of the ticket platform where the customer of each ticket purchased can be identified. This has helped to almost double the company's market share in the difficult year.

"Due to the special nature of our business, we did not have less work as a result of public restrictions related to the virus outbreak. All events needed to be reorganised and rescheduled for later dates. Each customer who had bought a ticket to a cancelled event needed to be refunded. In addition, there were various problems with organisers and their commissions. All our information channels – the Internet, information hotlines, web robot – worked around the clock. We had another difficult period from July to September as all organisers wished to immediately arrange their cancelled events and this in turn created an additional workload."

Jānis Kuzulis, CEO of Biļešu Paradīze

“ The ticket sales company developed its web platform and launched a new and significantly more modern solution for final customers, which has helped to almost double the company's market share

Work in the digital area has been an ongoing and natural development for the entire Group that is challenging technological innovations, internal processes as well as the skills and competencies of employees. The development unit of Ekspress Grupp has constantly been launching new innovative solutions in the market that offer additional value to the users of our portals and marketplaces, incl. readers.

“In the digital business, everyone makes fast progress. If someone starts to use anything new, half a year later, everyone will be using it. Although it could be assumed that some stability will arrive soon because all market participants have already come out with their key products, in reality this is not yet the case. On the contrary, the development of the digital service area is picking up speed throughout the world. There are many global companies with huge development capacities and they are able to progress very quickly. In certain specialised areas, one thousand people may programme the same piece. For example, in our market in the context of recruitment of specialists the fact how to keep pace with such fast developments is already a challenge.“

Kaspar Hanni, Development Director of Ekspress Grupp

Ekspress Grupp is close to completing one of the largest development projects of recent years, under which the entire Delfi platform will be replaced. The tool that is daily used by editorial staffs in Estonia, Latvia and Lithuania will become more modern with lots of features and thereby it will create greater value for subscribers. At the same time, development work is underway with various solutions that would simplify the work of journalists while offering new opportunities to customers.

“In the development of the Delfi platform, we have set consumer expectations as our top priority. It means that from the technical point of view, our platform needs to be more flexible than before. The value lies in our ability to internally speed up necessary changes. The media business is fast, if we deal with consumer desires tomorrow, the end result would be lost subscriptions.”

Kaspar Hanni, Development Director of Ekspress Grupp

Podcasts and video podcasts

Podcasts that made a strong entry in the market in 2019 continued to be a success in 2020. Delfi with more than 50 programme formats is the market leader in the podcast field in Estonia. During the coronavirus crisis, video podcasts also became popular, by today Delfi has permanently moved some of its podcasts to a video format. Delfi’s professional journalists and carefully selected cooperation partners host these programmes. As many topics as possible are covered in order to provide the best content to our readers and listeners. **Delfi’s most popular**

programme "Erisaade" was listened to more than 152 000 times. Delfi Tasku podcasts can be listened to in all major applications, such as Spotify, iTunes, Soundcloud, Google podcasts, Castbox, etc.

Video and TV shows

In Estonia, Ekspress Meedia consolidated all events that have taken place or will take place into the portal Delfi Elamus. During the year, the following programmes reached thousands of viewers: children's song concert based on the works of Arvo Pärt and the concert "Südaöine" (Midnight) based on the music of Erki Pärnoja, Baltic e-Commerce Forum 2020, Eesti Ekspress conference "Kuidas tõsta ettevõtte väärtust?" (How to Increase Company Value?), the concert to draw attention to violence against women "Maarja missa"(Maria's Mass Liturgy) with Maria Faust and the festival for the elderly organised by Maaleht in Tartu.

Delfi Lithuania that took a major step forward with the launch of its linear television channel in collaboration with Telia in 2019, celebrated its 20 years in business by offering a free-to-all Lithuania-wide TV station in 2020. During one season, Delfi TV will show more than 50 programmes and more than six hours of live daily broadcasts. Video content is increasingly important to the users of Delfi; in the Lithuanian market, Delfi has already proven itself by being the most watched online television.

Delfi Latvia broadcast several online events to hundreds of thousands of viewers. The most ambitious one was the opinion festival LAMPA where 45 debates, some of which were broadcast from Delfi TV studio, were held for 117 000 real time viewers.

> “ **The television channel of Delfi Lithuania had 1 million viewers in December 2020**

Constant upgrading of digital and mobile versions

The digital outputs of all products are regularly upgraded so as to meet consumer expectations and be easy to use. During the year, several upgrades were made across the Group: Ekspress Meedia revamped the design and user experience for digital subscribers and upgraded iOS applications, Õhtuleht Kirjastus implemented several design innovations for the portal and digital magazines, Delfi Lithuania as a whole revamped its visual identity. Delfi upgraded its product Plus and launched a vertical for sports and financial topics. In addition to single subscriptions of digital articles and subscriptions of separate periodicals, media products are increasingly sold as an integrated online access package with one package providing access to several users.

Sharing experiences

Due to the state of emergency related to the pandemic, no in-house hackathon or information days were arranged in 2020. However, the people in the IT sector need to share their experiences in common information space. For this purpose, the company arranged online demos on how to resolve different issues.

KEY EVENTS AND DEVELOPMENTS IN 2020

JANUARY

- The Supervisory Board of AS Ekspress Grupp decided to merge UAB Login Conferences with UAB Delfi in Lithuania and dissolve the company UAB Sport Media. SIA Delfi Entertainment was dissolved in Latvia.
- A new wholly-owned subsidiary OÜ Ekspress Finants was set up through a spin-off from AS Printall and the Group's financial unit was combined with it.
- The real estate portal Kinnisvara24.ee broke its one-month visitor record when in the first month of the year people visited the portal for more than a million times and the number of visitors was higher than 400 000.
- Kinnisvara24.ee is the only real estate portal in Estonia that collaborates with Rendin OÜ, a company that provides rental contract services, as a result of which people who advertise their properties can rent them without requesting a deposit, and the real estate seekers can filter deposit-free rentals.
- Ekspress Meedia arranged an ice-hockey game with HC Jokerit.

FEBRUARY

- AS Ekspress Grupp disclosed the unaudited consolidated interim report for the 4th quarter and twelve months of 2019.
- Ekspress Meedia consolidated all events that have taken or will take place into the portal Delfi Elamus.
- Delfi Lithuania was the first portal to introduce a new visual identity that Delfi will also adopt in Estonia and Latvia.

- Atverskapi, the classified ads portal of Latvian fashion goods, introduced a business model of fee-based subscriptions.
- Delfi Lithuania celebrated its 20-year anniversary with the event "Delfi Titans" that was broadcast to all Lithuanian TV viewers. At the festive ceremony held at the National Museum of Art in Vilnius, Delfi awarded prizes to the people who break stereotypes with their personal example and highlight key public phenomena and events.

- Ekspress Meedia organised a concert of Arvo Pärt's children's songs to the full house in Alexela concert hall.

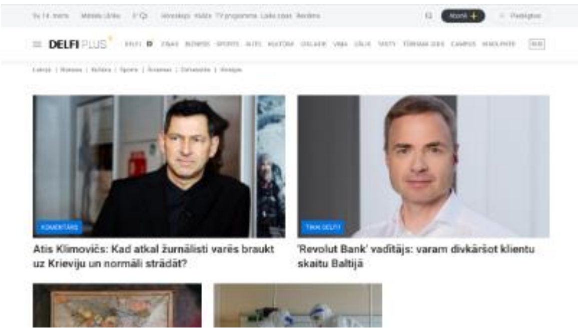
- DELFI-TV was launched as a national free-to-air frequency TV channel.

MARCH

- AS Ekspress Grupp adopted Group-wide measures to prevent the spread of the COVID-19 virus, protect its employees, continue providing reliable and timely news to its audience and offer other group services. Where possible, employees were allowed to work remotely and salaries were temporarily reduced in the Group's subsidiaries and the parent company.

- Delfi launched special designs and elements for the COVID-19 outbreak.
- Ekspress Meedia launched a powerful social campaign "I'll Stay at Home".

- In cooperation with the Estonian E-commerce Association, Delfi created a special project "Best E-offers", the purpose of which is to use the huge traffic of the news portal to advertise the products and services of the members of the E-commerce Association.
- Delfi Latvia updated its plus product with better original and exclusive content, and launched a function "Fewer Ads" for subscribers.



- Ekspress Meedia arranged the Baltic E-Commerce Forum 2020.

APRIL

- AS Ekspress Grupp disclosed the unaudited consolidated interim report for the 1st quarter of 2020.
- The Chairman of the Supervisory Board of AS Ekspress Grupp Ahto Pärl stepped down from the position of the member of the Supervisory Board and the member of the Audit Committee of Ekspress Grupp and the member of the Supervisory Board of AS Printall effective from 16 April 2020.
- The most popular programme of Delfi "Erisaade" was listened to for 152 000 times.
- Delfi Lithuania launched the Russian-language version of Delfi news portal ru.delfi.lt that immediately started to strongly attract new visitors.

MAY

- The initiative Debunk that was launched two years ago to focus on debunking international disinformation also expanded to Estonian and Latvia. Lithuania launched a localized version of a disinformation education game.
- The monitoring survey of Kantar Emor on the state of emergency revealed that more than 70%, i.e. the majority of the population of Estonia followed Delfi in the crisis situation.
- Delfi Latvia launched a new product in the market to debunk fake news.

JUNE

- The ordinary general meeting of the shareholders of AS Ekspress Grupp took place.
- The Supervisory Board of AS Ekspress Grupp elected Priit Rohumaa as the new Chairman of the Supervisory Board and the member of the Audit Committee.
- DELFI significantly increased the volume and quality of paid content during the COVID outbreak that helped the portal to reach the level of 6000 active monthly subscribers in June.
- In cooperation with the Baltic Centre for Media Excellence, Delfi Latvia arranged a series of talk shows about the impact of COVID on press freedom.

- Delfi Latvia launched a sports vertical www.mvp.lv with new subscription options.

JULY

- AS Ekspress Grupp disclosed the unaudited consolidated interim report for the 2nd quarter and six months of 2020.
- Delfi Lithuania launched a social campaign concerning the authors' fund and allocation of subscription revenue to the authors.

AUGUST

- Ekspress Meedia organised the concert of Ruja "Stainless World" and the composition of Maria Faust "Maarja missa" (Maria's Mass Liturgy) that was performed only once in St. John's Church in Tallinn and that was dedicated to all the women who have fallen victim to violence.

SEPTEMBER

- Delfi continued its successful social campaign "Don't Read While Driving" and the series of (virtual) lake marathons.
- On 10 September, the coronavirus conference of Eesti Päevaleht was held where the Prime Minister Jüri Ratas, medical chief of Saaremaa hospital Edward Laane, head of the Health Board's emergency medical department Arkadi Popov, Chairman of the Management Board of Tallink Paavo Nõgene and others talked about the coronavirus lessons.

- Delfi Latvia increased the volume and quality of paid content, in September the portal had more than 7000 active monthly subscribers.
- Delfi Latvia TV studio participated in the web talk show of the conversation festival "Lampa".

- In Lithuania, the new season of Delfi TV was launched in the course of which more than 50 programmes were shown and more than six hours of daily live programmes were broadcast.
- Delfi Lithuania reached a new record of paid digital subscriptions related to the new Delfi Plius service.
- Delfi Lithuania's public survey showed that most users named the Delfi portal as their primary news portal and it is considered as Lithuania's most reliable and objective portal with the greatest variety of opinions.
- The technology and innovation conference "LogIn" was held in Lithuania.

OCTOBER

- AS Ekspress Grupp AS Ekspress Grupp disclosed the unaudited consolidated interim report for the 3rd quarter and nine months of 2020.
- Delfi Latvia launched the new financial counselling vertical for the private sector finhack.lv.

NOVEMBER

- In conjunction with the exercising of the employee share option programme, the Supervisory Board of AS Ekspress Grupp increased the share capital by 600 000 euros from 17 878 104.60 euros to 18 478 104.60, by issuing 1 000 000 new ordinary shares with the nominal value of EUR 0.6 per share.

DECEMBER

- AS Ekspress Grupp announced a change in the structure of the shareholders with significant holdings. Between 22 and 28 December 2020, OÜ HHL Rühm acquired 1 096 475 shares of Ekspress Grupp, thereby increasing the indirect ownership of Hans Luik in AS Ekspress Grupp to 60.28%. After the transaction, OÜ HHL Rühm owns 34.42% (10 599 525 shares) and Hans Luik owns 25.86% (7 963 307 shares) of the shares of AS Ekspress Grupp.
- The number of digital subscriptions of Ekspress Grupp increased in Latvia by almost 2.5 times in a year and totalled 11 143 at the year-end 2020. There were 6 595 digital subscriptions in Lithuania at the year-end, the number of subscribers had increased by almost 7.0 times in a year.

MEDIA DISTINCTIONS AND AWARDS IN 2020

ESTONIA

In March 2020, the **Estonian Association of Media Companies** announced the winners of **"Press Awards 2019"**. It included many employees and periodicals of Ekspress Grupp.

- The winner in the multimedia category is the article published in **Delfi** on 29 March 2019 "This is How Films are Really Made: Take a Look How the Effect Magic of "Truth and Justice" was Born", whose authors were **Ra Ragnar Novod, Heleri Kuris, Ats Nukki, Mart Nigola, Madis Veltman, Kristi Helme** and **Mihkel Ulk**.
- The winner in the feature article category was **Eero Epner** with the article "Because They Can" published in **Eesti Ekspress** on 8 May 2019. This article was also noticed and received recognition outside the media sector. Pärnu Women's Asylum handed out the prize Okas for the first time to recognise the people who help to prevent domestic violence. **The first Okas** was awarded to **Eesti Ekspress** journalist **Eero Epner** for this article that received a lot of public attention.

- The winners in the feature article category of nationwide newspapers were **Ants Nukki** and **Tarmo Rajamets** for their article "Because They Can" published in **Eesti Ekspress** on 8 May 2019.
- The winners in the visual communication category of nationwide newspapers were **Eiko Ojala** and **Tarmo Rajamets** for the illustration "Silencing of Officials" published in **Eesti Ekspress** on 11 December 2019.
- The winner in the news category was **Mikk Salu** for his article published in **Eesti Ekspress** on 13 February 2019 "The Great Lie: Rainer Vakra's Thesis is Plagiarism".

In February 2020, the investigative press award, the **Bonnier Prize**, for 2019 was awarded to the journalists of **Eesti Ekspress** and the Estonian Public Broadcasting (ERR). The winners were **Sulev Vedler** from **Eesti Ekspress** and Anna Pihl from the ERR for their coverage of the listeria topic.

At the beginning of 2020, the **Estonian Association of Press Photographers** announced its awards at **the best press photo** competition. The winner of the best feature photo was **Priit Simson** of **Ekspress Meedia** for the photo series "Different Kinds of Neighbours". The photo series was made of the houses seemingly "glued" to each other in Pelgulinna district.

The winners of the 2020 the investigative press award, the **Bonnier Prize** were the articles published in **Õhtuleht** on how the Minister of Education at the time, **Mailis Reps**, allowed her children to be driven around at the taxpayer's expense. The authors of the articles published in **Õhtuleht** are **Stass Kuznetsov, Helen Mihelson, Risto Berendson** and **Robin Roots**.

LATVIA

- **Delfi Latvia** received the award for being the most loved media brand in the country and the Baltic States.

- **The Latvian Association of Journalists** awarded the prize of the best minority language content of 2019 to Rus.Delfi.
- **The Latvian Association of Journalists** awarded the prize of the best editor for the year 2019 to the **Editor-in-Chief of Delfi Latvia, Ingus Bērziņš.**

- The extensive multi-media project "Побег 94 / Breakout 94" dealt with the largest escape of prisoners in the Latvian history 25 years ago. The work was praised for the use of extensive sources and interactive visual elements. Within the framework of the project, the events of the escape were reconstructed together with the interactive map of the prison's territory.

LITHUANIA

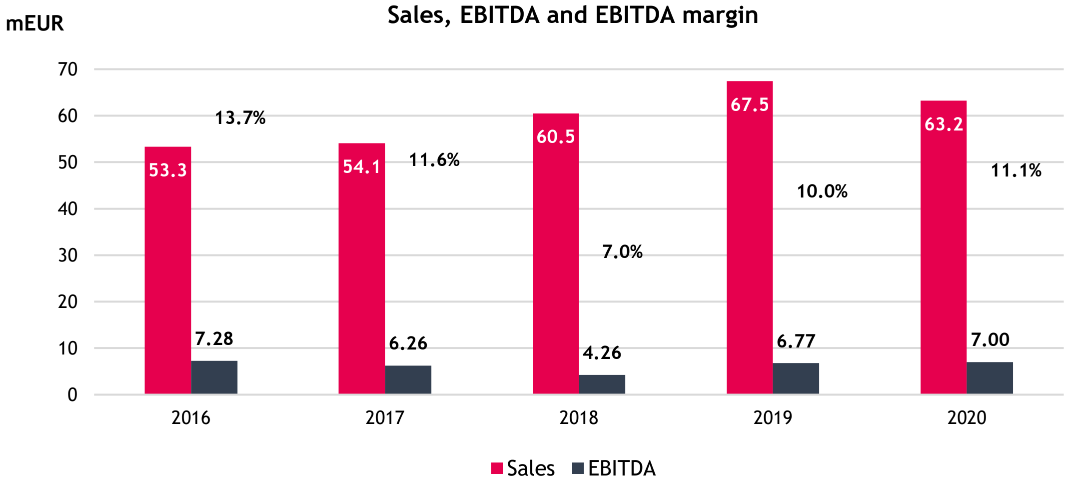
- At the festive ceremony held to celebrate the 20th anniversary of Delfi at the National Museum of Art in Vilnius on 6 February, Delfi awarded prizes to the people for breaking stereotypes with their personal example and highlighting key public phenomena and events.

- The Lie Detector of the Lithuanian news portal Delfi.lt is among nine nominees that are the candidates of the best fact-checking success stories of Europe. The winner will be announced at the global virtual summit.

MANAGEMENT REPORT

SUMMARY OF THE RESULTS

In accordance with International Financial Reporting Standards (IFRS), 50% joint venture should be recognised under the equity method in the consolidated financial statements. To provide a clearer uniform overview of the financial statements to the readers of the financial statements, from 2020, only the information relating to the joint ventures recognised under the equity method is presented in the financial statements and their results are shown as one line in the finance income.



REVENUE

In 2020, the consolidated revenue totalled EUR 63.2 million (2019: EUR 67.5 million) that is 6% lower compared to 2019. The decrease is mainly due to the impact of the state of emergency in the second quarter and the decreased sales revenues in the printing services segment throughout the year. Digital revenue accounted for 49% of total revenue and 71% of media segment revenue (2019: 45% of total revenue and 69% of media segment revenue, respectively). Despite the impact of COVID-19 in the 2^{nd} quarter, the Group managed to increase the digital revenue, specifically the digital subscription revenue during the year. The Group ended the year with approximately 81 thousand subscriptions, a net increase of more than 34 thousand, equal to a 73% increase.

PROFITABILITY

In 2020, the consolidated EBITDA totalled EUR 7.00 million (2019: EUR 6.77 million). EBITDA increased by 3% as compared to the previous year and the EBITDA margin was 11.1% (2019: 10.0%). Profitability was positively impacted by cost savings implemented throughout the Group and the salary subsidy of the Estonian Unemployment Insurance Fund in the amount of EUR 1.14 million. In 2020, due to the continuing impact of COVID-19 on the economic situation, the Group has recognized a one-time impairment charge of property, plant and equipment in the amount of EUR 1.0 million. Compared to 2019, the Group has lost approximately EUR 4.2 million in sales revenue, mainly due to the impact of the COVID-19 pandemic, while EUR 5.4 million have been saved in expenses compared to the same period. The net profit for 2020 totalled EUR 2.54 million which is 80% and EUR 1.13 million higher than in 2019. The net profit was positively impacted by the continuous cost savings, the recovery of sales revenue and the adjustment of fair value of the unpaid future liability of the acquisition price of the ticket sales platform, which was recognized as a one-time financial income of EUR 0.7 million.

CASH POSITION

At the end of the reporting period, the Group had available cash in the amount of EUR 6.3 million and equity in the amount of EUR 54.6 million (58% of total assets). The comparable data as of 31 December 2019 were EUR 3.6 million and EUR 51.6 million (54% of total assets), respectively. As of 31 December 2020, the Group's net debt totalled EUR 15.9 million (31 December 2019: EUR 20.7 million). Due to the state of emergency related to COVID-19, the Group concluded an agreement with AS SEB Pank to suspend loan payments in the period of March-August 2020 (EUR 1.2 million) and with AS Citadele banka in the period of June-November 2020 (EUR 0.3 million). The salary subsidy received from the Estonian Unemployment Insurance Fund (EUR 1.14 million) and the deferral of the payment of tax arrears (EUR 1.64 million) due to the state of emergency for the period of 24 months had an additional positive impact on the Group's cash position.

Signe Kukin, Chief Financial Officer of the Group

We live in a period of extraordinary changes and challenges. The unexpected and extraordinary events of 2020 presented challenges to the normal activities of people and businesses around the world. During the pandemic and at the time of the related economic disequilibrium and social unrest, AS Ekspress Grupp has managed to maintain the stability in its companies, keep sufficient liquidity and partly increase its sales revenue despite the impact of the pandemic.

In 2020, the Group's sales revenue totalled EUR 63 million which is 6% lower than a year ago. The revenue decline is primarily related to the state of emergency in the 2nd quarter and lower revenue of the printing services segment throughout the year. Media segment revenue totalled EUR 43.7 million which is just 1% lower as compared to the previous year. Strong media segment sales were attributable to the continued strong sales of online advertising and digital subscriptions which offset weaker sales of the ticket platform and digital outdoor screens. The latter companies suffered the most due to the government restrictions in Estonia and Latvia.

The 12-month consolidated EBITDA of Ekspress Grupp totalled EUR 7.00 million, increasing by 3% as compared to the previous year. While the Group lost approximately EUR 4.2 million in sales revenue over the 12-month period, mainly due to the impact of the COVID-19 pandemic, then cost savings during the same period totalled EUR 5.4 million. The reason for cost savings included a rapid response at the initial stage of the crisis when we immediately reduced the cost base (incl. salary cuts in almost all the companies) and applied for various government measures to alleviate the situation and prevent employee dismissals. While the digital advertising volumes at our media companies have recovered strongly, the restrictions related to the organisation of events are still in place and will impact the operating volumes of the ticket sales business also in 2021. Due to the ongoing effect of the pandemic on the economic situation, the Group has recognised a one-off impairment charge for property, plant and equipment in the amount of EUR 1.0 million in 2020.

“ In 2020, the Group’s net profit totalled EUR 2.5 million that received a boost from costs savings carried out throughout the year, the recovery of digital sales revenue and the adjustment of fair value of unpaid future liability of the acquisition price of the ticket sales platform, which was recognized as one-off financial income in the amount of EUR 0.7 million. The net profit earned in 2020 was 80% higher than in the previous year

We placed great value on maintaining our liquidity throughout the year 2020. We used tax suspension options in different countries as well as negotiated with banks in respect of potential grace periods. Therefore, the Group’s liquidity has remained strong. As of 31 December 2020, the Group’s cash and cash equivalents totalled EUR 6.3 million (31.12.2019: EUR 3.6 million). Maintaining the liquidity position is crucial for the Group because the further scope of the crisis in 2021 is difficult to predict.

The Group attained several key objectives in 2020 in terms of developing and growing its digital business. In 2021, the most important goal of the Group continues to be digital business growth. Our strategic focus is the development of the highest quality and most effective media organisation, expansion of digital business through organic growth and new acquisitions as well as maintaining a leadership position in print media.

BUSINESS OPERATIONS

FINANCIAL INDICATORS AND RATIOS

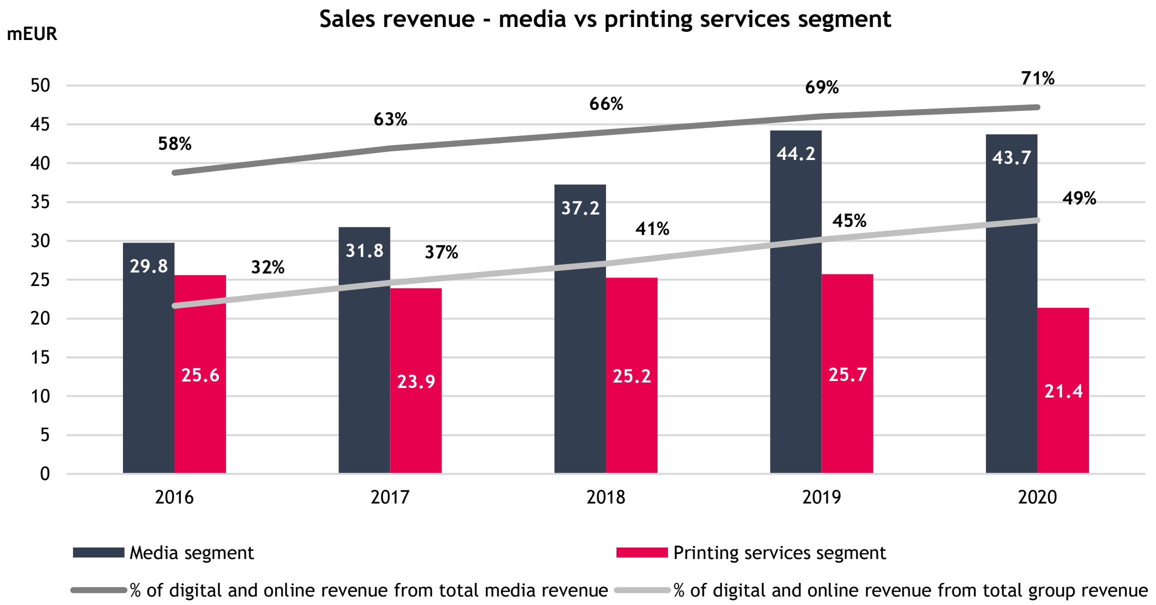
In compliance with International Financial Reporting Standards (IFRS), 50% joint ventures must be recognised under the equity method in the consolidated financial statements.

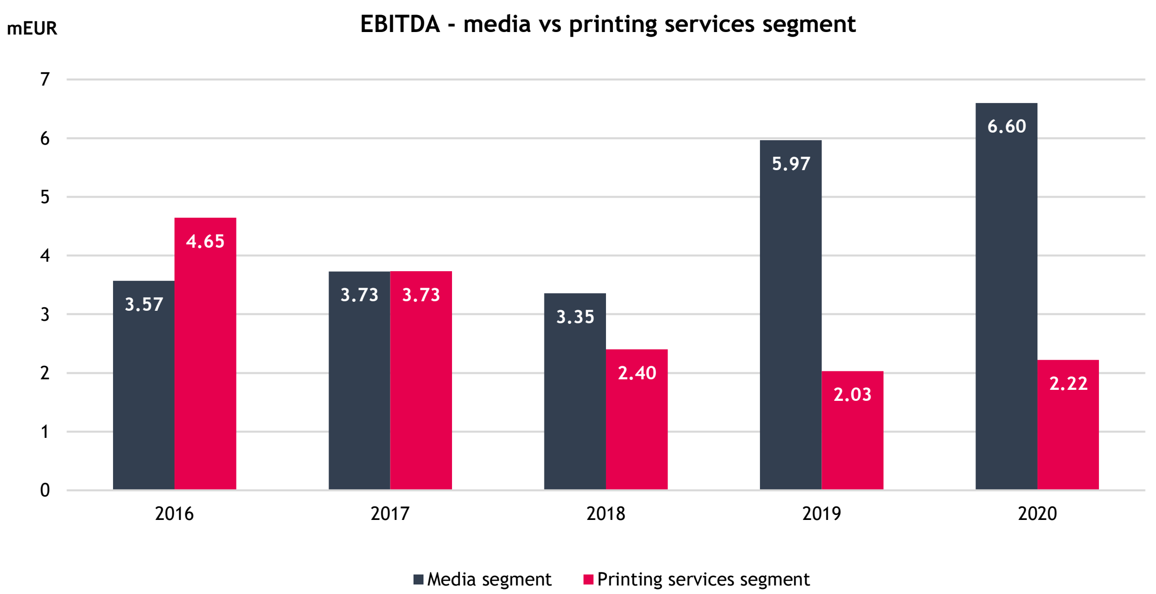
Performance indicators (EUR thousand)	2020	2019	Change %	2018	2017	2016
Sales revenue	63 243	67 456	*-6%*	60 489	54 070	53 324
EBITDA	**7 004**	**6 772**	***3%***	**4 263**	**6 261**	**7 280**
EBITDA margin (%)	***11.1%***	***10.0%***		***7.0%***	***11.6%***	***13.7%***
Operating profit*	3 078	2 722	*13%*	1 211	3 475	4 328
*Operating margin *(%)*	*4.9%*	*4.0%*		*2.0%*	*6.4%*	*8.1%*
Interest expenses	(877)	(784)	*-12%*	(443)	(400)	(471)
Profit (loss) of joint ventures under equity method	102	(38)	*365%*	(273)	(2)	772
Net profit/(loss) for the period*	**2 536**	**1 407**	***80%***	**25**	**2 952**	**4 406**
Net margin* (%)	***4.0%***	***2.1%***		***0.0%***	***5.5%***	***8.3%***
Net profit /(-loss) in the financial statements (incl. write-downs and gain from a change in ownership interest)	2 536	1 407	*80%*	25	3 146	4 406
Net margin (%)	*4.0%*	*2.1%*		*0.0%*	*5.8%*	*8.3%*
Return on assets ROA (%)	*2.7%*	*1.6%*		*0.0%*	*4.2%*	*6.1%*
Return on equity ROE (%)	*4.9%*	*2.8%*		*0.0%*	*6.1%*	*8.9%*
Return on capital employed (ROCE) (%)	*4.1%*	*3.7%*		*1.9%*	*5.1%*	*6.6%*
Basic earnings per share	**0.08**	**0.05**		**0.00**	**0.11**	**0.15**
Diluted earnings per share	**0.08**	**0.05**		**0.00**	**0.11**	**0.15**

** 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.*

Balance sheet (EUR thousand)	31.12.2020	31.12.2019	Change %	31.12.2018	31.12.2017	31.12.2016
As of the end of the period						
Current assets	18 482	19 472	*-5%*	15 631	16 725	16 250
Non-current assets	75 696	75 935	*0%*	63 286	62 597	61 507
Total assets	**94 177**	**95 407**	***-1%***	**78 917**	**79 322**	**77 757**
incl. cash and cash equivalents	*6 269*	*3 647*	*72%*	*2 228*	*2 818*	*4 572*
incl. goodwill	*43 085*	*42 628*	*1%*	*39 799*	*39 920*	*38 904*
Current liabilities	18 945	21 647	*-12%*	14 207	11 081	12 223
Non-current liabilities	20 613	22 137	*-7%*	14 276	15 747	14 462
Total liabilities	**39 558**	**43 784**	***-10%***	**28 483**	**26 828**	**26 685**
incl. borrowings	*22 202*	*24 342*	*-9%*	*15 554*	*15 791*	*16 603*
Equity	**54 619**	**51 622**	***6%***	**50 434**	**52 494**	**51 073**

Financial ratios (%)	31.12.2020	31.12.2019	31.12.2018	31.12.2017	31.12.2016
Equity ratio (%)	58%	54%	66%	69%	69%
Debt to equity ratio (%)	41%	47%	31%	29%	31%
Debt to capital ratio (%)	23%	29%	22%	21%	20%
Total debt/EBITDA ratio	3.17	3.59	3.63	2.44	2.17
Liquidity ratio	0.98	0.90	1.13	1.65	1.37





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 portals providing online advertising network and programmatic sales solutions, digital outdoor advertising in Estonia and Latvia, publishing of the Estonian weekly newspapers Maaleht, Eesti Ekspress and LP, publishing of the daily newspaper Päevaleht, publishing of books and magazines in Estonia and providing home delivery services. The media segment also includes organisation of the technology and innovation conference Login in Lithuania (since March 2019), operation of the electronic ticket sales platform (bilesuparadize.lv) and ticket sales sites in Latvia (since June 2019) and production studio for content creation in Lithuania.

