2019

North Media A/S · Annual Report

NORTH MEDIA A/S

CVR. no. 66 59 01 19

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Management commentary

Overview

The Annual Report 2019 has been prepared in Danish and English.

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

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Group financial highlights (DKKm)

Income statement	2019	2018	2017	2016	2015
Revenue	1,130.0	1,144.9	899.4	881.1	1,012.4
Gross profit	589.0	552.5	409.8	417.7	496.7
EBITDA before special items	190.6	137.2	28.4	10.9	55.6
Amortisation and depreciation	30.3	27.5	28.5	37.2	56.3
EBIT before special items	160.3	109.7	-0.1	-26.3	-0.7
Special items, net	1.7	-15.7	-0.4	-41.1	-19.4
EBIT	162.0	94.0	-0.5	-67.4	-20.1
Return on securities	122.1	5.2	34.7	-6.2	12.9
Financials, net	-11.6	-27.0	-3.2	-20.6	-7.8
Profit/loss before tax (EBT)	267.6	73.1	28.6	-69.7	-15.2
Tax for the year	62.3	17.3	0.6	-6.0	-3.3
Net profit for the year	205.3	55.8	28.0	-63.7	-11.9
Comprehensive income	205.3	66.1	30.2	-62.7	-9.9
Balance sheet, year end					
Total assets	967.8	825.4	784.7	765.7	850.3
Shareholders' equity incl. minorities	671.2	538.7	497.7	460.4	522.0
Net interest-bearing cash position	341.6	196.1	128.3	106.9	113.8
Properties	257.1	263.8	258.9	266.6	275.0
Mortgage debt	-127.5	-131.1	-145.2	-154.7	-162.0
Capital ressources	484.7	327.2	281.1	271.3	288.5
Net working capital (NWC)	-41.3	-39.3	-36.2	-37.1	-38.2
Invested capital	329.6	342.6	369.4	353.5	408.2
Investments in intangible assets and property, plant and equipment	35.2	26.1	32.4	7.8	10.8
Free cash flow before special items	176.9	108.3	-4.0	3.2	40.2

Cash flow statement	2019	2018	2017	2016	2015
Cash flows from operating activities	130.3	104.7	23.0	-14.3	34.6
Cash flows from investing activities	-31.3	-44.1	-38.2	-14.9	8.4
Cash flows from financing activities	-85.0	-30.2	-1.0	-6.7	5.9
Total cash flows for the year	14.0	30.4	-16.2	-35.9	48.9
Other information					
Average number of employees	539	575	560	548	604
Number of shares at year-end, in thousand in denominations of DKK 5	20,055	20,055	20,055	20,055	20,055
Treasury shares	1,600	1,100	1,205	1,485	1,485
Share price at year-end, DKK	44.5	33.5	35.2	13.2	14.1
Ratios					
Gross margin	52.1%	48.3%	45.6%	47.4%	49.1%
Profit margin (EBIT before special items)	14.2%	9.6%	0.0%	-3.0%	-0.1%
Equity ratio	69.4%	65.3%	63.4%	60.1%	61.4%
Return on equity (ROE)	33.9%	10.8%	5.8%	-13.0%	-2.3%
Return on capital employed (ROIC)	48.1%	30.8%	0.0%	-6.9%	-0.2%
Earnings per share (EPS)	11.0	3.0	1.5	-3.4	-0.5
Diluted earnings per share (EPS-D)	11.0	3.0	1.5	-3.4	-0.5
Price/Earnings (P/E)	4.0	11.2	23.5	-	-
Price/Book Value (P/BV)	1.3	1.2	1.4	0.6	0.5
Cash flow per share (CFPS)	7.0	5.5	1.2	-0.8	1.9
Dividend per share paid in the financial year	3.0	1.5	0.0	0.0	0.0

Reference is made to Note 3 for Ratio definitions.

Earnings target achieved

Chairman
Mads Dahl Andersen

2019 was a good year; we met our own expectations and North Media Online realised the first profit
North Media realised an operating profit - EBIT before special items - of DKK 160 million, which is one of the best operating results in the history of the Group. Compared to 2018, we increased our operating profit by DKK 51 million. The return on investments was extraordinarily high in 2019, which in turn contributed to pre-tax profit of DKK 268 million.

North Media Online made a profit for the first time, and we expect this to continue in future. FK Distribution delivered solid improvements in earnings, and finally we positioned the other businesses to deliver growth and improved results in the years ahead.

We would like to pay a constant cash dividend that makes it attractive to be a shareholder in North Media. Based on the extraordinary good results, the Board of Directors recommends to the General Meeting at 27 March 2020 that we increase the dividend from DKK 3 in 2018 to DKK 4 per share in 2019.

We provide customers to our customers
North Media A/S's businesses provide customers to our customers within retail, rented housing, jobs and loans. We moreover arrange access to stairways and private homes. Digitalisation changes business models, which gives rise to both challenges and opportunities.

Our core competence is to create volume businesses as well as to optimise and render them more efficient. This is to be the business model for all the Group's businesses.

The BoligPortal platform is the market leader in Denmark and has great potential in Sweden. In 2019, we focused on lessors' need of marketing, and we expanded our product range to include digital solutions for tenancy agreements and commencement and vacating reports. We have high hopes for developments in our BoligPortal.

The rapidly increasing Internet trade creates a greater need for home deliveries. In most major cities locked multi-storey buildings represent a challenge for effecting delivery when the recipient is not at home. BEKEY has developed a good digital solution, which has already been fitted in about half of the locked multi-storey buildings in Greater Copenhagen. We see great potential for BEKEY in all major cities in Denmark.

Ofir and North Media Aviser are currently loss-making, but we expect the businesses to break even at the latest at year-end 2021. Management and staff in both businesses are making a determined effort to realise the potential in their markets.

The leaflet remains the primary and absolutely most effective medium of the retail trade. For FK Distribution the market as intermediaries hold the potential of development and efficiency enhancements, and we therefore expect good results in FK Distribution in years to come.

Printed matter – mostly beneficial
Developments in NoAds+ and the change from two weekly distributions to one are good examples of measures that live up to the needs of consumers and advertisers alike and at the same time reduce the amount of paper used as well as the costs of transportation, packaging and distribution.

The AdsYesPls scheme with mandatory subscription, as some politicians suggest, would increase consumer prices and cause serious distortion in competition, which would close down local stores and make it difficult for new retail stores to open.

The trade association for the graphics industry, Grakom, has documented and had it confirmed several times that the environmental impact of the leaflets is relatively modest. Not least because forest management makes a positive CO2 contribution, and because paper is recycled 7 times before it ends up as egg trays and kitchen rolls.

FK Distribution will continue to provide information about the benefits of the leaflet and its specific impact on the environment in order to ensure that the debate will be conducted on the basis of facts.

Expectations for 2020
We are pleased that the positive development has given our shareholders a return of 42% in the form of dividend and capital gains in 2019.
FK Distribution expects to see an increase in operating profit in 2020 compared to the good level realised in 2019. All activities in North Media Online are expected to see further increased earnings. BEKEY reduces its operating loss despite continuing costs for the build-up of the stairway market. However, North Media Aviser expects to see weaker results as we spend more money on promotional activities.

We expect that 2020 will be the fourth consecutive year that sees an increase in the operating profit of North Media.

I would like to close by thanking all our skilled employees who make a difference to our businesses every single day. I would also like to thank our shareholders very much, and we are very happy to be able to increase dividends again and not least our good customers who are, of course, the foundation of our business.

Chairman of the Board of Directors,
Mads Dahl Andersen

Focus on growth

Focus on optimisation

Performance in 2019

Profit target for the year achieved
Total revenues in the North Media Group were DKK 1,130 million in 2019. This is 1% below the figure for the comparative period in 2018. The decline is primarily attributable to a revenue decline in FK Distribution and North Media Aviser due to a drop in volume, which was partly counteracted by increases in prices. North Media Online and BEKEY's core segments enjoy growth.

Group EBIT before special items was DKK 160.3 million in 2019. This is DKK 50.6 million higher than last year's figure. North Media Online realised EBIT before special items of DKK 6.8 million, which is up DKK 10.9 million compared to 2018. FK Distribution continued to increase its earnings, and EBIT before special items was DKK 172.4 million in 2019, up DKK 33.7 million on last year.

Revenues and profit were in line with the most recent outlook, which was presented in the Q3 report for 2019.

Return on securities
Return on the Group's investments was DKK 122.1 million, corresponding to a return on investment of 45.6% in 2019. The value of the portfolio of securities was DKK 400.0 million at 31 December 2019.

Net profit for the year after tax
Net profit for the year was DKK 205.3 million (2018: DKK 55.8 million).

Earnings per share
Earnings per share (diluted) were DKK 11.0 in 2019.

Other matters
- At 31 December 2019, the Group's capital resources* stood at DKK 485 million (2018: DKK 327 million).
- The market value of the North Media share was DKK 892.4 million at 31 December 2019 (2018: DKK 671.8 million).

Group financial highlights for 2019 (2018), DKKm

Revenue	EBITDA before special items*	EBIT before special items*
1,130.0	190.6	160.3
(1,144.9)	(137.2)	(109.7)

Original outlook for 2019, DKKm	Outlook for 2019 at 6 Nov. 2019, DKKm
Revenue	Revenue
1,100-1,160	1,100-1,140
EBIT before special items	EBIT before special items
95-125	145-160

Better than expected
- The volume increased and the developments in costs were better than expected in FK Distribution, which improved profits.
- Costs were cut in North Media Online, and both BoligPortal and Ofir improved EBIT, surpassing expectations.

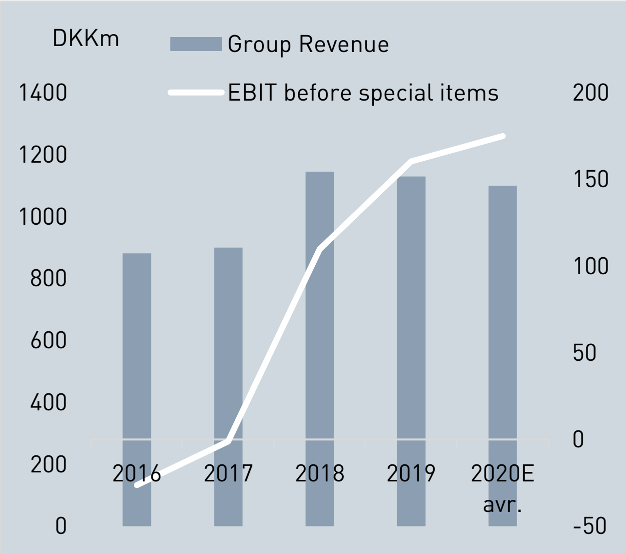
As expected
- FK Distribution continued the efficiency enhancements of its core business. Preparations for a change from two weekly distributions to once a week in 2020.
- North Media Online's development of digital products in the BoligPortal for servicing tenants and lessors.
- BEKEY's roll-out of installing stairways locks in Greater Copenhagen.

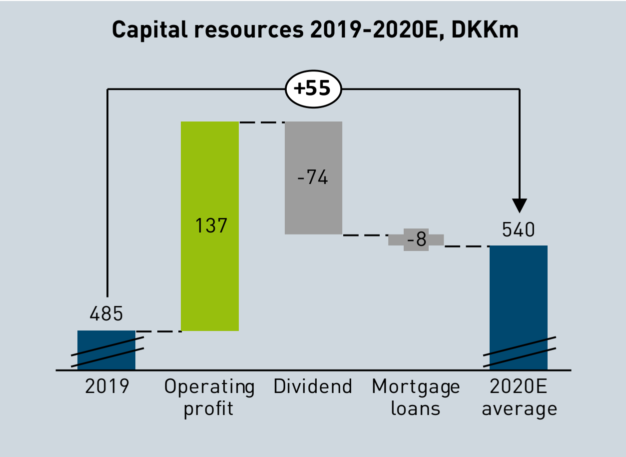
Not as expected
- Developments in FK Distribution's digital platforms take longer than expected.
- North Media Aviser's EBIT trend due to restructuring costs.
- Optimisation and development of commercial sales activities in North Media Aviser.

*Definition of "EBITDA before special items" and "EBIT before special items" and capital resources is evident from the ratio

Group outlook for 2020

In 2020, slightly falling revenue is expected, while the earnings will increase further. FK Distribution, North Media Online and BEKEY all expect to increase earnings in 2020.





Expected group financial highlights for 2020 (2019), DKKm

Revenue	EBIT before special items
1,075-1,125	**160-190**
(1,130)	(160)

FK Distribution

- FK expects slightly lower revenues in 2020, primarily attributable to a drop in the volume of local newspapers.
- The change from two weekly distributions to one weekly distribution is expected to improve earnings.
- Resources are allocated to the development of new services across the board, including both physical and digital dissemination.
- Revenue: DKK 870m to DKK 910m. EBIT before special items: DKK 175m to DKK 190m.

North Media Aviser

- Operating losses are expected to be higher than in 2019 due to costs incurred in the improvement of local editorial content and further development of the digital platform
- There is an element of social responsibility to the publication of local newspapers, which have existed for about 100 years. This calls for a bit more patience, and we except the break-even point to be reached by year-end 2021 at the latest.
- Revenue: DKK 87m to DKK 91m. EBIT before special items: DKK -12m to DKK -8m.

North Media Online

- Development of new services in the BoligPortal platform for tenants and lessors.
- Ofir improves its focus on job advertisements with an expanded distribution network.
- Continued growth in profit for both the BoligPortal platform and Ofir.
- Revenue: DKK 93m to DKK 97m EBIT before special items: DKK10m to DKK 14m.

BEKEY

- Increase the cover of SmartRelays in locked multi-storey buildings in Copenhagen from 50% to at least 70%.
- Establish a trading relationship with selected distributors.
- Increase the number of local authorities that use BEKEY's key solution in Denmark and Norway.
- Reduced operating losses despite costs for the installation of SmartRelays in Copenhagen.
- Revenue: DKK 25m to DKK 30m. EBIT before special items: DKK -10m to DKK -7m.

Capital resources

- Capital resources are expected to grow to about DKK 137 million from operating profit (after tax) in 2020, whereas the dividend of about DKK 74 million will have a negative impact. At the foreign exchange rates, prices of securities and working capital ect. prevailing at 31 December 2019 we expect to have capital resources in the leval of DKK 540 million at year-end 2020.

Capital structure and dividend policy

The markets in which North Media operates are subject to great fluctuations and hold great potential. A strong capital base is considered a necessary strategic tool.

Our capital structure aims to ensure:

- Sufficient financial flexibility to exploit market potential and meet strategic objectives.
- A strong capital base to ensure independence of structural changes in the markets in which we operate.
- Distribution of dividend to shareholders and occasional share purchases.

Our strategy and objectives for the capital structure:

- Maintaining capital resources in the region of DKK 550 million (cash and securities).
- In order to maximise the return, investments are to a significant extent made in listed shares and share-based investment associations with high liquidity, such as C25 or similar international indices.
- Debt is only raised in the form of long-term mortgage credit loans financing the Group's properties, mainly fixed-interest. North Media wishes to be independent of bank debt.
- Investments are made in existing activities by developing these.
- Investments are made by means of acquiring businesses that hold the potential of positive synergies and scalability that match the activities and skills of North Media A/S.
- We aim to make attractive regular distributions of dividend to shareholders.

The objectives for the capital structure and dividend distribution are the basis for the Board of Directors' recommendation for distribution of dividend submitted to the company in general meeting. Furthermore, these objectives will be reassessed as the business develops.