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.

Key financial indicators for segments

(EUR thousand)	Sales					
	2020	**2019**	**Change %**	**2018**	**2017**	**2016**
Media segment	43 728	44 218	*-1%*	37 248	31 753	29 763
incl. revenue from all digital and online channels	*30 963*	*30 534*	*1%*	*24 561*	*19 963*	*17 307*
incl. % of revenue from all digital and online channels	*71%*	*69%*		*66%*	*63%*	*58%*
Printing services segment	21 384	25 695	*-17%*	25 242	23 879	25 585
Corporate functions	2 761	2 076	*33%*	2 341	2 486	2 233
Inter-segment eliminations	(4 629)	(4 533)		(4 342)	(4 048)	(4 257)
TOTAL GROUP	**63 243**	**67 456**	***-6%***	**60 489**	**54 070**	**53 324**
incl. % of revenue from all digital and online channels	*49%*	*45%*		*41%*	*37%*	*32%*

(EUR thousand)	EBITDA					
	2020	**2019**	**Change %**	**2018**	**2017**	**2016**
Media segment	6 601	5 966	*11%*	3 355	3 729	3 572
Printing services segment	2 224	2 032	*9%*	2 403	3 734	4 645
Corporate functions	(720)	(1 150)	*37%*	(1 492)	(1 201)	(936)
Inter-segment eliminations*	(1 101)	(76)		(2)	(1)	(1)
TOTAL GROUP	**7 004**	**6 772**	***3%***	**4 263**	**6 261**	**7 280**

** Due to continuing impact of COVID-19 on economic situation the group has recognised an impairment loss for property, plant and equipment in amount of EUR 1.0 million in 2020.*

EBITDA margin	2020	2019	2018	2017	2016
Media segment	15%	13%	9%	12%	12%
Printing services segment	10%	8%	10%	16%	18%
TOTAL GROUP	**11%**	**10%**	**7%**	**12%**	**14%**

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.
EBIT	Earnings before interest and tax.
EBITDA margin (%)	EBITDA / sales x 100
Operating margin (%)	Operating profit / sales x100
Net margin (%)	Net profit in financial statements/sales x100
Earnings per share	Net profit / average number of shares
Equity ratio (%)	Equity / (liabilities + equity) x100
Debt to equity ratio (%)	Interest bearing liabilities / equity x 100
Debt to capital ratio (%)	Interest bearing liabilities-cash and cash equivalents (net debt) / (net debt +equity) x 100
Total debt/EBITDA ratio	Interest bearing borrowings / EBITDA
Debt-Service Coverage Ratio (DSCR)	EBITDA / (interest payments + principal repayments)
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
Return on capital employed (ROCE) (%)	EBIT / (total assets - current liabilities) x 100

MEDIA SEGMENT

Digital media trends

The year 2020 was a year of fast growth in terms of digital media consumption. The year was characterised by the following trends:

- a surge of interest in paid digital content in all of our key markets, i.e. Estonia, Latvia and Lithuania,
- rapid adjustment of the digital advertising market to the COVID-19 pandemic and a recovery from the peak of the virus outbreak in spring,
- more acute awareness of the need to safeguard fair competition in the global as well as local media market: increasingly strong interest in digital media market distortions created by major Internet platforms across in the world and raising fundamental questions in respect of the role of the state in the Baltic media market.

One year ago we were expecting continued growth in digital subscriptions, i.e. increasing interest of consumers in high-quality journalism and buying digital products. The market was indeed moving in this direction and even more rapidly than we had expected. The total number of digital subscriptions of Ekspress Grupp, the largest provider of digital subscriptions for the written press in our target markets increased by 73% in the Baltic States. Paid digital subscriptions launched by Delfi Latvia and Delfi Lithuania a year earlier continued their rapid growth, increasing by 2.5 and 7.0 times, respectively, in a year. Considering how many total consumers of digital content and paid digital content there are in our target markets, it can be said with certainty that in the digital world, the business model of paid subscriptions is still in the early growth stage in our markets.

For the Baltic media houses, the biggest competitors in terms of financial resources in the digital advertising market are still international Internet platforms. In 2020, the activities of large technology companies fell under the scrutiny of legislators and competition regulators around the world, incl. in the USA that is home to the Internet platforms predominantly consumed here. Although the investigations and court cases may still take years, on the basis of preliminary data it can already be said that the market power of these giants has made the society reflect and ask critical questions about the market power regulation, social and economic effects as well as future fair taxation. We are witnessing that consumers will clearly benefit from the ongoing processes, both in terms of privacy protection as well as improvement of freedom of choice when it comes to consumption of media. The activities of regulators will probably also have a balancing effect on the competitive positions over the long term, for example, the dominant platforms will become more open when it comes to their cooperation with media organisations, new business models will appear, etc.

During the year, the activities of publicly funded broadcasting companies came also under more scrutiny in our target markets. As there is sufficiently strong competition and a variety of opinions in terms of the production of online news among private media houses, according to the media companies state intervention in these markets is by no means justified or necessary. In respect of the digital news media in Estonia, Latvia and Lithuania, there are no market distortions that the states should resolve through publicly owned media houses funded from growing budgets. The media companies that have been active in the local market for years find it difficult to understand why taxpayers' money should be used to build online entertainment portals or streaming platforms, or to produce content for them in the areas where the private sector is already active. To obtain fair assessment in the crucial issue related to the future of private media and if needed, more precise regulations, the Estonian and Lithuanian media companies turned to the European Commission in the year ended.

This year, we expect continuation of current trends, strong growth of high-quality digital content, more and better choices for readers and certain reorganisation of digital markets, and a clearer definition of competition that is related to the activities of Internet giants and national partners. Our expectations of the Baltic digital market in 2021 are as follows:

- greater popularity of the subscription-based business model in all markets, continued growth of costs made by consumers in digital content, growth in the number of those consumers who have multiple active subscriptions from different content providers in the same market,
- fast development of smaller market sectors in the digital landscape, incl. accelerating growth of the subscriptions of business customers, widespread adoption of the subscription business model by periodicals with narrower customer groups,
- further regulation of national broadcasting companies pertaining to public funding used for the development of Internet portals and production of digital content disseminated over the Internet,
- certain stabilisation of the competitive situation in the local advertising market with international platforms.

In 2020, media segment revenue totalled EUR 43.7 million (2019: EUR 44.2 million). In the 4th quarter, advertising revenue demonstrated a decent recovery. After the 2nd quarter, it is evident that advertising customers prefer the Internet. Print advertising revenue decreased as the COVID-19 pandemic further accelerated secular trends, largely impacting the entertainment, media and luxury categories.

The state of emergency related to COVID-19 had the most profound impact on the Latvian ticket sales platform, as the Latvian State imposed a 50% limit on the occupancy rate of events and starting from the middle of 4th quarter called the state of emergency and cancelled all events. The Latvian government extended the state of emergency until the 4th of April 2021. It is currently not known when major events will resume as normal. The Group is positive about the vaccination process in Latvia and in Baltics in general and believes that in the second half of 2021 the local smaller events are back on the market.

Digital media is growing as expected. At the end of the 4th quarter of 2020, the Group's digital revenue accounted for 49% of total revenue and 71% of media segment revenue.

In 2020, media segment EBITDA was EUR 6.6 million (2019: EUR 6.0 million). As compared to the previous year, EBITDA increased by 11%. This was positively impacted by cost savings carried out throughout the Group and employee salary cuts as well as the salary subsidy received from the Estonian Unemployment Insurance Fund. The subsidy was accrued as income in the amount of EUR 0.8 million.

The joint venture Õhtuleht Kirjastus AS, a key media company on the Estonian market is recognised under the equity method and included as a single line item within finance income in the Group's results. In 2020, the revenue totalled EUR 13.4 million (2019: EUR 13.8 million). Despite the state of emergency in the 2nd quarter, the advertising and distribution revenue of Õhtuleht Kirjastus AS remained stable throughout the year.

DIGITAL SUBSCRIPTIONS

The number of digital subscriptions of the Group increased by 73% across all Baltic States and totalled 81 254 at the end of December 2020.

- The number of digital subscriptions of AS Ekspress Meedia that publishes the news portal Delfi, newspapers Eesti Päevaleht, Maaleht, Eesti Ekspress and several popular magazines increased by 53% year-over-year and reached 49 696.
- At the same time, the number of digital subscriptions of AS Õhtuleht, 50% of which is owned by Ekspress Grupp, increased by 36% to 13 820.
- The market share of Ekspress Grupp in the digital subscriptions of all Estonian media outlets (according to the data by the Estonian Association of Media Companies) was 50% at the end of December.
- In Latvia, the number of digital subscriptions of Ekspress Grupp increased by almost 2.5 times and totalled 11 143 at the year-end. In Lithuania, the number of digital subscriptions totalled 6 595 at the year-end, increasing by almost 7.0 times in a year. Both in Latvia and Lithuania, digital subscriptions are not as widespread as in Estonia with Ekspress Grupp launching them in the market in 2019.

The year 2020 was a breakthrough year for digital subscriptions of the Group's periodicals in all markets. The driver behind the growth of subscriptions was the change in the attitudes and habits of people who are more willing to pay for digital content in their own language. The general background also supported this change – in the world dominated by fragmented information societies, objective journalism is increasingly more appreciated.

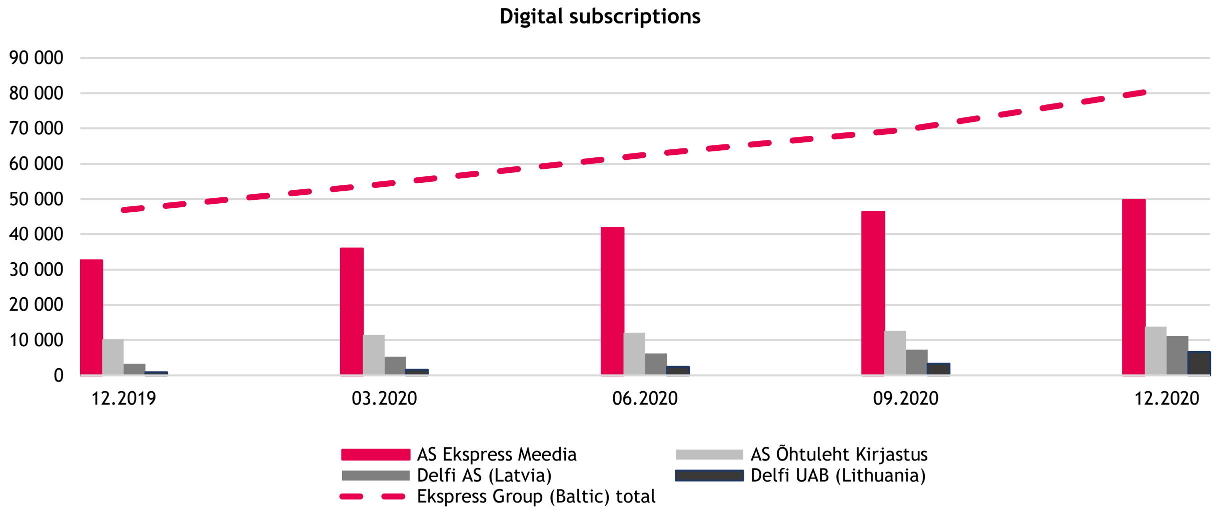
Ekspress Grupp has been the most successful Estonian media company in terms of its digital subscriptions. The most popular subscription is Delfi's complete package that provides access to the largest media outlets of Ekspress Grupp (except for Õhtuleht).

The Group launched the sale of paid content in Latvia and Lithuania only in 2019. The preliminary results in these markets also demonstrate that readers are willing to gradually embrace the digital subscription model. Higher growth is expected in the Latvian and Lithuanian markets in the upcoming years.

At the time when two-thirds of the digital advertising funds of the Baltic States are moving tax-free into the hands of major global platforms, such as Google and Facebook, the addition of new digital subscribers is crucial for the survival of local journalism.

Detailed overview of digital subscriptions:

(number of subscriptions)	31.12.2020	30.09.2020	*change*	31.12.2019	*change*
AS Ekspress Meedia	49 696	46 362	*7%*	32 562	*53%*
AS Õhtuleht Kirjastus	13 820	12 653	*9%*	10 197	*36%*
Delfi AS (Latvia)	11 143	7 305	*53%*	3 284	*239%*
Delfi UAB (Lithuania)	6 595	3 348	*97%*	834	*691%*
Ekspress Grupp total	**81 254**	**69 668**	***17%***	**46 877**	***73%***
Market total (Estonia)	**126 601**	**113 873**	***11%***	**84 965**	***49%***



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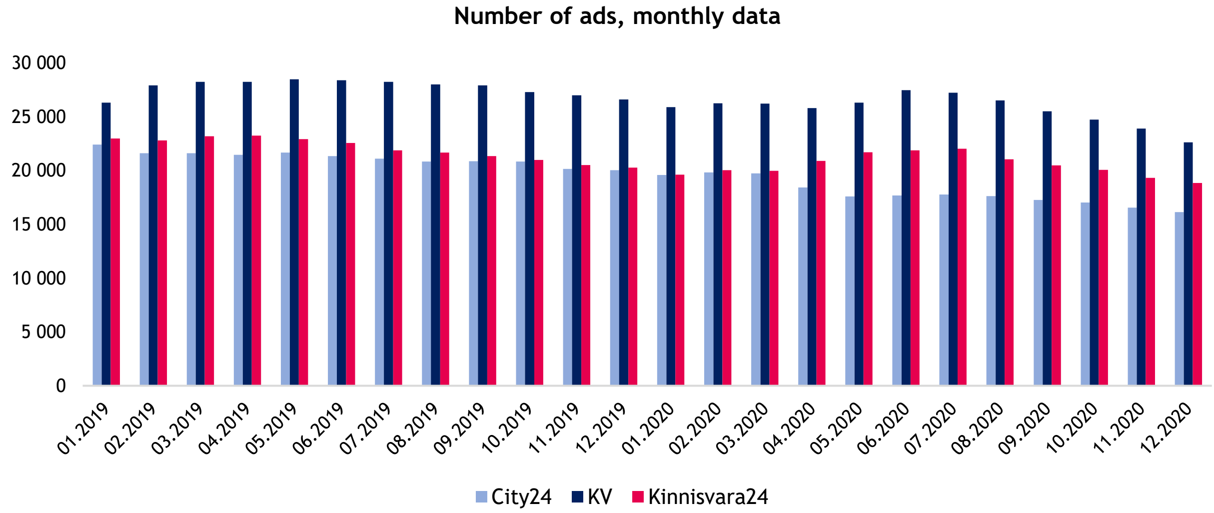


The Group founded Kinnisvara24.ee portal in 2017 and, in cooperation with the largest real estate agencies in Estonia, has been able to organically grow the portal, which at the end of 2020 was the second largest sales portal in Estonia for the second year in a row.

The real estate market as whole was characterised by modest growth in 2020. The fear that arose in the 2nd quarter due to the coronavirus crisis and a low transaction activity passed and in summer, the transaction activity picked up again and prices started to increase. At the year-end, the demand for new apartments surpassed supply and in several regions, there was a shortage of real estate properties. The customer recommendation index has been above 40 per cent in all months, showing strong satisfaction of users with the ease of use of the portal of Kinnisvara24.ee. The gap between the number of ads separating it from the market leader has sharply fallen and the recognition of the portal has steadily increased. Kinnisvara24.ee has maintained a strong second position and the gap separating it from the market leader has fallen to the lowest level ever. The number of visitors to the portal increased by 16% and the number of total sessions increased by 13% as compared to 2019.

PRINTING SERVICES SEGMENT

In 2020, the revenue of AS Printall totalled EUR 21.4 million (2019: EUR 25.7 million). Revenue decreased by 17% as compared to last year and this was primarily due to COVID-19 and the resulting decline in printing volumes. The revenue of printing services has declined in Estonia due to the decline of the share of print media and advertising brochures of large store chains.

The Group's customer relationships in the Nordic countries and Western Europe are still solid, as result of which Printall has managed to maintain its share of exports despite the restrictions caused by COVID-19. In 2020, the share of revenue outside Estonia was 62% (2019: 63%).

In 2020, EBITDA was EUR 2.2 million (2019: EUR 2.0 million) and It grew by 9% year-over-year. This was primarily impacted by the change in the structure of products related to COVID-19, as a consequence of which the segment production volumes have fallen but the company has managed to increase the profitability of individual subscriptions.

In the 1st half of the year, AS Printall completed the largest investment of recent years that was launched in 2019. It was the installation of semi-finished product collection systems for the magazine web press and flow-feed systems for binding machines with loading equipment for the semi-finished product. As a result of the investment, the production process of the printing house has significantly been automated. After the installation of the equipment, AS Printall has automated the work of about 25 people who were laid off during the 1st quarter of 2020. In 2021, the company plans to continue making investments to increase production efficiency and modernise its equipment park for the purpose of finding opportunities to improve profitability.

The Group's goal is the keep the printing service area as a diversified and modern area with innovative approaches where in today's changing environment the company can quickly adapt to various changes that impact the area.

Market overview

The printing industry is in the middle of a digital revolution with active improvement of production efficiencies and automation of activities with the help of digital devices. For several years, the printing services segment has been under pressure due to continued digitalisation of regular journalism and increasing popularity of the 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 has led to higher printing costs. In addition, appreciation of input prices (incl. labour, paper and electricity) is another major challenge.

While in 2020 we witnessed reduction in the volume of magazines and newspapers due to the impact arising from COVID-19, we are convinced that most of the volume will be restored to the pre-COVID level in 2021. The segment of promotional brochures that encompasses primarily customer leaflets, tourist catalogues, etc. declined the most in 2020 and we are not expecting it to recover in 2021.

The printing house's activities continue to be impacted by increasing free capacity of printing machines in Europe, which in turn significantly intensifies competition. Thus, the key objective of the Group in 2021 will be even utilisation of printing machines, growth of export sales volume and enhancement of efficiency through automation of production processes.

CUSTOMER EXPERIENCE AND SATISFACTION

The customers of Ekspress Grupp are primarily consumers of the content of media channels, consumers of the services of various portals and advertising customers. Customer experience and satisfaction refers to the attitude of the users of online channel content, subscribers of paper periodicals and buyers of single copies towards the Group's activities. Due to the coronavirus crisis, advertising sales were hit especially hard in 2020 and the year of the crisis also presented challenges to the transmission of information of media outlets.

Consumers expect fast, relevant and reliable information

Due to the crisis, the ability of media outlets to transmit information became even more important in 2020 than in prior years, so as to strike a balance between the so-called coronavirus news and other topics, and to find reliable and diverse sources in the conditions of remote working.

At the same time, Ekspress Grupp continued to make sure that diverse information would be available in these channels and formats where the readers want and need them. In 2020, online events (seminars, conferences, concerts, plays) assumed an altogether new role. The popularity of the podcast increased significantly. Making payments for digital channels became more common.

In 2020, the digital subscriptions of Ekspress Grupp increased by 73% in the Baltic States and totalled 81 254 at the end of December. Both Ekspress Meedia and Õhtuleht Kirjastus posted new records of digital subscriptions and the market share of Ekspress Grupp in the Estonian market was over 50%. In Latvia, the number of digital subscriptions increased by almost 2.5 times and in Lithuania by almost 7.0 times.

"An interesting situation arose after the crisis started in spring where media houses were really tempted to publish all stories for the readers. However, it became quickly evident that this would not be sustainable. In a situation where a journalist uncovers various cases as a result of major research work and all this is available to anyone for free is no longer plausible in the media landscape. The outcome is that it has been an excellent year in terms of digital subscriptions."

Tarmo Paju, Delfi's Editor-in-Chief

The objective of Ekspress Grupp as a media group is to provide the best, most relevant and high-quality content to our readers through various digital channels (mobile, web, video, audio).

"We need to keep pace with consumer expectations and these expectations are being managed by global technology giants that are able to quickly come out with various applications. Our products need to be as good as the applications coming out of Silicon Valley because today's consumers compare us with them. The consumers use all kinds of technology in the global market that develop really quickly. We need to be able to develop our digital applications just as quickly."

Kaspar Hanni, Development Director of AS Ekspress Grupp

The crisis presented challenges to service development and provision of services

Throughout the year, the coronavirus crisis presented challenges to system resilience and customer service of the media houses that needed to be managed and controlled from the distance.

"When the state of emergency was declared, it was clear that journalism is of utmost importance. Readership numbers posted new records each minute. This led to a situation where our systems were so overloaded that we needed to make crucial decisions, for example turning off the comments section in order to temporarily boost the news."

Priit Kuuseorg, Head of the IT Development department of AS Ekspress Grupp

To improve the ease of use, EkspressKonto – a user account that readers can use for all the media portals of Ekspress Grupp was revamped.

In the financial year, the media outlets of Ekspress Grupp continued their deliberate mapping of customer satisfaction and shaping of customer experience in order to develop products and services in line with customer expectations and needs, and thereby increasing the number of readers. Customer communication and development of solutions that are convenient to customers is an opportunity to distinguish ourselves from the competitors.

The self-service environment lehed.ee is an important channel in the customer communication of the media companies that are part of the Group. The average number of people visiting the platform was 112 789 per month and the number of unique visitors was 52 695 per month.

Personal and real-time communication continues to be valued by customers. For making subscriptions and solving various issues, the customers of Ekspress Meedia contacted customers service representatives in 99 021 instances (2019: 75 795, 2018: 59 000), 55% of which were by phone and 45% by email.

Measurement and results of customer satisfaction

Ekspress Grupp companies manage almost entirely the channel for creating integrated customer experience ranging from content creation to print quality, availability and customer service. Each group company that is in direct contract with customers collects feedback from them independently.

"During the crisis, our customer service and sales department were working remotely. While we have had occasional disruptions before when, for example, some subscribers were unable to receive their paper newspapers, none of that happened during the all-encompassing crisis."

Erik Heinsaar, Chairman of the Management Board of AS Õhtuleht Kirjastus

- **Content**. Ekspress Meedia monitors customer satisfaction with the entire paid content, covering digital subscriptions and single-article purchases. The customer net promoter score (NPS), i.e. how likely the readers will recommend a product of Ekspress Meedia to their friends and family was 45.63 in 2020.

- **Printing**. Printall prints most of the Group's periodicals and is thus an important link in shaping the satisfaction of readers of paper periodicals. For provision of a higher quality service, the company looks for ways to further prevent occurrence of customer complaints.
- **Distribution** The objective of Express Post is to deliver periodicals to customers on time (7.30 a.m.) and to keep the rate of delays or complaints below 1% of the total home delivery circulation of Ekspress Grupp. In 2020, the ratio was 0.77% (2019: 0.85%, 2018: 0.73%; 2017: 1.05%; 2016: 1.83%).
- **Provision of services**. The Group's largest company Ekspress Meedia in terms of the number of periodicals has contact with its customers at various stages and it collects their feedback about the content of periodicals, subscriptions, service process, and technical aspect of the digital environment as well as home delivery of paper newspapers.

"Today when the digital channels are so crucial, the paper newspaper needs to be delivered to the post-box of the customer early in the morning. This is what we do and what we are willing to strive for. As of today, we are doing really well in this respect."

Katri Laanela, CEO of AS Express Post

Data protection

The companies of Ekspress Grupp manage large customer databases and as an online media group that is becoming more and more integrated, we are aware of the risks related to data protection. The processes for secure collection, maintenance and processing of customer data and their protection against external malicious attacks have been laid down and implemented.

The development works and investments for implementation of and compliance with the General Data Protection Regulation (GDPR) of the European Union have been completed by today.

We continue to provide data protection related training, counselling and support to our employees. The websites of the media outlets of Ekspress Grupp have separate data protection sections where it is easy to find the general terms, data protection terms, principles for using cookies and the list of authorised data processors.

In 2020, there were no major personal data breach incidents at Ekspress Grupp companies.

EMPLOYEES

Ekspress Grupp employs almost 1590 employees (incl. employees of joint ventures 100%) who help to implement the Group's mission and objectives with their dedicated daily work. The prerequisites of a successful media group include creation of a motivating work environment, and making investments in its employees and high-quality tools. Group companies value all of their employees while also making a contribution to the training and supporting of successors so that there would be enough qualified and motivated employees today and in the future.

Challenges of 2020: remote working, salary cuts, digital competencies

In 2020, the biggest impact in the human resources area came from the COVID-19 crisis and the related activities: salary cuts, remote working of employees, suspension of recruitments, freezing of training courses, scholarships and sports allowances. At the same time, the crisis presented challenges to the digital competence of employees and remote work related self-discipline, copying with social isolation and ability to work creatively in restricted conditions.

It became quickly evident that cost savings at the expense of employees is not sustainable and thus we restored salaries and, for example, Hans H. Luik training fund through which it was possible to apply for online training courses. In addition, we paid greater emphasis in all group companies to the state of mental health, arranging lectures on this topic and providing psychological counselling. In addition, we tried to be as open as possible in our communication throughout the difficult year, so that employees would be up-to-date on the company's near-term plans at any time.

"During the coronavirus pandemic, many people were overworked. At the same time, there were many of those whose workload fell. Each employee was naturally free to make a choice and those who did not agree with the temporary salary and benefit cuts, could be laid off. At Ekspress Meedia, three people out of 323 used this option. In summary, we did relatively well, because retention of jobs brought some relief."

Tiina Paju, Head of Human Resources of AS Ekspress Meedia

In 2020, group companies (incl. joint ventures 100%) employed 1590 (2019: 1609, 2018: 1619) employees on average. The gender balance is similar at editorial offices and other units – about 60% women and 40% men. The share of men and women among the companies' senior management is reaching parity – there are 55% men and 45% women among the top executives.

In 2020, there were four labour disputes at the Group (2019: 4, 2018: 4), three of which were related to Printall and one to Delfi Latvia.

In 2020, the staff turnover of Ekspress Grupp's media segment and the parent company was 23% (2019: 24%, 2018: 24%) on average.

> “There are fortunately successors in the IT sector. Enthusiastic young people enter the labour market, acknowledging that technology is exciting and wanting to gain experience in this field. On the Tallinn-Riga-Vilnius route there are several international companies and competition in the labour market has intensified, complicating recruitment. While the year 2020 was a difficult year for the economy and there was a labour surplus in several sectors, in the technology sector this was not evident. It has been a year of fast growth in e-business.“
>
> *Kaspar Hanni, Development Director of AS Ekspress Grupp*

To ensure motivated successors, Ekspress Meedia, Delfi Latvia and Delfi Lithuania actively collaborate with universities and promote Ekspress Grupp as an attractive employer (for more details, see financial statements' chapter “Development of the society and the sector”). In 2020, Ekspress Grupp provided an opportunity to 58 (2019: 53, 2018: 47) trainees to gain work experience in the fields of journalism, marketing and language editing. In 2020, 25 trainees worked at Ekspress Meedia (2019: 32, 2018: 27), three of whom started to work there while Õhtuleht Kirjastus had 11 (2019: 8), Delfi Latvia and Delfi Lithuania five trainees.

> “I worked for two summers as a trainee, in Ärileht in 2020. At the end of the traineeship I was offered a job and today I work as a reporter and editor-in-chief at Delfi. The traineeship showed me that this work environment suits me and I like my job. The university supports studying but one also needs to learn a lot of new things through actual work. My greatest inspiration are the people who I am able to work with.”
>
> *Karolina Hussar, summer trainee and employee of Ekspress Meedia in 2019 and 2020*

The crisis took digital competency to a new level

Digital competency enhancement was the keyword across the entire Group also in 2020. Due to the state of emergency, many planned training courses, study programmes, attendance of conferences and fairs never took place. If possible, training courses were redirected to digital channels and this concerned both domestic and foreign lecturers. Certain types of training courses are indeed designed to be web-based and they continued as planned.

The career planning and training needs of the Group's employees are determined during annual performance reviews, the coordination of which lies within each company. About 59% (2019: 74%) of the Group's employees and 90% of the employees at Delfi Lithuania have had their performance reviews while there are regular performance reviews at Delfi Latvia for all the employees of the company.

According to the employee survey of Ekspress Meedia which is the group company with the largest number of employees, great value is placed on professional skills, and satisfaction with studying and career enhancement opportunities has increased each year.

In 2020, the training courses focused on:

- Improvement of digital competency, data visualisation, social media;

- Legal area (e.g. data protection, source protection, consumer protection, competition law);
- Cybersecurity and physical safety (first aid and fire safety);
- Journalistic ethics.