In its recommendation, the Board of Directors takes into consideration the forecast financial results and the Group's investment plans. The dividend policy may be suspended if the Board of Directors takes the view that developments in profit, future outlook, strategic matters – market trends, acquisitions, investments or other considerations warrant such suspension.

Dividend distributions may occasionally be supplemented by the purchase of treasury shares if the Board of Directors deems this expedient for the Company and its shareholders.

Recommendation to distribute dividend of DKK 4 per share

The Board of Directors recommends to the company in general meeting that the dividend be increased from DKK 3 in 2018 to DKK 4 per share in 2019 based on the extraordinary good results for 2019. Total dividend distribution will thus be DKK 73.8 million excluding the holding of treasury shares compared with DKK 55.4 million the year before.

With its proposal, the Board of Directors distributes 36% of the net profit in 2019 to its shareholders, whereas the pay-out ratio the year before was 99.2% (excluding purchase of treasury shares). The recommended dividend for the 2019 financial year represents a direct yield (dividend yield) of 9% compared to the share price at 31 December 2019.

North Media In brief

We provide customers to our customers

Since its early beginnings in 1965, North Media has been disseminating special offers and information to consumers. Today we do this by providing platforms and communication channels, bringing together the business community and consumers – both for "the many" and for "the specially selected" target groups. In short, we provide our customers with customers, and we reach more consumers in a shorter period of time than any Danish media firm.

Whether we deliver special offers to consumers in their electronic or physical mailboxes, disseminate content of local interest from Greater Copenhagen, bring employers together with employees or establish contact between house hunters and lessors, our starting point is the same: We collect, analyse and enrich data, and in this way we provide our customers with customers.

We reach "the many" via the following channels and platforms:

- FK Distribution, which distributes leaflets and local newspapers to 2.3 million households.
- The platform minetilbud.dk.
- North Media Aviser with their own free newspapers, Helsingør Dagblad and the site minby.dk.

We reach "the specially selected" via the following channels and platforms:

- The BoligPortal platform brings house hunters in touch with lessors and provide lessors with digital services.
- Ofir is the link between job seekers and employers, especially for small and medium-sized businesses and public sector employers.
- Lead Supply, in which the Group holds half of the shares, is an intermediary for loans and other services for borrowers in 11 countries.

Furthermore, BEKEY provides cloud-based access solutions for multi-storey buildings and main entrances. Customers include local authority home care staff in particular in Denmark and Norway and suppliers of goods.

Market leaders in volume-based transactions

A common feature of all our businesses is that they uniformly handle large volumes and do so quickly, reliably and at low unit costs, based on detailed descriptions of work routines and processes. Size does indeed matter, and that is why we continue to increase volumes in order to obtain additional economies of scale.

Several of our businesses are market leaders in Denmark:

- FK Distribution is the major distributor of printed matter.
- The platform BoligPortal is the leading letting agent.
- BEKEY is the leading provider of digital access solutions for local authority home care staff.

FACTS

2.3 m	We distribute printed matter to 2.3 million households
18,000	Distributors service 18,000 unique routes every week
450,000	Minetilbud.dk has 450,000+ users a month
100,000	BoligPortal are letting agents for 100,000 rented homes a year
8 m	BEKEY's 33,000 users unlock 8 million doors a year

Paper-based and digital dissemination
The consumers decide, and to them it is not a matter of either/or. They want it all. By far the majority of consumers want to receive special offers and information in both printed and electronic form since the two channels have their individual strengths and substitute each other. With this in mind, we are constantly developing the digital platforms of FK Distribution, North Media Aviser and North Media Online. Via minetilbud.dk, helsingordagblad.dk and minby.dk we are today reaching 700,000 users each month.

Customised special offers and information
Consumers' demand for personal on-demand solutions creates new opportunities. We have a unique access to the electronic and physical mail boxes of all Danes, and we collect, analyse and enrich data on a regular basis in order to be able to deliver precisely what consumers demand and when it suits them. With the NoAds+ solution, we have taken the first steps, and we are focusing on developing new on-demand solutions that link information in print and electronic form.

The first employer
For many young people, North Media is their first encounter with the job market. That places a heavy obligation on us. At North Media, 10,000 young distributors learn to perform their duties at work, meet on time and receive their pay. A distributor stays in the job for an average period of time of one year, which means that we have 10,000 new appointments and train 10,000 new young distributors every year.

In the same way, we have many immigrants working at our packing terminals at Taastrup and Tilst, and it is a fundamental rule that only Danish is spoken in the workplace. Applicants for jobs who do not speak Danish are given tuition. The average term of work at the packing terminals is 9 years.

The Group has a average of 539 full-time employees across the country.

Operational earnings are on the increase
We are focusing on earnings and the long-term creation of value. We are constantly endeavouring to optimise our businesses in order to become more effective, better at exploiting economies of scale and further strengthen the services we provide.

We provide customers to our customers

Trade & Industry

Retailers, estate agents and other types of advertisers	Lessors of homes	Employers	Banks	Homecare staff, distributors
FK Distribution: Nationwide distribution of leaflets and advertisements etc. to 2.3 million households On-demand offers for 450,000+ monthly users Hovedstadens Mediehus: 9 own free local newspapers in Greater Copenhagen and North Zealand Helsingør Dagblad: Helsingør Dagblad	Letting agents BoligPortal BostadsPortal	Job agents ofir.dk gør jobbet	Intermediary for loans Leadsupply	Digital access to locked doors BEKEY
Consumers in a broad sense	**House hunters**	**Job seekers**	**Borrowers**	**Households**

Customers

The reason why advertisements reduce the price of our goods

Some people take the view that advertising makes goods more expensive.

They think that advertising costs money, and the cost of advertising is added to the price of the goods we buy.

People who think like that are wrong. In fact, the opposite is the case:

Advertising makes goods cheaper!

Here is why:

- A prerequisite for mass production is **cheap goods!**

  A prerequisite for mass production is **mass sales!**

- A prerequisite for advertising is **mass sales!**

That is why advertisering make our goods cheaper!

That's how the cookie crumbles.

FK Distribution

Financial highlights

Revenue 2019 (2018)

DKK 926m (DKK 933m)

EBIT before special items 2019 (2018)

DKK 172m (DKK 139m)

"Choose your own leaflet" option in Denmark – as the first country in Europe

Special offers drive retail revenues in Denmark, and FK Distribution is at the cutting edge of developments when it comes to bringing bargains to the attention of consumers. Denmark is the first European country in which consumers have the option of choosing precisely what leaflets they wish to receive. More than 500,000 households have taken advantage of this option. Due to extremely effective handling procedures, FK Distribution can offer this service at a very competitive price.

- All bargains featured in the leaflets are digitalised and disseminated to 450,000+ users and consumers a month via minetilbud.dk. The number of readings of minetilbud.dk rose by 20% in 2019, and the minetilbud.dk app was downloaded more than 1.5 million times.

- Local newspapers are distributed to 2.3 million households, and leaflets are distributed to 1.9 million households. A total of 18,000 routes have been mapped covering all private households in Denmark.

- Leaflets are distributed with the utmost consideration for the environment and climate each week. Thus 80% of the leaflets are distributed on foot or by bike.

- The individual consumer has the option of choosing all leaflets, no leaflets or the leaflets of his or her own choice. The distributor optimises his or her route digitally, and FK Distribution has automated all the transportation and packaging procedures via a sophisticated IT platform and cutting-edge packaging and logistics systems.

Highlights for FK Distribution

DKKm	2017	2018	2019
Revenue	670.5	933.4	925.5
EBITDA	48.4	153.6	187.3
EBIT before special items	36.7	138.7	172.4
Special items, net	0.0	-4.2	0.0
EBIT	36.7	134.5	172.4
EBITDA margin	7%	16%	20%
Profit margin	5%	15%	19%
Average number of employees	307	351	345

Growth in the market for disseminating special offers
There is a growing market for the dissemination of special offers, especially where an obvious link between the dissemination of the special offer and the purchase can be established. In the competition to create such a link, leaflets have proved to be a sure winner for more than 50 years whenever retailers wanted to attract customers. The leaflet thus continues to be an important tool for the retail trade.

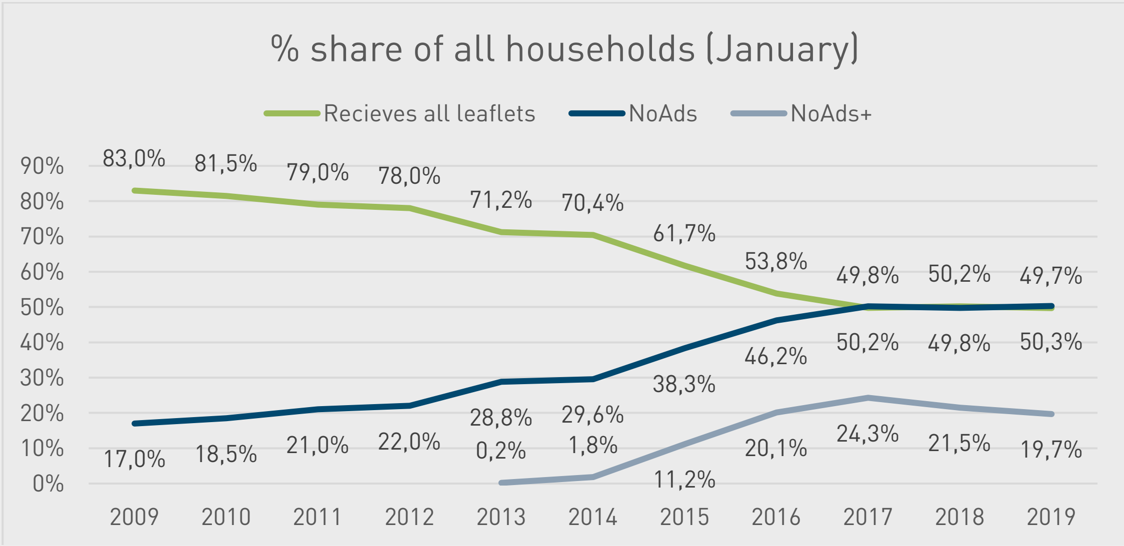
While leaflets and television commercials complement each other, the social media in particular are in direct competition with the leaflet because the two channels of distribution can be substituted with respect to format and use.

As we have seen an increasing demand for bargains and trade via digital solutions, we are investing in both print-based and digital business models that meet the requirements of the market.

Approximately 70% of all Danish households wish to receive leaflets, and this ratio has remained more or less constant in recent years. Just under 30% of all thosewho receive leaflets, choose via NoAds+ their own personalised leaflet selection.

Leaflets are retailers' preferred media
Leaflets are primarily used in the groceries trade, electronics chains and DIY stores. The large chains publishing the leaflets have not made their efficiency analyses available, but the word on the street is that leaflets drive 20-25% of the revenues of the large chains. The reason for this is actually quite simple:

- **Reach.** How many households and persons can be shown bargains, and how many bargains can be shown in total? This is where the leaflet is absolutely unique because it is distributed to up to 1.9 million households, and it is possible to disseminate hundreds of special offers that are read.



Source: Post Danmark and FK Distrbution

- **In demand.** When searching for bargains and information, consumers seem to prefer the leaflet. Whereas only 6% want information from the Internet, 60% prefer to have their needs covered by leaflets (Source: Kantor Gallup, January 2018). There are several reasons for this. Firstly, consumers are looking for bargains, secondly, leaflets contain only bargains, and when they are read by most of the consumers, they produce the desired effect for the individual retailer.

The leaflet – more pros than cons
Printed matter is at the same time one of the most loved and the most criticised media. Incorrect claims, such as "nobody reads them, they go straight in the bin", and "leaflets are to be blamed for the plight of the rain forests", have been invalidated time and again. On the contrary, the leaflet benefits society in many ways. Leaflets create competition on price, a fact that is greatly instrumental in securing consumers discounts and low prices.

The leaflet also ensures that also new stores, small stores and stores on a limited marketing budget can have their sales offers distributed to precisely the households that are potential customers – and in this way small and medium-sized stores and chains can compete with the large chains.

In many cases, the leaflet is the lifeblood of the retail trade – because its effectiveness ensures the store sales – and because the leaflet ensures marketing on a par with the small, medium-sized and large chains. In this way, the leaflet is of benefit to society in that it creates and maintains great diversity at the retail level – which is not the case with the digital media where big marketing spenders can eliminate advertisers on smaller budgets.

It has been suggested that leaflets should either be banned or that a scheme should be introduced under which consumers would have to make an active choice if they wish to receive leaflets. A so-called AdsYesPls in place of the NoAds scheme, which has been in existence in Denmark for almost 30 years.

With regard to an AdsYesPls scheme, we are ahead of developments here in Denmark. FK Distribution has introduced a Yes Please scheme under which consumers can choose precisely the leaflets they are interested in. There is therefore no need to introduce a scheme under which consumers say YES or NO to all printed matter. FK Distribution has introduced the scheme to ensure the effective exploitation of the leaflets, and because consumers are very interested in this option. The introduction of a mandatory AdsYesPls scheme would distort competition and eliminate new and weaker advertisers, because consumers would tend to choose the powerful and well-known chains. And since it is such a strong medium, an AdsYesPls scheme would close down small stores and make it difficult, if not impossible, for new stores to gain a foothold in the market.

The leaflet and the environment

Nobody can be interested in distributing leaflets that are not read, but everybody is interested in having those leaflets that are in demand with consumers distributed.

FK Distribution is working purposefully with measures aimed at reducing the climate footprint. Among other things, FK Distribution has established the NoAds+ solution that gives each household the option of refusing the delivery of printed matter that the household is not interested in reading. Those households who put together their own selection of leaflets under the NoAds+ solution choose approximately 35% of the leaflets, effectively opting out of receiving approximately 65%.

In the course of 2020, FK Distribution will reduce the number of distributions from twice weekly to once weekly. One weekly distribution will reduce the costs incurred for packaging, transportation and the distribution of leaflets. Finally, FK Distribution also makes an active contribution to the environment by having 80% of the leaflets distributed by youths who make their rounds on foot or by bike.

For a great many years, the industry has been endeavouring to ensure that only those who wish to receive and read the leaflets can refuse to receive the leaflets and/or local newspapers. The share of households refusing to receive printed matter is now at approximately 50%, proving that the scheme is working as intended.

The trade association for the graphics industry, Grakom, has documented and had it confirmed several times that the environmental impact of the leaflets is relatively modest. Not least because forest management makes a positive CO2 contribution, and because paper is recycled 7 times before it ends up as egg trays and kitchen rolls.

FK Distribution will continue to provide information about the benefits of the leaflet and its specific impact on the environment in order to ensure that the debate will be conducted on the basis of facts.

Objectives for 2020

Our core business continues to hold great efficiency and development potential

Objectives for 2020:

- Implementation of the change from two to one weekly distribution round.
- The sale of new products that are in line with our existing production flow. For instance magazines, journals and direct mail.
- Continual optimisation of the existing production set-up with a view to maintaining a low level of costs.
- Development of new services across the board, including both physical and digital dissemination of special offers and information.

Denmark's largest workplace for youths between the ages of 13 and 17
FK Distribution has a strong tradition for giving youths a good start at working life, earning one's own money and assuming responsibility. Every year, a large proportion of a class of young people apply for a job with FK Distribution, and in consultation with the parents of the youth, we ensure that the young worker is given a good and thorough introduction to working life.

Focusing on optimisation of our core business and new platforms
In 2019, FK Distribution made preparations for an adjustment of the capacity of its distribution and production processes so that the process of changing distribution frequency from twice weekly to once weekly in 2020 can be implemented effectively.

FK Distribution has built up considerable skills and is concentrating its efforts on creating a number of interesting areas for development in distribution and digital solutions. For instance, the purchasing platform dayli.dk is currently being tested, with the Dankort providing advantages that users could otherwise only gain access to in closed purchasing organisations.