Everyone greatly appreciates finding new opportunities and positions within the organisation. Information about vacancies reaches employees before announcement of a public competition.

Scholarships are used to expanding one's horizons

In the crisis situation in spring, the use of Hans H. Luik training scholarship to help enhance employee career prospects was suspended. It was reinstated in autumn. In 2020, there were two application rounds and scholarships were granted to 29 employees (2019: 43). With the help of the scholarship employees can take additional non-work related training courses.

"For example, Hans H. Luik scholarship was used to fund the following training sessions :

- **Äripäev Academy, financial school for top-level managers**
- **Estonian Academy of Arts, audio-visual techniques and media production**
- **Scriptwriting training course at Tallinn University**
- **Mindvalley online training courses: more advanced public speaking and career enhancement of people, people management, strategic thinking and management of company processes**
- **Sustain Academy, business sustainability**
- **International News Media Organisation (INMA) master class "Digital Subscriber Experience"**

Laura Karro, the Editor-in-Chief of Nipiraamat and recipient of Hans H. Luik scholarship: *"The wild year of 2020 also left a mark on training courses. I could take only three training courses out of the five I selected, because the other two were so-to-speak face-to-face meetings but were unfortunately cancelled under the circumstances due to the lack of participants.*

I was very satisfied with three online training courses. The most exciting of them was undoubtedly the photography course of interior design in Spanish. In addition to listening to the foreign language that I like I also gained fascinating new knowledge. The videos were full of inspiring views of rooms, the photographer-lecturer showed his tools and the books that had inspired him. He also covered after-processing in the Photoshop Lightroom. I plan to get art training courses from in this environment also in the future. The Estonian language training courses ("Photo Processing with Lightroom Software" and "From Taking Pictures to Photo Processing") were very informative.

All training courses had previously been recorded; therefore, the flipside of the coin was undoubtedly the fact that we could not ask the lecturers any questions in real time. Yet, its advantage is that it is possible to review the videos, reread the materials or find important details. It seems to me that the online courses suit me well, because they enable me to take chapters at my own speed and always repeat the important issues."

Employee satisfaction remained high even during the year of the crisis

Employee satisfaction remained high even during the challenging year of 2020 which demonstrates that the right management decisions were made, and open communication and keeping of promises ensured employee loyalty.

"It is important for us to provide a sense of security to our employees. We made a promise to the employees in spring that as we reduced their salaries, we would not choose the road of layoffs and we kept our promise. We reinstated salaries exactly at the time we said we would. Therefore, our people have maintained trust in their employer. We always discuss decisions with the top-level managers and agree on what to tell our employees. We have tried to be open and honest to the extent possible for a listed company.
We have good top-level managers who focus on progress. This brings us joy and is a sign that Ekspress Grupp employs good and dedicated people. These people reflect the management culture of our Group. It indicates the values of the entire Group. Open and honest communication with employees, promises said out loud and this a good management practice."

Mari-Liis Rüütsalu, CEO of AS Ekspress Grupp

Ekspress Grupp offers its employees competitive wages and salaries, an open and engaging organisational culture, career development opportunities and a convenient work environment. A satisfied employee of today is the prerequisite for recruiting the best people in the labour market.

"We are very proud that we were able to overcome this extremely difficult situation. We continue to produce very good journalism. Nobody made any discounts for themselves or their sources. Good journalism is produced in any condition and anywhere – at home, outside, in the yard, in the office."

Martin Šmutov, Editor-in-Chief of Õhtuleht

The Group monitors salary levels and equal treatment in the salary market with the help of market surveys. Each company can design its own system of remuneration, performance pay and benefits. Benefits include allowances and incentives to promote health and family events, enabling flexible working time. To promote a team spirit, company outings are held in the summer and other joint events take place, often with families. In 2020, the aforementioned benefits were temporarily suspended due to the coronavirus crisis.

" The share option programme that was launched at Ekspress Grupp in 2017 for the Group's key employees continued in 2020. Its purpose is to acknowledge and value employees working in key positions by giving them options to acquire shares of the parent company AS Ekspress Grupp which they can sell in three years' time. For this purpose, the Supervisory Board of AS Ekspress Grupp increased the share capital by EUR 600 000, from EUR 17 878 104.60 to EUR 18 478 104.60, by issuing 1 000 000 new ordinary shares with the nominal value of EUR 0.6 per share.

In 2020, a new share option programme of AS Ekspress Grupp was approved whose purpose is to the align the long-term goals and interests of AS Ekspress Grupp and the managements of the companies that are part of the same group with the long-term interests of the shareholders AS Ekspress Grupp. The vesting period of the option programme is three years and the option holders are entitled to acquire options at the nominal price at the time of issuing the options.

Occupational health and safety

Compliance with regulations helps group companies to ensure a safe and health-promoting environment on a daily basis. Major attention is paid to the ergonomics of the office equipment and work premises. When working out of home, the tools necessary for working were made available to anyone who requested them (incl. office chairs, desks, PCs, phones, etc.).

To ensure the security of employees, free access to the editorial offices is blocked.

Due to the nature of work, greater attention is paid to occupational safety at Printall where the key risk factors include noise, moving parts of printing machines and hoisting machines driving around in the production facility.

The share of sick days for all group companies where people were unable to meet their obligations is 2.1% of the combined number of working hours of all employees. In 2020, a total of 12 work accidents were registered (2019: 22, 2018: 7), while there was one attack against a journalist.

For the fourth consecutive year, there were no work accidents ending in death (2019: 0, 2018: 0; 2017: 0).

Diversity and human rights

Employees speaking different languages from different cultural backgrounds work at group companies. The topic of human rights and diversity is normally dealt with in the context of hiring where the principles of equal treatment are strictly followed. Discrimination on the basis of gender, race, language, political views or age is not allowed at the Group.

In 2020, no cases of discrimination on the basis of gender, race or other reasons were registered at group companies.

DEVELOPMENT OF THE SOCIETY AND THE SECTOR

The role of media in the development of the society is becoming more important in crisis situations. As the leading media group, Ekspress Grupp is aware of its role in the development of the economies and societies of all of its home markets. The Group's media outlets are the key information sources and public information space promoters in Estonia, Latvia and Lithuania. The quality content of periodicals and the dedicated work of journalists will help build a better society.

The advantages of Ekspress Grupp in the media field are its very strong market position, well-known brands that are part of the product portfolio and strong digital capability. As a media group we support important initiatives through media content as well as additional cooperation projects.

Ekspress Grupp companies contribute to the society at three levels through:

1. Creating professional and reliable journalistic content;
2. Contributing to the development of the media sector through public speeches, professional associations and educational institutions;
3. Supporting the society's long-term development through community projects and relevant support activities.

We produce professional and credible journalism

The role and responsibility of media is described in a more detail in the chapter "Responsibility of Ekspress Grupp in the society" (page 14).

We contribute to the development of our successors: scholarships, programmes, training

> "As the leading media group, Ekspress Grupp has assumed the role of a spokesperson in this field, contributing to the sector's development and sustainable growth

To increase young people's awareness of journalism-related career choices and opportunities, we actively cooperate with the universities in all three countries: Tartu University and Tallinn University in Estonia, Vilnius University in Lithuania, and University of Latvia, Stockholm School of Economics, Riga Stradins University and Vidzeme University in Latvia.

The first young journalists finished the course #Storygram, provided in collaboration of Delfi Latvia and the Baltic Centre for Media Excellence. A total of 12 Latvian school students participated in the course. Delfi journalists taught the basics of journalism and multimedia storytelling to the young as well as spoke about the media environment at large. During the course, several articles were written about climate changes and their relevance.

In Estonia, Ekspress Grupp grants Hans H. Luik scholarship. Due to the coronavirus crisis, the payment of scholarships was suspended in spring 2020 and several training courses were directed to e-channels. In autumn, training sessions resumed and a total of 29 employees of Ekspress Grupp took training courses in non-work related areas.

The heads of group companies, editors-in-chief of media publications, journalists, IT specialists and the employees of other business units give talks about the journalist's profession and journalism at large to the youth in different age groups. They give media and communication lectures at universities, excursions are organised at editorial offices, they participate in student events and fairs. Many young people who have worked as job shadows and trainees at group companies later start to work at Ekspress Grupp.

“ Martin Šmutov, the Editor-in-Chief of Õhtuleht managed to give media-related classes on 11 occasions despite the coronavirus crisis, a few of which, however, were video classes, but more than 250 school students gained knowledge in journalism with their help

The employees of the IT department of Ekspress Meedia are lecturers and mentors. Several programmers create value in the open source community by making codes public in order to enable other IT enthusiasts to use various platforms and learn from them.

In addition, group companies contribute to promoting the future trends in the media sector at large. The companies of Ekspress Grupp or their employees participate in the work of the following local and international organisations:

- Estonian Association of Media Companies (and through this, membership in News Media Europe) – (Ekspress Meedia AS and Õhtuleht Kirjastus AS)
- Internet Media Association (Delfi Lithuania)
- International Fact-Checking Network, IFCN (Delfi Lithuania)
- Latvian Association of Journalists (Latvijas Žurnal asociācija) (Delfi Latvia)
- International News Media Association - INMA
- Estonian Press Photographers Association
- Estonian Association of Printing and Packaging Industries (Printall)
- Nordic Offset Printing Association - NOPA (Printall)
- Estonian Human Resource Management Association PARE (Ekspress Meedia, Express Post)
- UN Global Compact (Delfi Lithuania)
- Estonian Chamber of Commerce and Industry (Printall)
- Estonian Business Angels Network - EstBAN (parent company)

Our periodicals cover focus themes that are socially important

Due to the leadership position, group companies also play an important role in raising and addressing key social issues.

“ In 2020, Ekspress Meedia devised socially important focus themes to be tied with the media house’s major trademarks and to be used primarily in marketing activities at least during the next three years. The coverage of socially important focus themes in periodicals takes account of which topics had been more actively covered. In terms of the focus themes, no additional obligations were imposed on the periodicals to cover the new area, but an opportunity was created to more thoroughly reflect the already covered area, supporting them additionally with marketing activities.

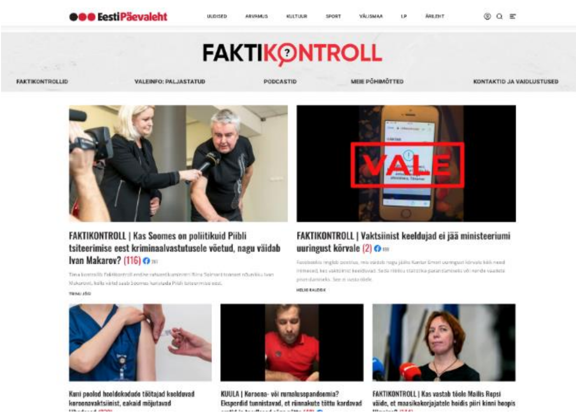
The focus themes of the periodicals of Ekspress Meedia:

- Delfi - reduction in the number of traffic casualties
- Eesti Ekspress – reduction in the number of domestic violence incidents
- Eesti Naine - mental health
- Eesti Päevaleht – environment and sustainability
- Maaleht – promotion of rural life

The media outlets of Ekspress Grupp place great value on raising important issues in society and cover them thoroughly for the purpose of launching positive changes. The following topics and initiatives are worth highlighting in 2020.

Estonia

- In 2020, the feature article competition of **Eesti Päevaleht** was even more popular than last year. More than 80 articles qualified. The winner of the feature article competition Tõnis Jürgens who is the Doctoral student at the Estonian Academy of Arts wrote in his winning article "Green Digital Media Illusion" that the ecological footprint of the Internet may be even greater than that of air traffic. Each email, click and search has an impact on the environment.
- In March 2020, **Ekspress Meedia** launched a powerful social campaign #minapüsinkodus, within the framework of which Tanel Padar, Elina Nechayeva, Karl-Erik Taukar, Stefan, Märt Avandi and Jaan Pehk, Kadri Voorand and others gave virtual home concerts.
- At the end of March, at the peak of the coronavirus crisis, **Kroonika** arranged a video concert "Estonia Thanks its Heroes" where Estonian musicians and President Kersti Kaljulaid paid tribute to the people working on the front line of the coronavirus battle.
- The international initiative Debunk that was launched two years ago by **Delfi Lithuania** to expose fake information expanded into Estonia and Latvia in 2020. In Estonia, a new special environment was launched for decoding fake information called "Fake information: revealed" where every week the journalists of the investigative editorial staff of Ekspress Meedia publish articles about fake information cases for which there is a reason to suspect that they are part of deliberate subversion activities. Twice a month, a special fake information podcast is also broadcast.



- During the year, **Ekspress Meedia** arranged several major events: the concert of Arvo Pärt's children's songs in Alexela concert hall to the audience of 1200 people, Baltic e-Commerce Forum 2020, ice-hockey game with HC Jokerit, Ruja's concert "Stainless World" and Maria Faust's composition "Maarja missa"(Maria's Mass Liturgy) dedicated to all the women who have fallen victim to domestic violence that was performed only once at St. John's Church in Tallinn.

- In 2020, **Delfi** also continued with its successful social campaign "Don't Read While Driving" that calls upon people not to use their smart devices while driving and draws road users' attention to the dangers of phone addiction. Delfi cooperated with the Police and Border Guard Board that handed out stickers with respective messages to the drivers during their raids, and also with the so-called good intention ambassadors, for example Ott Lepland.
- **Eesti Naine** highlighted mental health related topics and invited everyone to walk and take steps to improve mental health with the campaign "One Million Steps for Mental Health".

- As the first media outlet in Estonia, **Eesti Päevaleht** came out with a climate section and employed a climate reporter to increase people's awareness with the help of content and to explain the topic.
- **Maaleht** invited everyone to record, introduce and share the stories of the greenhouses they had built themselves. The goal of the initiative is to record the original greenhouse art and design as well as engineering ideas and techniques of building greenhouses in Estonia.
- In cooperation with the Estonian Forest and Timber Association, **Maaleht** organised a forest conference on 5 November which brought together the opinion leaders in this field of special importance to the Estonians.
- On 10 September, the coronavirus conference of **Eesti Päevaleht** was held where the Prime Minister Jüri Ratas, medical chief of Saaremaa hospital Edward Laane, head of the Health Board's emergency medical department Arkadi Popov, Chairman of the Management Board of Tallink Paavo Nõgene and others talked about the coronavirus lessons.

- On 27 October, **Maaleht** in cooperation with the Estonian Chamber of Agriculture and Commerce selected the farmer of the year. This year the winner was a woman – 37-year-old Kaja Piirfeldt who is the owner of the private limited company Remmelgamaa engaged in dairy production and farming, and head of the four-member work family. In addition, she is a vocational teacher of livestock farming at Järvamaa Vocational Training Centre and head the non-profit organisation Eesti Noortalunikud (Estonian Young Farmers).

- **AS Printall** with other five Estonian printing and packaging companies held an open house on the International Printing Day, i.e. 21 October to give away production residue – paper, cardboard, corrugated cardboard, sticker, tin and other materials as a gift to kindergartens and children's art and hobby groups. The production residue was distributed to children for the first time in 2018.
- **Ekspress Meedia** did not traditionally make Christmas gifts this year but donated this amount to the cancer fund Kingitud Elu (The Gift of Life).

Latvia

- In collaboration with WeAreVery, **Delfi Latvia** arranged its second public speaking conference UZ:Runa. Approximately 400 participants took part in the conference in March.

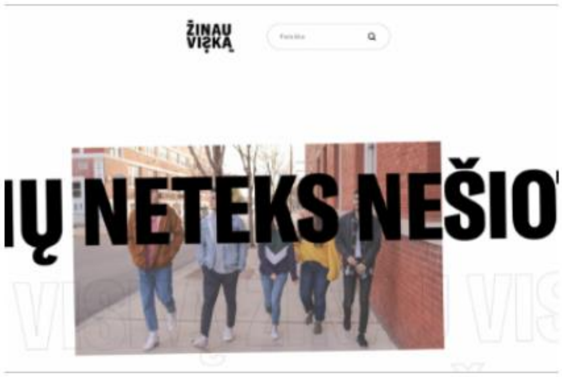
- In addition, **Delfi Latvia** was the media partner for miscellaneous projects: Latvian films "Pilsēta pie upes" and "Mans mīļākais karš", Latvian music awards "Lielā mūzikas balva" and car award "Latvijas gada auto" gala, platform "#paliecmājās" (social platform for volunteers of Covid-19), discussion festival "Lampa", TV sports programme "Hattrick", charity campaign of the foundation of the University of Latvia "Ceļa maize" and car racing competition "World RX".

- For the third consecutive year, **Delfi Latvia** organised a charity donation campaign "The Strengths and Strong People" which collected donations for the families who need to care for their sick relatives. This year, the importance of home services for such families was in the focus. A total of EUR 78 855.81 was raised with the charity campaign.

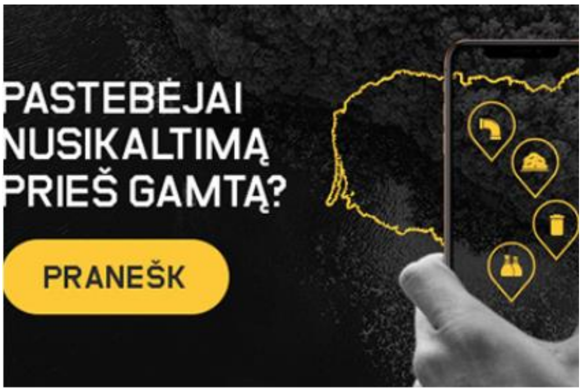
- **Delfi Latvia** was the key media partner of the school anti-bullying social campaign "Neklusē". Within the framework of the campaign a mobile application is being developed which the school students can use to notify of an abuse against them and seek psychological help. Training sessions can also be arranged for teachers, students and parents related to school bullying and its prevention.

Lithuania

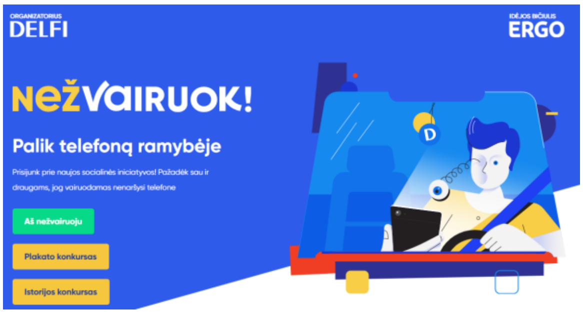
- Delfi raised EUR 1500 with the social campaign that was used as scholarships granted to the authors of **Delfi Plius**.
- The collaboration project of **Delfi** and Lithuanian Junior Achievement continued to take economics and entrepreneurship courses to as many school students as possible – it has been introduced at more than 350 schools and it has reached up to 20 000 students. The youth portal "I Know Everything" (Žinau viską) shares information about financial literacy, study and traineeship opportunities, volunteer work opportunities and job vacancies.



- The programme Debunk.eu that was launched in Lithuania in 2019 to fight dissemination of fake news continued its strong expansion. It was widely covered in Google and the programme is one of the nominees of the fact-checking success stories in Europe.
- Delfi launched the social campaign "The Map of Cleanliness" to fight the companies and people who pollute the environment.



- The social campaign "Don't Squint Your Eyes" („NeŽVAIRUOK!") launched in 2019 together with the insurance company ERGO also continued in the financial year. Its purpose is to draw attention to the use of mobile phones while driving. In 2020, creative people were engaged in the campaign and they were invited to participate in the poster competition related to this topic, the prize fund was EUR 1000.



ENVIRONMENTAL MANAGEMENT

Awareness and disclosure of the impact of the company's activities together with the company's environmentally-friendly management is becoming more important in today's world. Each email, Instagram photo and Facebook message sent, article read online with the digital package and meeting held in Zoom has a carbon footprint. As a media group, the environmental impact of Ekspress Grupp is mainly related to printing and the activities of its printing house Printall in general, but in the near future, the importance of the carbon footprint of web services is becoming more important, due to which a systematic overview of all the effects requires a more thorough approach to the topic.

Both the printing house Printall as well as Ekspress Media launched a process of managing environmental effects to map the footprint of the activities of the companies in order to deliberately reduce their environmental impact and devise an action plan with appropriate objectives.

Reduction of CO2 emissions is becoming more important

It is evident around the world that everything that is related to carbon emissions has become increasingly important, as a result of which this will undoubtedly impact both media as well as printing segments in the near future.

Printall has been dealing with environmental improvements for years and this even before the carbon footprint topic rose to prominence. For example, the company uses certified green energy, the major part of its lighting uses LED technology; if possible, more eco-friendly printing paints and other printing chemicals are used.

> **"In 2020, Printall found a cooperation partner to calculate the carbon footprint of its products. This enables the company to use the carbon footprint label on its products, thus providing assurance to both subscribers and consumers that they represent products that have been produced with environmentally-conscious principles in mind to the extent possible and it is also verifiable. For Printall, this is a sound sales argument with a significant impact, primarily in export markets**

At the end of 2020, Ekspress Meedia started assessing the carbon footprint of its activities for 2020. The results will be available by the end of the first quarter of 2021. The footprint of greenhouse emissions is calculated on the basis of the internationally accepted and most widely used greenhouse emissions reporting standard, i.e. "The GHG Protocol Corporate Accounting and Reporting Standard".

"Ten or fifteen years ago it seemed totally environmentally-friendly to replace the use of physical paper with digital signatures, read the news online and instead of compact discs use MP3 files that do not take up much shelf space.
Lately, there have been wider discussions about the illusion of the idea that digital media is eco-friendly. Due to the wide availability of the Internet, the consumption of digital media has also increased enormously, primarily social media in the form of video conferencing and streaming platforms. However, this in turn will increase the ecological footprint of the Internet."

Excerpt from the work of Tõnis Jürgens, the winner of the feature article competition of Eesti Päevaleht in 2020 and a Doctoral student at the Estonian Academy of Arts "The Illusion of Green Digital Media"

" The cost-effective organisation of the inevitable printing-related environmental impact is an important prerequisite for operation both in export markets as well the Group's home markets where customers are increasingly knowledgeable to demand environmentally-conscious production

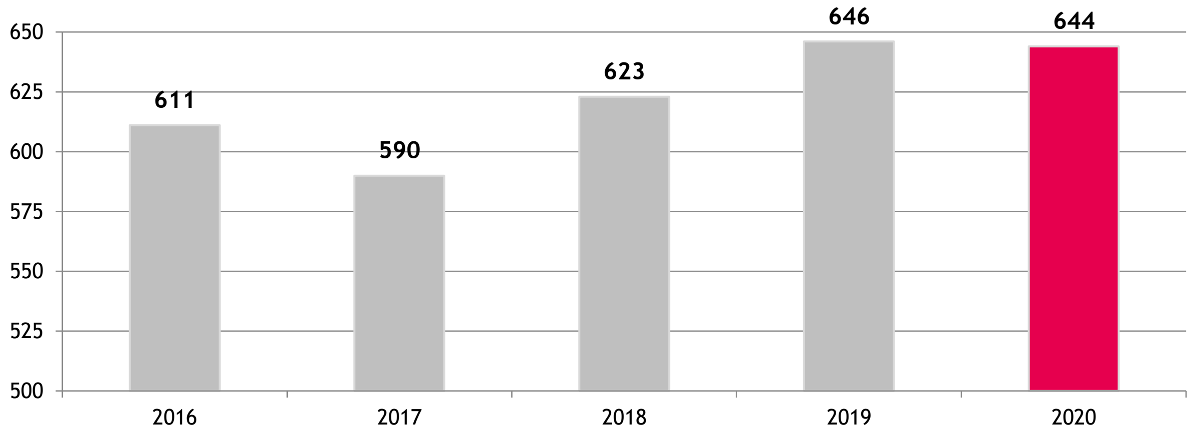
This is how printed materials of the companies that are part of Ekspress Grupp and those of other customers are printed at Printall:

1. **Orders.** Almost all of the paper periodicals of Ekspress Grupp are printed at Printall. In sales forecasts, group companies are trying to optimise the circulation of periodicals in order to avoid overprinting of retail issues. A significant part of Printall's production goes to external customers of the Group, and about 62% is exported. The green printing service is especially highly valued among foreign customers.
2. **Green choice.** For customers, compliance with eco-friendly principles is confirmed by Printall's environmental policy, ISO 14001 environmental management standard, the use of paper produced from sustainably managed forests is certified by the FSC® and PEFC™ Chain of Custody certificates, and the production process is compliant with the Nordic EcoLabel certificate.
3. **Materials.** According to Printall's main suppliers, their paper is produced from wood waste that is not suitable to be used as construction timber, but instead of being used for heating enables to generate more added value as paper products – up to 40% of harvested logs are used for producing paper, contributing to the most efficient use of timber.
4. **Supplies.** Of the paper purchased mainly from the Nordic countries or Russia, 96% was certified or otherwise produced in an eco-friendly manner (all magazine paper is FSC and PEFC certified). To avoid environmentally harmful materials and chemicals, all suppliers need to be in compliance with the requirements of the Nordic Ecolabel certificate.
5. **Production**. Printing machines consume a lot of energy, which is why high-quality technology and constant innovation ensure a more efficient use of resources in the work processes. 100% of purchased electricity comes from renewable sources. Residual heat from machines is also used to heat buildings.
6. **Waste.** In production, about 2/10 of paper is inevitably cutting edges; the company is looking for possibilities to cut costs in other areas. 98% of all printing waste is recycled (including about 288 tonnes of paper waste a month that is reprocessed as paper). The afterburners of drying residue installed on printing machines help reduce air pollution.

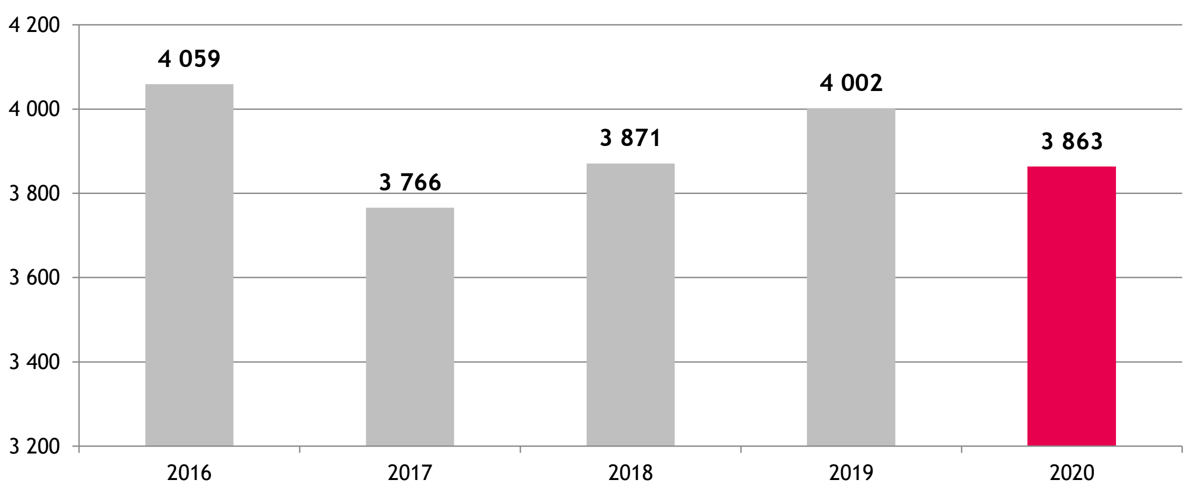
> “ In 2020, AS Printall acquired and installed of semi-finished product collection systems for magazine web press and flow-feed systems for binding machines with loading equipment for semi-finished products. The equipment was installed in the first quarter of 2020 and it automated the work of 25 people

In 2020, Printall consumed 5.78 million kWh of electricity (2019: 6.42). Gas consumption fell to 644 million cubic metres (2019: 646). In 2020, there were 3863.3 tonnes (2019: 4002 tonnes) of non-hazardous waste, of which 94.4% was sorted and recycled, while hazardous waste generation was 48.24 tonnes (2019: 44.3).

Printall’s gas consumption (in thousands of cubic meters)



Non-hazardous waste generated in Printall including paper (in thousands of tonnes)



SHARES AND SHAREHOLDERS OF AS EKSPRESS GRUPP

The supervisory board of AS Ekspress Grupp has in accordance with clause 5.9 of the articles of association and the resolutions of the general meeting of shareholders from 29.09.2020 decided on 2 November 2020 to increase the share capital of the company by EUR 600 000 for the realisation of the option programme from EUR 17 878 105 to EUR 18 478 105, by issuing 1 000 000 new common shares with the nominal value of EUR 0.6 per share.

The increase of the share capital and issue of new shares was directed to the organiser of the option programme, i.e. AS LHV Pank, who has subscribed for all 1 000 000 issued shares. The share capital increase has been entered in the Commercial Register on 19.11.2020.

As of 31 December 2020, the company's share capital is EUR 18 478 105 (31.12.2019: EUR 17 878 105), which is divided into 30 796 841 (31.12.2019: 29 796 841) shares with the nominal value of 0.6 euros per share.