Significant improvements in profit in 2019
FK Distribution realised revenues of DKK 926 million in 2019, which is on a par with revenues of DKK 933 million in 2018 (down 1%).

In 2019, revenues from the distribution of local newspapers fell by approximately 15% and now accounts for less than 15% of total revenues. Conversely, revenues from digital products rose, currently making up 5% of total revenues. Revenues from printed matter were stable as a result of a dynamic pricing policy.

The operating profit (EBIT before special items) rose significantly, from DKK 139 million in 2018 to DKK 172 million in 2019. This is a better result than anticipated at the beginning of 2019. This is due to the fact that the optimisation and efficiency enhancements of operations in FK Distribution were achieved earlier and with a greater effect than anticipated, together with the decline in the volume of the physical distribution being less than expected.

North Media Aviser

Financial highlights

Revenue 2019 (2018)

DKK 94m (DKK 107m)

EBIT before special items 2019 (2018)

DKK -6m (DKK -9m)

Capital area and Elsinore

North Media Aviser is – through Hovedstadens Mediehus - the publisher of eight local newspapers in the capital area, the news site minby.dk and the business newspaper Erhverv København. In North-East Zealand, Helsingør Dagblad and Lokalavisen Nordsjælland with the related news sites helsingordagblad.dk and nsnet.dk are published.

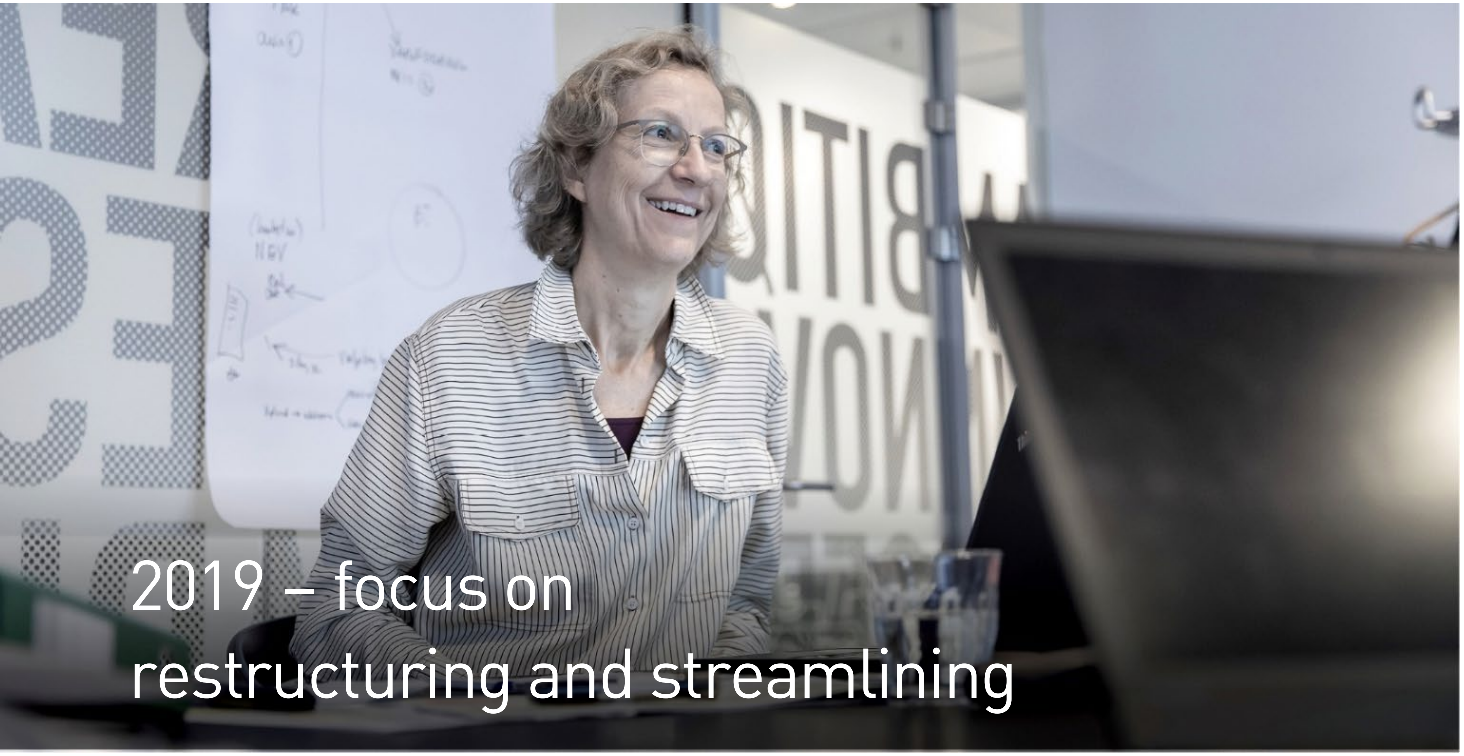
The average weekly print volume in the capital area is 285,400, and for Lokalavisen Nordsjælland the print volume is 32,500 newspapers. Helsingør Dagblad has 4,600 subscribers for the printed newspaper. Minby.dk has more than 135,000 monthly users, and helsingordagblad.dk has more than 110,000 users.

We create value for our customers and readers by publishing news and information, developing market places and communities that unite the local community.

We inspire people to act and take a stand.

Highlights for North Media Aviser

DKKm	2017	2018	2019
Revenue	124.8	106.7	93.8
EBITDA	-2.2	-6.0	-2.5
EBIT before special items	-8.9	-8.7	-5.6
Special items, net	-8.7	-10.5	-2.4
EBIT	-17.6	-19.2	-8.0
EBITDA margin	-2%	-6%	-3%
Profit margin	-7%	-8%	-6%
Average number of employees	106	94	78



2019 – focus on restructuring and streamlining

Objectives in 2020

Our editions are to be the local forum for the readers in the capital and North-East Zealand with increased focus on digital platforms for both advertisements and local news.

Our ambition is for our media to continue to be the best advertising media for small and large businesses in each local area. The strong local anchoring remains a decisive competitive parameter.

- We have initiated extensive restructuring, training and other skills development in order to give our customers optimal advisory services.
- Several digital products will be added, so as to ensure the greatest number of readers and users of our publications and platforms, together with the printed newspapers.
- Focus on strong local stories and the interaction between printed newspapers and online media.

The local forum
The role as local forum cannot be played by any other media. Valbybladet and Østerbro Avis celebrated their centenary and their 90th anniversary respectively in 2019.

We aim to increase professionalism in our customer relations by advising our customers on their various advertising needs across the board. Our starting point is the strong advertising effect of print newspapers, supplemented by relevant digital solutions.

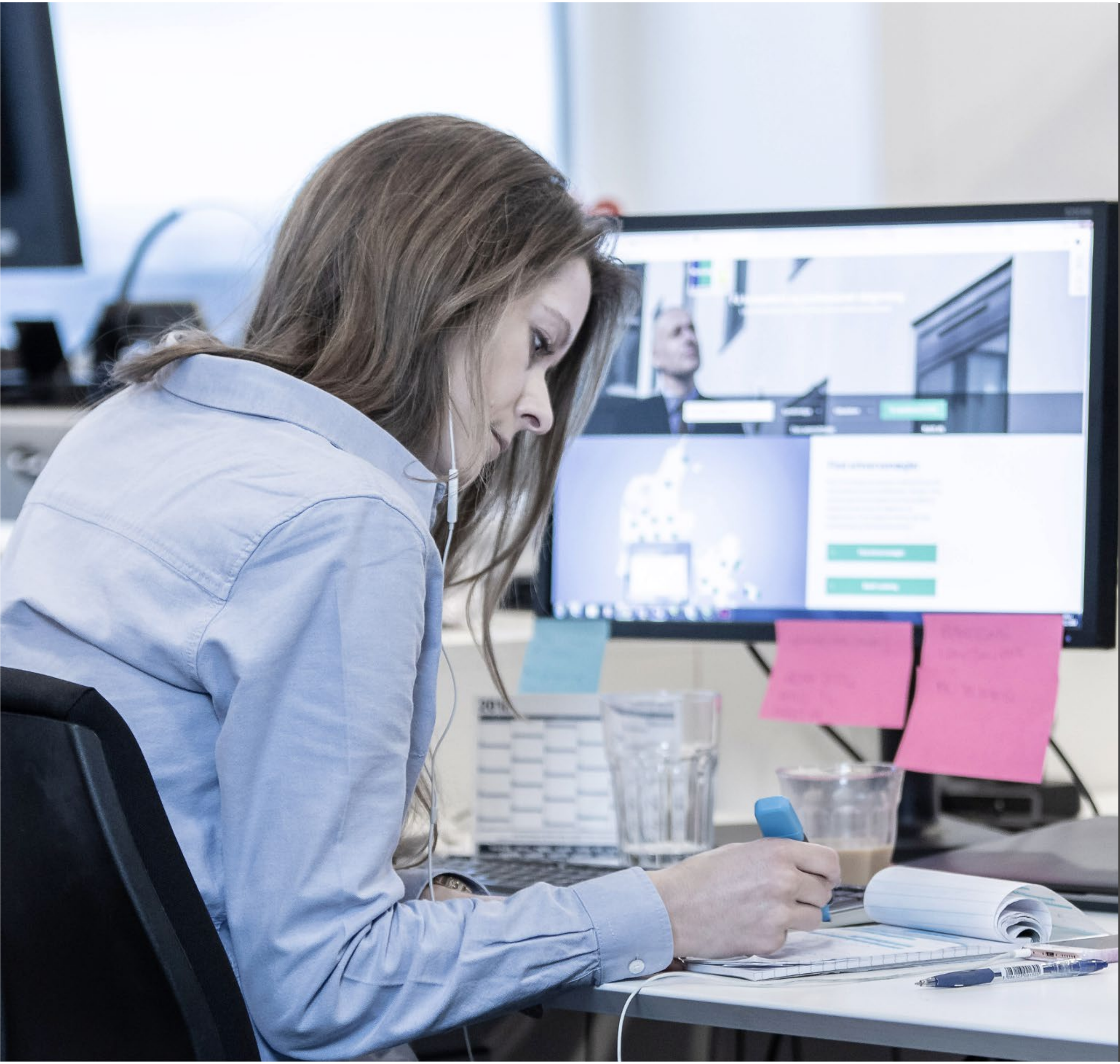
Restructuring and streamlining
All newspapers in the capital area were relaunched in a new and up-to-date design at 1 October. The newspapers are to stand out from other media by being relevant in the local areas in which they are published. The editorial contents have therefore been changed in order to strengthen the relevance for each of the individual districts.

A restructuring of the organisation was implemented, and changes were made to Management so that now we have a strong team that can solve future challenges.

The merger of Mediecenter Nordsjælland and Hovedstadens Mediehus was implemented in January; however, the close connection did not result in the required focus, and the two media houses were demerged again with separate managements during the year.

A strong journalistic basis

Again in 2019, one of North Media Aviser's journalists won the gold award for the best article of the year. The gold award was presented at the annual meeting of De Lokale Ugeaviser (DLU) at which the entire industry was assembled. Vesterbro Bladet prepared an article in the form of a poem about the debut poem novel "Ikke noget at tale om".



Revenues continued to be under pressure in 2019
As was anticipated, the revenue of North Media Aviser totalled DKK 94 million in 2019, down by 12% on 2018, when revenue was DKK 107 million. The revenue decline was primarily attributable to the closure of the weekend editions in the first half of 2018, and a drop in the number of advertisements sold, primarily to estate agents and media agencies in the nine local newspapers in Greater Copenhagen and North-East Zealand.

With a loss of DKK 5.6 million, EBIT before special items is in line with the most recent expectations announced in the interim report for Q3 2019 of a negative DKK 8 million to DKK 6 million. Compared with the loss of DKK 8.7 million for 2018, EBIT before special items has improved despite reduced revenue. This is due to focus on more efficient operations and reduced costs.

Promotional activities in 2020
The loss (EBIT before special items) is expected to increase in 2020. The loss is due to decreasing revenue and costs for the training of media consultants, strengthening of the local editorial contents of the newspapers and further development of the digital platform minby.dk.

We have intensive focus on creating a profitable business through promotional activities and the development of digital products. The result of these activities is not expected to show full impact in 2020, but we expect to be able to create a better foundation for profitable operations in North Media Aviser.

Based on the obligation implied in having published weekly newspapers for 100 years, we have a little more patience and expect to see break-even by the exit of 2021.

North Media Online

Financial highlights

Revenue 2019 (2018)

DKK 86m (DKK 81m)

EBIT before special items 2019 (2018)

DKK 7m (DKK -4m)

Digital platforms

North Media Online operates, develops and invests in digital platforms that arrange rented housing, jobs and loans. The platforms build databases of rented housing, job seekers and borrowers and match them with lessors, employers and lenders:

- BoligPortal: Denmark's largest platform for the dissemination of rented housing. BoligPortal arranges approximately 100,000 removals annually and cooperates with more than 3,000 professional lessors and more than 20,000 private lessors.

- Ofir: Targeted advertisements of employers' vacancies to relevant persons. Ofir provides approximately 30,000 job advertisements annually and cooperates with more than 1,000 employers and 60% of the municipalities in Denmark.

- Lead Supply: Helps consumers find the right loans and provides customers to banks and lenders, eg via the websites matchbanker.dk, fairlån.dk, etc. North Media Online owns 50% of Lead Supply, and is thus recognised as an associate.

North Media Online harnesses strong competencies across the platforms through close cooperation on strategy, development and optimisation.

Highlights for North Media Online

DKKm	2017	2018	2019
Revenue	85.0	81.1	86.2
EBITDA	-12.0	-2.7	9.7
EBIT before special items	-13.3	-4.1	6.8
Special items, net	8.3	0.0	4.1
EBIT	-5.0	-4.1	10.9
EBITDA margin	-14%	-3%	11%
Profit margin	-16%	-5%	8%
Average number of employees	106	90	71

BoligPortal is the market leader in Denmark

- BoligPortal is market leader in Denmark and is active in Sweden through BostadsPortal. Moreover, services and tools such as digital leases are provided making it easy for both lessors and tenants to navigate the complex processes in the rented housing market.
  Lessors get an easy and efficient dissemination of vacant housing to validated tenants avoiding the major pitfalls. Tenants get a good overview of the range of rented housing and are ensured a safe process in connection with concluding a lease.

- Ofir offers the largest selection of media in Denmark by, apart from job portals, offering advertising through social and trade media. The versatility of the advertising makes it possible to reach both active and passive job seekers. Through advertising targeted at the wanted candidate profile, Ofir creates the best conditions for employers finding the perfect employees – and the employees the right employer.
  Ofir's primary customers are municipalities as well as small and medium-sized enterprises. Ofir's candidate site product makes the handling of candidates easy for our customers and ensures compliance with the GDPR.

- Lead Supply offers efficient dissemination of private loans to consumers and generates customer leads of a high quality to banks and other lenders. Lead Supply operates loan comparison services in 11 countries, of which Denmark, Sweden and Finland account for the majority of revenues.

Apart from Lead Supply, North Media Online has a minority interest of 20.9% in the company Lix Technologies ApS that offers a digital platform to students with student materials and tools.

Profitability has improved considerably in 2019

We have focused on profitability in all elements of our business with increasing use of data, differentiation of services and improved infrastructure. BoligPortal also extended its product range by check-out reports, leases and new advertising opportunities for lessors.

Through growth in Ofir's database of candidates and focus on its core business, Ofir placed a significantly higher number of job candidates in vacancies in 2019, compared with previous years.

In 2019, Lead Supply acquired Superkredit.net that offers digital services for the comparison of loans in keeping with Lead Supply's other activities.

Objectives in 2020

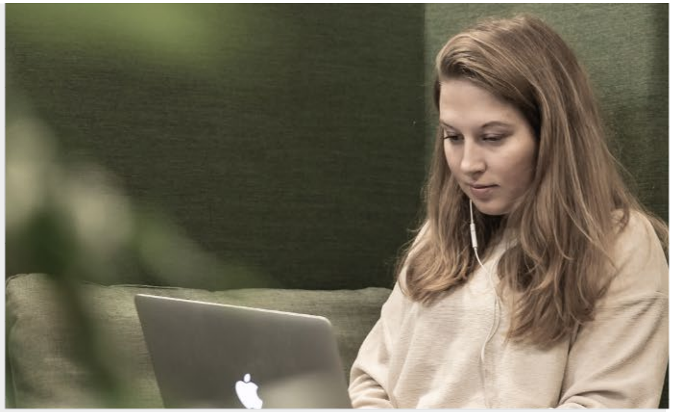
North Media's ambition is to become market leader in the markets in which we are active. Based on an efficient infrastructure, we want to create good user and customer experiences as well as satisfactory earnings.

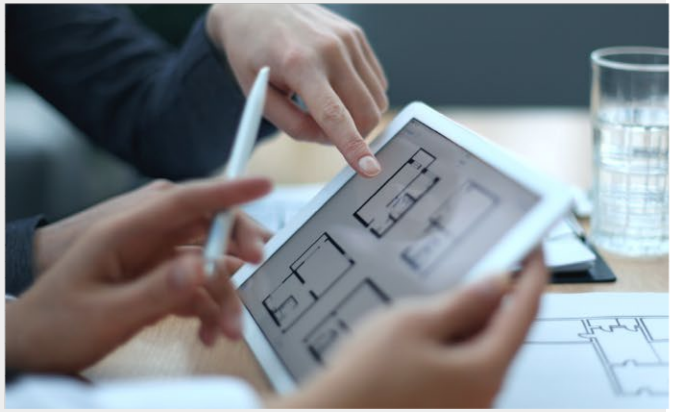
Objectives in 2020:

BoligPortal:
- Develop new services that clearly differentiate BoligPortal from its competitors and create unique value for tenants and lessors.
- Improve tracking and the use of data.
- Offer additional services through partnerships with service organisations.
- Focus on Denmark and Sweden.

Ofir:
- Increase the number of applications in selected core segments further.
- Strengthened focus on job advertisements through social media.
- General improvement of our infrastructure in order to reduce the time it takes employers to hire new employees.

Lead Supply
- Strengthen our market position in the most important markets.
- Focus on increased traffic, ie increase the number of users of Lead Supply's services and increase the SEO traffic.





Significant profit growth in both BoligPortal and Ofir

In 2019, North Media Online realised revenue of DKK 86 million as expected. This is an increase of 6% compared to 2018. BoligPortal increased revenue by 9% driven by growth in particularly Denmark, whereas the revenue development of Ofir was flat as focus was on improving earnings through streamlining.

In 2019, North Media Online met expectations and turned last year's loss into a profit. EBIT before special items improved by DKK 10.9 million from a loss of DKK 4.1 million in 2018 to a profit of DKK 6.8 million. The improved results are due to considerable improvements in both BoligPortal and Ofir.

Lead Supply A/S - Børsen Gazelle 2019

In November 2019, Lead Supply was chosen as the fastest growing company in Central Jutland with a 2058% growth rate over four years and was awarded Børsen's Gazelle award for Central Jutland.

BoligPortal - Digital Academy

BoligPortal offers to a team of talents a development course providing them with digital skills. Digital Academy is very successful and has contributed to creating an innovative environment and, at the same time, acts as a strong talent pipeline.

BEKEY

Financial highlights

Revenue 2019 (2018)

DKK 25m (DKK 24m)

EBIT before special items (2018)

DKK -10m (DKK -10m)

Digital access solutions

BEKEY is a provider of secure, digital access solutions designed to make everyday life easier for professional and private users alike. Using our cell phone-based key solutions, distributors of mail and other deliveries can always gain access to locked multi-storey buildings, for instance, in order to deliver groceries on the doormat, whether or not the recipient is at home. In addition, we at BEKEY HomeCare ensure that the home care staff of the local authority have safe and easy access to citizens who need to be cared for at home.

Digitalisation of the physical key implies that the user avoids the trouble and uncertainty involved in handling many physical keys, and security is heightened because keys cannot be copied or get lost. At the same time, persons receiving a visit feel safer because they know who has "locked themselves in" and when.

Our digital access solution is currently used by distributors, service providers and other professionals in Greater Copenhagen who require access to locked multi-storey buildings on a daily basis. In addition, more than a quarter of the local authorities in Denmark, including the City of Copenhagen, use our solution to gain access to citizens who need to be cared for at home.

The digital solution is controlled via a cloud-based handling system (NetKey), and all our units are unlocked by means of Bluetooth® Smart and an app on your cell phone. To gain access to locked multi-storey buildings we have installed a chip in the intercom, and if access to a private home is required, for instance for home care staff, we have installed a door unit on the inside of the lock on the main door. In addition, we have a key box safe that can also be unlocked by means of a cell phone.

Highlights for BEKEY

DKKm	2017	2018	2019
Revenue	19.1	23.7	24.5
EBITDA	-16.3	-10.1	-10.0
EBIT before special items	-16.6	-10.2	-10.4
Special items, net	0.0	-1.0	0.0
EBIT	-16.6	-11.2	-10.4
EBITDA margin	-85%	-43%	-41%
Profit margin	-87%	-43%	-42%
Average number of employees	25	24	27

Growth in the home deliveries market
The market for delivery of goods and services to consumers at their address, also when they are not at home, will grow dramatically in the years ahead. Through its digital access solution, BEKEY creates the ecosystem that meets this need.

BEKEY's solution is demanded by distribution companies, service organisations and property managers in Denmark and Norway. In Denmark, BEKEY is directly involved in the sales efforts, whereas foreign markets are accessed through distributors.

2019 – BEKEY increased its position in the municipal market
BEKEY succeeded in maintaining all existing customers in Denmark and Norway and, at the same time, gained a number of new customers. At the end of 2019, BEKEY is cooperating with 67 municipalities in Denmark and Norway.

An important milestone was reached in December 2019 in connection with final implementation of BEKEY's digital key solution in the municipality of Copenhagen. In December alone, we registered that more than 100,000 doors were opened.

The home care services use both the SmartLock, SmartKeyBox and SmartRelay solutions when they need to gain access to care-requiring citizens. They moreover use NetKey for the administration of keys when digital keys are safely and efficient assigned to home care workers.

Imagine if your employees never again had to face a locked door....and imagine if you could gain fast and easy access to multi-storey buildings without needing physical keys – and you could deliver your product right by your customer's main entrance. You can do this now – with BEKEY

Objectives in 2020

BEKEY is able to provide the security, efficiency, service and convenience demanded by our customers so that they may realise their vision about delivery at the home with the required flexibility and efficiency.

We will continue to develop and deliver the market's best and most competitive software-based access solution with focus on standardisation, high quality and credibility.

Objectives in 2020:

- Extend our cover of SmartRelays on locked multi-storey buildings from the present 50% to minimum 70% in Greater Copenhagen.
- Establish cooperation with selected distribution companies.
- Retain existing customers through a high level of service and further development of both products and the NetKey key administration system.
- Increase our number of agreements with municipalities that use BEKEY's key solution.

With BEKEY anybody kan have parcels and groceries delivered directly on their doormat – withour worrying about handing out keys or going to the post office.

Revenue to Danish local authorities rose by 34% in 2019
In 2019, BEKEY realised revenue of DKK 24.5 million, which is at the level of revenue in 2018 (DKK 23.7 million). Revenue has almost not increased compared to 2018 primarily due to the close-down of unprofitable niche segments. Revenue related to Danish municipalities increased by 34% in 2019 compared to 2018, which is primarily due to the implementation of BEKEY's solution in the municipality of Copenhagen that has entered into a 10-year agreement with BEKEY.

BEKEY expected to realise revenue of DKK 24 million to DKK 27 million in 2019. Revenue realised was at the low end of the expected range, which is due to postponements and delays in calls for tenders in Danish municipalities.

In 2019, an operating loss (EBIT before special items) of DKK 10.4 million was realised, which is at the level of last year and our expectations of a loss of DKK 10 million to DKK 8 million in 2019.

In the 2019 financial statements expenses totalling DKK 3.3. million were charged to the income statement, and expenses totalling DKK 6.0 million for the installation of SmartRelays in Copenhagen were capitalised, thereby increasing the number of access controlled multistorey buildings in Greater Copenhagen.

Focusing on increased cover of multi-storey buildings in Greater Copenhagen in 2020
In 2020, we will increase our focus on covering multistorey buildings in Greater Copenhagen as well as increasing brand awareness and use of BEKEY's SmartRelay in locked multi-storey buildings.

We expect a slight improvement in the operating profit compared with 2019. The figure includes expenses ofapproximately DKK 4 million charged to the income statement incidental to the installation of SmartRelays in Greater Copenhagen. In this connection we expect to capitalize expenses for an additional amount of approximately DKK 18 million in total in 2020 to bring the number of access controlled buildings up to at least 70%.

QUARTERLY HIGHLIGHTS

	Revenue									
	Year		Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
DKKm	2019	2018	2019	2019	2019	2019	2018	2018	2018	2018
FK Distribution	**925.5**	**933.4**	**259.3**	**213.7**	**238.0**	**214.5**	**253.8**	**214.7**	**237.9**	**227.0**
Index cp. same period last year	*99.2*	*139.2*	*102.2*	*99.5*	*100.0*	*94.5*	*122.6*	*139.9*	*145.0*	*155.6*
North Media Aviser	**93.8**	**106.7**	**26.5**	**20.6**	**24.7**	**22.0**	**29.0**	**23.2**	**27.9**	**26.6**
Index cp. same period last year	*87.9*	*85.5*	*91.4*	*88.8*	*88.5*	*82.7*	*84.8*	*86.6*	*88.6*	*82.4*
North Media Online	**86.2**	**81.1**	**21.2**	**22.6**	**21.6**	**20.8**	**19.8**	**21.5**	**20.7**	**19.1**
Index cp. same period last year	*106.3*	*95.4*	*107.1*	*105.1*	*104.3*	*108.9*	*110.6*	*91.1*	*92.8*	*90.1*
BEKEY	**24.5**	**23.7**	**8.3**	**5.0**	**4.6**	**6.6**	**5.2**	**8.2**	**4.9**	**5.4**
Index cp. same period last year	*103.4*	*124.1*	*159.6*	*61.0*	*93.9*	*122.2*	*118.2*	*174.5*	*116.7*	*93.1*
Group revenue	**1,130.0**	**1,144.9**	**315.3**	**261.9**	**288.9**	**263.9**	**307.8**	**267.6**	**291.4**	**278.1**
Index cp. same period last year	*98.7*	*127.3*	*102.4*	*97.9*	*99.1*	*94.9*	*116.8*	*128.3*	*131.2*	*135.5*

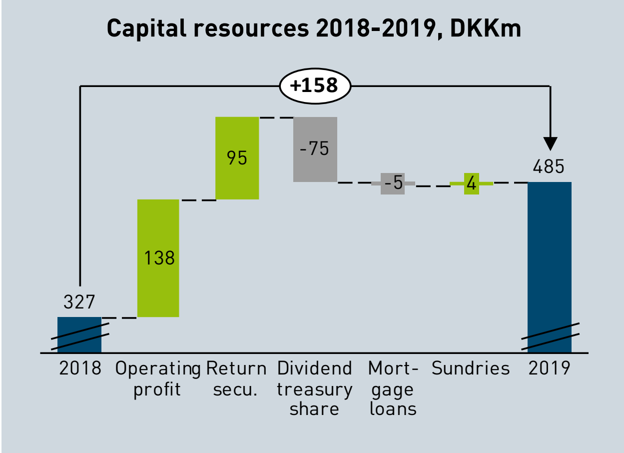
	EBIT									
	Year		Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
DKKm	2019	2018	2019	2019	2019	2019	2018	2018	2018	2018
FK Distribution	**172.4**	**138.7**	**65.2**	**33.6**	**43.8**	**29.8**	**50.3**	**20.8**	**29.1**	**38.5**
Profit margin	*18.6%*	*14.9%*	*25.1%*	*15.7%*	*18.4%*	*13.9%*	*19.8%*	*9.7%*	*12.2%*	*17.0%*
North Media Aviser	**-5.6**	**-8.7**	**0.8**	**-3.3**	**-0.3**	**-2.8**	**-0.3**	**-1.5**	**-3.1**	**-3.8**
Profit margin	*-6.0%*	*-8.2%*	*3.0%*	*-16.0%*	*-1.2%*	*-12.7%*	*-1.0%*	*-6.5%*	*-11.1%*	*-14.3%*
North Media Online	**6.8**	**-4.1**	**1.6**	**2.7**	**1.3**	**1.2**	**-0.4**	**0.2**	**-1.0**	**-2.9**
Profit margin	*7.9%*	*-5.1%*	*7.5%*	*11.9%*	*6.0%*	*5.8%*	*-2.0%*	*0.9%*	*-4.8%*	*-15.2%*
BEKEY	**-10.4**	**-10.2**	**-2.3**	**-2.7**	**-3.6**	**-1.8**	**-3.5**	**-1.1**	**-3.6**	**-2.0**
Profit margin	*-42.4%*	*-43.0%*	*-27.7%*	*-54.0%*	*-78.3%*	*-27.3%*	*-67.3%*	*-13.4%*	*-73.5%*	*-37.0%*
Unallocated income/cost	**-2.9**	**-6.0**	**0.0**	**-0.9**	**-0.9**	**-1.1**	**-2.7**	**-2.5**	**-0.6**	**-0.2**
EBIT before special items	**160.3**	**109.7**	**65.3**	**29.4**	**40.3**	**25.3**	**43.4**	**15.9**	**20.8**	**29.6**
Profit margin	*14.2%*	*9.6%*	*20.7%*	*11.2%*	*13.9%*	*9.6%*	*14.1%*	*5.9%*	*7.1%*	*10.6%*
Special items	**1.7**	**-15.7**	**-1.1**	**0.0**	**0.0**	**2.8**	**-2.2**	**0.0**	**-9.3**	**-4.2**
Group EBIT	**162.0**	**94.0**	**64.2**	**29.4**	**40.3**	**28.1**	**41.2**	**15.9**	**11.5**	**25.4**

Selected balance sheet items and capital resources

Return on investments
In 2019, the Group had a positive net return on its investments (realised and unrealised) of DKK 122 million, corresponding to 45.3%, whereas the return on investments in the corresponding period of last year amounted to DKK 5.2 million or 2.6%. The return in 2019 has been the best since the Group began investing its surplus cash in securities. At year-end 2019, the value of the Group's shareholding amounted to DKK 400.0 million.

Capital resources
Throughout 2019, the Group's capital resources rose, despite payment of dividends. At 31 December 2019, the Group's capital resources stood at DKK 485 million (this amount included DKK 85 million in cash and cash equi-valents and DKK 400 million invested in securities).

This represents an increase of DKK 158 million compared to 2018. The main movements in the capital resources are shown in the table below. The amounts are stated after tax, where applicable.