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 December 2020 according to the Estonian Central Register of Securities

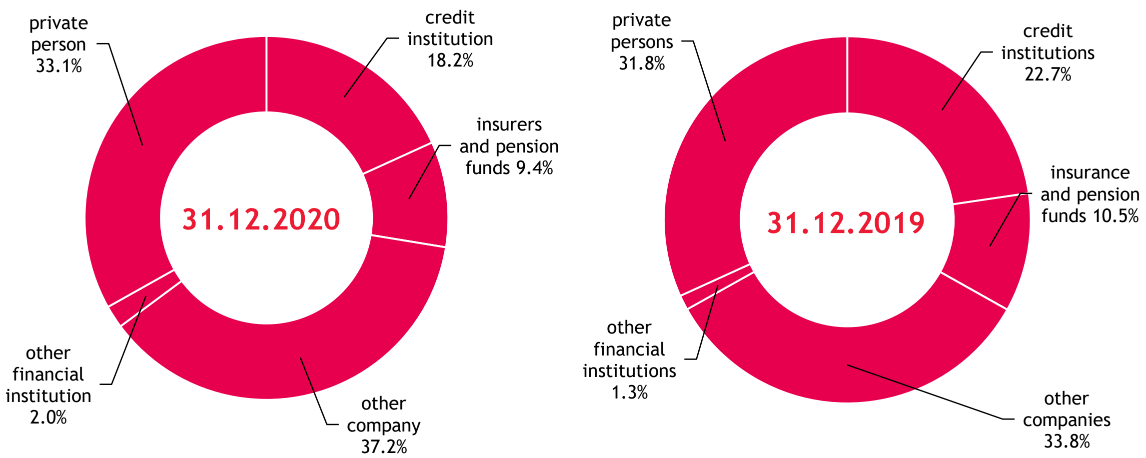
Name	Number of shares	%
Hans H. Luik and companies under his control	18 562 832	60.28%
Hans H. Luik	*7 963 307*	*25.86%*
OÜ HHL Rühm	*10 599 525*	*34.42%*
ING Luxembourg S.A.	4 002 052	13.00%
LHV Bank and funds managed by LHV Varahaldus	2 541 583	8.25%
Other minority shareholders	5 348 953	17.37%
Treasury shares	341 421	1.11%
TOTAL	**30 796 841**	**100.0%**

KJK Fund SICAV-SIF has an ownership interest through the account of ING Luxembourg S.A.

As of 31 December 2020, the ownership interest of Hans H. Luik as the ultimate beneficiary of AS Ekspress Grupp is 56.15% (17 290 889 shares).

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

Category	31.12.2020		31.12.2019	
	Number of shareholders	Number of shares	Number of shareholders	Number of shares
Private persons	2 996	10 206 842	2 613	9 473 567
Other companies	206	11 471 638	190	10 057 842
Other financial institutions	40	621 907	40	390 590
Credit institutions	12	5 606 461	11	6 756 249
Insurance and pension funds	7	2 889 574	8	3 118 174
Non-profit organisations	2	419	2	419
TOTAL	**3 263**	**30 796 841**	**2 864**	**29 796 841**



Geographical distribution of shareholders according to the Estonian Central Register of Securities

Country	31.12.2020		31.12.2019	
	Number of shareholders	Number of shares	Number of shareholders	Number of shares
Estonia	3 219	25 820 834	2 824	23 922 037
Finland	12	35 773	10	33 462
Lithuania	6	265 390	6	126 083
Latvia	6	110 860	6	21 095
Germany	4	34 218	4	33 716
Luxembourg	3	4 147 511	3	5 276 094
Italy	2	1 607	1	107
Belgium	2	1 010	1	1 000
Denmark	2	101	1	100
United Kingdom	1	373 812	1	373 812
Sweden	1	3 167	2	7 334
Canada	1	1 000	1	1 000
Spain	1	757	0	0
United States	1	500	1	500
Ireland	1	201	1	201
Portugal	1	100	1	100
New Zealand	0	0	1	200
TOTAL	**3 263**	**30 796 841**	**2 864**	**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	30 796 841
Listed shares	30 796 841
Date of listing	05.04.2007

Payment of **dividends** is decided annually and it depends on the Group's results of operations, fulfilment of conditions laid down in the loan contract and potential investment needs. Over the last two years (incl. in 2020), the Group has not paid any dividends as the Group's goal is to continue with its investments in growing its digital business line. The long-term strategy of Ekspress Grupp foresees adoption of a primarily digital business model. As a result of the activities implemented over the last five years, the company depends less and less on the printing services.

Securities trading history 2016-2020

Price (EUR)	2020	2019	2018	2017	2016
Opening price	0.83	1.03	1.26	1.32	1.35
Closing price	0.80	0.83	1.04	1.25	1.32
High	0.86	1.03	1.38	1.37	1.37
Low	0.59	0.72	0.99	1.21	1.18
Average	0.68	0.86	1.20	1.30	1.27
Traded shares, pieces	2 886 728	762 202	751 026	538 175	696 292
Sales, EUR million	1.95	0.66	0.90	0.70	0.88
Capitalisation at balance sheet date, EUR million	24.48	24.58	30.99	37.25	39.33
P/E ratio (price earnings ratio)	9.76	17.64	4 701.36	11.84	8.93

The price of the share of Ekspress Grupp (EEG1T) in euros and the trading statistics on NASDAQ Tallinn Stock Exchange from 1 January 2016 until 31 December 2020.

The share price comparison (%) with Nasdaq Tallinn Stock Exchange index from 1 January 2016 until 31 December 2020.

INDEX | EQUITY	OPENING VALUE	CLOSING VALUE	CHANGE %
OMX Tallinn_GI	898.99	1,343.72	+49.47
EEG1T - Ekspress Grupp	1.35	0.8	-41.11

REPORT OF THE CORPORATE GOVERNANCE CODE

CORPORATE GOVERANCE AND STRUCTURE

Management of Ekspress Grupp during the COVID-19 crisis

The year 2020 was greatly impacted by the COVID-19 pandemic that presented Group-wide challenges to company management, digital capability of periodicals to disseminate relevant information and meeting the record-breaking demand of readers as well as ensuring the competency of employees to work remotely and retaining customers in considerably poorer market conditions. This was the first time a state of emergency was declared in the newly independent Estonia. Group companies adapted quickly and managed to do well in the crisis year.

- The Group reacted quickly and successfully to the crisis. Major emphasis was laid on the movement of relevant information within the companies and throughout the Group, management information exchange meetings took place every morning.
- Communication was conducted in a written form as well as through Teams and Zoom, all employees were able to submit their questions in real time.
- The cost base of companies, incl. salaries, was reduced in almost all group companies, the goal was to avoid employee layoffs.
- The company applied for various public funds to alleviate the situation.
- The Group retained employee positions and in three months, salaries were reinstated. The offices were opened in late spring.

Ethics, transparency and anti-corruption activities

Relevant and reliable content and impeccable reputation are the prerequisite for existence of any media group, and so was the case also during the crisis year. For Ekspress Grupp companies, creation and maintenance of credibility is of utmost importance. This requires impeccable adherence to journalism ethics as well as general rules of conduct and legislation.

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

> "In their activities, media companies follow the code of ethics prepared by national associations of media companies, in addition there are company-specific ethics and behaviour codes. Ekspress Grupp companies also follow local markets' data protection, public information and other relevant laws in media work. In unregulated situations, companies proceed from public interest and the integrity principle when making decisions. This is described in more detail in the financial statements' chapter "Responsibility of a media group in the society".

Corruption, ethics and various compliance risks are generally managed at the subsidiary level. To ensure uniform conduct, new employees of group companies are familiarised with the company's business philosophy, journalism ethics, source protection, sales and marketing issues, human resources principles and other background information related to the company's management and necessary for performing its daily work.

Fast information flow is of critical importance

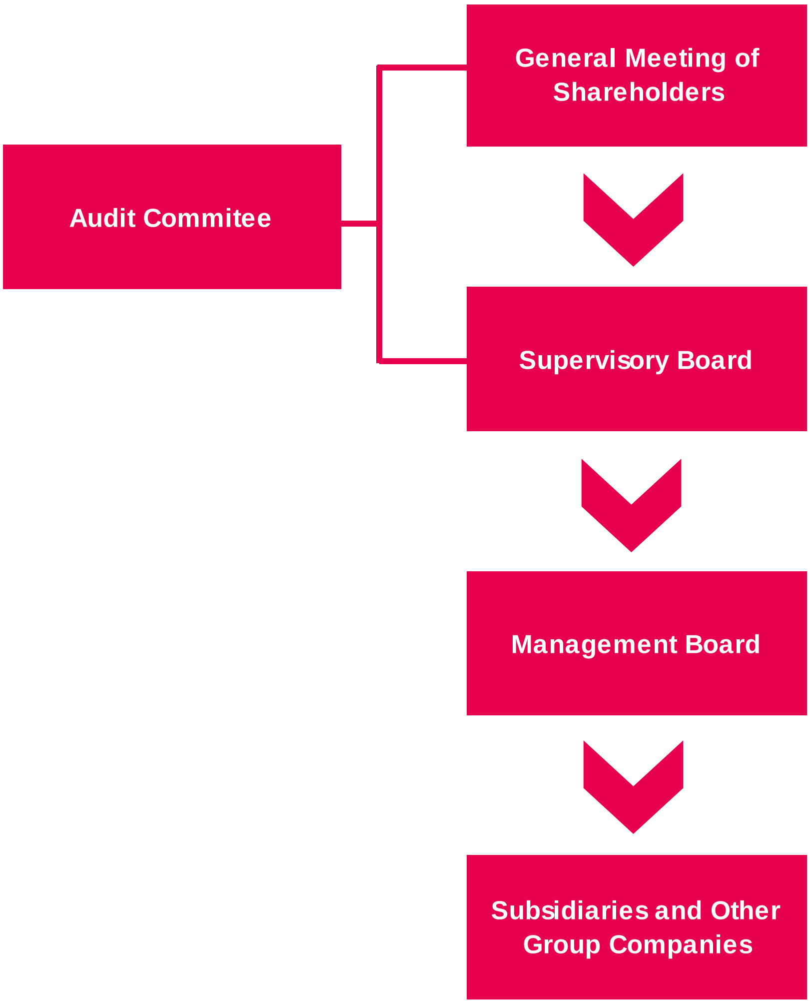
Consensual, honest and caring conduct starts from the communication within one's organisation, due to which several group companies have recently started to pay more deliberate attention to making team cooperation, employee dialogue, information flow and assumption of personal responsibility more efficient. The crisis situation related to the COVID-19 virus outbreak in 2020 took the importance of information flow to the next level.

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

In 2020, neither Ekspress Grupp companies nor any of the Group's key employees supported any political parties. They neither received any hidden funding from political parties nor government agencies other than advertising space purchased on the government's crisis alleviation measures.

In 2020, no monetary fines or penalties related to the breach of legislation or other regulations were registered at Ekspress Grupp (other than the decisions of the Press Council disclosed in the financial statements' chapter "Media group's responsibility in the society").

Corporate Governance structure:



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

GROUP'S LEGAL STRUCTURE

As of 31 December 2020, the Group consists of 22 companies (31.12.2019: 24). A detailed list of group companies is disclosed in Note 1 to the financial statements.

Changes in the Group's legal structure

On **10 July 2019**, the wholly-owned subsidiary of AS Ekspress Grupp, UAB Adnet Media, adopted a decision to liquidate its wholly-owned subsidiary OÜ Adnet Media. The entry in the Commercial Registry was made on 27 February 2020.

On **2 January 2020,** the Supervisory Board of AS Ekspress Grupp decided to carry out several changes in the Group's structure in order to increase management efficiency and transparency, simplify the Group's legal structure and streamline the provision of corporate financial services.

The Supervisory Board decided to merge UAB Login Conferences with UAB Delfi (the entry in the Commercial Registry was made on 4 May 2020) and dissolve UAB Sport Media. In Latvia, SIA Delfi Entertainment was dissolved (the entry in the Commercial Registry was made on 28 February 2020). The dissolved companies were dormant. In Estonia, a new wholly-owned subsidiary OÜ Ekspress Finants was set up through a spin-off from AS Printall (the entry in the Commercial Registry was made on 27 March 2020) and the Group's financial unit will be combined with it. The new company will provide corporate finance and accounting services to the Group's subsidiaries in Estonia.

SIA Delfi Tickets Service, the 100% subsidiary of AS Ekspress Grupp, decided to merge subsidiaries SIA Biļešu Paradīze and SIA Delfi Tickets. The merger was concluded for the purpose of simplifying the Group's management and legal structure. The entry in the Commercial Register was made on **14 February 2020**.

On **31 March 2020,** OÜ Hea Lugu, the 83% subsidiary of AS Ekspress Grupp, established with other publishers Eesti Audioraamatute Keskus OÜ, in which the ownership interest of OÜ Hea Lugu is 33.33%. The key activity of the company is publishing and sale of audio books.

GENERAL MEETING OF SHAREHOLDERS

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

Company does not have the special rules for conducting the shareholders' meeting in place. The company follows the rules set out in the Commercial Code.

The regular meeting of the shareholders of AS Ekspress Grupp was held on 17 June 2020 in the seat of the public limited company. All members of the Management Board participated in the meeting. The general meeting:

- approved the consolidated annual report and profit allocation proposal of AS Ekspress Grupp for 2019. Of the net profit for 2019 in the amount of EUR 1 394 thousand, the statutory capital reserve was increased by EUR 70 thousand and the remaining amount of EUR 1 324 thousand was taken to retained earnings.
- elected Priit Rohumaa as member of the Supervisory Board of AS Ekspress Grupp for the term of five years until 16.06.2025.
- made a decision to pay monthly remuneration of EUR 1 000 to member of the Supervisory Board of AS Ekspress Grupp Priit Rohumaa.
- elected OÜ KPMG Baltics as the auditor of AS Ekspress Grupp for the period of 01.01.2020-31.12.2023.
- made a proposals to amend the articles of association were approved.

The extraordinary meeting of the shareholders of AS Ekspress Grupp was held on 29 September 2020 in the seat of the public limited company. All members of the Management Board participated in the meeting. The general meeting:

- decided to implement the share option program approved on 13.06.2017 and amended the shareholders' general meeting resolution adopted on 13.06.2017.
- decided to exclude the shareholders' preferential right to subscribe shares which are issued for the implementation of the share option program approved on 13.06.2017.
- amended the articles of association.
- approved a new share option program of AS Ekspress Grupp for the period 2021–2023.

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. The Supervisory Board plans the activities of the company, organise the management of the company and supervise the activities of the Management Board. The Supervisory Board notifies the general meeting of shareholders of the results of a review. The Chairman of the Supervisory Board organises the work of the Supervisory Board. The main duties of the Supervisory Board are to approve the Group's key strategic and tactical decisions and to supervise the activities of the Group's Management Board. The Supervisory Board's actions are guided by the company's articles of association, guidelines of the general meeting and law. The meetings of the Supervisory Board generally take place once a quarter, in other cases, meetings shall be held according to the needs of the Group and decisions can also be made by e-mail.

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 17 June 2020, the Supervisory Board of Ekspress Grupp has five members. At the general meeting of shareholders held on 17 June 2020, Priit Rohumaa was elected as a new member of the Supervisory Board and it was decided to change the procedure for paying remuneration to the members of the Supervisory Board. Since 17 June 2020, monthly remuneration paid to member of the Supervisory Board Priit Rohumaa is EUR 1 000. The other members of the Supervisory Board do not receive any remuneration. The Supervisory Board of AS Ekspress Grupp elected Priit Rohumaa as the new chairman and member of the Audit Committee beginning with 19 June 2020.

In 2020, The Supervisory Board held four meetings, two of which were not attended by Aleksandras Česnavičius. All other members of the Supervisory Board attended all meetings. Thirteen decisions were taken without convening a meeting.

Priit Rohumaa
(appointed until 16.06.2025)

- Chairman of the Supervisory Board and member of the Audit Committee, in the Supervisory Board since 17.06.2020.
- Viru Keemia Grupp AS, Chairman of the Management Board in 2009-2015
- Chairman of the Council of Arenguseire Keskus
- Member of the Supervisory Board of Tallinna Vesi AS, the alumnae association of Tallinn University of Technology, the European Business Angel Network in Brussels, the Estonian Business Angel Network, Nutshell Invest OÜ
- Bachelor's degree in energy and Master's degree from Tallinn University of Technology and Master's degree in international business management from the Estonian Business School.
- Number of shares of AS Ekspress Grupp: -.

Hans H. Luik
(appointed until 20.05.2024)

- Member of the Supervisory Board and the Audit Committee, in 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: 17 290 889 (56.15%).

Indrek Kasela

(appointed until 20.05.2024) - independent Supervisory Board member

- Member of the Supervisory Board since 20.06.2014
- Partner of the private equity fund Amber Trust
- Chairman of the Management Board of AS PRFoods
- Member of the Supervisory Board of AS Toode, ELKE Grupi AS, EPhaG AS and Salva Kindlustuse AS
- Graduated from New York University in 1996 with a Master's degree in law. Bachelor's degree from Tartu University in 1994, has a certificate in EU law from Uppsala University.
- Number of shares of AS Ekspress Grupp: -.

Aleksandras Česnavičius

(appointed until 26.10.2021) - independent Supervisory Board member

- 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: -.

Peeter Saks (resigned on 11.01.2021) - independent Supervisory Board member

- Member of the Supervisory Board since 26.10.2016 until 11.01.2021
- 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: -.

The Chairman of the Supervisory Board of AS Ekspress Grupp Ahto Pärl who was member of the Supervisory Board and the Audit Committee of AS Ekspress Grupp since 22 November 2018, resigned from the position of the member of the Supervisory Board and member of the Audit Committee of Ekspress Grupp as well as the member of the Supervisory Board of AS Printall on 16 April 2020.

The member of the Supervisory Board of AS Ekspress Grupp Peeter Saks who was member of the Supervisory Board of AS Ekspress Grupp since 26 October 2016, resigned from the position of the member of the Supervisory Board and of AS Ekspress Grupp on 11 January 2021. The Supervisory Board of AS Ekspress Grupp will continue with four members: Priit Rohumaa (the Chairman), Hans H. Luik, Indrek Kasela and Aleksandras Česnavičius.

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 has to act in the most economically purposeful manner, taking into consideration the best interests of all shareholders and ensures the company's sustainable development in accordance with set objectives and strategy. To ensure that the company's interests are met in the best way possible, the Management and Supervisory Boards shall extensively collaborate.

The members of the Management Board are elected for a period of up to five 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 Grupp 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 Grupp has between one and five members. The Management Board of Ekspress Grupp has three members.

Mari-Liis Rüütsalu (appointed until 31.12.2022)

- Chairman of the Management Board and Chief Executive Officer of the Group since 01.01.2017, since 01.01.2020 the mandate has been extended for the next three 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 (appointed until 19.12.2023)

- Member of the Management Board since 18.12.2017, since 10.12.2020 the mandate has been extended for the next three 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 (appointed until 31.07.2021)

- 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
- 1997-2001 Deloitte, auditor
- Graduated from Tallinn University of Technology 1999 (diploma studies)
- Association of Chartered Certified Accountants – ACCA, Fellow Member - FCCA 2004
- Number of shares of AS Ekspress Grupp: -.

SUPERVISORY AND MANAGEMENT BOARDS OF SUBSIDIARIES

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

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

The chairman or a member of the Management Board is appointed by the supervisory board of the subsidiary. The supervisory and management boards of AS Ekspress Grupp's wholly-owned subsidiaries as of 31 December 2020 is shown below:

COMPANY*	SUPERVISORY BOARD	MANAGEMENT BOARD
Printall AS *(10 977 093)*	Hans Luik (chairman), Kaspar Hanni, Signe Kukin, Mari-Liis Rüütsalu	Andrus Takkin (chairman), Evali Mülts, Tõnis Peebo
Ekspress Meedia AS *(14 826 172)*	Hans Luik (chairman), Mari-Liis Rüütsalu, Kaspar Hanni, Signe Kukin	Argo Virkebau (chairman) Urmo Soonvald, Tarvo Ulejev, Erle Laak-Sepp, Karin Vene
Delfi UAB *(4 264 877)*	Mari-Liis Rüütsalu (chairman), Kaspar Hanni, Signe Kukin	Vytautas Benokraitis
SIA Biļešu Paradīze** *(431 626)*	Mari-Liis Rüütsalu (chairman), Signe Kukin, Konstantins Kuzikovs	Jānis Ķuzulis (chairman), Jānis Daube
Delfi A/S (Läti) *(3 214 799)*	Mari-Liis Rüütsalu (chairman), Kaspar Hanni, Signe Kukin	Konstantins Kuzikovs (chairman), Ingus Bērziņš, Anatolijs Golubovs

** The amount of equity of the key subsidiary that is held by the owners of the parent company as of 31 December 2020 is shown in parentheses.*

*** No supervisory board based on articles of association; SIA Delfi Ticket Services management board executes the role.*

Changes in the management of the Group's subsidiaries

On 10 December 2020, the Supervisory Board of AS Ekspress Meedia decided to extend for the next three years the mandate of the Chairman of the Management Board Argo Virkebau as a Member of the Management Board until 1 January 2024 and the mandate of Karin Vene as a Member of the Management Board until 31 July 2024. At the same time, the mandate of Kaspar Hanni as a Member of the Supervisory Board of AS Ekspress Meedia has also been extended for the next five years until 31 January 2026. The Management Board and the Supervisory Board of AS Ekspress Meedia will continue with the former composition. The Management Board: Argo Virkebau (the Chairman), Urmo Soonvald, Tarvo Ulejev, Erle Laak-Sepp and Karin Vene. The Supervisory Board: Hans Luik (the Chairman), Mari-Liis Rüütsalu, Signe Kukin and Kaspar Hanni.

On 24 March 2020, the Supervisory Board of AS Printall decided to extend the mandate of the member of the Management Board Tõnis Peebo until 27 March 2023. The company's Management Board will continue with its current three members: Andrus Takkin (Chairman of the Management Board), Evali Mülts and Tõnis Peebo.

On 16 April 2020, the Chairman of the Supervisory Board of AS Ekspress Grupp Ahto Pärl resigned from the position of the member of the Supervisory Board of AS Printall. The Supervisory Board of Printall will also continue with its four members: Hans H. Luik (Chairman), Mari-Liis Rüütsalu, Signe Kukin and Kaspar Hanni.

On 5 June 2020, the Supervisory Board of AS Ekspress Meedia decided to extend the mandate of Tarvo Ulejev until 10 June 2023 and the authority of the member of the Management Board Erle Laak-Sepp until 12 July 2023.

AUDIT COMITTEE

The Audit Committee is an advisory body to the Supervisory Board in respect of accounting, auditing, risk management, internal control, supervision and budget preparation and in the area of legality of the activities of the Supervisory Board. Since 2017 Hans Luik is a member of the Audit Committee. Priit Rohumaa is a member of the Audit Committee since 19.06.2020. Ahto Pärl was a member of the Audit Committee since 22.11.2018 until 16.04.2020. Members of the auditing committee are not separately remunerated.

SELECTION AND PAY OF AUDITOR

An auditor is selected and approved by the General Meeting of Shareholders. Usually the auditor is selected for the period of three years after which new tender is organised. The basis for selection is the experience of the audit team, reputation of the audit company, its access to international network, the independence of the auditor and price for the services. For the period 2020-2023 the General Meeting of the Shareholders approved KPMG to be an auditor of the Group. Latvian operations are audited by the local audit firm and joint venture AS Express Post by Ernst & Young Baltic AS. The total fee to be paid for 2020 audits (including all joint ventures) is EUR 74 thousand (2019: EUR 78 thousand).

The Group considers it important to ensure independence of the financial auditor and to avoid of conflicts of interest. We find that the financial audit was conducted in 2020 in compliance with regulative acts, international standards and expectations. KPMG presented the results in two stages: a) as part of an interim audit and b) with regard to the final audit before the opinion is issued.

CONFLICT OF INTEREST AND TREATMENT OF INSIDE INFORMATION

Appropriate treatment of inside information is important to protect the shareholders' interests and ensure honest and fair trading of shares. Important information about AS Ekspress Grupp and its subsidiaries shall be available to all shareholders and potential new shareholders on a timely, consistent and equal basis. Due to their position, the persons connected with AS Ekspress Grupp and its subsidiaries have at certain times and cases inevitably more information about the Group than the investors and the general public. To prevent misuse of such Information, we have established internal rules for keeping and disclosure of inside information as well as for concluding transactions on the basis of inside information (hereinafter inside information rules). Inside information rules encompass the reporting system pursuant to which the employees who in performing their duties may be exposed to a conflict of interest, shall disclose their economic interests and confirm their independence through self-evaluation.

The members of the Management and Supervisory Boards of AS Ekspress Grupp representing the users (so-called insiders) of inside information have signed the respective confirmation letters and are aware of the inside information rules of AS Ekspress Grupp. Together with their closer relatives, they are included in the company's insider list. The insider list also includes the employees working in the finance area who come into contact with the Group's consolidated financial information and the members of the management and supervisory boards of key subsidiaries along with the employees responsible for preparation and presentation of accounting information.

As of 31.12.2020, the company's insider register had 58 persons with a permanent access (31.12.2019: 59 persons).

The Group keeps record of its insiders in accordance with the requirements laid down in the Securities Markets Act and the rules, regulations of NASDAQ Tallinn and commission Implementing Regulation (EU) 2016/347 of 10 March 2016 laying down implementing technical standards with regard to the precise format of insider lists and for updating insider lists in accordance with Regulation (EU) No 596/2014 of the European Parliament and of the Council.

We are not aware of any incidences of misuse of inside information and conflict of interest during the 2020 financial year nor have there been any transactions concluded with related parties other than under market conditions.

Direct ownership interests of the members of the Supervisory and Management Boards of AS Ekspress Grupp in other companies:

NAME	RELATED COMPANY
Priit Rohumaa	OÜ Nutshell Invest, Osaühing Inversora, RP Investeeringud OÜ, Cordnet OÜ, High Heat OÜ
Hans H. Luik	Osaühing Minigert, HHL Rühm Osaühing, Osaühing Brevard, Iiruk OÜ, Luigepoeg OÜ, Lind Rühm OÜ, Iefe Invest OÜ, Irist OÜ, Fidens Invest OÜ, OÜ Vilipäev, Siireviire OÜ, Sisne Invest OÜ, Sisne Invest Latvia OÜ, Prestante OÜ, Lind Living OÜ, Haep OÜ
Indrek Kasela	osaühing Jõgisoo Piim, JUTA KASELA HAMBARAVI OSAÜHING, Osaühing Manipenny, Lindermann, Birnbaum ja Kasela OÜ, OÜ Must Käsi 2, LA24 Holding OÜ, Noble Cafe 2 OÜ, KellyBar OÜ, Bergman 100x100 Osaühing, Saue 3K Capital OÜ, OÜ Ühinenud Inglid, UA Management Assets OÜ, Noblessneri Izakaya OÜ
Aleksandras Česnavičius	-
Mari-Liis Rüütsalu	EREMEL OÜ, TÜ Norg
Kaspar Hanni	ITS Capital OÜ, Ballpark Ventures OÜ
Signe Kukin	OÜ Augitis

The members of the Supervisory and Management Boards do not have any ownership interests in companies operating in the key field of activity of AS Ekspress Grupp – media and printing.

An overview of the transactions with related parties made in the financial year 2020 is disclosed in Note 29 to the financial statements.

OTHER INFORMATION

Pursuant to Chapter 19 of the Securities Market Act, in case of a takeover of the Group, the current co-owner of AS Express Post, i.e. AS Postimees Grupp, has the right to acquire the joint venture's 50% ownership interest at fair value from Ekspress Grupp. Ekspress Grupp has the same right in case of a change in the shareholding of AS Postimees Grupp according to the existing agreement between current shareholders.

STATEMENT OF CONFORMITY TO THE RECOMMENDATIONS OF THE CORPORATE GOVERNANCE CODE

The Corporate Governance Code (CGC) is a set of guidelines which is primarily intended to be followed by the companies listed on the stock exchange. Compliance with the provisions of CGC is not mandatory, the company has the obligation to disclose and substantiate as to whether and to which extent CGC is not complied with. Listed companies are subject to the requirement "fulfil or explain".

In its business activities, AS Ekspress Grupp proceeds from laws and legal provisions and, as a listed company, from the requirements of the Nasdaq Tallinn Stock Exchange and it takes into account the guidelines of the Corporate Governance Code in its activities to a great extent. For practical considerations, some of the recommendations are partially followed.

Clause 2.2.7 of CGC

Basic wages, performance pay, severance packages, other payable benefits and bonus schemes of a member of the Management Board as well as their essential features (incl. features based on comparison, motivational incentives and risk incentives) shall be published in a clear and unambiguous form on the website of the Issuer and in the

Corporate Governance Code Report. Information published shall be deemed clear and unambiguous if it directly expresses the amount of an expense to the Issuer or the amount of a foreseeable expense as of the day of disclosure.

In the notes to the financial statements, the Group discloses the total amount of the remuneration and termination benefits paid to the members of the Management Board, but not the remuneration of each member individually. The Group does not disclose the basic salary, performance pay, termination and other benefits of the members of the Management Board, because these constitute sensitive information for the members of the Management Board and the disclosure of such information is not inevitably necessary for judgment of the company's management quality. Neither does the Group wish to disclose such information to its competitors.

The remuneration of the members of all management boards of the consolidation group (incl. key management of subsidiaries) consist of a monthly salary and annual bonus. In some cases a company car is also provided. The annual bonus depends on specific targets met and those targets vary each year depending on strategic aims of the company for the following year. Annual bonuses can make up to 50% of the annual salary of the member of the key management.

In June 2017, the general meeting of shareholders approved a share option plan for the key employees. Under the plan, up to 1 300 000 share options will be granted, each giving right to obtain one Company share free of charge. The option plan is effective from November 2017 to March 2021.

In September 2020, the General Meeting of Shareholders approved a new share option plan for the management of AS Ekspress Grupp and its group companies for the period 2021-2023. As of 31.12.2020 total amount of share options granted was 1 020 thousand, each giving a right to acquire one share at the nominal price of the shares at the time of the issuing the options. The exercise of the options and issue of the shares shall be performed by means of an increase of the share capital of AS Eksprees Grupp and issue of new shares.

Upon expiry and termination of the contract, the members of all management boards of the consolidation group (incl. key management of subsidiaries) are paid compensation in accordance with the conditions prescribed in the contract of services agreed with the member. Termination benefits are payable to the members of the management boards of the consolidation group companies usually in case termination is initiated by the company. If a member is recalled without a reasonable excuse, it shall be announced up to three months in advance depending on period of service and termination benefits shall be paid in the amount of up to eight months' salary. Termination benefits are usually not paid if a member of the management board leaves at his or her own initiative, or a member of the management board is recalled with a reasonable cause.

The total amount of the remuneration and termination benefits paid to the members of the Management Board and share option plan is provided In Notes 26 and 29. No other benefits have been granted to the members of Management Board.

Clause 2.3.2 of CGC

The Supervisory Board shall approve the transactions which are significant to the Issuer and concluded between the Issuer and a member of its Management Board or another person connected or close to them and shall determine the terms of such transactions. Transactions approved by the Supervisory Board between the Issuer and a member of the Management Board, a person close to them or a person connected to them shall be published in the Corporate Governance Code Report.