Investment portfolio
At year-end 2019, the Group had invested a sizeable share of its capital resources in 13 different shares and share-based investment associations. The portfolio is subject to change and is composed of high-liquidity shares, such as C25 shares or shares in similar international indices. The portfolio and the attendant share prices (DKK million) are shown in the following:

Amazon	49.1
SimCorp	45.5
Genmab	37.2
DSV	38.4
MasterCard	37.6
Ørsted	34.5
Vestas	31.6
Visa	31.4
Teradyne	27.3
Facebook	24.9
Novo Nordisk	23.2
Fundamental Invest Stock P ABD	9.8
Fundamental Invest Stock P ABC	9.5
Total	**400.0**

At 31 December 2019, the portfolio risk was calculated at 12.9%. The risk has been calculated as the annual (annualised) standard deviation measured over the most recent 90-day trading period. "Value at risk", meaning the maximum loss during the past three months at a probability rate of 95%, was DKK 42.4 million.

At 31 January 2020, the value of the portfolio was DKK 413,7 million, and the return on the portfolio in January was DKK 13,7 million, or 3,4%.

Some of the Group's net assets are placed in properties with a carrying amount of DKK 130 million
The Group's properties consist of:

- Two high-ceilinged logistics buildings in Taastrup and Tilst, built in 2004. Used by FK Distribution.
- The Group's office building at Gladsaxe, built in 1988-2000.
- Former printing facility at Elsinore, which was renovated to comply with energy regulations in 2018/2019.
- A small office building in Esbjerg. Used by FK Distribution.

	Carrying amount	Mort-gaging
Gladsaxe Møllevej, Gladsaxe	97.7	63.6
Bredebjergvej, Taastrup	81.3	35.6
Blomstervej, Tilst	57.6	28.3
Klostermosevej Helsingør	17.9	0.0
Energivej, Esbjerg	2.6	0.0
Total	**257.1**	**127.5**

Besides the value of the Group’s properties, tenancy agreements totalling DKK 10.7 million have been capitalised under IFRS 16, see note 30.

Shareholder information

The Group and NASDAQ OMX Copenhagen
North Media A/S was the first Danish media group to be listed on the then Copenhagen Stock Exchange. This took place in May 1996.

Company information

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Telephone:	(+45) 39 57 70 00
E-mail:	investor@northmedia.dk
CVR. no.:	66 59 01 19
Securities ID:	DK001027034-7
Auditors:	Pricewaterhouse-Coopers Statsauto-riseret Revisionspartnerselskab
Banker:	Danske Bank A/S

Financial year
The Group's financial year follows the calendar year, and this Annual Report covers the period 1 January to 31 December 2019, the Company's 39th financial year.

General Meeting
The Annual General Meeting will be held on 27 March 2020 at 3.00 pm at IDA Conference, Kalvebod Brygge 31-33, 1560 Copenhagen V.

Share capital
The Company's share capital is DKK 100.3 million, distributed on 20,055,000 shares of DKK 5.00 nominal, which has been fully paid up. All shares are listed on NASDAQ OMX Copenhagen. No shares carry special rights, and the negotiability of shares is not limited in any way. Any amendment to the Articles of Association must be presented to the General Meeting and must be adopted by at least two-thirds of the votes cast as well as of the voting share capital represented at the General Meeting. If no proposal has been made or adopted by the Board of Directors, at least half of the voting share capital must be represented at the General Meeting.

Authorisation
The Board of Directors is authorised to increase the share capital once or several times by up to DKK 25 million.

Increases may take place by way of cash contributions or otherwise. Increases may take place without any pre-emptive right for the Company's existing shareholders if the increase is effected at market price, or as consideration for the Company's acquisition of an existing business, or specified assets at a price equivalent to the value of the shares issued. Other than in the cases described in the previous sentence, the shareholders have a pre-emptive right to subscribe for new shares on a proportionate basis. The authorisation is given for a period up to 31 March 2022.

Treasury shares and market value
The Board of Directors is authorised to allow North Media A/S to acquire treasury shares up to an aggregate amount of 15% of the share capital in accordance with applicable law provided that the acquisition is made at the market price in force at the time of purchase with a variance of plus or minus 5%. The authorisation has been granted for a five-year period ending on 26 March 2020.

In the course of the year, 500,000 treasury shares were purchased through a structured share purchase (2018: sold 105,000). At 31 December 2019, the Group's holding of treasury shares was 1,600,000, corresponding to 7.98% of the share capital in North Media A/S. At 31 December 2019, there were thus 18,455,000 shares in circulation.

The market value of the North Media share was DKK 821 million (having deducted the value of the treasury shares) at 31 December 2019, whereas the total market value based on all 20,055,000 shares was DKK 892 million.

Appropriation of profit/loss
The Parent's income statement shows a profit of DKK 205.9 million. Based on the Parent's incomestatement the Board of Directors recommends the following appropriation of profit/loss:

Appropriation of profit/loss, DKKm	
Retained earnings at 1 January 2019	393.3
Profit for the year	205.9
Share-based payment	2.3
Dividend paid	-60.2
Dividend on treasury shares	4.7
Purchase treasury shares	-19.4
Available for distribution	**526.5**
The Board of Directors submits the following appropriation of profit for approval by the Annual General Meeting:	
Dividend to the shareholders	80.2
Retained earnings at 31 December 2019	446.3

Shareholders
The register of shareholders holding at least 5% of the share capital, which the Company keeps in accordance with the Danish Companies Act, includes the following shareholders:

Olav W. Hansen A/S
Holmboes Alle 1
8700 Horsens

Including related parties owning 1,034,716 shares, equivalent to an equity interest of 5.16%.

Baunegård ApS
Fredensborg Kongevej 49
2980 Kokkedal

The principal shareholder is Richard Bunck, founder of the Company, who through a wholly-owned and controlled holding company, Baunegård ApS, holds 55.75% of the share capital.

Baunegård ApS prepares consolidated financial statements including North Media A/S.

The Board of Directors' and the Executive Board's shareholdings in North Media A/S at 31 December 2019

Board of Directors	Shares
Mads Dahl Andersen	221,904
Richard Bunck (inclusive Baunegård ApS)	11,179,832
Peter Rasztar	0
Ulrik Holsted-Sandgreen	0
Total	**11,401,736**

Executive Board	Shares
Kåre Stausø Wigh	80,000
Lasse Ingemann Brodt	30,000
Lasse Wulff Hansen	0
Henrik Løvig Jensen	8,755
Jannik Bray Christensen	0
Total	**118,755**

Gorm Wesing Flyvholm has resigned as a member of the Executive Board, and is no longer included in the statement.

During the financial year 2019, the following shares were purchased or sold:

- Mads Dahl Andersen - purchased 9,986 shares

Management
At year-end 2019, the Company's Board of Directors and Executive Board, excluding Richard Bunck, controlled 340,659 shares, or 1.70% of the share capital.

Contact with investors
North Media A/S has an open and consistent dialogue with investors and analysts so as to provide the stock market with optimum and adequate information about the Company.

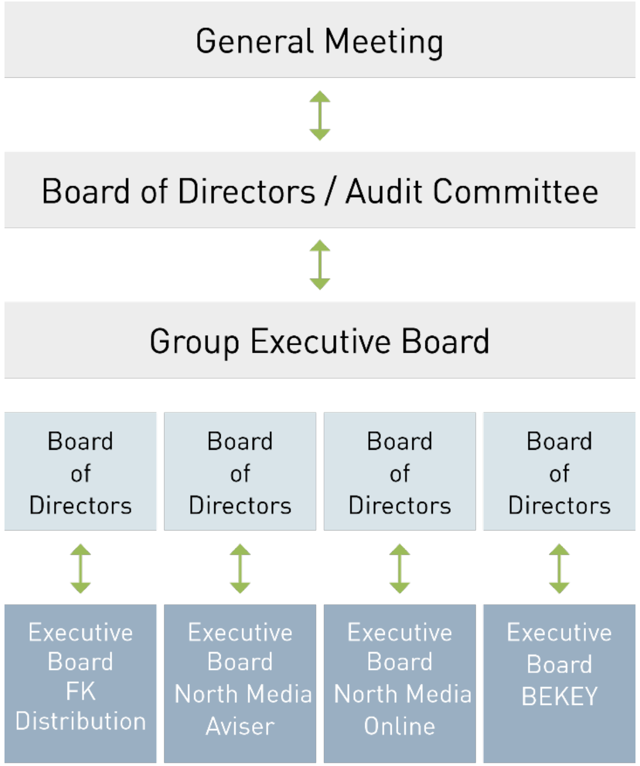
Meetings with shareholders, investors, financial analysts and other stakeholders are held.

Corporate site
North Media A/S's corporate site, www.northmedia.dk, provides information about the Company, the Board of Directors, the Executive Board, shareholders, etc.

Contact to investors
Kåre Stausø Wigh, Group Executive Director & CFO:

Telephone: (+45) 39 57 70 00
E-mail: investor@northmedia.dk

Corporate governance in North Media



North Media Governance Structure
North Media A/S has approximately 1,600 shareholders. The Company's founder, Richard Bunck, holds 55.75% of the shares and is thus the principal shareholder. The General Meeting is North Media A/S's ultimate authority and elects the members of the Board of Directors.

Board of Directors
At the beginning of the year, the Board of Directors had five members elected by the Company in general meeting, but in the period from May 2019, the Board was, however, reduced to four members. The Board of Directors is responsible for developing the Group's strategy and goals, the framework for the financial structure, risk management as well as policies and guidelines for the overall governance of the Group.

In the composition of the Board of Directors, skills are considered that are deemed relevant and important to the Company. Experience at the executive level, development of strategies, financial reporting and financial management, risk management, acquisition and divestment of businesses, entrepreneurship and scaling of organisations from small to large are considered essential skills. The Board of Directors of North Media A/S is composed of persons holding a mix of these skills. The individual members' special skills are set out on the Company's website.

In 2019, the Board of Directors held 14 meetings compared to 10 in 2018.

Once a year, the Board of Directors performs a self-evaluation, and in 2019 the evaluation was performed in December. Members of the Board of Directors complete a questionnaire covering the following main areas:

- Conducting Board meetings
- Assessment of material received to prepare for meetings
- Skills relevant to the Company's development and challenges
- Control function, including financial issues and risks
- Cooperation on the Board

In 2019, external assistance was obtained from a consultant who has reviewed the replies together with the Chairman of the Board of Directors. Subsequently, the evaluation has been considered at a Board meeting at which the evaluation score and how the work of the Board of Directors may be strengthened were discussed.

The conclusion on the most recent evaluation of the Board of Directors was that the Board is well-functioning and has the skills that will contribute to creating value at North Media A/S. The Board works well together and has a good and open dialogue fo-cused on relevant areas.

Board committees
North Media A/S has set up two board committees; an Audit Committee and an Infrastructure Committee.

The Audit Committee consists of two board members, Peter Rasztar and Ulrik Holsted-Sandgreen, who are appointed by the Board of Directors for a term of two years. The Audit Committee is responsible for monitoring financial reporting, internal controls and audits. The organisation and tasks of the Audit Committee are specified in the Committee's terms of reference, which are posted on the Company's website.

In 2019, the Audit Committee held five meetings compared to three in 2018.

The Infrastructure Committee was set up in December 2019 and consists of three board members: Mads Dahl Andersen, Richard Bunck and Ulrik Holsted-Sandgreen.

Infrastructure means all the mainly administrative tools/solutions required for services and the sale of services to be executed quickly in large volumes and at low unit costs. The purpose of the Infrastructure

Committee is to ensure the expansion and maintenance of a highly-developed infrastructure as the basis of a successful volume business.
In 2019, the Infrastructure Committee held one start-up meeting.

Group Executive Board
The Group Executive Board consists of five members: The Group Executive Director & CFO and the four Chief Executive Officers from the Group's four segments. The purpose of the Group Executive Board is to serve as a workroom for the following cross-organisational areas:

- Provide inspiration and exchange experience across the organisation on business initiatives, execution of strategy and other areas that may contribute to growth;
- Coordinate the preparation of external reporting and communication;
- Implement basic values;
- Define the framework for joint group information to staff.

As a rule, the Group Executive Board meets ten times a year and otherwise as the need arises.

The Chief Executive Officers of each of the four segments report to their separate boards of directors. The boards of directors are composed of five members four of whom make up the Board of Directors of North Media A/S.
The Chief Executive Officers are responsible for formulating the business concepts and for the day-to-day management of the execution of strategy and action plan in their respective business segments. They participate in all board meetings of North Media A/S, and they have a right to attend the board meetings in the other business segments.

Corporate Governance
North Media A/S has drawn up a report on corporate governance, see section 107b of the Danish Financial Statements Act and paragraph 4.3 of "Rules for Issuers of Shares – NASDAQ OMX Copenhagen", setting out the Company's position on the recommendations published by the Committee on Corporate Governance in Denmark.

The Board of Directors and the Executive Board of North Media A/S regularly consider the Company's corporate governance policies and procedures. The recommendations, together with applicable law and guidelines as established by the Board of Directors, form the basis of such work.

The Group follows 39 of a total of 47 recommendations. Two recommendations are followed in part, and six are not followed.

In the opinion of the Board of Directors, the Company basically follows the recommendations, and the Board of Directors is continuously considering how the recommendations may contribute to ensuring the highest creation of value for the Company's shareholders. Accordingly, the Board of Directors continuously considers whether recommendations not previously followed should be followed. The complete report and schedules are available from the Company's website at www.northmedia.dk/governance.cfm.

Areas in which North Media A/S deviates from the recommendations:

Independence of the Board of Directors
Recommendation 3.2.1 to the effect that at least half of the members of the Board of Directors elected by the General Meeting be independent is not followed. In the past five years, Mads Dahl Andersen, Chairman, was a member of the Executive Board before being elected to the Board of Directors and is therefore not independent. It is considered beneficial that the Chairman has thorough knowledge of the Group's activities. This is not deemed to mean that Mads Dahl Andersen has special interests that would affect his independence or work of the Board of Directors in general.

Richard Bunck, Vice-Chairman, is also a principal shareholder and hence not independent. He is deemed to have interests convergent with those of the other shareholders.

Board Member Ulrik Holsted-Sandgreen is a lawyer and partner of the law firm Horten Advokatpartnerselskab, which provides professional advisory services to the Company. Therefore, Ulrik Holsted-Sandgreen is not considered independent. Ulrik Holsted-Sandgreen does not participate in any decisions to engage Horten Advokatpartnerselskab for legal advisory services.

As of 29 April 2017, Peter Rasztar has been a member of the Board for more than 12 years and is thus not considered independent.

Management does not believe that a board member's independence and work on the Board of Directors depends on whether the member in question has been on the Board for a period of more or less than 12 years.

The Board of Directors is aware of the lack of independence pursuant to the recommendations on corporate governance, but does not agree with the recommendation, for which reason no decision has been made regarding particular compensating safeguards.

Board committees
Recommendation 3.4.2. to the effect that a majority of the members of a board committee be independent is not followed.

In addition to the Audit Committee, an Infrastructure Committee has been set up. As the majority of the board members are not independent, the recommendation is not followed.

Recommendation 3.4.7 to establish a remuneration committee and prepare a remuneration report is followed in part.

The full Board of Directors makes up the Remuneration Committee. A remuneration policy has been adopted that has been approved by the company in general meeting. No remuneration report has been prepared for 2019. See the comments on item 4.2.3 of the full explanation on the website to why the recommendation is only followed in part.

Form and substance of the remuneration policy
Recommendation 4.1.2 concerning variable pay components is followed in part.

The recommendation is followed with the exception that the Company cannot require repayment of variable pay components paid to an employee based on information that later on turns out to be incorrect. Following the recommendation is considered inappropriate taking into the account the relatively limited number of variable pay components paid.

Recommendation 4.1.3 regarding remuneration of members of the Board of Directors by share options is not followed.

Two of the four members of the Board of Directors have been granted share options. Accordingly, the recommendation is not followed because it is considered in the shareholders' interests for board members to have an interest in long-term value creation as well as an increase in the share price.

Disclosure of the remuneration policy
Recommendation 4.2.2 concerning shareholders' approval of proposed remuneration of the Board of Directors is not followed.

Remuneration of board members is determined and approved by the Board of Directors. The total remuneration of the Board of Directors, the Executive Board and the executive staff is disclosed in the Annual Report. North Media A/S's general remuneration policy, which was approved at the Annual General Meeting in 2018, aims to ensure that the Company offers competitive remuneration, which is based on efforts and performance, and which is on a par with remuneration offered by comparable listed companies.

In its statutory report for 2018, the Company stated that following the implementation of the Shareholder Rights Directive in 2019, it would adjust its practice for approval of remuneration in accordance with the Directive and at the Annual General Meeting in 2020 submit proposals for the approval of the remuneration of the Board of Directors.

However, as the Shareholder Rights Directive will not become effective in this respect until 2021, the change in the Company's practice in this area will also not become effective until at the Annual General Meeting in 2021 when a proposal for the approval of the remuneration of the Board of Directors for 2021 will be submitted.

Recommendation 4.2.3 concerning the preparation of a remuneration report on the total remuneration of the individual members of the Board of Directors and the Executive Board is not followed.

North Media does not prepare a remuneration report for 2019. Following the implementation of the Shareholder Rights Directive, the Company intends to prepare and publish a remuneration report for 2020.

Whistle-blower scheme
Recommendation 5.2.1 to establish a whistle-blower scheme is not followed.

The Board of Directors does not consider a whistle-blower scheme a guarantee that serious offences or suspicion thereof will be reported. On the contrary, the Board of Directors believes that open dialogue with and encouragement of all staff or others who might have something to report to contact any member of the Executive Board or the Board of Directors are more effective.

Board of Directors

Mads Dahl Møberg Andersen
Chairman of the Board of Directors of North Media A/S since 13 April 2018. Term of office expires in 2020.

Born: 1962

Executive positions held out-side the North Media Group's companies:
- Sorika Advisor ApS, CEO & Vice Chairman

Richard Gustav Bunck
Principal shareholder of North Media A/S

Vice-Chairman of the Board of Directors of North Media A/S since 13 April 2018. Term of office expires in 2020.

Born: 1940

Executive positions held out-side the North Media Group's companies:
- Bunck Invest 1 ApS, CEO
- Baunegård ApS, CEO
- Leanlinking ApS, member

Peter Rasztar
Executive Officer

Member of the Board of Direc-tors of North Media A/S since 29 April 2005. Term of office expires in 2020.

Born: 1944

No executive positions held outside the North Media Group's companies

Ulrik Holsted-Sandgreen
Attorney-at-Law and partner at Horten Advokatpartnerselskab

Member of the Board of Direc-tors of North Media A/S since 4 April 2008. Term of office expires in 2020.

Born: 1970

Executive positions held out-side the North Media Group's companies:
- Aktiv Wind ApS, Liquidator

Executive Board

Kåre Stausø Wigh
Group Executive Director & CFO, North Media A/S

Joined the Executive Board of North Media A/S at 1 September 2006.

Born: 1969

Executive positions held outside the North Media Group's companies:

- Travelmarket A/S, member
- Bedrebilist.dk ApS, member

Lasse Ingemann Brodt
CEO of Forbruger-Kontakt A/S

Joined the Executive Board at 2 April 2018.

Born: 1973

No executive positions held outside the North Media Group's companies

Lasse Brunnenberger Wulff Hansen
CEO of North Media Aviser A/S

Joined the Executive Board at 8 November 2019.

Born: 1990

No executive positions held outside the North Media Group's companies

Henrik Løvig Jensen
CEO of North Media Online A/S

Joined the Executive Board at 1 January 2016.

Born: 1974

No executive positions held outside the North Media Group's companies

Jannik Bray Christensen
CEO of BEKEY A/S

Joined the Executive Board at 14 May 2018.

Born: 1981

No executive positions held outside the North Media Group's companies

Statutory report on corporate social responsibility and the underrepresented gender

In accordance with section 99a and b of the Danish Financial Statements Act, North Media A/S has prepared the following report on corporate social responsibility and the underrepresented gender.

Core values and basic principles
North Media's business units are managed and driven by strong core values forming the basis of the Company's policies, rules and business processes.

North Media's basic principles are to demonstrate respect for Danish values and culture as well as accountability to society, customers and employees. We also aim to demonstrate fairness and loyalty in any decision we make. Being accountable in all respects is an important element of the Group's values and therefore a key element of great relevance to the Group's vision, objectives and strategy.

The Group considers corporate social responsibility a natural element of the different business units' strategies and daily operations. North Media regularly focuses on CSR-related matters as much as it does on its constant efforts to strengthen working processes and products.

This means that North Media constantly focuses not just on compliance with Danish and international rules and conventions, but its commitment to responsible behaviour also serves to increase its financial, social and environmental performance through regular control, optimisation, operationalisation and reporting.

The business model for the individual segments is described on pages 13-30 of the management commentary. Based on North Media's core values and basic principles and considering the business models in the Group's business segments, the Group's focus is on the following main areas:

- Environmental and climate impact
- Human rights and labour aspects
- Anti-corruption

Environmental and climate impact
North Media considers the following two areas to be subject to particular environmental and climate risks:

- Consumption of newsprint
- Distribution

Consumption of newsprint
Policy
It is important to North Media A/S that the Group's newspapers are produced in accordance with sustainable methods. This is why the Group's newspapers are using FSC-certified newsprint. The FSC Certificate is a global labelling system widely supported by a number of environmental organisations such as WWF, Greenpeace and Nepenthes.

Action
Pressens Fællesindkøb, the procurement association of the Danish media, and the individual printing houses with whom North Media has concluded agreements ensure compliance with the requirements for the traceability of newsprint, among other things, which is an important element of FSC certification.

The wood used to produce newsprint is from FSC-certified forests, mainly Nordic forests, where trees are felled at the same pace it takes new trees to grow. Moreover, newsprint is to a wide extent based on residual products from sawmills and recycled paper.

Results
By far the majority of the newsprint already used is collected and recycled through municipal recycling systems and is thus included in the production of new newsprint. This helps reduce the environmental impact as much as possible.

Distribution
Policy
North Media regularly explores avenues of more eco-friendly forms of distribution and would in this connection make special mention of the NoAds+ solution which contributes to revolutionising physical distribution in Denmark and creating a much greener and sustainable form of distribution.

Action
Through the NoAds+ solution developed by North Media's subsidiary, FK Distribution, a reduction in paper consumption averaging approximately 65% per NoAds+ household is achieved compared to traditional physical distribution as the No Ads+ solution allows recipients of retail leaflets to choose exactly what printed matter they wish to receive and what printed matter they do not wish to receive.

FK Distribution has also enhanced its digital platform, minetilbud.dk. Via iOS and Android apps, users can look for bargains while on the road, and they can read the latest retail leaflets whether they are riding on a train or relaxing at home.

Results
The NoAds+ solution has gained wide backing from retailers. This is because NoAds+ consumers spend more time reading the individual retail leaflet opted for, but also because the NoAds+ scheme ensures that retailers do not target consumers who do not wish to receive their printed matter.

FK Distribution expects minetilbud.dk to gain wider popularity and that the NoAds+ solution will continue to play a significant role when Danish households are deciding whether or not to receive retail leaflets. By developing new products and services that combine print and online media, we aim to offer an even more effective marketing channel, ensuring a high degree of use of the printed matter.

Human rights and employee relations
North Media's human rights and employee relations efforts should be viewed in the context of the fact that the Group in practice only operates in Denmark. These efforts are concentrated on the Group's core values and basic principles.

The Group has identified the following four special risk areas with respect to human rights and employee relations:

- Pay and working conditions of the Group's distributors of newspapers and printed matter
- Health and safety in production
- Equality in recruitment and promotion practices
- Diverse staff mix

Pay and working conditions of the Group's distributors of newspapers and printed matter
Policy
Thanks to its distribution business, North Media is one of Denmark's largest workplaces for young people. Working as a distributor is often the first source of income a young person earns outside their home. This places heavy demands on North Media as a business and on the organisation, systems and procedures to ensure that each of our employees has a positive and favourable perception of their first job.

Action
The introduction to the job is always given in consultation with the distributor and his or her parents. Thorough instructions and follow-up measures are provided, and comprehensive introduction material has been prepared, which – based on many years of experience – is aimed at introducing the young distributor to the job before, during and after having performed

the job. The distribution business has dedicated employees, who regularly provide instructions and ensure that North Media meets the targets adopted.

Distributors are involved in the scheduling of their work. From their personal page at www.blivomdeler.nu, they can easily plan the most practical route for visiting individual households. Then we pack the products in the order requested.

To ensure that the employee always receives wages that reflect the effort made on the individual route, various checks are carried out. Their purpose is to ensure that we comply with working environment regulations and that distributors receive fair wages that reflect the job they perform.

Results
We believe that we help our young distributors develop basic skills such as organising one's time and planning an assignment by offering them a job as a distributor. Add to these attitudinal values, such as reliability and a sense of responsibility. These are all skills that help develop them as individuals and members of society; specific skills that they will need to have when they start their formal education and later when they enter the labour market as adults. The young distributors' sense of responsibility is also emphasised by the fact that they perform at the same high level as our adult distributors.

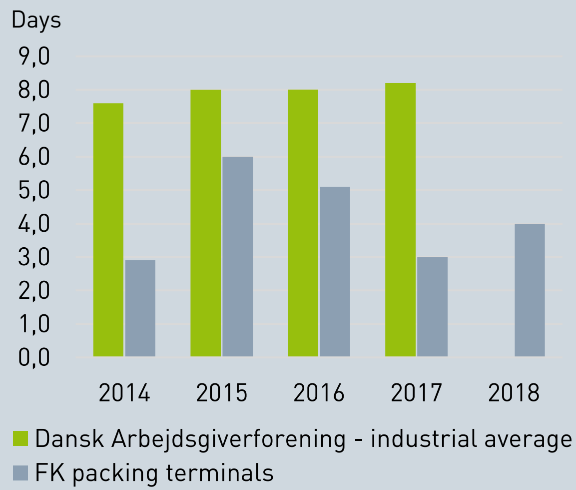
Health and safety in production facilities
Policy
The distribution business' policy is to adopt terms and conditions that ensure a good working environment. A low frequency of industrial injuries and sickness absenteeism and many years of service among employees at the packing terminals are a measure of success in that respect.

Action
The low frequency of sickness absenteeism is to be maintained on the basis of continued, close staff involvement and visible management, but also by maintaining systematic efforts to counter and prevent industrial accidents. Industrial injuries are always analysed by the health and safety organisation.

We focus on sickness absence, and systematically follow up by conducting sickness interviews. In that respect, the Company also focuses on the long-term health of employees who have not been absent due to sickness over the past 12 months.

Results
In 2019, there were 3 minor injuries in the production facilities, which was somewhat below the 2018 level (7).

Sickness absenteeism in production



Compared with 2018 (4.0 days), absence due to sickness at the terminals has increased slightly and totals 5.5 days a year, including employees on long-term sick leave, equalling a sickness absenteeism rate of 2.4%, which is still a low rate. The rate of long-term healthy production staff without absence due to sickness was 19% in 2019 (2018: 22%). The table above shows sickness absenteeism for the period 2015 to 2019 compared with industry figures up to 2018.

The length of service among our production staff was 9 years in 2019.

Equality in recruitment and promotion practices
Policy
The Company's staff policy is based on its strong core values, which aim at providing equal opportunities to everybody, and that, as a rule, everybody must meet the same requirements.

Action
For example, an applicant for employment in the Group's packing terminals must be able to speak and understand Danish. Employees are also instructed to speak Danish only at work so that everyone can understand all conversations and no one feels left out. Danish language tuition is provided for new members of staff who do not speak Danish.

To provide employees with better job rotation opportunities and thus enhanced job satisfaction, employees not holding a forklift driver's licence are offered training and the opportunity to acquire such licence.

Results
This has led to the successful integration of those approximately 90% of the Group's packing staff who are non-ethnic Danes. As a result, supervisory positions are increasingly held by non-ethnic Danes, which in itself has a cumulative effect on successful integration.

In practice, no conflicts exist in the workplace despite the fact that people from different cultures work together.

Diverse staff mix
Policy
North Media's objective is to be an attractive workplace to persons with strong skills who can help develop the Group. The overall aim of the Group's diversity and social inclusion policy is to ensure that all employees are evaluated on equal terms, based on their skills.

We view diversity as a precondition for maintaining a good and innovative work environment, and diversity is a strength that helps the Group attract and maintain the most talented individuals. We strive to have a good mix of staff, with no discrimination on the grounds of gender, ethnic background, religion, nationality, sexual orientation and age. To North Media, social inclusion means that all groups of employees are able to make a career for themselves.

The policy applies to the listed Parent, North Media A/S. The subsidiaries will be drawing up their own policies insofar as they are subject to Danish Act No 1383 of 23 December 2012.

Action
North Media makes use of employee surveys and performance evaluations to identify manager potential among the Group's employees with a view to developing the members of staff and encourage qualified employees to apply for an executive position within the Group.

A key element in the Group's efforts to develop staff is to ensure that both male and female candidates are considered on equal terms and identified in connection with the internal and external recruitment of executives, and that both women and men are represented in the North Media Group's pool of talent for executive positions.

Moreover, North Media will use employee surveys and performance evaluations systematically to identify any barriers that might stand in the way of men and women having equal opportunities to pursue a career at the executive level.

The Company does not do anything particular to promote one gender over the other. Precisely that would not be in line with the Company's culture either.

Results
At North Media, jobs are equally distributed among male and female members of staff.

At the senior executive level, the current five members are all men. At the next level down, we have two female managers and two male managers.

The Board of Directors is composed of four members, who are all men. The Board members have been carefully selected based on their skills as well as the challenges and development potential faced by the Group.

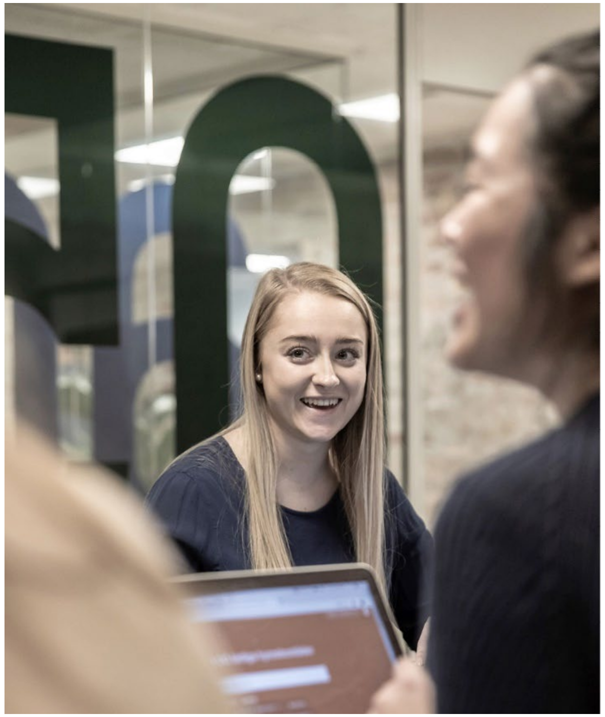
When, at any given moment in time, North Media decides to add new skills to the Board of Directors, or if a member wishes to resign, North Media will seek to have at least 25% of the candidates for the vacant positions on the Board filled by the underrepresented gender, at the present time meaning women. Naturally, it is a precondition that there is an adequate number of suitable and qualified female candidates. The objective for 2023 is for women to make up at least 20% of the Board of Directors. The above objectives are considered ambitious, yet realistic.