In 2020, no significant transactions were concluded between the Group and the members of the Management Board.

Clause 3.2.5 of CGC

The amount of remuneration of a member of the Supervisory Board determined at a General Meeting and the terms of payment shall be published in the Corporate Governance Code Report, indicating separately basic and additional remuneration (incl. termination and other payable benefits).

In 2020, the remuneration in total of EUR 17.4 thousand was paid to the Supervisory Board members of the Issuer and the members of the Supervisory Boards of the Group’s subsidiaries and associates. No other benefits have been granted to the members of Supervisory Board.

The dates of disclosure of interim financial statements for 2021 are as follows:

DATE	EVENT
19 February 2021	Unaudited interim financial statements for the twelve months and fourth quarter of 2020
1 April 2021	Audited Annual Report 2020
30 April 2021	Unaudited interim financial statements for the three months and first quarter of 2021
30 July 2021	Unaudited interim financial statements for the six months and second quarter of 2021
29 October 2021	Unaudited interim financial statements for the nine months and third quarter of 2021

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated balance sheet

(EUR thousand)	31.12.2020	31.12.2019	Notes
ASSETS			
Current assets			
Cash and cash equivalents	6 269	3 647	5
Trade and other receivables	9 450	12 705	6
Corporate income tax prepayment	7	0	
Inventories	2 756	3 120	10
Total current assets	**18 482**	**19 472**	
Non-current assets			
Other receivables and investments	982	975	11
Deferred tax asset	30	38	
Investments in joint ventures	1 661	1 254	12
Investments in associates	2 253	2 356	13
Property, plant and equipment	14 134	14 943	14
Intangible assets	56 635	56 369	15
Total non-current assets	**75 696**	**75 935**	
TOTAL ASSETS	**94 177**	**95 407**	
LIABILITIES			
Current liabilities			
Borrowings	3 613	5 100	17
Trade and other payables	15 251	16 483	16
Corporate income tax payable	81	65	
Total current liabilities	**18 945**	**21 647**	
Non-current liabilities			
Long-term borrowings	18 589	19 242	17
Other long-term liabilities	2 025	2 895	
Total non-current liabilities	**20 613**	**22 137**	
TOTAL LIABILITIES	**39 558**	**43 784**	
EQUITY			
Minority interest	126	100	
Capital and reserves attributable to equity holders of parent company:			
Share capital	18 478	17 878	27
Share premium	14 277	14 277	
Treasury shares	(209)	(22)	
Reserves	1 758	1 688	27
Retained earnings	20 189	17 701	
Total capital and reserves attributable to equity holders of parent company	**54 493**	**51 522**	
TOTAL EQUITY	**54 619**	**51 622**	
TOTAL LIABILITIES AND EQUITY	**94 177**	**95 407**	

The Notes presented on pages 85 to 135 form an integral part of the consolidated financial statements.

Consolidated statement of comprehensive income

(EUR thousand)	2020	2019	Notes
Sales revenue	63 243	67 456	20
Cost of sales	(50 637)	(54 044)	21
Gross profit	**12 607**	**13 412**	
Other income	2 040	607	25
Marketing expenses	(2 701)	(3 124)	22
Administrative expenses	(7 532)	(8 024)	23
Other expenses	(1 336)	(148)	
Operating profit	**3 078**	**2 722**	
Interest income	28	22	
Interest expenses	(877)	(784)	
Other finance income/ (costs)	614	(61)	
Net finance cost	**(235)**	**(823)**	
Profit (loss) on shares of joint ventures	102	(38)	12
Profit (loss) on shares of associates	(129)	(114)	13
Profit before income tax	**2 816**	**1 746**	
Income tax expense	(280)	(339)	8
Net profit for the reporting period	**2 536**	**1 407**	
Net profit for the reporting period attributable to			
Equity holders of the parent company	2 510	1 394	
Minority interest	26	13	
Total comprehensive income	**2 536**	**1 407**	
Comprehensive income for the reporting period attributable to			
Equity holders of the parent company	2 510	1 394	
Minority interest	26	13	
Basic earnings per share	0.08	0.05	27
Diluted earnings per share	0.08	0.05	27

The Notes presented on pages 85 to 135 form an integral part of the consolidated financial statements.

Consolidated statement of changes in equity

(EUR thousand)	Attributable to equity holders of parent company						Minority interest	Total equity
	Share capital	Share premium	Treasury shares	Reserves	Retained earnings	Total		
Balance on 31.12.2018	**17 878**	**14 277**	**(22)**	**1 688**	**16 526**	**50 347**	**87**	**50 434**
Adjustment on initial application of IFRS 16	0	0	0	0	(219)	(219)	0	(219)
Restated balance on 01.01.2019	**17 878**	**14 277**	**(22)**	**1 688**	**16 307**	**50 128**	**87**	**50 215**
Net profit /(loss) for the reporting period	0	0	0	0	1 394	1 394	13	1 407
Total comprehensive income / (loss) for the reporting period	*0*	*0*	*0*	*0*	*1 394*	*1 394*	*13*	*1 407*
Balance on 31.12.2019	**17 878**	**14 277**	**(22)**	**1 688**	**17 701**	**51 522**	**100**	**51 622**
Increase of statutory reserve capital	0	0	0	70	(70)	0	0	0
Share capital issued	600	0	0	0	0	600	0	600
Purchase of treasury shares	0	0	(600)	0	0	(600)	0	(600)
Share option exercised	0	0	413	0	39	452	0	452
Total transactions with owners	*600*	*0*	*(187)*	*70*	*(31)*	*452*	*0*	*452*
Other changes	0	0	0	0	9	9	0	9
Net profit /(loss) for the reporting period	0	0	0	0	2 510	2 510	26	2 536
Total comprehensive income / (loss) for the reporting period	*0*	*0*	*0*	*0*	*2 510*	*2 510*	*26*	*2 536*
Balance on 31.12.2020	**18 478**	**14 277**	**(209)**	**1 758**	**20 189**	**54 493**	**126**	**54 619**

Additional information about changes in equity is disclosed in Note 27.

The Notes presented on pages 85 to 135 form an integral part of the consolidated financial statements.

Consolidated cash flow statement

(EUR thousand)	2020	2019	Notes
Cash flows from operating activities			
Operating profit for the reporting year	3 078	2 722	
Adjustments for:			
Depreciation and amortisation	3 968	4 070	14,15
Gain from change in ownership interest in subsidiary	0	(31)	
(Gain)/loss on sale, write-down and impairment of property, plant and equipment	986	(4)	
Cash flows from operating activities:			
Trade and other receivables	3 274	(2 929)	
Inventories	375	262	
Trade and other payables	(1 201)	3 594	
Cash generated from operations	**10 480**	**7 684**	
Income tax paid	(263)	(270)	
Interest paid	(903)	(740)	
Net cash generated from operating activities	**9 314**	**6 675**	
Cash flows from investing activities			
Acquisition of subsidiaries (less cash acquired)	(341)	(4 642)	
Acquisition of associates (less cash acquired)	(1)	(2 006)	
Receipts of other investments	16	9	
Cash paid-in/ received from equity-accounted investees	(83)	(63)	
Interest received	2	14	
Purchase of property, plant and equipment and intangible assets	(2 562)	(2 775)	
Proceeds from sale of property, plant and equipment and intangible assets	308	19	
Loans granted	(331)	(118)	
Loan repayments received	0	303	
Dividends received	150	0	
Net cash used in investing activities	**(2 841)**	**(9 259)**	
Cash flows from financing activities			
Payment of lease liabilities	(949)	(978)	18
Change in overdraft	(1 018)	(265)	17
Notes issued	0	5 000	17
Loans received / Repayments of bank loans	(1 884)	1 207	17
Proceeds from share issuance	600	0	27
Purchases of treasury shares	(600)	0	27
Net cash used in financing activities	**(3 851)**	**4 964**	
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	**2 621**	**2 379**	
Cash and cash equivalents at the beginning of the year	3 647	1 268	5
Cash and cash equivalents at the end of the year	6 269	3 647	5

The Notes presented on pages 85 to 135 form an integral part of the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1. General information

The main fields of activity of AS Ekspress Grupp and its subsidiaries consist of media operations including online, newspaper, magazine and book publishing, home delivery and other media related activities; 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. Pursuant to the Commercial Code of the Republic of Estonia, the annual report, including the consolidated financial statements prepared by the Management Board and approved by the Supervisory Board, shall be approved by the General Meeting of Shareholders. The shareholders may decide not to approve the annual report prepared and submitted by the management board and may demand the preparation of a new annual report. This annual report was approved by the Management Board on 23 March 2021.

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

Company name	Status	Ownership interest 31.12.2020	Ownership interest 31.12.2019	Main field of activity	Domicile
Operating segment: corporate functions					
Ekspress Grupp AS	Parent company			Holding company and support services	Estonia
Ekspress Finants OÜ	Subsidiary	100%	-	Financing and book-keeping services (established in March 2020 through a spin-off from AS Printall)	Estonia
Operating segment: media (online and print media)					
Ekspress Meedia AS	Subsidiary	100%	100%	Online media, publishing of daily and weekly newspapers	Estonia
Delfi A/S	Subsidiary	100%	100%	Online media	Latvia
D Screens SIA	Subsidiary	100%	100%	Sale of outdoor advertising	Latvia
Delfi Ticket Service SIA	Subsidiary	100%	100%	Holding company	Latvia
Delfi Tickets SIA	Subsidiary	-	100%	Holding company (merged with SIA Biļešu Paradīze in February 2020)	Latvia
Biļešu Paradīze SIA	Subsidiary	100%	100%	Operation of the electronic ticket platform and box offices	Latvia
Altero SIA	Associate	25.48%	25.48%	Financial comparison and brokerage platform	Latvia
Delfi UAB	Subsidiary	100%	100%	Online media	Lithuania
UAB Login Conferences	Subsidiary	-	100%	Organisation of technology and innovation conference (merged with Delfi UAB in May 2020)	Lithuania
Sport Media UAB	Subsidiary	51%	51%	Currently dormant	Lithuania
Hea Lugu OÜ	Subsidiary	83%	83%	Book publishing	Estonia
Eesti Audioraamatute Keskus OÜ	Associate	33.33%	-	Production and sale of audio books (established In March 2020)	Estonia
Adnet Media UAB	Subsidiary	100%	100%	Online advertising solutions and network	Lithuania
Adnet Media OÜ	Subsidiary	-	100%	Online advertising solutions and network. Dissolved on 27 February 2020.	Estonia
Adnet Media SIA	Subsidiary	100%	100%	Online advertising solutions and network	Latvia
Videotinklas UAB	Subsidiary	100%	100%	Production studio for content creation	Lithuania
Õhtuleht Kirjastus AS	Joint venture	50%	50%	Newspaper and magazine publishing	Estonia
Express Post AS	Joint venture	50%	50%	Home delivery of periodicals	Estonia
Linna Ekraanid OÜ	Subsidiary	100%	100%	Sale of digital outdoor advertising	Estonia
Centra Ekrani SIA	Subsidiary	100%	100%	Currently dormant	Latvia
Babahh Media OÜ	Associate	49%	49%	Sale of video production, media and infrastructure solutions	Estonia
Kinnisvarakeskkond OÜ	Associate	49%	49%	Development of a real estate portal	Estonia
Operating segment: printing services					
Printall AS	Subsidiary	100%	100%	Printing services	Estonia
Operating segment: entertainment					
Delfi Entertainment SIA	Subsidiary	-	100%	Dissolved on 28 February 2020	Latvia

Note 2. Accounting policies adopted in the preparation of the financial statements

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These accounting policies have been consistently applied to all periods presented in the financial statements, unless otherwise stated.

Basis of accounting

The consolidated financial statements of AS Ekspress Grupp have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Commission. These financial statements have been prepared in accordance with these standards (IFRS) and IFRIC interpretations which have been issued and are effective, or have been issued and adopted early as of the time of preparing these statements.

The financial statements have been prepared under the historical cost convention, unless it is otherwise stated in the accounting policies below.

The preparation of the financial statements in conformity with IFRS requires management to make accounting estimates and exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or the areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

These consolidated financial statements are presented in euro, which is The Group's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

Comparability

The financial statements have been prepared in accordance with the consistency and comparability principles, the nature of the changes in methods and their impact is explained in the respective notes.

Changes in accounting policies

IFRS Interpretation Committee (IFRIC) agenda decision regarding IAS 12 "Income tax"

Reason for changing accounting policy is due to IAS 1 §41 "reason for the presentation of classification change". IFRS Interpretation Committee agenda decision regarding deferred tax related to investments in subsidiaries both Estonia and Latvia have replaced the traditional profit-based tax regimes with distribution-based tax regimes where corporate income tax is not payable on profit but rather on distribution of dividends. In accordance with IAS 12.52A and 57A, in distribution-based tax regimes no current or deferred tax liability is recognised in respect of undistributed profits until a liability to pay dividends is recognised. As a market practice in Estonia, this accounting policy has been applied consistently to all undistributed profits in the group, regardless of whether those profits accumulated in the parent or in the subsidiaries.

In June 2020, IFRS Interpretation Committee made an agenda decision where it concluded that the principle set out in IAS 12.52A and 57A only applies to undistributed profits accumulated in the parent company and does not apply to undistributed profits accumulated in the subsidiaries. Instead, the principles described in IAS 12.39-40 should be followed in respect of undistributed profits in subsidiaries, stipulating that a deferred tax shall be recognized in respect of such accumulated profits, unless it is probable that they will not be distributed to the parent in the foreseeable future.

The Group assessed the impact of the change in interpretation of the accounting policy on the consolidated financial statements and concluded that the impact is immaterial and therefore deferred income tax on such investments is recognised in financial statements for the year 2020 and no correction into previous reporting periods is made.

Amendments to IAS 1: Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors - effective for annual periods beginning on or after 1 January 2020

The amendments clarify and align the definition of 'material' and provide guidance to help improve consistency in the application of that concept whenever it is used in IFRS Standards.

The adoption of the amendment did not have a material impact on the consolidated financial statements of the Group.

Amendments to IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments: Disclosures - effective for annual periods beginning on or after 1 January 2020

The amendments are mandatory and apply to all hedging relationships directly affected by uncertainties related to the IBOR reform. The amendments provide temporary relief from applying specific hedge accounting requirements to the hedging relationships with the effect that the IBOR reform should not generally cause hedge accounting to terminate. The key reliefs provided by the amendments relate to:

- ‘Highly probable’ requirement
- Risk components
- Prospective assessments
- Retrospective effectiveness test (for IAS 39)
- Recycling of the cash flow hedging reserve.

The amendments also require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties.

The adoption of the amendment did not have a material impact on the consolidated financial statements of the Group.

Amendments to IFRS 3 Business Combinations - effective for annual periods beginning on or after 1 January 2020.

The amendments narrowed and clarified the definition of a business. They also permit a simplified assessment of whether an acquired set of activities and assets is a group of assets rather than a business.

The adoption of the amendment did not have a material impact on the consolidated financial statements of the Group.

Amendments to IFRS 16 Covid-19 - Related Rent Concessions – effective for annual periods beginning on or after 1 January 2020

The amendments provided lessees (but not lessors) with relief in the form of an optional exemption from assessing whether a rent concession related to COVID-19 is a lease modification. Lessees can elect to account for rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as a variable lease payment. The practical expedient only applies to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the following conditions are met:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments due on or before 30 June 2021;
- and there is no substantive change to other terms and conditions of the lease.

If a lessee chooses to apply the practical expedient to a lease, it would apply the practical expedient consistently to all lease contracts with similar characteristics and in similar circumstances. The amendment is to be applied retrospectively in accordance with IAS 8, but lessees are not required to restate prior period figures or to provide the disclosure under paragraph 28(f) of IAS 8.

The adoption of the amendment did not have a material impact on the consolidated financial statements of the Group.

Standards, interpretations and amendments to published standards that are not yet effective

The following new standards, interpretations and amendments are not yet effective for the annual reporting period ended 31 December 2020 and have not been applied in preparing these consolidated financial statements. The group plans to adopt these pronouncements when they become effective.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Interest Rate Benchmark Reform (IBOR) (Phase two) - Effective for annual periods beginning on or after 1 January 2021; to be applied prospectively. Early application is permitted.

The amendments address issues that might affect financial reporting as a result of the interest rate benchmark reform, including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate. The amendments provide practical relief from certain requirements in IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 relating to:

- changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities; and
- hedge accounting.

<u>Change in basis for determining cash flows</u>

The amendments will require an group to account for a change in the basis for determining the contractual cash flows of a financial asset or financial liability that is required by interest rate benchmark reform by updating the effective interest rate of the financial asset or financial liability.

<u>Hedge accounting</u>

The amendments provide exceptions to the hedge accounting requirements in the following areas.

- Allow amendment of the designation of a hedging relationship to reflect changes that are required by the reform. This amendment will not result in a discontinuation of the hedge or designation of a new hedging relationship.
- When a hedged item in a cash flow hedge is amended to reflect the changes that are required by the reform, the amount accumulated in the cash flow hedge reserve will be deemed to be based on the alternative benchmark rate on which the hedged future cash flows are determined.
- When a group of items is designated as a hedged item and an item in the group is amended to reflect the changes that are required by the reform, the hedged items are allocated to sub-groups based on the benchmark rates being hedged.
- If an entity reasonably expects that an alternative benchmark rate will be separately identifiable within a period of 24 months, it can designate the rate as a non-contractually specified risk component if it is not separately identifiable at the designation date.

<u>Disclosure</u>

The amendments will require the group to disclose additional information to enable users to understand the effect of interest rate benchmark reform on a group's financial instruments, including information about the group's exposure to risks arising from interest rate benchmark reform and related risk management activities.

The group does not expect the amendments to have a material impact on its consolidated financial statements when initially applied.

Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - The European Commission decided to defer the endorsement indefinitely

The amendments clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business, such that:

- a full gain or loss is recognised when a transaction between an investor and its associate or joint venture involves the transfer of an asset or assets which constitute a business (whether it is housed in a subsidiary or not), while
- a partial gain or loss is recognised when a transaction between an investor and its associate or joint venture involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

The group expects that the amendments, when initially applied, will have a material impact on its consolidated financial statements as it currently recognises the full gain on the loss of control irrespective of whether the transaction involves the transfer of an asset constituting a business or not. However, the quantitative impact of the adoption of the amendments can only be assessed in the year of their initial application, as this will depend on the transfers of assets or businesses to the associate or joint venture that take place during that reporting period.

Amendments to IAS 1 Presentation of Financial Statements - Effective for annual periods beginning on or after 1 January 2023; to be applied retrospectively. Early application is permitted. These amendments are not yet endorsed by the EU.

The amendments clarify that the classification of liabilities as current or non-current is based solely on the entity’s right to defer settlement at the end of the reporting period. The company’s right to defer settlement for at least 12 months from the reporting date need not be unconditional but must have substance. The classification is not affected by management’s intentions or expectations about whether and when the entity will exercise its right. The amendments also clarify the situations that are considered settlement of a liability.

The group does not expect the amendments to have a material impact on its consolidated financial statements when initially applied.

Amendments to IFRS 3 Business Combinations - Effective for annual periods beginning on or after 1 January 2022. Early application is permitted. These amendments are not yet endorsed by the EU.

The amendments to IFRS 3 update a reference in IFRS 3 to the 2018 Conceptual Framework for Financial Reporting instead of the 1989 Framework. At the same time, the amendments add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

The group does not expect the amendments to have a material impact on its consolidated financial statements when initially applied.

Amendments to IAS 16 Property, Plant and Equipment - Effective for annual periods beginning on or after 1 January 2022; to be applied retrospectively. Early application is permitted. These amendments are not yet endorsed by the EU.

The amendments to IAS 16 require that the proceeds from selling items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended must be recognised, together with the cost of those items, in profit or loss and that the entity must measure the cost of those items applying the measurement requirements of IAS 2.

The amendments must be applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The cumulative effect of initially applying the amendments will be recognised as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented (if necessary).

The group does not expect the amendments to have a material impact on its consolidated financial statements when initially applied.

Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets - Effective for annual periods beginning on or after 1 January 2022; to be applied retrospectively. Early application is permitted. These amendments are not yet endorsed by the EU.

In determining costs of fulfilling a contract, the amendments require an entity to include all costs that relate directly to a contract. The amendments clarify that the cost of fulfilling a contract comprises both: the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts.

An entity must apply those amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). The entity will not restate comparative information. Instead, the entity will recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

The group does not expect the amendments to have a material impact on its consolidated financial statements when initially applied, because in determining costs of fulfilling a contract the group takes into account both incremental costs and other costs that relate directly to fulfilling contracts.

Annual improvements to IFRS standards 2018-2020 - Effective for annual periods beginning on or after 1 January 2022. Early application is permitted. These amendments are not yet endorsed by the EU.

Improvements to IFRS (2018-2020) include three amendments to the standards:

- the amendments to IFRS 9 Financial instruments clarify that, when assessing whether an exchange of debt instruments between an existing borrower and lender is on terms that are substantially different, the fees to include together with the discounted present value of the cash flows under the new terms include only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.
- the amendments IFRS 16 Leases remove illustrative example 13 accompanying IFRS 16, which in practice creates confusion in accounting for leasehold improvements for both lessee and lessor. The purpose of the amendment is to remove the illustrative example that creates confusion.

The group does not expect the amendments to have a material impact on its consolidated financial statements when initially applied.

Other Changes

Other new standards, amendments to standards and interpretations that are not yet effective are not expected to have a significant impact on the group's financial statements.

Principles of consolidation

Subsidiaries

Subsidiaries are all entities over which the Parent Company has control. Control is assumed if the Parent Company has power over the investee; is exposed, or has rights, to variable returns from its involvement with the investee; and has the ability to use its power to affect its returns. The Parent Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed before.

When the Parent Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Parent Company considers all relevant facts and circumstances in assessing whether or not the Parent Company's voting rights in an investee are sufficient to give it power, including: the size of the parent Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders; potential voting rights held by the Parent Company, other vote holders or other parties; rights arising from other contractual agreements; and any additional facts and circumstances that indicate that the Parent Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

When the Parent Company acquired or transferred control over the company during the period, the respective subsidiary is subject to consolidation from the date at which control is transferred to the Parent Company until the date that control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Parent Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Parent Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Acquisition of subsidiaries is accounted for under the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred. Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the fair value of acquired net assets. If cost is lower than the fair value of acquired net assets, the difference is immediately taken to profit or loss as a bargain purchase gain.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date; any gains or losses arising from such remeasurement are recognised in profit or loss.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Business combinations involving entities under common control are accounted for under the adjusted purchase method. For such business combinations, the combination might not occur under market conditions, as a result of which the application of the regular purchase method may distort the substance of the occurred transaction. The acquisition price in the transaction involving entities under common control may not reflect the actual value of the acquired entity. As a result, neither goodwill nor negative goodwill has their usual meaning. According to adjusted purchase method the assets, liabilities and contingent liabilities of the acquiree shall not be revalued to their fair values in the purchase price allocation, but they shall be recognised at their carrying amounts on the acquirer's balance sheet and the difference between the cost of acquisition and the carrying amount of the acquired net assets shall not be recognised as positive nor negative goodwill but it shall be recognised as a decrease or increase of the equity of the acquirer.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated in the consolidated financial statements. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. The accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Joint ventures and associates

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Associates are all entities over which the Group has significant influence, but not control, generally accompanying a shareholding of between 20-50%.

Investments in joint ventures and associates are initially recognised at cost and thereafter, using the equity method of accounting. The Group's investment in joint ventures and associates includes goodwill identified on acquisition.

The Group's share of its joint ventures' and associates' post-acquisition profits or losses is recognised in the statement of comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in a joint venture or an associate equals or exceeds its interest in the associate, including any other unsecured receivables from the associate, the Group does not recognise further losses unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its joint ventures and associates are eliminated to the extent of the Group's interest in the joint ventures and associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of joint ventures and associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

The purchase method of accounting is used to account for the acquisition of joint ventures and associates similarly to the acquisition of subsidiaries by the Group.

Parent Company's separate financial statements – primary statements presented as an additional disclosure to these consolidated financial statements

Pursuant to the Accounting Act of the Republic of Estonia, information of the unconsolidated financial statements (primary statements) of the consolidating entity (Parent Company) shall be disclosed in the Notes to the consolidated financial statements. In preparing the primary financial statements of the Parent Company, the same accounting policies have been used as also in preparing the consolidated financial statements.

The parent company is using equity method of accounting less any impairment identified for its subsidiaries, joint ventures and associates.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, bank accounts and short-term deposits with original term of up to three months. Bank overdraft is included within borrowings in current liabilities in the balance sheet.

Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each group company are measured in their functional currency, which is the currency of the primary economic environment in which the company operates. The consolidated financial statements are presented in euros.

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions of the central banks of the countries where the respective group companies are located or the European Central Bank in case of euro. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

Group companies

The Group has companies in Estonia, Latvia and Lithuania which all have euro as their functional and presentation currency.

Inventories

In the balance sheet, inventories are stated at the lower of cost and net realisable value. Cost is determined using FIFO method for inventories used in periodicals and book sales segments and the weighted average cost method for production inventories used in the printing services segment. The cost of finished goods and work in progress comprises design costs, raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). Net realisable value is the estimated selling price of products in the ordinary course of business, less applicable variable selling expenses to finish the product and complete the sale.

Financial instruments

Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Group classifies cash and cash equivalents, trade and other receivables and loans granted as financial assets measured at amortised cost.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Group does not have any financial assets at fair value through other comprehensive income.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets – Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Contingent consideration assumed in a business combination is classified as at FVTPL. Discounted cash flows are used in measuring fair value. The valuation model considers the present value of the expected future payments, discounted using a risk-adjusted discount rate. The estimated fair value would increase (decrease) if the expected cash flows were higher (lower) or the risk-adjusted discount rate were lower (higher).

A financial liability is classified as current when it is due to be settled within twelve months after the reporting date or when the Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Loan liabilities that are to be settled within twelve months after the reporting date but an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the financial statements are authorised for issue are classified as current liabilities.

Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Impairment of financial assets

The Group recognises loss allowances for ECLs on financial assets measured at amortised cost.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- other receivables, loans granted and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables without a significant financing component are always measured at an amount equal to lifetime ECLs. The expected credit losses of those financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower;
- a breach of contract, such as a default or past due event;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;

- it is probable that the borrower will enter bankruptcy or other financial reorganisation.

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 60 days past due unless the Group has a reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Property, plant and equipment

Assets with an expected useful life of more than one year are capitalised as property, plant and equipment, if it is probable that future economic benefits associated with the asset will flow to the entity.

Property, plant and equipment are stated at historical cost less any depreciation. Cost includes the purchase price, non-refundable taxes and other expenditure that are directly or indirectly attributable to the acquisition of non-current items. The cost of items of property, plant and equipment also includes estimates of the costs of dismantling and removing the item and restoring the site on which it is located, for which an obligation arises for the entity either when the item is acquired or as a consequence of having used the item. The cost of self-constructed assets includes the cost of materials and direct labour.

If an item of property, plant and equipment consists of components with significantly different useful lives, these components are initially recognised as separate items of property, plant and equipment and separate depreciation rates are set for them depending on their useful lives. Items of property, plant and equipment with similar useful lives are accounted for as groups.

If the recoverable amount of an asset is lower than its carrying amount, an impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell, and its value in use. The estimated future discounted cash flows are used as the basis for determining value in use (see also the accounting policy "Impairment of assets"). Impairment losses of non-current assets are expressed as an increase in accumulated depreciation and are recognised as an expense in the profit or loss statement. A recovery in value in use is recognised as a reversal of the impairment loss.

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives. The magazine printing machines and finishing machines with the cost of over EUR 320 thousand are generally depreciated using the production unit method. Depreciation rates are set separately to each asset depending on its estimated useful life or the estimated total production. Depreciation of an asset is started when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation of an asset ceases when the residual value is higher than the carrying amount, the asset is completely withdrawn from use or is reclassified as held for sale. Depreciation does not cease when the asset is withdrawn from use. The assets' depreciation rates, the depreciation method and residual values are reviewed, and adjusted if appropriate, at each balance sheet date. When the residual value of the asset exceeds its carrying amount, the depreciation of the asset is ceased.

Gains and losses on disposals on non-current assets are the amounts determined by comparing sales proceeds with the carrying amount and they are recognised as other income or expenses in profit or loss statement.

Depreciation is calculated on a straight-line basis or according to the production unit method using the following estimated useful lives. Land is not subject to depreciation.

Buildings and structures 20-33 years

Machinery and equipment:

Production equipment 5-15 years

Other non-current assets:

Vehicles 5-10 years

Other fixtures and equipment 2-7 years

Subsequent expenditure incurred for items of property, plant and equipment is recognised as separate non-current assets, when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to the profit or loss at the time they are incurred.

Intangible assets

Goodwill

Goodwill represents the excess of the cost of acquisition over the fair value of the net identifiable assets of the acquired subsidiary, associate or joint venture at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets; goodwill on acquisitions of joint ventures and associates is included in investments in joint ventures and associates respectively. Goodwill is tested at least annually for impairment and where necessary, impairment losses are recognised. Impairment losses on goodwill are not reversed. Goodwill recognised in the consolidated balance sheet is taken into account when calculating the gains and losses at the disposal of the shares of a subsidiary. If the cost of acquisition is lower than the fair value of the net assets acquired, the difference is recognised directly in profit or loss.

For the purpose of impairment testing, goodwill is allocated to the asset groups for which it is possible to identify cash flows (cash-generating units). The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

The basis for the recoverable amount of a cash-generating unit is the expected cash flows of that cash-generating unit, which are discounted using the weighted average cost of capital. When the carrying amount of the investment is not recoverable, the investment is written down to its recoverable amount and an impairment loss is recognised. When the carrying amount of the investment is recoverable, no impairment loss is recognised. The estimates and decisions used for evaluation of business combinations are reviewed on an ongoing basis and if actual results differ from estimates, the latter are adjusted.

Trademarks

Trademarks are initially recognised at cost, including the purchase price and other costs directly attributable to the preparation of the asset for its use. Trademarks with finite useful lives are recognised in the balance sheet at fair value less any accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the acquisition cost of trademarks over their estimated useful lives. Assets that are subject to amortisation are reviewed for impairment whenever there is any indication that the carrying amount may not be recoverable and, if necessary, an impairment loss is recognised (see also "The impairment of non-financial assets").