At the most recent Annual General Meeting held on 29 March 2019, the current Board of Directors was reelected. Thus the objective of having at least 25% female candidates for vacant positions on the Board and at least 20% female members on the Board has not been fulfilled yet.

Anti-corruption
Policy
North Media's anti-corruption efforts are based on its core values and basic principles.

Handling
Employees have never been permitted to receive gifts from vendors. Any gifts received from vendors, typically before Christmas, are distributed randomly among the individual departments by way of a draw among all employees. Books received as part of reviews or publicity in the newspapers are held by the editorial office and distributed among all employees before Christmas.

Resultat
The Group has never recorded any cases of bribery or other type of corruption, and it is not considered a risky area.



Risk and risk management

Risk is defined as the possibility that an event will occur that adversely affects the achievement of an objective. The objectives are an expression of what the North Media Group strives to achieve in accordance with its strategy whereas risks present a potential threat to the Group achieving its objectives.

Negative surprises are unwanted, and risk management provides the possibility of assessing risks and implementing measures to reduce the effect of such risks to an acceptable level.

During the risk management process, risks are identified, assessed, acted on, monitored and reported.

Like other parts of the Group, risks are governed on the basis of the principles underlying the fundamental management structure, which are described in the section on corporate governance. Risks are managed and followed up on via internal policies, concepts and procedures.

Risk policy

Our risk management policy is to proactively control risks to ensure the sustained growth of our business and protect our employees, assets and reputation. Accordingly, we:

- apply an effective and integrated risk management process while maintaining corporate flexibility;
- identify and assess significant risks associated with our business;
- monitor, manage and minimise risks.

Our risk-taking approach (risk tolerance) depends on the specific category of risk:

- We accept risks associated with bringing new technological solutions on the market that meet the needs of our customers.
- We adopt a conservative approach to financial risk management.
- We strive to minimise supply chain risks through proactive business planning and back-up facilities of suppliers and IT systems etc.
- We are actively engaged in minimising risks associated with our business activities that endanger humans or the environment.

Risks in North Media

- Strategic (potentially affected by political risk, mega trends and market risks)
- Operational
- Financial
- Compliance (compliance with government rules and regulations)

North Media's most significant risks and measures to minimise such risks are set out in the the table below:

Top 5 risks

	Structural market fluctuations	Political decisions and intervention	IT and Cyber threats	Speed of development of new digital services	Regulatory incidents related to GDPR and other legislation
Risk	Reduction in the volume of printed matter for distribution by FK Distribution and advertisements in North Media Aviser. The reduction in volume may be a result of structural market fluctuations where advertising becomes increasingly digital and the consolidation and/or closure of retail chains and local newspapers.	Political measures may affect markets in which the Group has its activities. If, for instance, the current "NoAds" scheme is replaced by "AdsYesPls", the number of households wishing to receive advertisements may be reduced – either for a period of time or permanently. This may cause a drop in the volume of advertisements and costs may be incurred for information about a new scheme.	Since the majority of the Group's activities is based on or dependent on IT systems that are connected to the Internet, cyber threats are a risk. If, for instance, critical systems become inaccessible for any length of time, this might result in a loss of customers, and the reputation of the Company may be harmed.	FK Distribution and BoligPortal are two key areas in which new digital services are developed which will complement the current services in the long run. If developments are slow or fail, this may have a negative impact on the volume of business.	Inadvertent errors or cyber attacks may cause the Group to lose personal data, and confidential information may be stolen or compromised. This in turn may result in fines, loss of customers, and it may harm the Group's reputation.
Mitigation of risk	The development of new complementary products (physical as well as digital), price adjustments on the distribution of printed matter, and the continued efficiency enhancements in the production process may reduce/minimise the eventual effect of lower volumes of printed matter.	We make a determined effort to contribute to providing political decision-makers with a well-documented and correct basis of decision in the areas that may affect the Group's activities. For instance, we continually strive to provide our strategic trading partners and political decision-makers with information about the benefits of local newspapers, and their specific environmental impact.	North Media has increased focus on cyber and IT security. The Group regularly trains staff in the awareness of cyber risks and strengthening of the monitoring of systems/networks and renewal of technology. Furthermore, the Group has introduced improved logging procedures and back/up and restoring policies.	Considerable resources are allocated to the development of new services across the board, including both physical and digital dissemination of offers and information. For instance, the purchasing platform dayli.dk is being tested, with the Dankort providing advantages that users could otherwise only gain access to in closed purchasing organisations. We are also working on a number of new services for lessors and lessees of residential dwellings.	We are continually endeavouring to ensure that by setting priorities for our efforts, we comply with applicable rules and standards via internal controls and risk management procedures. With respect to GDPR, we have set up a dedicated legal team that collaborates with internal personal data experts in all business fields.

Statement by Management on the Annual Report

The Board of Directors and the Executive Board have today considered and approved the Annual Report of North Media A/S for the financial year 1 January to 31 December 2019.

The consolidated financial statements are presented in accordance with International Financial Reporting Standards as adopted by the EU. The parent financial statements are presented in accordance with the Danish Financial Statements Act. Furthermore, the Annual Report is prepared in accordance with Danish disclosure requirements for listed companies.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31 December 2019 and of their financial performance and the Group's cash flows for the financial year 1 January to 31 December 2019.

We believe that the management commentary contains a fair review of the developments in the Group's and the Parent's activities and finances, performance for the year and the Parent's financial position, and of the financial position as a whole for the entities included in the consolidated financial statements as well as a description of the most material risks and uncertainties facing the Group and the Parent.

We recommend the Annual Report for adoption at the Annual General Meeting.
Søborg, 6 February 2020

Executive Board

Kåre Stausø Wigh
Group Executive Director & CFO

Lasse Ingemann Brodt
CEO, Forbruger-Kontakt A/S

Lasse Brunnenberger Wulff Hansen
CEO, North Media Aviser A/S

Henrik Løvig Jensen
CEO, North Media Online A/S

Jannik Bray Christensen
CEO, BEKEY A/S

Board of Directors

Mads Dahl Møberg Andersen
Chairman

Richard Gustav Bunck
Vice-Chairman

Peter Rasztar

Ulrik Holsted-Sandgreen

Adoption

As presented and adopted at the Annual General Meeting of shareholders on 27 March 2020.

As chairman of the meeting:

Ole Borch
Attorney-at-Law, Borch & Elverdam Advokatanpartsselskab

Independent auditor's report

To the shareholders of North Media A/S

Our opinion

In our opinion, the Consolidated Financial Statements give a true and fair view of the Group's financial position at 31 December 2019 and of the results of the Group's operations and cash flows for the financial year 1 January to 31 December 2019 in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

Moreover, in our opinion, the Parent Company Financial Statements give a true and fair view of the Parent Company's financial position at 31 December 2019 and of the results of the Parent Company's operations for the financial year 1 January to 31 December 2019 in accordance with the Danish Financial Statements Act.

Our opinion is consistent with our Auditor's Long-form Report to the Audit Committee and the Board of Directors.

What we have audited

The Consolidated Financial Statements of North Media A/S for the financial year 1 January to 31 December 2019 comprise the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated statement of changes in equity, the consolidated cash flow statement and the notes, including summary of significant accounting policies.

The Parent Company Financial Statements of North Media A/S for the financial year 1 January to 31 December 2019 comprise the income statement, the balance sheet, the statement of changes in equity and the notes, including summary of significant accounting policies.

Collectively referred to as the "Financial Statements".

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the 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 International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark. We have also fulfilled our other ethical responsibilities in accordance with the IESBA Code.

To the best of our knowledge and belief, prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 were not provided.

Appointment

We were first appointed auditors of North Media A/S on 29 March 2019 for the financial year 2019.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Statements for 2019. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter
Revenue

Revenue from the Group's four segments are recognised when the control of the individual delivery obligations is transferred to the customers. Revenue is measured at the value of the agreed remuneration. Revenue consists of revenues from primarily the distribution of printed advertising matter and newspapers, sales of newspapers and advertisements, including subscription revenue, jobs and banner ads, user fees and sale of access to key systems.

The different types of revenue and the revenue recognition depends on complex IT systems, the integration between them and data collection.

We focused on this area because errors in data that form the basis for revenue recognition, weaknesses in IT systems or lack of controls that ensure correct data creates a risk of errors in revenue recognition.

See notes 5, 20 and 24 in the Consolidated Financial Statements.

How our audit addressed the key audit matter

We assessed the Group's accounting policies, including whether this was in accordance with IFRS 15.

We obtained an understanding of the Group's internal controls for recognition of revenue and tested randomly relevant controls, relevant IT systems, controlling of the contractual basis and verification of data.

We performed data analysis, among other things, for the purpose of identifying and assessing any atypical transactions recognised as revenue.

We performed substantive audit procedures of revenue transactions and significant contracts to assess existence, accuracy and cut-off for recognition of revenue.

Statement on Management's Review
Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Moreover, we considered whether Management's Review includes the disclosures required by the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Management's responsibilities for the Financial Statements
Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act and for the preparation of parent company financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Group's and the Parent Company'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 the Parent Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 ISAs and the additional requirements applicable in Denmark 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 Financial Statements.

As part of an audit in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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 and the Parent Company'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 and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 auditor's report. However, future events or conditions may cause the Group or the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the 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 to 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 Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a 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.

Hellerup, 6 February 2020

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR. no. 33 77 12 31

Bo Schou-Jacobsen
State Authorised Public Accountant
mne28703

Leif Ulbæk Jensen
State Authorised Public Accountant
mne23327

Consolidated statement of comprehensive income

	Note	2019 DKKm	2018 DKKm
Revenue	5, 24, 36	**1,130.0**	**1,144.9**
Direct expenses	19, 36	300.3	331.3
Direct staff costs	6, 36	240.7	261.1
Gross margin		**589.0**	**552.5**
Staff costs	6, 7, 36	272.4	269.6
Other expenses	8, 36	133.3	151.2
Amortisation and depreciation	9, 17, 36	30.3	27.5
Other operating income	36	7.3	5.5
EBIT before special items		**160.3**	**109.7**
Special items, net	13, 36	1.7	-15.7
EBIT		**162.0**	**94.0**
Share of profit/loss in associates	10	-4.9	0.9
Return on securities	11	122.1	5.2
Financial income	12	0.6	0.1
Financial expenses	12	-12.2	-27.1
Profit before tax		**267.6**	**73.1**
Tax for the year	14	62.3	17.3
Net profit for the year		**205.3**	**55.8**
Attributable, net profit/loss			
Shareholders in North Media A/S		205.3	56.4
Minority interests		0.0	-0.6
		205.3	**55.8**
Earnings per share, in DKK	15		
Earnings per share (EPS) - total		11.0	3.0
Diluted earnings per share (EPS-D) - total		11.0	3.0

	Note	2019 DKKm	2018 DKKm
Net profit for the year		**205.3**	**55.8**
Financial statement items that may later be reclassified to the income statement:			
Translation adjustments, foreign companies		-0.2	0.1
Fair value adjustment of hedging instruments		0.0	1.0
Tax, other comprehensive income		0.0	-0.2
Interest rate swap settled, recycled to profit or loss		0.0	12.1
Tax on interest rate swap		0.0	-2.7
Other comprehensive income		**-0.2**	**10.3**
Comprehensive income		**205.1**	**66.1**
Attributable, comprehensive income			
Shareholders in North Media A/S		205.1	66.7
Minority interests		0.0	-0.6
		205.1	**66.1**

Consolidated balance sheet

Assets

	Note	2019 DKKm	2018 DKKm
Goodwill		39.1	39.1
Other intangible assets		11.2	12.4
Completed development projects, software		3.1	1.5
Intangible assets	17	**53.4**	**53.0**
Land and buildings		250.0	247.2
Investment property		17.9	16.6
Plant and machinery		45.3	51.2
Operating equipment, fixtures and fittings		12.1	7.4
Property, plant and equipment	17	**325.3**	**322.4**
Investments in associates	18	7.0	12.5
Other securities and investments		1.4	5.7
Other receivables		1.9	1.9
Other non-current assets		**10.3**	**20.1**
Total non-current assets		**389.0**	**395.5**
Inventories	19	5.2	3.6
Trade receivables	20	71.2	83.0
Other receivables		1.1	1.9
Prepayments		16.6	14.2
Securities		400.0	256.5
Cash		84.7	70.7
Total current assets		**578.8**	**429.9**
Total assets		**967.8**	**825.4**

Equity and liabilities

	Note	2019 DKKm	2018 DKKm
Share capital		100.3	100.3
Reserve, translation adjustments		-2.9	-2.7
Retained earnings		573.8	441.1
Total equity	22	**671.2**	**538.7**
Deferred tax	21	9.5	4.7
Financial institutions	23	122.8	126.6
Lease debt	30	9.4	0.0
Total non-current liabilities		**141.7**	**131.3**
Financial institutions	23	4.7	4.5
Leasing debt	30	6.2	0.0
Trade payables		35.2	44.0
Income tax payable		6.7	7.0
Contract liabilities	24	10.1	10.1
Other payables	25	92.0	89.8
Total current liabilities		**154.9**	**155.4**
Total liabilities		**296.6**	**286.7**
Total equity and liabilities		**967.8**	**825.4**

Consolidated statement of changes in equity

DKKm	Share capital	Hedging reserves	Reserve, translation adjustments	Retained earnings	Parent's share of shareholders' equity	Minority interests	Total equity
Equity 1 January 2018	**100.3**	**-10.2**	**-2.8**	**410.1**	**497.4**	**0.3**	**497.7**
Change in equity 2018							
Net profit for the year	0.0	0.0	0.0	56.4	56.4	-0.6	55.8
Translation adjustments, foreign companies	0.0	0.0	0.1	0.0	0.1	0.0	0.1
Fair value adjustment of hedging instruments	0.0	1.0	0.0	0.0	1.0	0.0	1.0
Tax, other comprehensive income	0.0	-0.2	0.0	0.0	-0.2	0.0	-0.2
Interest rate swap settled, recycled to profit or loss	0.0	12.1	0.0	0.0	12.1	0.0	12.1
Tax on interest rate swap	0.0	-2.7	0.0	0.0	-2.7	0.0	-2.7
Other comprehensive income after tax	**0.0**	**10.2**	**0.1**	**0.0**	**10.3**	**0.0**	**10.3**
Total comprehensive income	**0.0**	**10.2**	**0.1**	**56.4**	**66.7**	**-0.6**	**66.1**
Minority interest in connection with consolidation of Mesto	0.0	0.0	0.0	0.0	0.0	0.3	0.3
Sale of treasury shares	0.0	0.0	0.0	2.2	2.2	0.0	2.2
Share-based payment	0.0	0.0	0.0	0.8	0.8	0.0	0.8
Dividend paid	0.0	0.0	0.0	-30.1	-30.1	0.0	-30.1
Dividend on treasury shares	0.0	0.0	0.0	1.7	1.7	0.0	1.7
Total changes in equity in 2018	**0.0**	**10.2**	**0.1**	**31.0**	**41.3**	**-0.3**	**41.0**
Equity at 31 December 2018	**100.3**	**0.0**	**-2.7**	**441.1**	**538.7**	**0.0**	**538.7**
Change in equity 2019							
Net profit for the year	0.0	0.0	0.0	205.3	205.3	0.0	205.3
Translation adjustments, foreign companies	0.0	0.0	-0.2	0.0	-0.2	0.0	-0.2
Other comprehensive income after tax	**0.0**	**0.0**	**-0.2**	**0.0**	**-0.2**	**0.0**	**-0.2**
Total comprehensive income	**0.0**	**0.0**	**-0.2**	**205.3**	**205.1**	**0.0**	**205.1**
Purchase of treasury shares	0.0	0.0	0.0	-19.4	-19.4	0.0	-19.4
Share-based payment	0.0	0.0	0.0	2.3	2.3	0.0	2.3
Dividend paid	0.0	0.0	0.0	-60.2	-60.2	0.0	-60.2
Dividend on treasury shares	0.0	0.0	0.0	4.7	4.7	0.0	4.7
Total changes in equity in 2019	**0.0**	**0.0**	**-0.2**	**132.7**	**132.5**	**0.0**	**132.5**
Equity at 31 December 2019	**100.3**	**0.0**	**-2.9**	**573.8**	**671.2**	**0.0**	**671.2**

The treasury share account has been recognised in retained earnings.