The estimated useful lives of trademarks with finite useful lives are 5-50 years. The amortisation rates are assessed for appropriateness each year.

Development costs

Development costs are costs which are incurred upon implementation of research results for elaboration of new products and services. The costs related to surveys and research conducted for generation of new scientific or technical knowledge are recognised as an expense in the profit or loss statement at the time they are incurred. Development costs are capitalised only if: a) completing the intangible asset so that it will be available for use or sale is technically feasible; b) the company has sufficient monetary funds for this purpose; c) the company has the ability to use or sell the intangible asset; d) the company has the ability to reliably measure the expenditures attributable to the intangible asset during its development.

Capitalised costs include the cost of materials and direct labour costs. Other development costs are recognised as an expense in the statement of comprehensive income at the time they are incurred. Capitalised development costs are recognised at cost less any accumulated amortisation and any impairment losses. Development costs are expensed under a straight-line method over the expected useful life, the maximum length of which does not exceed 5 years.

Customer relationships

Customer relationships are identifiable intangible assets if they arise from contractual or legal rights, or are separable. Customer relationships acquired through business combinations are initially measured at their acquisition date fair values. Subsequently customer relationships are recognised in the balance sheet at cost less any accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the acquisition cost of customer relationships over their estimated useful lives. Assets that are subject to amortisation are reviewed for impairment whenever there is any indication that the carrying amount may not be recoverable and, if necessary, an impairment loss is recognised (see also ”The impairment of non-financial assets”).

The estimated useful lives of customer relationships are 2-10 years. The amortisation rates are assessed for appropriateness each year.

Other intangible assets

Other intangible assets (including computer software) are stated in the balance sheet at historical cost less any accumulated amortisation and any impairment losses. Amortisation is calculated on a straight-line basis using 2-7 year estimated useful lives.

Impairment of non-financial assets

Assets with an indefinite useful life are not subject to amortisation but they are tested annually for impairment. Assets that are subject to amortisation and assets with infinite useful lives (land) are reviewed for impairment whenever there is any indication that the carrying amount may not be recoverable. Under such circumstances the recoverable amount is compared with the carrying amount. An impairment loss is recognised for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). The assets (other than goodwill that impairment losses are not reversed) that suffered impairment are reviewed for possible reversal of impairment at each reporting date.

Provisions

Liabilities that have arisen as a result of past event before the balance sheet date, which have a legal or contractual basis or which arise from the company’s established or published practice, which are probable to result in an outflow of resources, and which can be reliably measured, but for which the actual payment amount and payment date have not been definitely determined, are recorded as provisions in the balance sheet. The provisions are recognised based on the management’s estimates regarding the amount and timing of the expected outflows. A provision is recognised in the balance sheet in the amount which according to the management is necessary for settling the obligation or transferring it to the third party as of the balance sheet date. The provision expense is included in the profit and loss statement of the period. Provisions are not recognised for future operating losses.

Contingent liabilities

Promises, guarantees and other commitments that in certain circumstances may become obligations, but it is not probable that an outflow of resources will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability, are disclosed as contingent liabilities in the Notes to the financial statements.

Payables to employees

Payables to employees and members of the Management Board include accrued wages and salaries, bonuses that have been calculated in accordance with the approved bonus policy and accrued vacation pay calculated in accordance with contracts of employment concluded with employees, contracts of services concluded with the members of the Management Board, and local laws in force as of the balance sheet date.

The liability related to the payment of a vacation payroll accrual together with social security and unemployment insurance payments is included within “trade and other payables” in the balance sheet and as personnel expenses in the profit or loss statement.

Share-based transactions

The fair value of services (work contribution) provided by employees to the entity in return for shares is recognised as employee costs in the profit or loss statement and as a liability in the balance sheet from the date of granting the share option and during the period when the services have been provided if it is an equity settled share based option scheme. In case of cash-settled share-based option scheme a share option liability is recognised. The fair value of the services received is determined on the fair value of equity instruments (market price) granted to employees at the grant date. Upon expiry of the share option, the company has the obligation to transfer an agreed number of shares which it buys from the market and at the market price. The shares purchased for the purpose of a share option are included as "Treasury shares" among equity. When shares are transferred the amounts reported as "Treasury shares" and the liability are offset. The resulting difference is taken to retained earnings.

Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

The Group as a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- lease payments dependent on index or rate.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases (leases with a lease term of 12 months or less and containing no purchase options). The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Revenue recognition

Revenue is measured based on the consideration specified in contract with a customer. The Group recognises revenue when it satisfies a performance obligation by transferring a good or service to a customer. The Group transfers a good or service to a customer when the customer obtains control of that good or service. Control may be transferred either at a point in time or over time.

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers and related revenue recognition polices:

Type of product / service	Nature and timing of satisfaction of performance obligations	Revenue recognition under IFRS 15
Advertising revenue	The customer obtains control of service at the moment the advertisement is published in media. Invoices are issued according to contractual terms after the service is provided. Barter transactions are offset against each other.	Revenue from providing intermediation of media and advertising services is recognised in the accounting period in which the services are rendered, it means at the time the advertisement appears in media. Revenue to be received from periodic advertisement packages is allocated in proportion to their duration. For barter transactions, advertising revenue is recognised at the time the advertisement appears in media and according to the terms laid down in the agreement either goods or services are received from the other party which are recognised as an expense at the time the goods or services are received. Non-monetary transactions are measured at fair value.
Retail sales of periodicals and books	Customers obtain control of periodicals and books when the goods have been delivered to the customer. Newspapers and magazines are normally sold at wholesale conditions and in most cases, with the right to return them. Historical experience with the return of the goods forms the basis for evaluation of the estimated refund amounts. In the case of wholesale of products, the invoice is issued to the customer for the products sold at the end of each month. In retail, the customer generally pays in cash, by credit card or with bank transfer.	Revenue from the sale of goods is recognised at the moment when the goods have been delivered to the customer, at the time when a sale is completed for the client. Historical experience with the return of the goods forms the basis for evaluation of the estimated refund amounts. The returns of goods are recognised as a reduction of revenue at the time of revenue recognition. The sale of published books is recognised at the moment when they have been sold to the end consumer.
Sale of subscribed periodicals and books	Customers obtain control of periodicals and books when the goods have been delivered to the customer. Customers pay for subscribed periodicals and books as prepayments, which means that the subscription will become effective when the payment is received.	Customer payments for subscribed books, newspapers and magazines are allocated to the subscription period and recognised in revenue in accordance with the publishing of the periodical. Payments received for future subscriptions are recognised as contract liability. For packages of subscriptions, the price of the package is allocated to the individual components.

Type of product / service	Nature and timing of satisfaction of performance obligations	Revenue recognition under IFRS 15
Sale of paper and printing services	Customers obtain control of paper products and printing services when the goods and services have been transferred to the customer. Invoices are issued according to contractual terms. Rights to consideration for work completed but not billed at the reporting date, are recognised as contract assets.	Revenue is recognised when the goods are transferred to the customer, it means at the time when customer receives ordered paper products, because the Group by satisfying performance obligation does not create an asset for which the Group would have an alternative use. The Group is also not able to divert its assets to other customers.
Commissions from event organizers and from tickets sold via internet	The company acting as an agent and does not control the specified goods provided by another party. Tickets sold via internet are controlled by the customer at the moment the tickets have been delivered to the customer. In the case of tickets sold at sales sites, the performance obligation shall be fulfilled at the moment the event takes place. The commissions depend on the number of tickets sold.	Revenue as an agent is recognized when the performance obligation is satisfied at point in time in the amount of commission from sale to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

Interest income

Interest income is recognised using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset. In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired). However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Dividend income

Dividend income is recognised when the right to receive payment is established.

Government Grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants relating to costs are deferred and recognised as "Other income" in the profit or loss over the period necessary to match them with the costs that they are intended to compensate. In the statement of profit or loss, the costs to be compensated and income from the grant are recognised separately.

Earnings per share

Basic earnings per share are calculated by dividing the profit of the year attributable to equity holders of the Parent Company by the weighted average number of ordinary shares outstanding during the year. Treasury shares are eliminated from calculations. Diluted earnings per share are calculated based on profit or loss attributable to the ordinary equity holders of the Parent Company, and the weighted average number of shares outstanding, adjusted for the effects of all dilutive potential ordinary shares.

Statutory reserve capital

The statutory reserve in equity is a mandatory reserve, created in accordance with the Commercial Code of Estonia. Reserve capital can only be used for covering losses or to increase share capital. Each year, at least 1/20 of net profit should be transferred to reserve capital until it makes up 1/10 of share capital. The distribution to shareholders from the statutory reserve is not permitted.

Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

If dividends are declared after the balance sheet date, those dividends are not recognised as a liability at the balance sheet date.

Events after the balance sheet date

Significant events that occurred during the preparation of the financial statements and are related to transactions that took place during the financial year are considered in the valuation of assets and liabilities.

The events which occurred after the balance sheet date that have not been taken into consideration in the valuation of assets and liabilities, but that significantly impact the results of the next financial year, are disclosed in the Notes to the financial statements.

Segment reporting

Operating segments are components of an entity that engage in business activities and on which it may earn revenue and incur expenses, for which discrete financial information is available and which operating results are regularly reviewed by the entity's chief operating decision maker in order to make decisions about the resources to be allocated to the segment and to assess its performance.

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision maker. The chief operating decision marker, who is responsible for allocating resources and assessing the performance of the operating segments, has been identified as the Management Board of the Parent Company.

Corporate income tax and deferred income tax

Corporate income tax in Estonia

According to the Income Tax Act applicable in Estonia, the annual profit earned by entities is not taxed in Estonia. Income tax is paid on dividends, fringe benefits, gifts, donations, reception costs, non-business related expenses and adjustments of the transfer price. From 1 January 2015, the profit distributed as dividends is subject to income tax of 20/80 of the net amount to be paid out. The corporate income tax arising from the payment of dividends is accounted for as an expense in the period when dividends are declared, regardless of the actual payment date or the period for which dividends are actually paid. The obligation to pay income tax arises on the 10th day of the month following the payment of dividends.

The corporate income tax arising from the payment of dividends is not recognised as a provision until the declaration of dividends. The maximum amount of a contingent income tax liability which may arise from distribution of all retained earnings is specified in the Notes to the financial statements.

Corporate income tax for companies registered in Latvia

From 1 January 2018, the new Law on Corporate Income Tax of the Republic of Latvia came into effect, setting out a conceptually new regime for paying taxes, which is similar to scheme in place in Estonia. From 1 January 2018 the tax rate is 20% and it is applied on profit distribution. The taxation period is one month instead of a year.

The use of tax losses carried forward from previous periods is limited and it will be possible to utilise these losses to decrease the amount of tax calculated on dividends by not more than 50% until 2022.

Corporate income tax for companies registered in Lithuania

In accordance with the local income tax laws the net profit of companies located in Lithuania adjusted for the permanent and temporary differences as stipulated by law is subject to corporate income tax 15%.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not recognised if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction impacts neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax

Deferred income tax is recognised on all temporary differences arising between the carrying amounts and tax bases of the Group's assets and liabilities (the tax base of an asset or liability is the amount attributed to that asset or liability for tax purposes).

Pursuant to the laws of the Republic of Estonia, the annual profit earned by entities is not taxed in Estonia. The corporate income tax liability arises on profit distribution and is recognised as an expense (in profit or loss for the period) at the time dividends are declared. Due to the nature of the taxation system, neither deferred income assets nor liabilities arise for the companies registered in Estonia, other than the potential income tax liability on their investments in subsidiaries, associates, and joint ventures.

The Group's deferred income tax liability arises in relation to the companies in the countries where the profit for the financial year is taxable.

The Group's deferred income tax liability also arises on investments in Estonian (and Latvian) subsidiaries, associates and joint ventures except where the timing of the reversal of taxable temporary differences can be controlled by the Group and it is probable that the temporary differences will not reverse in the foreseeable future. The examples of the reversal of taxable temporary differences are payment of dividends, sale or liquidation of an investment, and other transactions.

Since the Group controls the dividend policy of its subsidiaries, it is also able to control the timing of the reversal of temporary differences related to this investment. When the parent company has made a decision not to distribute the subsidiary's profit in the foreseeable future, it shall not recognise the deferred income tax liability. If the parent company expects to pay out dividends in the foreseeable future, the deferred income tax liability shall be measured to the extent of the planned dividend payment under the assumption that as of the reporting date there will be sufficient funds and equity available for the payment of dividends from which to distribute profits in the foreseeable future.

If necessary, the Group can block the profit allocation decisions of its joint ventures and therefore it can control the timing of the reversal of temporary differences related to this investment. When the parent company has decided not to distribute the joint venture's profit in the foreseeable future, it shall not recognise the deferred income tax liability. If the parent company expects to pay out dividends in the foreseeable future, the deferred income tax liability shall be measured to the extent of the planned dividend payment under the assumption that as of the reporting date there will be sufficient funds and equity for the payment of dividends from which to distribute profits in the foreseeable future.

Since the Group generally does not control the dividend policy of its associates, it does not control the timing of the reversal of taxable temporary differences. Thus, the Group recognises the deferred income tax liability related to its investment in the associate.

For measuring the deferred income tax liability, the Group uses the tax rates that are expected to be applied on the basis of the tax rates effective on the reporting date to taxable temporary differences in the period in which they are expected to reverse.

The maximum income tax liability that would arise in case all available equity is paid out as dividends is disclosed in Note 28 to the financial statements.

Note 3. Critical accounting estimates and judgements

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates by the management that have an effect on the financial statements. It also requires the management to exercise its judgment in the process of applying the Group's accounting policies.

For preparation of the financial statements, the estimates made by the managements of all group companies shall be used which impact the Group's assets and liabilities at the balance sheet date, and also revenue and expenses for the financial year. These estimates are based on the latest information about the situation of group companies, and they take into consideration the Group's and entities' separate plans and related risks at the time of preparation of the financial statements.

Management estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The actual results may differ from the estimates. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the next financial year include assessment of useful lives of intangible assets identified (Note 15), valuation of inventories (Note 10), valuation of goodwill (Note 15), determination of useful lives of property, plant and equipment (Note 14) and valuation of receivables and loans granted (Notes 4,6,7), evaluation of derivative instruments (Notes 4,26).

a) Valuation of goodwill, trademarks, other intangible and tangible assets

At each balance sheet date, the management carries out impairment tests for goodwill which have arisen upon acquisition of the following cash-generating units or companies, of which most important are Delfi (Estonia, Latvia and Lithuania), Maaleht published by Ekspress Meedia AS, Adnet Media, Linna Ekraanid and Biļešu Paradīze. Along with impairment tests for goodwill the value of other assets will also be assessed because the recoverable amounts of cash-generating units should cover goodwill as well as other assets related to cash-generating units like trademarks, intangible and tangible assets, net current assets. For finding the recoverable amount of the assets of all cash-generating units, the future expected cash flows have been discounted using the weighted average cost of capital (WACC). A more detailed overview of impairment tests is disclosed in Note 15.

As of 31.12.2020 and 31.12.2019, no impairment losses were recognised for goodwill.

The Group has intangible and tangible assets other than goodwill and for estimating the value of these assets management will assess factors whether there are any indications referring that the value of assets has decreased. If there are such indications then impairment test will be performed for the assets of the smallest cash-generating unit and if the recoverable amount is smaller than carrying amount according to the realistic cash-flow forecast provided by the management, then the carrying amount of assets will be written down to the recoverable amount. In 2020, an impairment test was performed for property, plant and equipment and an impairment loss in amount of EUR 1 031 thousand was recognised (Note 14).

b) Estimation of useful lives of intangible assets

The management has determined the estimated useful lives of intangible assets, taking into account the business conditions and volumes, historical experience in the given field and future projections. The depreciation charges will be increased where useful lives are shorter than previously estimated lives, and technically obsolete and idle assets that have been written off or written down.

According to the estimates, the useful lives of trademarks as of the balance sheet date are 5-50 years, based on past experiences on useful lives of similar trademarks. The trademark in the online media is the title of the online portal "Delfi", the trademarks in print media are mainly the titles of different publications (magazines, newspapers). The useful lives of online media trademarks are estimated to be longer than those of print media. The remaining amortisation period of online media trademarks is up to 37 years. The useful lives of print media trademarks are generally estimated to be between 5-10 years.

Carrying amount of trademarks as of 31.12.2020 is EUR 8 733 thousand (31.12.2019: EUR 9 218 thousand). If useful lives of online trademarks increased or decreased by 10%, the annual amortisation charge would decrease or increase, respectively, by EUR 44/54 thousand.

c) Valuation of useful lives of property, plant and equipment

The management has determined the estimated useful lives of the items of property, plant and equipment, taking into account the business conditions and volumes, historical experience in the given field and future projections. The management will increase the depreciation charge where useful lives are less than previously estimated lives, or it will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold.

If the useful lives increased/decreased by 10%, the annual depreciation charge would decreased/increased by EUR 90/110 thousand, EUR 78/95 thousand and EUR 66/81 thousand of 'Buildings', 'Machinery and equipment' and 'Other equipment', respectively. The total decrease/increase in the depreciation charge in case of an increase/decrease of 10% in useful lives would be EUR 234/286 thousand.

d) Assessment of the value of receivables

The Group has applied the simplified approach in recognising lifetime ECL as presented IFRS 9 for trade receivables. Loss allowances for trade receivables without a significant financing component are measured at an amount equal to lifetime ECLs. The expected credit losses of those financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

e) Inventory valuation

Upon valuation of inventories, the management will rely on its best estimates taking into consideration historical experience, general background information and assumptions and preconditions of the future events. For determining the impairment of finished goods (carrying amount as of 31.12.2020, EUR 257 thousand and as of 31.12.2019, EUR 333 thousand), the sales potential as well as the net realisable value of finished goods is considered. Upon valuation of raw materials and materials (carrying amount as of 31.12.2020, EUR 2 146 thousand and as of 31.12.2019, EUR 2 448 thousand) their potential use in producing finished goods and generating income is considered. Upon valuation of work in progress (carrying amount as of 31.12.2020, EUR 338 thousand and as of 31.12.2019, EUR 332 thousand) their stage of completion that can reliably be measured is considered.

f) Contingent consideration

Contingent consideration assumed in a business combination is classified as at FVTPL. Discounted cash flows are used in measuring fair value. The valuation model considers the present value of the expected future payments, discounted using a risk-adjusted discount rate. The estimated fair value would increase (decrease) if the expected cash flows were higher (lower) or the risk-adjusted discount rate were lower (higher). As at 31.12.2020 the fair value of contingent consideration was 1 995 thousand euros, incl 250 thousand euros current and 1 745 thousand euros non-current liabilities and as at 31.12.2019 the fair value of contingent consideration was 2 935 thousand euros, incl 250 thousand euros current and 2 685 thousand euros non-current liabilities. In 2020, according to the terms of the acquisition contract, the adjustment of fair value of unpaid future liability of the acquisition price of the ticket sales platform was made, which was recognized as a one-off financial income of EUR 690 thousand. The change in the valuation is based on the forecasted sales revenue for 2021, which at the time of preparation of the financial statements is significantly lower than it was expected at the time of acquisition. Due to the state of emergency related to COVID-19 the restrictions related to the organisation of events are still in place in Latvia and will impact the operating volumes of the ticket sales business also in 2021.

g) Corporate income tax - recognition of deferred income tax on investments made in Estonian (and Latvian) subsidiaries, associates and joint ventures

The Group controls the dividend policy of its subsidiaries and it is also able to control the timing of the reversal of temporary differences related to this investment. The Group also can block the profit allocation decisions of its joint ventures and therefore it can control the timing of the reversal of temporary differences related to this investment as well. AS of 31.12.2020, the Group has decided not to distribute the profits of subsidiaries and joint ventures in the foreseeable future and therefore it does not recognise a deferred income tax liability on these investments. As of 31.12.2020, the Group also does not recognise a deferred income tax liability on investments in associates, as impact of income tax on the possible distribution of profit on the consolidated financial statements is immaterial.

Note 4. 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.

Cash and bank accounts (incl. deposits) by credit ratings of the banks they are held at

Bank	Moody`s	Standard & Poor`s	31.12.2020	31.12.2019
SEB	Aa2	A+	3 308	357
Swedbank	Aa3	A+	1 441	727
Citadele	Baa3	-	1 304	2 371
Luminor/LHV	Baa1/Baa1	-/-	136	68
Total			**6 189**	**3 523**

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 or services to clients with an adequate credit history and the application of prepayments to clients in a higher risk category. According to the credit policy, different client groups are subject to different payment terms and credit limits. Clients are classified on the basis of their size, reputation, and the results of credit background checks and history of payment behaviour. At the first level, the advertising clients are divided into two groups: advertising agencies and direct clients, they are further grouped according to the above principles. The Group applies the same credit policy in all Baltic States, but is aware of different credit behaviour of clients. Subsidiaries in Estonia outsource reminder services in order to collect overdue receivables more effectively.

In the case of new clients, their credit background is checked with the help of financial information databases such as Krediidiinfo and other similar databases. At the beginning clients' payment behaviour will be monitored with heightened interest. 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.

The maximum credit risk which arises from the trade and other receivables is provided below:

31.12.2020 (EUR thousand)	Due date	Overdue >= 7 days	Overdue >7 days and <=60 days	Overdue > 60 days	Total receivables
Trade receivables (Note 6)	5 934	1 009	631	1	7 575
Other short-term receivables (Note 6)	1 107	0	0	0	1 107
Other long-term receivables (Note 11)	103	0	0	0	103
TOTAL	**7 144**	**1 009**	**631**	**1**	**8 785**

31.12.2019 (EUR thousand)	Due date	Overdue >= 7 days	Overdue >7 days and <=60 days	Overdue > 60 days	Total receivables
Trade receivables (Note 6)	6 574	1 679	1 089	106	9 449
Other short-term receivables (Note 6)	2 436	0	0	0	2 436
Other long-term receivables (Note 11)	115	0	0	0	115
TOTAL	**9 125**	**1 679**	**1 089**	**106**	**12 000**

In 2020, the Group has written down doubtful receivables in the amount of EUR 286 thousand (31.12.2019: EUR 317 thousand). For all trade receivables, the Group applies the simplified approach to providing for expected credit losses (ECL) prescribed by IFRS 9, which permits the use of the lifetime expected loss provision. The expected credit losses of those financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

Information about the changes in allowance of receivables during the reporting period is presented in Note 7.

For all other receivables (incl loans granted), the Group measures the loss allowance at an amount equal to 12 months ECL, if the credit risk has not increased significantly since initial recognition. If there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. As at 31.12.2020 the credit risk has not increased significantly.

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 needs 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 thirteen-week cash flow projections on a weekly basis.

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

Overdraft credit is used to finance working capital, long-term bank loans and 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 loan contract. This essentially works as a long-term line of credit, the use of which the Group can regulate at its own discretion.

Analysis of undiscounted financial liabilities (principal and future interest payments) by payment term

31.12.2020 (EUR thousand)	<= 1 month	> 1 month and <=3 months	Undiscounted > 3 months and <= 1 year	>1 year and <=5 years	>5 years	Carrying amount
Bank loans (Note 17)	236	468	1 994	10 232	0	**12 545**
Notes (Note 17)	0	0	300	1 200	5 600	**5 000**
Lease payments (Note 17,18)	115	238	950	3 576	0	**4 657**
Trade payables (Note 16)	2 134	94	2	0	0	**2 230**
Other payables	1 860	0	0	2 025	0	**3 885**
TOTAL	**4 345**	**800**	**3 247**	**17 032**	**5 600**	**28 317**

31.12.2019 (EUR thousand)	<= 1 month	> 1 month and <=3 months	Undiscounted > 3 months and <= 1 year	>1 year and <=5 years	>5 years	Carrying amount
Bank loans (Note 17)	291	578	3 596	11 700	0	**15 448**
Notes (Note 17)	0	0	300	1 200	5 900	**5 000**
Lease payments (Note 17,18)	90	181	813	2 991	0	**3 894**
Trade payables (Note 16)	3 332	23	0	0	0	**3 355**
Other payables	1 693	0	0	2 895	0	**4 588**
TOTAL	**5 406**	**782**	**4 709**	**18 786**	**5 900**	**32 285**

More information about loan payments is disclosed in Note 17.

Other payables include payables to joint ventures, accrued interest, other accrued liabilities and contingent liabilities, see Note 16.

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 lease taken are all tied to Euribor. Interest rate of the loan is fixed to zero plus margin.

The Group's interest rate risk is related to short-term and long-term borrowings which carry a floating interest rate. The interest rate risk is mainly related to the fluctuation of Euribor. Interest rate change by 1 percentage point would change the Group's loan interest expense by ca 165 thousand euros per year.

Type of interest	Interest rate	31.12.2020 (EUR thousand)	<= 1 year	>1 year and <=5 years	> 5 years	Carrying amount
Fixed and floating interest rate	0%+2.15%-3.90%	Loan	2 401	10 144	0	**12 545**
	6.00%	Notes	0	0	5 000	**5 000**
	6-month Euribor + 1.78-2.50%	Lease liability	1 212	3 445	0	**4 657**
	1-month Euribor + 1.9%	Overdraft	0	0	0	**0**

Type of interest	Interest rate	31.12.2019 (EUR thousand)	<= 1 year	>1 year and <=5 years	> 5 years	Carrying amount
Fixed and floating interest rate	0%+2.15%-3.90%	Loan	3 071	11 359	0	**14 429**
	6.00%	Notes	0	0	5 000	**5 000**
	6-month Euribor + 1.78-2.50%	Lease liability	1 011	2 884	0	**3 894**
	1-month Euribor + 1.9%	Overdraft	1 018	0	0	**1 018**

Information about loans is disclosed in Note 17.

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 2020, such foreign exchange risk was on a level of ca 1% of Group's revenue (in 2019: ca 1%). 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 31.12.2020, the Group's foreign currency risk related to USD was EUR 87 thousand and to other currencies (SEK, GBP, NOK), EUR 32 thousand. As of 31.12.2019, the Group's foreign currency risk related to USD was EUR 349 thousand and to other currencies (SEK, GBP, NOK), EUR 44 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 in other departments and for all different transactions including all agreements and legal documents. 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 high 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.

In the reporting year, the spread of COVID-19 had the greatest impact on the economic environment of the world. Since March the Group considered and applied all the necessary measures to avoid the spread of the COVID-19 virus in the Group. The primary goal was to protect employees while still providing our readers and viewers reliable and timely news and other services. A major setback hit the Group in mid-March when the Baltic States declared a state of emergency to curb the spread of the coronavirus. This in turn led to sudden changes in the economic environment. The most susceptible companies to the effects of the restrictions were the Group's media companies, especially outdoor media and the ticket sales platform in Latvia. In 2020, the Group lost approximately EUR 4.2 million in sales revenue, mainly due to the impact of the COVID-19 pandemic, but cost savings during the same period totalled EUR 5.4 million. The reason for cost savings included a rapid response at the initial stage of the crisis when the cost base was reduced immediately (incl. salary cuts in almost all the companies) and various government measures were applied to alleviate the situation and prevent employee dismissals. While the digital advertising volumes at our media companies have recovered strongly, the restrictions related to the organisation of events are still in place and will impact the operating volumes of the ticket sales business also in 2021.

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)	31.12.2020	31.12.2019
Interest-bearing debt	22 202	24 342
Cash and bank accounts	6 269	3 647
Net debt	15 933	20 695
Equity	54 619	51 622
Total capital	70 552	72 318
Debt to capital ratio	**23%**	**29%**
Total assets	94 177	95 407
Equity ratio	**58%**	**54%**

Fair value

The Group's management estimates that the fair values of the financial assets (Notes 5,6,7,9,11) and financial liabilities (Notes 16,17,18) recognised in the balance sheet at amortised cost do not significantly differ from their carrying amounts presented in the Group's consolidated balance sheet on 31 December 2020 and 31 December 2019. The Group's interest bearing liabilities (syndicated loan) were refinanced in 2019 and Euribor was fixed to zero which reflects the adequate situation of current market interest rates. Also, the Group's risk margins correspond to market conditions. Based on that, the management estimates that the fair value of long-term borrowings does not significantly differ from their carrying amounts. The fair value of financial liabilities is determined on the basis of discounted future contractual cash flows, using a market interest rate which is available for the Group upon using similar financial instruments. Trade receivables and trade payables are recognised at amortised cost, due to which the management estimates that their carrying amount approximates their fair value.

The fair value of other investments through profit or loss was 880 thousand euros as at 31.12.2020 (31.12.2019 860 thousand euros). Investments are not listed on any stock exchange and these are categorised as level 3 in fair value hierarchy. Management of the Group estimates that the fair value of the investment is not substantially different compared to its book value.

The fair value of other liabilities (contingent consideration) through profit or loss was 1 995 thousand euros as at 31.12.2020 (31.12.2019: 2 935 thousand euros) and these are categorised as level 3 in fair value hierarchy.

Note 5. Cash and bank

(EUR thousand)	31.12.2020	31.12.2019
Cash in hand	80	91
Cash at bank	6 126	3 491
Cash in transit	43	33
Term deposit	19	32
Total cash and bank	**6 269**	**3 647**

Note 6. Trade and other receivables

(EUR thousand)	31.12.2020	31.12.2019
Trade receivables (Note 4,7)	7 575	9 449
Other tax receivables	190	279
Other receivables (Note 4,9)	1 107	2 436
Prepayments	578	541
Total trade and other receivables	**9 450**	**12 705**

Note 7. Trade receivables

(EUR thousand)	31.12.2020	31.12.2019
Trade receivables	7 816	9 676
Allowance for doubtful receivables	(241)	(228)
Total trade receivables (Note 6)	**7 575**	**9 449**

(EUR thousand)	2020	2019
Allowance for doubtful receivables at the beginning of the period	(228)	(190)
Proceeds from doubtful receivables during the period	230	243
Allowance for doubtful receivables recognised during the period	(286)	(317)
Receivables written off from balance sheet during the period	42	36
Allowance for doubtful receivables at the end of the period	**(241)**	**(228)**

Impairment losses from trade receivables recognised during the period are reported in the statement of comprehensive income as “Cost of sales”. For further information on ageing of receivables (including overdue receivables), see Note 4. Accounting policies for impairment of financial assets are disclosed in Note 2.

Note 8. Corporate income tax and deferred tax

Group's income tax expense (EUR thousand)	2020	2019
Corporate income tax expense	280	339
Deferred income tax expense	0	0
Total income tax expense	**280**	**339**

Corporate income tax

(EUR thousand)	2020	2019
Latvia		
Current income tax expense	**(6)**	**(38)**
Lithuania		
Profit (loss) before tax	1 743	1 870
Tax rate	15%	15%
Estimated income tax	(261)	(281)
Impact of income not taxable/expenses not deductible for tax purposes	(13)	(20)
Current income tax expense	**(274)**	**(301)**
Deferred income tax gains (losses)	**0**	**0**

Note 9. Other short-term receivables

(EUR thousand)	31.12.2020	31.12.2019
Receivables from associates (Note 29)	**83**	**67**
Trade receivables	15	36
Loans granted	68	31
Receivables from joint ventures (Note 29)	**218**	**107**
Trade receivables	217	107
Other receivables	1	0
Receivables from related parties (Note 29)	1	9
Other short-term receivables	805	2 253
Total other short-term receivables (Note 6)	**1 107**	**2 436**

Other receivables include mainly the prepayments (cash collected on behalf of event organizers for the events) to event organizers. Prepayments to event organisers represent the balance of payments made to event organizers prior to event.

Note 10. Inventories

(EUR thousand)	31.12.2020	31.12.2019
Raw materials	2 146	2 448
Work in progress	338	332
Finished goods	257	333
Goods for resale	14	7
Total inventories	**2 756**	**3 120**

(EUR thousand)	2020	2019
Impairment of finished goods	78	80
Allowance for impairment recognised in profit or loss	**78**	**80**

Impairment of inventories is included in the line of the statement of comprehensive income ”Cost of sales“.

Note 11. Other receivables and investments

(EUR thousand)	31.12.2020	31.12.2019
Receivables from associates and joint ventures (Note 4,29)	103	115
Other investments - mandatorily as fair value through profit or loss	880	860
Total long-term receivables	**982**	**975**

Note 12. Joint ventures

Company name	Ownership interest %		Co-owner	Co-owner
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
AS Õhtuleht Kirjastus	50%	50%	Alexela Varahalduse AS	Alexela Varahalduse AS
AS Express Post	50%	50%	AS Postimees Grupp	AS Postimees Grupp

The main activity of joint ventures is described in Note 1.

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

(EUR thousand)	AS Õhtuleht Kirjastus	AS Express Post	Linna Ekraanid OÜ	Total
31.12.2020				
Net assets of the joint venture	3 361	(528)	-	2 833
Proportion of ownership in the joint venture	50%	50%	-	
Goodwill	0	0	-	0
Other adjustments	(19)	264	-	245
Carrying amount of interest in the joint venture	**1 661**	**0**	-	**1 661**
Profit / (loss) on shares of joint ventures	490	(388)		**102**
31.12.2019				
Net assets of the joint venture	2 548	(84)	-	2 464
Proportion of ownership in the joint venture	50%	50%	50%	
Goodwill	0	0	-	0
Other adjustments	(19)	42	-	23
Carrying amount of interest in the joint venture	**1 255**	**0**	**-**	**1 255**
Profit / (loss) on shares of joint ventures	160	(182)	(17)	**(38)**

Financial information of joint ventures

(EUR thousand)	AS Õhtuleht Kirjastus	AS Express Post	Linna Ekraanid OÜ	Total
31.12.2020				
Current assets	3 326	908	-	4 233
Non-current assets	3 881	23	-	3 904
Total assets	**7 207**	**931**	**-**	**8 138**
Current liabilities	3 443	1 459	-	4 901
Non-current liabilities	403	0	-	403
Total liabilities	**3 846**	**1 459**	**-**	**5 304**
The above amounts of assets and liabilities include the following:				
Cash and cash equivalents	*2 501*	*399*	-	*2 900*
Current financial liabilities (excluding trade and other payables and provisions)	*156*	*0*	-	*156*
Non-current financial liabilities (excluding trade and other payables and provisions)	*403*	*0*	-	*403*
31.12.2019				
Current assets	2 053	1 180	-	3 233
Non-current assets	4 383	63	-	4 446
Total assets	**6 437**	**1 242**	**-**	**7 679**
Current liabilities	3 414	1 326	-	4 740
Non-current liabilities	475	0	-	475
Total liabilities	**3 889**	**1 326**	**-**	**5 215**
The above amounts of assets and liabilities include the following:				
Cash and cash equivalents	*1 098*	*665*	-	*1 763*
Current financial liabilities (excluding trade and other payables and provisions)	*178*	*0*	-	*178*
Non-current financial liabilities (excluding trade and other payables and provisions)	*475*	*0*	-	*475*

(EUR thousand)	AS Õhtuleht Kirjastus	AS Express Post	Linna Ekraanid OÜ	Total
2020				
Revenue	13 415	4 659	-	18 074
Depreciation and amortisation	(826)	(40)	-	(865)
Interest income	1	0	-	1
Interest expense	(12)	(4)	-	(17)
Profit / (loss) before income tax	**980**	**(776)**	**-**	**204**
Income tax expense	0	0	-	0
Profit / (loss) for the reporting period	**980**	**(776)**		**204**
Other comprehensive income	0	0	-	**0**
Total comprehensive income	**980**	**(776)**	**-**	**204**
2019				
Revenue	13 840	5 115	114	19 069
Depreciation and amortisation	(774)	(43)	(30)	(847)
Interest income	8	0	0	8
Interest expense	(14)	(5)	(2)	(21)
Profit / (loss) before income tax	**320**	**(364)**	**(41)**	**(85)**
Income tax expense	0	0	0	0
Profit / (loss) for the reporting period	**320**	**(364)**	**(41)**	**(85)**
Other comprehensive income	0	0	0	**0**
Total comprehensive income	**320**	**(364)**	**(41)**	**(85)**

Note 13. Associates

(EUR thousand)	31.12.2020	31.12.2019
Acquisition of associates	1	2 006
Disposal of associate interest	0	(14)
Dividends paid	150	0
Impairment loss recognised for the receivables of associates (Note 29)	(174)	(160)
Shares of associates in the balance sheet	2 253	2 356
Share of loss in associates recognised in statement of comprehensive income		
Profit (loss) under the equity method	(129)	(114)
Total profit (loss) of associates	**(129)**	**(114)**

In March 2020, OÜ Hea Lugu, the 83% subsidiary of AS Ekspress Grupp, established with other publishers Eesti Audioraamatute Keskus OÜ, in which the ownership interest of OÜ Hea Lugu is 33.33%. The key activity of the company is publishing and sale of audio books.

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

Company name	Ownership interest %	
	31.12.2020	31.12.2019
Babahh Media OÜ	49%	49%
Videotinklas UAB	100%	100%
Kinnisvarakeskkond OÜ	49%	49%
Altero SIA	25.48%	25.48%
Eesti Audioraamatute Keskus OÜ	33.33%	-

Financial information of associate

(EUR thousand)	Videotinklas UAB	Babahh Media OÜ	Kinnisvara-keskkond OÜ	Altero SIA (consolidated)
31.12.2020				
Total assets	-	132	363	833
Total liabilities	-	116	1 472	412
Total revenue	-	697	462	2 917
Total expenses	-	750	818	2 638
Net profit (loss)	**-**	**(53)**	**(356)**	**280**
31.12.2019				
Total assets	-	221	382	851
Total liabilities	-	153	1 112	242
Total revenue	169	806	476	648
Total expenses	154	783	802	526
Net profit (loss)	**15**	**23**	**(326)**	**122**

Note 14. Property, plant and equipment

(EUR thousand)	Land	Buildings	Machinery and equipment	Other fixtures	Under construction and prepayments	Total tangible assets
31.12.2018						
Cost	409	6 634	24 077	3 162	1 140	**35 422**
Accumulated depreciation	0	(2 965)	(18 470)	(2 066)	0	**(23 501)**
Carrying amount	**409**	**3 669**	**5 607**	**1 096**	**1 140**	**11 921**
First-time adoption of IFRS 16	0	3 077	0	0	0	**3 077**
Restated carrying amount on 01.01.2019	**409**	**6 746**	**5 607**	**1 096**	**1 140**	**14 999**
Acquisitions and improvements	0	647	408	292	914	**2 261**
Disposals (at carrying amount)	0	0	(14)	(8)	0	**(22)**
Impairment and write-offs (at carrying amount)	0	(236)	(1)	(4)	(5)	**(246)**
Reclassification	0	84	1 117	187	(1 389)	**(1)**
Acquired through business combinations	0	141	0	634	37	**812**
Depreciation	0	(996)	(1 221)	(642)	0	**(2 859)**
31.12.2019						
Cost	409	10 390	25 578	4 477	697	**41 551**
Accumulated depreciation	0	(4 004)	(19 682)	(2 922)	0	**(26 608)**
Carrying amount	**409**	**6 386**	**5 896**	**1 555**	**697**	**14 943**
Acquisitions and improvements	0	642	171	412	1 748	**2 972**
Disposals (at carrying amount)	0	(66)	0	(75)	0	**(141)**
Impairment and write-offs (at carrying amount)	0	(393)	(646)	(14)	0	**(1 053)**
Reclassification	0	0	0	438	(448)	**(11)**
Depreciation	0	(992)	(856)	(728)	0	**(2 577)**
31.12.2020						
Cost	409	10 332	25 073	4 903	1 997	**42 714**
Accumulated depreciation	0	(4 756)	(20 508)	(3 315)	0	**(28 580)**
Carrying amount	**409**	**5 576**	**4 565**	**1 588**	**1 997**	**14 134**

Due to continuing impact of COVID-19 on economic situation the group has recognised an impairment loss for property, plant and equipment in amount of EUR 1 031 thousand in 2020, which is included in the line of the statement of comprehensive income ”Other expenses“.

Information about pledged items of property, plant and equipment is disclosed in Note 17.

Information about payments of leases and right-of-use assets are disclosed in Note 18.

Note 15. Intangible assets

(EUR thousand)	Goodwill	Trademarks	Develop-ment costs	Customer relation-ships	Computer software	Prepay-ments	Total intangible assets
31.12.2018							
Cost	47 866	11 042	850	2 579	2 860	657	**65 854**
Accumulated amortisation and impairments	(9 897)	(4 281)	(633)	(2 438)	(1 914)	0	**(19 163)**
Carrying amount	**37 969**	**6 761**	**217**	**142**	**945**	**657**	**46 691**
Purchases and improvements	0	0	13	0	286	858	**1 157**
Reclassification	0	0	233	0	698	(930)	**1**
Acquired through business combination	4 658	2 874	0	1 752	447	0	**9 730**
Amortisation	(0)	(417)	(157)	(202)	(434)	0	**(1 211)**
31.12.2019							
Cost	52 525	13 920	726	3 546	4 552	585	**75 854**
Accumulated amortisation and impairments	(9 897)	(4 703)	(419)	(1 855)	(2 611)	0	**(19 485)**
Carrying amount	**42 628**	**9 218**	**306**	**1 691**	**1 942**	**585**	**56 369**
Purchases and improvements	0	0	0	0	204	1 115	**1 319**
Write-offs (at carrying amount)	0	0	0	0	(51)	(69)	**(120)**
Reclassification	0	0	29	0	352	(381)	**0**
Acquired through business combination	457	0	0	0	0	0	**457**
Amortisation	0	(483)	(142)	(217)	(549)	0	**(1 391)**
31.12.2020							
Cost	52 982	13 920	667	3 546	4 711	1 250	**77 076**
Accumulated amortisation and impairments	(9 897)	(5 186)	(473)	(2 072)	(2 813)	0	**(20 441)**
Carrying amount	**43 085**	**8 733**	**194**	**1 474**	**1 898**	**1 250**	**56 635**

Information about intangible assets pledged as collateral for loans is disclosed in Note 17.

Goodwill by cash-generating units

(in thousands)	EUR	
	31.12.2020	31.12.2019
Delfi	35 137	35 137
Adnet Media	712	712
Maaleht	1 816	1 816
Biļešu Paradīze	3 564	3 107
Linna Ekraanid	1 338	1 338
Other	517	517
Total goodwill	**43 085**	**42 628**

In 2020, the purchase analysis of the ticket sales platform operator SIA Biļešu Paradīze, that was acquired in 2019, was adjusted. In 2020, SIA Biļešu Paradīze adjusted the assets and liabilities of previous periods, as a result, the net assets decreased at the time of acquisition. According to the terms of the acquisition contract, the purchase analysis was adjusted and the goodwill of Biļešu Paradīze increased by 457 thousand euros.

In the impairment tests, recoverable amount is based on the value in use method by using discounted cash flow method. For each business unit acquired, five-year cash flow forecasts have been prepared for the respective cash-generating units. After the fifth year, the estimation of cash flows in the impairment tests is based on perpetuity. The growth rate for long-term expected cash flows is conservative growth rate that is expected to be the growth on the market. 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 March 2019, AS Ekspress Grupp acquired a 100% ownership interest in Linna Ekraanid OÜ that is engaged in sales of digital outdoor advertising in Estonia. Until then, AS Ekspress Grupp owned 50% of the company. The impairment test of Linna Ekraanid is based on the future cash flows of digital outdoor advertising business in Estonia. The impairment test of Biļešu Paradīze is based on the future cash flows from the operation of the electronic ticket platform and box offices in Latvia. For 2019, no impairment test for Biļešu Paradīze was done, as the ownership was acquired in June 2019 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	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Delfi	5.0%-7.3%	3.0%-7.1%	3.5%	3.5%
Adnet Media	9.9%	13.4%	3%	3%
Maaleht	-0.2%	0%	0.5%	0%
Linna Ekraanid	21.3%	23.6%	3%	3%
Biļešu Paradīze	5.1%	-	3%	-

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 9.1%-13.8% (2019: 9.3%-14.2%) and the return on debt is 3.4% (2019: 3.9%). The debt to equity ratio is based on the latest average debt to equity ratio 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 relevant industry based on Damodaran Online database has been used as one component. The long-term euro bond yield of Germany has been used as the basis for determining the risk rates of these countries.

In 2020 there has been a further decrease in risk-free-interest-rates in the securities markets which has resulted also smaller applied discount rates used in valuation tests.

The applied discount rates are as follows:

Cash-generating unit	31.12.2020	31.12.2019
Delfi	7.47%-7.82%	7.47%-7.79%
Adnet Media	7.82%	7.79%
Maaleht	8.47%	8.47%
Linna Ekraanid	9.58%	10.02%
Biļešu Paradīze	7.82%	-

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)	31.12.2020			31.12.2019		
	Recoverable amount	Carrying amount (prior to impairment)	Difference	Recoverable amount	Carrying amount (prior to impairment)	Difference
Delfi	103 799	45 984	57 815	95 319	45 871	49 448
Adnet Media	8 383	1 474	6 909	9 309	1 525	7 784
Maaleht	6 031	2 226	3 805	4 996	2 291	2 705
Linna Ekraanid	3 317	2 097	1 220	4 361	2 036	2 325
Biļešu Paradīze	25 518	8 177	17 341	-	-	-

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, Adnet 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.

In 2020, the state of emergency related to COVID-19 had the most profound impact on the digital outdoor screen's company Linna Ekraanid and the Latvian ticket sales platform Biļešu Paradīze. Due to the government restrictions in Estonia and Latvia the advertising volumes and the operating volumes of ticket sales business of these companies decreased. The Group is positive about the vaccination process in Latvia and in Baltics in general and believes that in the second half of 2021 the market situation will recover and as of 31.12.2020 the future expected cash flows of these companies 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 16. Trade and other payables

(EUR thousand)	31.12.2020	31.12.2019
Trade payables (Note 4)	2 230	3 355
incl. payables to related parties (Note 29)	*9*	*11*
Payables to employees	3 451	2 948
Other taxes payable	2 800	1 942
Contract liability (Note 20)	2 199	2 080
Contingent consideration	250	250
Payables to joint ventures (Note 29)	197	116
Accrued interest	74	73
Other accrued liabilities	4 050	5 719
Total trade and other payables	**15 251**	**16 483**

Contract liability includes mainly the client prepayments for subscriptions of periodicals.

In response to the COVID-19 coronavirus to relieve the financial situation of businesses, Estonian Tax and Customs Board (ETCB) has suspended the calculation of interests on their tax arrears for the period of emergency from 1 March to 17 May 2020. From 18 May 2020 until 31 December 2021 ETCB may reduce interest rates on tax arrears paid in instalments by up to 100 per cent.

The Group applied for the payment of tax arrears in instalments after the end of the emergency situation. The Group's application was approved and the payment of tax arrears in amount of EUR 1 643 thousand due to the state of emergency was postponed for the period of 24 months since June 2020 with reduced interest rate 100% until 31.12.2021 and 50% since 01.01.2022.

Other accrued liabilities include mainly the cash collected on behalf of event organizers for the events that either will take place in 2021 or have already happened, but the final settlement with the organizers has not been made (Note 9)

As at 31.12.2020, a contingent consideration in the amount of EUR 1 995 thousand is recognized in the balance sheet as a result of the business combination, incl EUR 250 thousand current and EUR 1 745 thousand non-current liabilities. As at 31.12.2019, a contingent consideration in the amount of EUR 2 935 thousand was recognized in the balance sheet as a result of the business combination, incl EUR 250 thousand current and EUR 2 635 thousand non-current liabilities. In 2020, the adjustment of fair value of unpaid future liability of the acquisition price of the ticket sales platform was made, which was recognized as a one-time financial income of EUR 690 thousand (Note 3).

Note 17. Bank loans and borrowings

(EUR thousand)	Total amount	Repayment term		
		Up to 1 year	Between 1-5 years	More than 5 years
Balance as of 31.12.2020				
Overdraft	**0**	0	0	0
Long-term bank loans	**12 545**	2 401	10 144	0
Notes	**5 000**	0	0	5 000
Lease liability	**4 657**	1 212	3 445	0
Total	**22 202**	**3 613**	**13 589**	**5 000**
Balance as of 31.12.2019				
Overdraft	**1 018**	1 018	0	0
Long-term bank loans	**14 429**	3 071	11 359	0
Notes	**5 000**	0	0	5 000
Lease liability	**3 894**	1 011	2 884	0
Total	**24 342**	**5 100**	**14 242**	**5 000**

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

Long-term bank loan

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

The loan's due date is 25 April 2022. The loan interest is in the range of 2.15% - 2.6%, plus a base interest rate of 0%. The loans of AS Ekspress Meedia and Delfi UAB have bullet payments, the monthly loan payment of AS Printall is in the amount of EUR 206 thousand.

The loans are secured by:

- Shares of subsidiaries;
- Guarantees of AS Ekspress Grupp and subsidiaries;
- Commercial pledge in the amount of EUR 19 million;
- Group's trademarks in the amount of 4.9 million;
- In addition, a mortgage has been set on the registered immovable and production facilities of a subsidiary (as of 31.12.2020, the buildings carrying amount was EUR 2.9 million and the carrying amount of the registered immovable is EUR 0.4 million);
- The ultimate controlling shareholder has also given a personal guarantee in the amount of EUR 4 million to cover the loan and overdraft agreements.

According to the conditions of the loan agreement, the borrower needs to keep the total debt/EBITDA ratio below 3.0. If the latter is lower than 2.5, the lowest interest margin is used. As of 31.12.2020, debt/EBITDA ratio calculated in accordance with the adjustments laid down in the loan contract was 2.12. According to the conditions of the loan agreement, the borrower also needs to keep the debt-service coverage ratio (DSCR) at least 1.2. As of 31.12.2020, DSCR ratio calculated in accordance with the adjustments laid down in the loan contract was 2.25. In addition, the liquidity reserve should be held at the bank in the amount of EUR 1 million.

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

- the shares of borrower;
- a commercial pledges on the total assets of borrower that the company owns at the time of making a pledge entry, as well as the assets that the company will acquire thereafter;
- financial pledges on the funds of borrower at Citadele Bank;
- a guarantee in the amount of EUR 1 million.

AS "Citadele banka" has issued covenant waiver until 30 June 2021.

Due to the state of emergency related to COVID-19, the Group concluded an amendment to the loan agreement of AS SEB Pank and AS Printall, which suspended the principal repayments between March and August 2020 (the principal repayments of the loan for these periods will be paid at the end of the payment schedule together with the final payment). There was also an amendment to the loan agreement of AS Citadele banka and SIA Biļešu Paradīze, which suspended the principal repayments between June and November 2020 (the principal repayments of the loan for these periods will be divided equally between the remaining repayments) and one-off early repayment of EUR 0.35 million was carried out in December 2020 to cover the principle payments for the period of January-June 2021.

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

Notes

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

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

The notes are subordinated to the outstanding loan Ekspress Grupp has borrowed from AS SEB Bank in January 2019. AS SEB Bank will have the position of senior creditor and the notes are subordinated to the aforementioned loan from AS SEB Bank. The notes represent secured debt obligation of Ekspress Grupp before its shareholders and related parties. Notes are fully secured with the guarantee issued by OÜ Haep, owned 88% by AS Ekspress Grupp's ultimate shareholder Hans H. Luik and by the guarantee of Hans H. Luik.

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

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

As of 31.12.2020, debt/EBITDA ratio calculated in accordance with the adjustments laid down in note terms and conditions was 2.12 and DSCR ratio was 2.25.

Overdraft facilities

As at 31.12.2020, the Group had an outstanding long-term overdraft facility with SEB Bank in the amount of EUR 3 million with the due date of 20.10.2021. No overdraft had been used by the balance sheet date of 31.12.2020. As of 31.12.2019, the amount of the overdraft limit used was EUR 1 018 thousand. The overdraft facility is secured by a guarantee from Kredex AS in the amount of EUR 1 050 thousand with a maturity of 20.10.2021.

Note 18. Leases

Right-of use assets are presented as property, plant and equipment.

Most of the Group's leases consist of office facilities, which typically have a lease term of three to five years with an option to renew the lease after that date. Some leases provide for additional rent payments that are based on changes in local price indices.

The Group leases IT/office equipment with contract terms of one to three years. These leases are short-term and/or leases of low-value items. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

Information about leases for which the Group is a lessee is presented below.

Right-of-use assets

(EUR thousand)	Buildings	Machinery and equipment	Other fixtures	Under construction	Total
2019					
Balance at 1 January	**3 077**	**326**	**496**	**0**	**3 898**
Depreciation charge for the year	(694)	(39)	(138)	0	(871)
Additions to right-of-use assets	704	289	77	398	1 468
Derecognition of right-of-use assets	(230)	0	0	0	(230)
Balance at 31 December	**2 857**	**575**	**435**	**398**	**4 265**

(EUR thousand)	Buildings	Machinery and equipment	Other fixtures	Under construction	Total
2020					
Balance at 1 January	**2 857**	**575**	**435**	**398**	**4 265**
Depreciation charge for the year	(690)	(77)	(174)	0	(941)
Additions to right-of-use assets	642	0	240	1 333	2 215
Derecognition of right-of-use assets	(17)	0	(3)	(22)	(42)
Balance at 31 December	**2 792**	**499**	**498**	**1 708**	**5 497**

In addition to the right of use assets the balance of assets under construction as of 31.12.2020 also includes other expenses incurred for the production of fixed assets in the amount of EUR 474 thousand.

Amounts recognised in profit or loss

(EUR thousand)	2020	2019
Interest on lease liabilities	103	79
Expenses relating to low-value and short-term leases	961	937

Amounts recognised in statement of cash flows

(EUR thousand)	2020	2019
Total cash outflow for leases	(949)	(978)

Note 19. Segment reporting

Operating segments have been specified by the management on the basis of the reports monitored by the Management Board of the Parent Company AS Ekspress Grupp. The Management Board considers the business from the company perspective.

Media segment: management of online news portals and classified portals, advertising sales in own portals in the Baltics and publishing of newspapers, magazines, customer and advertising fliers, publishing and publication of books as well as sale of digital outdoor advertising in Estonia and Latvia. The media segment also includes organisation of the technology and innovation conference *Login* in Lithuania and operation of the electronic ticket sales platform (bilesuparadize.lv) and box offices in Latvia, and production studio for content creation in Lithuania.

This segment includes subsidiaries Ekspress Meedia AS (Estonia), AS Delfi (Latvia), UAB Delfi (Lithuania), OÜ Hea Lugu (Estonia), D Screens SIA (Latvia), Adnet Media (Lithuania, Estonia, Latvia) and Linna Ekraanid OÜ (Estonia - 100% ownership since March 2019), UAB Login Conferences (Lithuania - from March 2019; from May 2020 merged with Delfi UAB), SIA Biļešu Paradīze (Latvia - from June 2019) and Videotinklas UAB (Lithuania - 100% ownership since August 2019).

The revenue of the **media segment** is derived from sale of advertising banners and other advertising space and products in its own portals, sale of advertising space in newspapers and magazines, revenue from subscriptions and single copy sales of newspapers and magazines, incl digital subscriptions, sale of books and miscellaneous book series, services fees for preparation of customer fliers and other projects as well as sale of digital outdoor advertising in Estonia, Latvia and Lithuania.

Printing services: rendering of printing and related services. This segment includes the group company AS Printall, which is the largest printing house in Estonia. The printing house is able to print high-quality magazines, newspapers, advertising materials, product and service catalogues, yearbooks, paperback books and other publications in our printing plant.

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

The **Group's corporate functions** are shown separately and they do not form a separate business segment. It includes the Parent Company AS Ekspress Grupp, which provides legal advisory and IT services to its group companies and Ekspress Finants OÜ, which provides accounting services to group companies.

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

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

Capital expenditure comprises additions to property, plant and equipment (Note 14) and intangible assets (Note 15). The significant non-current assets located outside Estonia include primarily the trademarks of Delfi group and Biļešu Paradīze in their carrying amounts as follows:

- In Latvia, EUR 4.4 million as of 31.12.2020 (EUR 4.6 million as of 31.12.2019)
- In Lithuania, EUR 1.8 million as of 31.12.2020 (EUR 1.9 million as of 31.12.2019)

Goodwill relating to companies outside Estonia at their carrying amounts is as follows:

- In Latvia, EUR 10.9 million as of 31.12.2020 (EUR 10.4 million as of 31.12.2019)
- In Lithuania, EUR 13.8 million as of 31.12.2020 (EUR 13.8 million as of 31.12.2019)

Customer relationships relating to companies outside Estonia at their carrying amounts is as follows:

- In Latvia, EUR 1.5 million as of 31.12.2020 (EUR 1.6 million as of 31.12.2019)

2020 (EUR thousand)	Media	Printing services	Corporate functions	Eliminations*	Total Group
Sales to external customers (subsidiaries)	**43 664**	**18 913**	**666**	**0**	**63 243**
Inter-segment sales	64	2 472	2 094	(4 629)	**0**
Total segment sales	43 728	21 384	2 761	(4 629)	**63 243**
EBITDA (subsidiaries)	**6 601**	**2 224**	**(720)**	**(1 101)**	**7 004**
EBITDA margin (subsidiaries)	**15%**	**10%**			**11%**
Depreciation (subsidiaries) (Note 14,15)					(3 968)
Operating profit /(loss) (subsidiaries)					**3 078**
Investments (subsidiaries) (Note 14,15)					4 292

*Due to continuing impact of COVID-19 on economic situation the group has recognised an impairment loss for property, plant and equipment in amount of EUR 1 031 thousand in 2020 (Note 14).

2019 (EUR thousand)	Media	Printing services	Corporate functions	Eliminations	Total Group
Sales to external customers (subsidiaries)	**44 212**	**22 911**	**333**	**0**	**67 456**
Inter-segment sales	6	2 784	1 743	(4 533)	**0**
Total segment sales	44 218	25 695	2 076	(4 533)	**67 456**
EBITDA (subsidiaries)	**5 966**	**2 032**	**(1 150)**	**(76)**	**6 772**
EBITDA margin (subsidiaries)	**13%**	**8%**			**10%**
Depreciation (subsidiaries) (Note 14,15)					(4 069)
Operating profit /(loss) (subsidiaries)					**2 722**
Investments (subsidiaries) (Note 14,15)					3 419

Note 20. Sales revenue

	Media		Printing services		Corporate functions		Total	
(EUR thousand)	2020	2019	2020	2019	2020	2019	2020	2019
Major products/service lines								
Advertising revenue	29 099	30 646	0	0	0	0	**29 099**	**30 646**
incl. barter deals	*691*	*785*	*0*	*0*	*0*	*0*	***691***	***785***
Single-copy sales	2 189	2 323	0	0	0	0	**2 189**	**2 323**
Subscriptions' revenue	9 147	7 876	0	0	0	0	**9 147**	**7 876**
Book publishing	961	771	0	0	0	0	**961**	**771**
Sale of paper and printing services	0	0	18 703	22 667	0	0	**18 703**	**22 667**
Sale of other goods and services	2 268	2 596	210	244	666	333	**3 145**	**3 173**
Total	**43 664**	**44 212**	**18 913**	**22 911**	**666**	**333**	**63 243**	**67 456**
Timing of revenue recognition								
Goods and services transferred at a point in time and over time	43 664	44 212	18 913	22 911	666	333	**63 243**	**67 456**
Revenue from contracts with customers total	**43 664**	**44 212**	**18 913**	**22 911**	**666**	**333**	**63 243**	**67 456**

(EUR thousand)	2020	2019
Sales revenue by geographical area		
Estonia	29 890	31 001
Scandinavia	8 414	10 740
Lithuania	10 083	9 604
Latvia	7 031	8 050
Other Europe	6 940	6 566
Other countries	885	1 495
Total	**63 243**	**67 456**

The following table provides information about contract assets and contract liabilities from contracts with customers.

(EUR thousand)	31.12.2020	31.12.2019
Contract assets	310	321
Contract liabilities (Note 16)	2 199	2 080

The contract assets primarily related to the Group’s rights to consideration for work completed but not billed at the reporting date under contracts of sale of paper and printing services. The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customer.

The contract liabilities primarily related to the client prepayments for subscriptions of periodicals. As there are no significant financing components in these contracts and the contract liability will be recognised as revenue in one year or less, the Group applies practical expedient. As a practical expedient, the Group need not adjust the transaction price in a contract for the effects of a significant financing component, if the period between when the customer pays for the good or service and when the Group transfers the good or service is one year or less.

Note 21. Cost of sales

(EUR thousand)	2020	2019
Raw materials and consumables used	10 758	13 879
Services purchased	9 961	10 603
Salaries and social taxes	22 967	23 303
Lease expense (Note 18)	583	528
Other expenses	3 280	3 329
Depreciation and amortisation (Note 14,15)	3 087	2 402
Total expenses	**50 637**	**54 044**

Note 22. Marketing expenses

(EUR thousand)	2020	2019
Marketing	1 422	1 789
Salaries and social taxes	1 219	1 252
Lease expense (Note 18)	39	39
Depreciation and amortisation (Note 14,15)	21	44
Total marketing expenses	**2 701**	**3 124**

Note 23. Administrative expenses

(EUR thousand)	2020	2019
Raw materials and consumables used	133	121
Repairs and maintenance	538	554
Communication expenses	115	135
Lease expense (Note 18)	340	369
Services purchased	1 320	1 467
Salaries and social taxes	4 227	3 754
Depreciation and amortisation (Note 14,15)	860	1 624
Total administrative expenses	**7 532**	**8 024**

Compared to 2019, the Group's sales revenue decreased by 6%, mainly due to the impact of the COVID-19 pandemic, while 6% have been saved in administrative expenses compared to the same period. The net profit for 2020 totalled EUR 2 536 thousand which is 80% higher than in 2019.

Note 24. Expenses by type

(EUR thousand)	2020	2019
Salaries and social taxes	28 413	28 309
Raw materials and consumables used	10 891	14 000
Lease expense (Note 18)	961	937
Services purchased	11 281	12 070
Marketing expenses	1 422	1 789
Repairs and maintenance	538	554
Communication expenses	115	135
Other expenses	3 280	3 329
Depreciation and amortisation (Note 14,15)	3 968	4 070
Total cost of sales, marketing and administrative expenses	**60 870**	**65 192**
Average number of employees	**900**	**919**

The information provided in this Note is aggregate numbers from Notes 21-23.

Note 25. Other income

(EUR thousand)	2020	2019
Subsidies	1 523	315
Other income	518	258
Gain from business combinations	0	34
Total other income	**2 040**	**607**

In response to the COVID-19 coronavirus pandemic, in March 2020 the government of Estonia introduced a wage subsidy programme for companies that had to shut their operations and furlough staff. Temporary subsidies was paid to those employees whose employers were significantly impacted by the current extraordinary circumstances. The subsidy was grant an income for the employees and helped the employers to surpass temporary difficulties without having to lay off their staff or call bankruptcy. The wage subsidy could be applied for March, April and May 2020.

The subsidy was paid, when an employer was in a situation where they comply with at least two of the following terms:

- The employer must have suffered at least a 30% decline in turnover or revenue for the month they wish to be subsidized for, as compared to the same month last year.
- The employer is not able to provide at least 30% of their employees with work.
- The employer has cut the wages of at least 30% of employees by at least 30% or down to the minimum wage.

The Group's application for the program was approved in May and June 2020 and it was entitled to the wage subsidy on a monthly basis conditional on the employees continuing to be furlough and the Group continuing paying their salary. The Group benefited from the programme from April and May 2020. The Group received a wage subsidy of EUR 1 138 thousand under the programme. Received subsidy is reported as “Other income” in the statement of other comprehensive income.

Note 26. Share option plans

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

In December 2020, within the framework of the share option plan the option owners were transferred 676 thousand shares. As a result, the balance of treasury shares decreased by EUR 413 thousand, of which EUR 452 thousand was covered from the option liability and the retained earnings were increased by EUR 39 thousand.

By 31 December 2020, 450 thousand options were outstanding (as of 31.12.2019: 1 009 thousand options issued), 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 were exercisable 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 profit or loss statement as labour costs and, on the other hand, as a liability. As of 31 December 2020, the remaining liability of the mentioned stock option amounted to EUR 289 thousand (31.12.2019: EUR 685 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 0.67-1.35, dividend rate: EUR 0.00-0.07 per share, risk-free interest rate: 0.01%, option term: 3 years, standard deviation: 2.20%.

In order to meet the obligations related to the options, the company issued 1.0 million new shares with a nominal value of 0.6 euros per share (Note 27). Key employees have the right to sell the received shares back to the company within one month after the exercise of the options and the company is required to repurchase these shares. Shares are redeemed based on their current market value. By 28th February 2021 the company has bought back 466 thousand shares.

In September 2020, the General Meeting of Shareholders approved a new share option plan for the management of AS Ekspress Grupp and its group companies for the period 2021-2023. As of 31.12.2020 total amount of share options granted was 1 020 thousand, each giving a right to acquire one share at the nominal price of the shares at the time of the issuing the options. The exercise of the options and issue of the shares shall be performed by means of an increase of the share capital of AS Ekspress Grupp and issue of new shares.

Note 27. Equity

Share capital

The supervisory board of AS Ekspress Grupp has in accordance with clause 5.9 of the articles of association and the resolutions of the general meeting of shareholders from 29.09.2020 decided on 2 November 2020 to increase the share capital of the company by EUR 600 000 for the realisation of the option programme from EUR 17 878 105 to EUR 18 478 105, by issuing 1 000 000 new common shares with the nominal value of EUR 0.6 per share.

The increase of the share capital and issue of new shares was directed to the organiser of the option programme, i.e. AS LHV Pank, who has subscribed for all 1 000 000 issued shares. The share capital increase has been entered in the Commercial Register on 19.11.2020.

As of 31 December 2020, the company's share capital is EUR 18 478 105 (31.12.20219: EUR 17 878 105), which is divided into 30 796 841 (31.12.2019: 29 796 841) shares with the nominal value of 0.6 euros per share.

The maximum amount of share capital as stipulated by the articles of association is EUR 25 564 656.

Treasury shares

On 25 November 2020 the transactions deriving from the service performance agreement signed between AS Ekspress Grupp and arranger of the option programme, AS LHV Pank were performed, whereby AS Ekspress Grupp acquired 1 000 000 shares issued under the option programme for the implementation of the option programme. As of 25 November 2020, AS Ekspress Grupp owned 1 017 527 own shares in the value of EUR 622 thousand.

In December 2020, within the framework of the share option plan the option owners were transferred 676 106 shares. As a result, the balance of treasury shares decreased by EUR 413 thousand, of which EUR 452 thousand was covered from the option liability and the retained earnings were increased by EUR 39 thousand.

As of 31 December 2020, the Company had 341 421 treasury shares (31.12.2019: 17 527) in the total amount of EUR 209 thousand (31.12.2019: EUR 22 thousand) to be used for the current share option plan.

In January 2021, within the framework of the share option plan the option owners were transferred 73 080 shares.

By 28th February 2021 the company has bought back 466 109 shares. As of 28 February 2021, the company had 734 450 treasury shares in the total amount of EUR 532 thousand.

Dividends

In June 2020, due to the company's liquidity position, the Annual General Meeting of Shareholders decided not to pay dividends in 2020. As of 31 December 2020, it is possible to distribute dividends without income tax payment in the total amount of EUR 25.7 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	
	31.12.2020	31.12.2019
Statutory reserve capital	1 119	1 049
Additional cash contribution from shareholder	639	639
Total reserves	**1 758**	**1 688**

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.

Diluted 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, taking into account the number of shares potentially issued. Treasury shares owned by the Parent Company are not taken into account as shares outstanding.

EUR	2020	2019
Profit attributable to equity holders	2 509 578	1 393 769
Average number of ordinary shares	29 800 859	29 779 314
Number of ordinary shares potentially issued	1 180 345	0
Basic earnings per share	**0.08**	**0.05**
Diluted earnings per share	**0.08**	**0.05**

Note 28. Contingent assets and liabilities

Contingent income tax liability

As of 31.12.2020, the consolidated retained earnings of the Group amounted to EUR 20 189 thousand (31.12.2019: EUR 17 701 thousand). Income tax of 20/80 of net dividend paid is imposed on the profit distributed as dividends. When an entity pays dividends it has received from its joint ventures and subsidiaries that have already paid income tax on those dividends or the profit of which has already been taxed in the domicile of the entity, the payment of those dividends by the Parent Company is not subject to additional income tax. Accordingly, as of 31.12.2020, AS Ekspress Grupp (Parent Company) may pay out dividends tax-free in the amount of EUR 25 663 thousand (as of 31.12.2019: EUR 24 263 thousand). Upon the payment of all possible retained earnings as at 31.12.2020, no potential income tax liability occurs.

Contingent assets and liabilities arising from pending court cases

On 28 April 2020, Harju County Court forwarded a statement of claim of MM Grupp OÜ to AS Ekspress Meedia, in which MM Grupp OÜ demands EUR 2.0 million from AS Ekspress Meedia for compensation of non-patrimonial or alternatively future patrimonial damages caused by the publication of allegedly false factual allegations. On 17 March 2021, Harju County Court made a decision in the action of MM Grupp OÜ against AS Ekspress Meedia, in which the court dismissed the claim for the compensation of damage in the amount of EUR 2.0 million and satisfied the action in the claim to refute one factual allegation. The court ordered both parties to cover their own procedural expenses. The deadline for appealing the judgement is 16 April 2021.

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

Note 29. 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)	2020	2019
Sales of goods		
Members of Supervisory Board and companies related to them	0	3
Members of Management Board and companies related to them	0	1
Total sale of goods	**0**	**4**
Sale of services		
Members of Supervisory Board and companies related to them	5	86
Members of Management Board and companies related to them	0	1
Associates	161	156
Joint ventures	1 594	1 449
Total sale of services	**1 761**	**1 691**
Total sales	**1 761**	**1 694**

PURCHASES (EUR thousand)	2020	2019
Purchase of services		
Members of Management Board and companies related to them	22	20
Members of Supervisory Board and companies related to them	407	557
Associates	28	80
Joint ventures	1 334	1 304
Total purchases of services	**1 791**	**1 961**

RECEIVABLES (EUR thousand)	31.12.2020	31.12.2019
Short-term receivables		
Members of Management Board and companies related to them (Note 9)	1	0
Members of Supervisory Board and companies related to them (Note 9)	0	9
Associates (Note 9)	83	67
Joint ventures (Note 9)	218	107
Total short-term receivables	**302**	**183**
Long-term receivables		
Associates (Note 11)	103	115
Joint ventures (Note 11)	0	0
Total long-term receivables	**103**	**115**
Total receivables	**405**	**297**

As of 31.12.2020 impairment loss was recognised for the receivables of associates in amount of EUR 532 thousand (31.12.2019: EUR 358 thousand) and for the receivables of joint ventures in amount of EUR 156 thousand (31.12.2019: EUR 0).

LIABILITIES (EUR thousand)	31.12.2020	31.12.2019
Current liabilities		
Members of Management Board and companies related to them (Note 16)	1	2
Members of Supervisory Board and companies related to them (Note 16)	8	10
Joint ventures (Note 16)	197	116
Total liabilities	**206**	**127**

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 loan and overdraft agreements until the guarantee expires. During the 12 months of 2020, a payment of EUR 56 thousand (12 months 2019: EUR 60 thousand) was paid for the personal guarantee and there are no outstanding liabilities as of 31 December 2020 and 31 December 2019.

In 2019, the Group concluded loan agreements with Aktiva Finants OÜ (100% owned by Hans H. Luik) in the amount of EUR 3.2 million. In October 2019, AS Ekspress Grupp refinanced its current loan of EUR 3.2 million from OÜ Aktiva Finants from the proceeds of the notes. In October 2019, AS Ekspress Grupp issued 5 000 notes with the nominal value of EUR 1 000. In 2019, the interest payment of EUR 132 thousand was made on loans from OÜ Aktiva Finants.

Remuneration of members of the Management Boards of the consolidation group

(EUR thousand)	2020	2019
Salaries and other benefits (without social tax)	2 223	2 089
Termination benefits (without social tax)	0	16
Share option	46	82
Total (without social tax)	**2 269**	**2 188**

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 8 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 December 2020, the maximum gross amount of potential Key Management termination benefits was EUR 759 thousand (31.12.2019: EUR 699 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 30. Financial information about the Parent Company

In accordance with the Accounting Act of Estonia, the separate non-consolidated primary statements of the Parent Company shall be disclosed in the consolidated annual report.

Balance sheet of AS Ekspress Grupp (Parent Company)

(EUR thousand)	31.12.2020	31.12.2019
ASSETS		
Cash and cash equivalents	28	0
Trade and other receivables	2 042	2 310
Total current assets	**2 070**	**2 310**
Non-current assets		
Trade and other receivables	4 815	4 378
Other investments	832	848
Investments in subsidiaries	71 168	69 903
Investments in joint ventures	1 661	1 254
Investments in associates	294	319
Property, plant and equipment	360	471
Intangible assets	1 243	711
Total non-current assets	**80 374**	**77 884**
TOTAL ASSETS	**82 444**	**80 194**
LIABILITIES AND EQUITY		
Liabilities		
Borrowings	53	1 074
Trade and other payables	4 386	4 145
Total current liabilities	**4 439**	**5 219**
Long-term borrowings	5 128	5 155
Other long-term liabilities towards subsidiaries	18 306	18 088
Other long-term liabilities	78	210
Total long-term trade and other payables	**23 512**	**23 453**
Total liabilities	**27 951**	**28 672**
Equity		
Share capital at nominal value	18 478	17 878
Share premium	14 277	14 277
Treasury shares	(209)	(22)
Statutory reserve capital	1 119	1 049
Other reserves	639	639
Retained earnings	20 189	17 701
Total equity	**54 493**	**51 522**
TOTAL LIABILITIES AND EQUITY	**82 444**	**80 194**

Statement of comprehensive income of AS Ekspress Grupp (Parent Company)

(EUR thousand)	2020	2019
Sales revenue	2 875	2 560
Cost of sales	(1 990)	(1 432)
Gross profit	**885**	**1 127**
Other income	45	20
Administrative expenses	(1 509)	(1 941)
Other expenses	(7)	(13)
Operating profit / (loss)	**(585)**	**(807)**
Finance income and costs on shares of subsidiaries	3 785	3 126
Finance income and costs on shares of joint ventures	102	(38)
Finance income and costs on shares of associates	(200)	(152)
Interest income	275	195
Interest expenses	(865)	(921)
Other finance income and costs	(2)	(9)
Financial income and expense	**3 095**	**2 200**
PROFIT FOR THE YEAR	**2 510**	**1 394**
Other comprehensive income (expense) for the year	0	0
Total comprehensive income for the year	**2 510**	**1 394**

Statement of changes in equity of AS Ekspress Grupp (Parent Company)

(EUR thousand)	Share capital	Share premium	Treasury shares	Reserves	Retained earnings	Total
Balance on 31.12.2018	**17 878**	**14 277**	**(22)**	**1 688**	**16 526**	**50 347**
Adjustment on initial application (Note 2)	0	0	0	0	(219)	(219)
Restated balance on 01.01.2019	**17 878**	**14 277**	**(22)**	**1 688**	**16 307**	**50 128**
Net profit /(loss) for the reporting period	0	0	0	0	1 394	1 394
Total comprehensive income for the reporting period	*0*	*0*	*0*	*0*	*1 394*	*1 394*
Balance on 31.12.2019	**17 878**	**14 277**	**(22)**	**1 688**	**17 701**	**51 522**
Increase of statutory reserve capital	0	0	0	70	(70)	0
Share capital issued	600	0	0	0	0	600
Purchase of treasury shares	0	0	(600)	0	0	(600)
Share option exercised	0	0	413	0	39	452
Total transactions with owners	*600*	*0*	*(187)*	*70*	*(31)*	*452*
Other changes	0	0	0	0	9	9
Net profit /(loss) for the reporting period	0	0	0	0	2 510	2 510
Total comprehensive income for the reporting period	*0*	*0*	*0*	*0*	*2 510*	*2 510*
Balance on 31.12.2020	**18 478**	**14 277**	**(209)**	**1 758**	**20 189**	**54 493**

Cash flow statement of AS Ekspress Grupp (Parent Company)

(EUR thousand)	2020	2019
Cash flows from operating activities		
Operating profit (loss) for the period	**(585)**	**(807)**
Adjustments for:		
Depreciation, amortisation and impairment	325	298
(Gain)/loss on sale and write-down of property, plant and equipment	(4)	(13)
Cash flows from operating activities:		
Trade and other receivables	64	20
Trade and other payables	930	1 137
Cash generated from operations	**729**	**635**
Interest paid	(891)	(630)
Net cash generated from operating activities	**(162)**	**5**
Cash flows from investing activities		
Increase/ decrease in investments in subsidiaries	1 759	4 058
Cash paid-in/ received from equity-accounted investees	(83)	(63)
Purchase and receipts of other investments	16	9
Interest received	83	52
Dividends received	1 400	3 077
Purchase of property, plant and equipment and intangible assets	(733)	(482)
Proceeds from sale of property, plant and equipment and intangible assets	4	8 505
Loans granted	(1 010)	(4 829)
Loan repayments received	75	915
Net cash from investing activities	**1 510**	**11 241**
Cash flows from financing activities		
Change in overdraft used	(1 018)	(265)
Change in cash pool account	(784)	(13 587)
Notes issued	0	5 000
Loans received / Repayments of borrowings	540	(2 314)
Payments of lease liabilities	(58)	(80)
Proceeds from share issuance	600	0
Purchases of treasury shares	(600)	0
Net cash generated from financing activities	**(1 321)**	**(11 246)**
Cash flows total	**28**	**0**
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	**28**	**0**
Cash and cash equivalents at beginning of the period	0	0
Cash and cash equivalents at end of the period	28	0

Independent Auditors' Report

(Translation of the Estonian original)

To the Shareholders of Ekspress Grupp AS

Report on the Audit of the Consolidated Financial Statements

Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Ekspress Grupp AS and its subsidiaries (collectively, the Group) as at 31 December 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

What we have audited

We have audited the consolidated financial statements of the Group, which comprise:

- the consolidated balance sheet as at 31 December 2020,
- the consolidated statement of comprehensive income for the year then ended,
- the consolidated statement of changes in equity for the year then ended,
- the consolidated cash flow statement for the year then ended, and
- the notes to the consolidated financial statements, comprising significant accounting policies and other explanatory information.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (Estonia). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the Code of Ethics for Professional Accountants (Estonia) (including Independence Standards), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Audit Scope

Because we are solely responsible for our audit opinion, we are also responsible for the direction, supervision and performance of the group audit. In this respect, we have determined the type of work to be performed for Group entities based on their financial significance and/or the other risk characteristics.

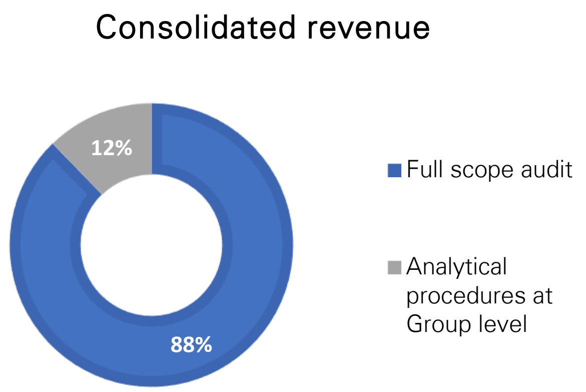
We, as group auditors, determined 7 of the Group's 26 entities to be significant Group components and we subjected those components to a full scope audit. These components include Ekspress Grupp AS, Ekspress Meedia AS, Printall AS, Õhtuleht Kirjastus AS, Delfi A/S, Biļešu Paradīze SIA and Delfi UAB.

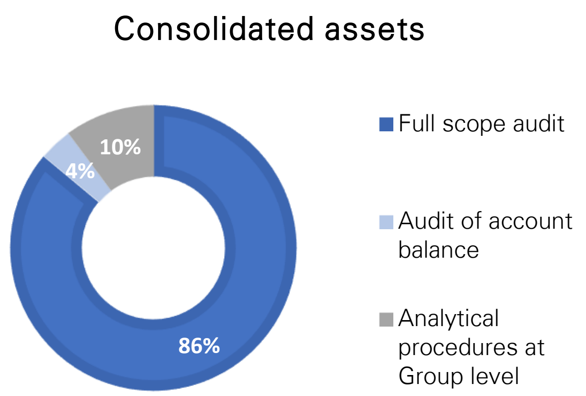
For the component Delfi Ticket Service SIA we conducted an audit of selected account balances at Group level.

For the remaining 18 non-significant components, we performed analytical procedures at Group level to re-examine our assessment that there were no significant risks of material misstatement within them.

We also performed procedures over the consolidation process at Group level.

Coverage of the Group's consolidated revenue and consolidated total assets with procedures performed:





The audit work on the financial information of the significant Group components was performed by the Group audit team in Estonia, except for the audit work of Delfi UAB, which was performed by KPMG Lithuania's component auditor in Lithuania and Delfi A/S and Biļešu Paradīze SIA, which was performed by non-KPMG component auditor in Latvia. The Group audit team instructed component auditors as to the areas to be covered and determined the information required to be reported to the Group audit team. We had regular communications with component auditors and executed audit file reviews, where necessary. The audit of selected account balances of the component Delfi Ticket Service SIA was performed by the Group audit team in Estonia.

By performing the procedures mentioned above over the Group entities, together with additional procedures at the Group level, we have been able to obtain sufficient and appropriate audit evidence to form an opinion on the consolidated financial statements as a whole.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of the recoverability of goodwill

Refer to notes 3 and 15 of the consolidated financial statements.

The key audit matter	How the matter was addressed in our audit
The Group's consolidated balance sheet as at 31 December 2020 includes goodwill in the amount of EUR 43,085 thousand, further discussed in note 15. Relevant financial reporting standards require	In this area, we conducted, among others, the following audit procedures: ▪ We assessed for significant CGUs identified by management the appropriateness of the

that goodwill is tested, at least annually, for impairment. The assessment of the recoverability of goodwill requires significant judgment in determining the future performance of the cash-generating units (CGUs) to which goodwill has been allocated. The recoverable amount of goodwill is determined by calculating the value in use of the relevant CGUs using the discounted cash flow method whose key inputs such as discount rates, expected future revenue and terminal value growth rates depend on management's significant judgment and estimates. The determination of whether the internal and external inputs used by the Group to calculate the recoverable amounts of significant items of goodwill were based on reasonable and appropriate estimates required our particular attention during the audit. Even small changes in the inputs may have a significant impact on the estimate of the recoverable amount of goodwill and, thus, also on the Group's financial results.	allocation of assets based on our understanding of the Group's operations; ▪ Assisted by our own valuation specialists, we assessed the model used for calculating the recoverable amount of goodwill against the requirements of the relevant financial reporting standards and we evaluated and challenged the key assumptions used in respect of discount rates, expected future revenue and terminal value growth rates considering the data available from external sources and our understanding of the Group's operations and the economic environment; ▪ We compared the data used in the model with the budgets and strategy approved by the Group's council and assessed the historical accuracy of the Group's budgeting process by comparing recent years' actual revenue and EBITDA (earnings before interest, tax, depreciation and amortisation) to the budgeted amounts; ▪ We assessed the adequacy of the related disclosures in the consolidated financial statements, including those in respect of the sensitivity of the valuation results to changes in the key assumptions.

Other Information

Management is responsible for the other information contained in the Group's consolidated annual report in addition to the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (Estonia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing (Estonia), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors´ report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

We were appointed by those charged with governance on 17 June 2020 to audit the financial statements of Ekspress Grupp AS for the period ended 31 December 2020. Our total uninterrupted period of engagement has lasted for four years, covering the periods ended 31 December 2017 to 31 December 2020.

We confirm that our audit opinion is consistent with the additional report presented to the Audit Committee of the Company and we have not provided to the Company the prohibited non-audit services (NASs) referred to in Article 5(1) of EU Regulation (EU) No 537/2014. We also remained independent of the audited entity in conducting the audit.

Tallinn, 23 March 2021

/digitally signed/

Indrek Alliksaar
Certified Public Accountant, Licence No 446

/digitally signed/

Liina Randmann
Certified Public Accountant, Licence No 661

KPMG Baltics OÜ
Licence No 17

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PROPOSAL FOR PROFIT ALLOCATION FOR THE YEAR 2020

The Management Board of AS Ekspress Grupp proposes to allocate the consolidated net profit for the financial year ended 31 December 2020 in the amount of EUR 2 510 thousand as follows:

(EUR thousand)	
Consolidated net profit attributable to equity holders of AS Ekspress Grupp	**2 510**
Increase in statutory reserve (1/20 from the profit)	125
Profit for the financial year to be transferred to retained earnings	2 384
Statutory reserve before increase	1 119
Statutory reserve after the increase	**1 245**
Retained earnings before profit allocation	20 189
Total consolidated retained earnings after profit distribution	**20 063**

DECLARATION OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD

The Management Board has prepared the management report and the consolidated financial statements of AS Ekspress Grupp for the year ended on 31 December 2020.

The Supervisory Board of AS Ekspress Grupp has reviewed the annual report, prepared by the Management Board, consisting of the management report, the consolidated financial statements, the proposal for profit allocation and the independent auditor's report. The Supervisory Board has approved the annual report for presentation at the Annual General Meeting of Shareholders.

Management Board

Signed digitally	*Signed digitally*	*Signed digitally*
Chairman of the Management Board	Member of the Management Board	Member of the Management Board
Mari-Liis Rüütsalu	Signe Kukin	Kaspar Hanni

Supervisory Board

Signed digitally	*Signed digitally*	*Signed digitally*
Member of the Supervisory Board	Member of the Supervisory Board	Member of the Supervisory Board
Hans H. Luik	Priit Rohumaa	Indrek Kasela
Signed digitally		
Member of the Supervisory Board		
Aleksandras Česnavičius		

KEY FINANCIAL INDICATORS IN 2016-2020

Consolidated income statement

(EUR thousand)	2020	2019	2018	2017	2016
Sales revenue	63 243	67 456	60 489	54 070	53 324
Cost of sales	(50 637)	(54 044)	(48 874)	(42 869)	(42 122)
Gross profit	**12 607**	**13 412**	**11 615**	**11 201**	**11 202**
Other income	2 040	607	394	1 383	1 085
Marketing expenses	(2 701)	(3 124)	(3 108)	(2 898)	(2 488)
Administrative expenses	(7 532)	(8 024)	(7 609)	(5 921)	(5 357)
Other expenses	(1 336)	(148)	(82)	(97)	(114)
Operating profit	**3 078**	**2 722**	**1 211**	**3 669**	**4 328**
Interest income	28	22	143	173	32
Interest expenses	(877)	(784)	(443)	(400)	(471)
Other finance income/ (costs)	614	(61)	(103)	118	(66)
Net finance cost	**(235)**	**(823)**	**(403)**	**(109)**	**(505)**
Profit (loss) on shares of joint ventures	102	(38)	(273)	(2)	772
Profit (loss) on shares of associates	(129)	(114)	(234)	(68)	113
Profit before income tax	**2 816**	**1 746**	**302**	**3 490**	**4 708**
Income tax expense	(280)	(339)	(276)	(344)	(302)
Net profit for the reporting period	**2 536**	**1 407**	**25**	**3 146**	**4 406**
Net profit for the reporting period attributable to					
Equity holders of the parent company	2 510	1 394	6	3 140	4 406
Minority shareholders	26	13	19	6	0
Total comprehensive income	**2 536**	**1 407**	**25**	**3 146**	**4 406**
Comprehensive income for the reporting period attributable to					
Equity holders of the parent company	2 510	1 394	6	3 140	4 406
Minority shareholders	26	13	19	6	0

Consolidated balance sheet

(EUR thousand)	31.12.2020	31.12.2019	31.12.2018	31.12.2017	31.12.2016
ASSETS					
Current assets					
Cash and cash equivalents	6 269	3 647	1 268	1 073	2 856
Trade and other receivables	9 450	12 705	9 154	9 917	7 468
Corporate income tax prepayment	7	0	27	4	0
Inventories	2 756	3 120	3 382	2 832	2 770
Total current assets	**18 482**	**19 472**	**13 831**	**13 827**	**13 094**
Non-current assets					
Other receivables and investments	982	975	1 588	1 750	982
Deferred tax asset	30	38	44	47	34
Investments in joint ventures	1 661	1 254	2 345	2 372	2 435
Investments in associates	2 253	2 356	319	354	591
Property, plant and equipment	14 134	14 943	11 921	12 189	12 722
Intangible assets	56 635	56 369	46 691	45 419	44 310
Total non-current assets	**75 696**	**75 935**	**62 907**	**62 130**	**61 074**
TOTAL ASSETS	**94 177**	**95 407**	**76 738**	**75 957**	**74 168**
LIABILITIES					
Current liabilities					
Borrowings	3 613	5 100	1 356	166	2 313
Trade and other payables	15 251	16 483	10 801	8 095	7 170
Corporate income tax payable	81	65	29	111	108
Total current liabilities	**18 945**	**21 647**	**12 186**	**8 372**	**9 591**
Non-current liabilities					
Long-term borrowings	18 589	19 242	14 118	15 091	13 471
Other long-term liabilities	2 025	2 895	0	0	0
Deferred tax liability	0	0	0	0	33
Total non-current liabilities	**20 613**	**22 137**	**14 118**	**15 091**	**13 504**
TOTAL LIABILITIES	**39 558**	**43 784**	**26 304**	**23 463**	**23 095**
EQUITY					
Minority interest	126	100	87	68	0
Capital and reserves attributable to equity holders of parent company:					
Share capital	18 478	17 878	17 878	17 878	17 878
Share premium	14 277	14 277	14 277	14 277	14 277
Treasury shares	(209)	(22)	(22)	(22)	(863)
Reserves	1 758	1 688	1 688	1 531	2 058
Retained earnings	20 189	17 701	16 526	18 762	17 723
Total capital and reserves attributable to equity holders of parent company	**54 493**	**51 522**	**50 347**	**52 426**	**51 073**
TOTAL EQUITY	**54 619**	**51 622**	**50 434**	**52 494**	**51 073**
TOTAL LIABILITIES AND EQUITY	**94 177**	**95 407**	**76 738**	**75 957**	**74 168**