Consolidated cash flow statement

DKKm	Note	2019 DKKm	2018 DKKm
Net profit for the year		**205.3**	55.8
Adjustments for non-cash items	26	-14.7	66.5
Changes in working capital	27	1.9	5.2
Cash flow from operating activities before net financials		**192.5**	**127.5**
Interest received		0.2	0.1
Interest paid		-4.6	-18.8
Cash flow from ordinary activities before tax		**188.1**	**108.8**
Income tax paid	14	-57.8	-4.1
Cash flow from operating activities, total		**130.3**	**104.7**
Investments in intangible assets and PP&E	28	-13.9	-26.1
Disposals of PP&E		1.7	0.4
Investment in securities		-95.9	-103.2
Divestment in securities		72.1	87.7
Dividend from securities		2.4	5.1
Acquired activities including deferred payments		0.0	-7.6
Investment in associates	18	0.6	-1.5
Purchase/investments in other non-current assets		-2.4	0.0
Sale of other non-current assets		4.1	1.1
Cash flow from investing activities, total		**-31.3**	**-44.1**
Repayment of non-current liabilities	29	-10.2	-4.0
Purchase/sale, treasury shares	22	-19.4	2.2
Dividend paid		-55.4	-28.4
Cash flow from financing activities, total		**-85.0**	**-30.2**
Total cash flows for the period		**14.0**	**30.4**
Cash and cash equivalents at 1 January		**70.7**	**40.3**
Cash and cash equivalents at 31 December		**84.7**	**70.7**

Notes to the consolidated financial statements

1 Basis of accounting

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports for listed companies and the Danish Executive Order on Adoption of IFRSs issued in accordance with the Danish Financial Statements Act.

Basically, the income statement is presented in the vertical format classified by type of expenditure, albeit so that the share of the staff costs directly spent on the supply of the Group's products is recognised in the contribution margin.

The accounting policies are unchanged compared with 2018, except for the changes mentioned below regarding IFRS 16.

New and revised standards and interpretations
North Media has implemented all new or revised IFRS and interpretations as adopted by the EU, and which are effective for financial years beginning on 1 January 2019, including IFRS 16 Leases.

IFRS 16 Leases
IFRS 16 Leases became effective from 1 January 2019 and replaced the current standard on leases, IAS 17. IFRS 16 entails that virtually all leases must be recognised in the balance sheet of the lessee's financial statements by way of a lease commitment and an asset that represents the lessee's right to use the underlying asset. There is no longer any distinction between operating leases and finance leases. The North Media Group has only minor assets capitalisable under IFRS 16. The Group owns the properties from which most of its business is operated and has only few leases on cars. The extent thereof and the impact on the financial statements are described in more detail in Note 30.

Standards and Interpretations that have not yet become effective
At the time of publication of this Annual Report a number of new or amended standards and interpretations are available that are not deemed relevant.

Presentation currency
The Annual Report is presented in Danish kroner.

2 Accounting policies

Consolidated financial statements
The consolidated financial statements comprise the Parent, North Media A/S, and the subsidiaries in which North Media A/S exercises control through a controlling interest. Control exists where North Media A/S owns or holds, directly or indirectly, more than 50% of the voting rights or otherwise exercises control over the enterprise concerned. Enterprises, in which the Group holds between 20% and 50% of the voting rights and exercises a significant, but not controlling influence, are considered associates.

The consolidated financial statements are prepared by consolidating the financial statements of the Parent and the relevant subsidiaries, all of which are presented in accordance with the Group's accounting policies. All intra-group items, including revenue, expenses, interest, dividends, unrealised gains and losses on intra-group transactions as well as balances and investments, are eliminated for the purpose of consolidation.

The proportionate share of the fair value of the subsidiary's identifiable net assets and recognised contingent liabilities offsets investments in subsidiaries at the time of acquisition.

Business combinations
Newly acquired or newly established enterprises are recognised in the consolidated financial statements from the date of acquisition or establishment. Comparatives are not restated for enterprises newly acquired, sold or discontinued, unless sold or discontinued enterprises qualify under IFRS 5 as discontinued activities. Acquisitions of new enterprises which give the Parent control over the enterprise acquired are accounted for by applying the purchase method, according to which the identifiable assets, liabilities and contingent liabilities of the acquired enterprises are measured at fair value at the time of acquisition. Identifiable intangible assets are recognised if they can be separated from or arise from a contractual right. Deferred tax is recognised on the revaluations.

Positive differences (goodwill) between the cost of the acquisition and the fair value of the identifiable assets, liabilities and contingent liabilities acquired are recognised as goodwill under intangible assets. Goodwill is not amortised but is tested for impairment. The first impairment test is carried out before the end of the year of acquisition. On acquisition, goodwill is allocated to the cash-generating units which subsequently provide the basis for the impairment test. Negative differences (negative goodwill) are recognised in the income statement at the time of acquisition.

Profits or losses from divestment or winding-up of subsidiaries and associates are calculated as the difference between selling price plus fair value of any equity interests held or settlement price and the carrying amount of net assets, including goodwill, at the time of sale plus divestment or winding-up expenses.

Currency translation
On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date are recognised in the income statement as financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currency which have not been settled at the balance sheet date are translated at the closing rate. Differences between the closing rate and the exchange rate at the time when the receivable or payable has occurred or is recognised in the latest financial statements are recognised in the income statement under financial income and expenses.

On recognition of foreign subsidiaries and associates in the consolidated financial statements using a functional currency different from the presentation currency of the Group, the income statement is translated at the average exchange rate for each month, and the balance sheet items are translated at the exchange rates at the balance sheet date. Exchange differences arising from the translation of the opening equity of foreign group enterprises at closing rates and exchange differences from the translation of income statements from average rates to closing rates are taken directly to other comprehensive income and are taken to a separate reserve in equity.

Derivative financial instruments
Derivative financial instruments are initially recognised at fair value in the balance sheet and subsequently measured at fair value. Positive and negative fair values are recognised as other receivables and other payables, respectively.

Fair value adjustments of derivative financial instruments classified as hedges of expected future cash flows are recognised in other comprehensive income and are included in equity under a separate hedging reserve until the hedge transaction is carried through.

Statement of comprehensive income

Revenue
Revenue comprises income from the Group's four segments for goods and services rendered. Revenue is recognised when control of each identifiable performance obligation passes to the customer and measured at present value of the consideration agreed net of VAT, cash discounts and quantity discounts.

Revenue from the FK Distribution segment arises from the distribution of door-to-door-distributed newspapers and printed matter as well as the packing of printed matter for external distribution companies. Revenue is recognised at the time of distribution.

North Media Aviser's revenue arises from newspaper advertisements and sales, including income from subscriptions. Revenue from advertisements is recognised at the date of issuance of the newspaper whereas revenue from daily newspapers (from subscriptions) is recognised as and when the newspapers are issued.

Online income comprises job and banner ads, user charges, subscription income as well as sales of software for classified advertisement databases, including in particular job databases. Revenue from subscriptions is recognised over time concurrently with the subscription period whereas income from advertisements is recognised upon delivery.

BEKEY's revenue arises from the sale of key systems. Revenue from physical goods is recognised when such goods have been installed whereas related payment of subscriptions for using the administration system is recognised over the term of the con-tract.

The terms of payment of the Group's sales contracts with customers depend partly on the underlying performance obligation and partly on the underlying customer relationship, although typically the terms of payment will be between 14 and 30 days, alternatively invoice month + 30 days.

Direct expenses
Direct expenses include expenses incurred to generate revenue for the year. The expenses comprise printing, external distribution, distribution services, excluding direct staff costs and Google expenses that may be attributed directly to revenue-generating activities. Direct expenses are recognised at the same time as the associated revenue.

Direct staff costs
Direct staff costs include costs of staff in functions performed directly to generate the year's revenue, including distribution pay and payroll costs of warehouse and other production functions.

Staff costs
Staff costs include wages and salaries as well as social security costs, pensions etc. for the Company's staff in production management, sales and administrative functions.

Other expenses
Other expenses include costs of sale, advertising, administration, premises, bad debts etc. Costs relating to development projects which do not qualify for recognition in the balance sheet are recognised under other expenses.

Amortisation and depreciation
Amortisation and depreciation comprise amortisation of intangible assets and depreciation of property, plant and machinery over the expected useful life of the individual asset. Profit/loss from the sale or retirement of intangible assets and property, plant and equipment is calculated as the selling price less selling expenses and the carrying amount at the time of sale.

Other operating income
Other operating income includes items of a secondary nature relative to the activities of the enterprises.

The item also includes public grants which the Group receives from the Danish Agency for Culture to cover editorial costs for Helsingør Dagblad. Grants are obtained by application. In 2019, the Group received DKK 2.2 million in grants (2018: DKK 2.2 million). Public grants are recognised when it is virtually certain that the grant conditions will be fulfilled and the grant will be received.

Share option programme
The value of options granted in relation to the Group's share option programme is measured at the fair value of the options at the grant date.

The Group's share option programme can solely be exercised by acquiring shares in North Media A/S, and is therefore classified as an equity programme, whereby the determined fair value of the granted share options is recognised in the income statement under staff costs over the period in which the final right to the options vests. The contra entry is carried directly to equity.

On initial recognition of the share options, an estimate is made of the number of options to which the employees are expected to acquire a right, see the granting conditions described in Note 7. Subsequently, adjustments are made for changes in the estimate of the number of vested options so that the total recognition is based on the actual number of vested options.

The fair value of the options granted is estimated by using the Black Scholes pricing model. In this estimate, allowance is made for the terms and conditions that apply to the share options granted.

Special items
Special items include write-down for impairment of goodwill, other intangible assets and adjustment of acquisition price payable related to acquisitions of enterprises or activities. Included in special items are also impairment losses relating to properties no longer used for their original purpose, termination benefits for members of the Executive Board and severance costs in cases where the Danish Collective Dismissal Act has been applied or in comparable situations. Finally, the item includes capital gains or losses from the sale of enterprises or activities.

Return on securities
This item includes realised and unrealised gains or losses from the portfolio of securities as well as income received in the form of dividends, interest etc.

Share of profits/losses in associates
The proportionate shares of the net profits/losses in associates are included in the consolidated income statement after elimination of the proportionate shares of unrealised intra-group gains/losses.

Financial income and expenses
Financial income and expenses relate to interest rates, discount effect of purchase price payable, debt and transactions in foreign currency, and additions and allowances pursuant to the Danish tax prepayment scheme etc.

The item also contains fair value adjustments of other investments.

Borrowing costs are amortised over the term of the loan.

Tax on profit/loss for the year
North Media A/S participates in a joint taxation arrangement. The current Danish income tax is allocated among the jointly taxed Danish companies in proportion to their taxable income (full allocation with refunds for losses). The jointly taxed companies are covered by the tax prepayment scheme.

Tax for the year, which consists of current tax and changes in the computed deferred tax, is recognised in the income statement by the portion that relates to the net profit or loss for the year and directly in the statement of comprehensive income by the portion that relates to other comprehensive income.

Balance sheet

Goodwill
Initially, goodwill is recognised in the balance sheet at cost as described under 'Business combinations'. Subsequent measurements are at cost less accumulated impairment losses. Goodwill is not amortised.

The carrying amount of goodwill is allocated to the Group's cash-generating units at the time of acquisition. The definition of cash-generating units follows the management structure and the internal financial management policy.

The carrying amount of goodwill is tested for impairment if there are any indications of impairment, but at least on a yearly basis. The impairment test is carried out for all operating assets taken together in the cash-generating unit to which goodwill is allocated. Goodwill is written down to the lower of the carrying amount and the recover-able amount of the cash-generating unit to which goodwill relates. Goodwill impairment is presented in the income statement under "Special items".

Development projects, software
Development costs comprise costs and salaries that are directly attributable to the Group's development activities, primarily development of software for the Group's online activities.

Development projects that are clearly defined and identifiable and in respect of which the technical rate of utilisation, sufficient resources and a potential future market or development potential in the enterprise can be demonstrated and where the intention is to produce, market or use the project, are recognised as intangible assets provided that cost can be determined reliably and it is sufficiently certain that future earnings will be adequate to cover the production, sales and administrative expenses and actual development costs. Other development costs are expensed in the income statement as incurred.

Capitalised development projects are measured at cost net of accumulated amortisation and impairment losses.

After completion of the development work, a development project is amortised on a straight-line basis over its estimated useful life. The period of amortisation for software is usually 3-5 years.

Other intangible assets
Other intangible assets include distribution rights, trademarks and customer relations taken over in connection with acquisitions. For some of these assets, the Group cannot forecast a limit in the period in which the assets are expected to generate future economic benefits to the Group. In these cases, the lives of the assets are therefore deemed indefinite, for which reason they are not amortised. Other intangible assets the lives of which are deemed definite are amortised over their expected useful lives.

Other intangible assets are amortised on a straight-line basis over their estimated useful lives of 1-10 years. The basis of amortisation is reduced by any impairment losses. Any impairment loss on other intangible assets is included in the item "Special items" in the income statement.

Property, plant and equipment
Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes cost and expenses directly related to the acquisition until the asset is ready for use. Where parts of an item of property, plant and equipment have different useful lives, they are depreciated as separate items of property, plant and equipment.

The cost of properties includes the cash cost of acquisition for land and buildings and the aggregate building and/or refurbishment expenses.

The assets are depreciated on a straight-line basis over the expected useful lives based on the following assessment of the expected useful lives of the assets:

Leasehold improvements	5 years
Owner-occupied property	50 years
Mixed land, property and buildings	20-35 years
Plant and machinery	5-10 years
Other fixtures and fittings, tools and equipment	3-5 years
Investment property	35 years

Land is not depreciated.

Depreciation is expensed in the income statement under "Amortisation and depreciation".

The basis of depreciation is calculated allowing for the asset's scrap value and is reduced by any impairment losses. The scrap value is fixed at the time of acquisition and is reconsidered every year. If the scrap value exceeds the asset's carrying amount, no further depreciation will be made.

If the period of depreciation or the scrap value is changed, the impact on depreciation will be recognised prospectively as a change of accounting estimates.

Investments in associates
Investments in associates are measured according to the equity method.

The purchase method is used with respect to acquiring investments in associates; see the description of business combinations.

Investments in associates are measured in the balance sheet at the proportionate share of the equity value of the associates less or plus a proportionate share of unrealised intra-group profits and losses plus the carrying amount of goodwill.

Any receivables from associates are written down to the extent that the receivable is found to be irrecoverable.

Inventories
Inventories are measured at the lower of cost using the FIFO method and net realisable value.

The cost of goods for resale, raw materials and consumables consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables and direct and indirect labour costs as well as production costs.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Receivables
Receivables are measured at amortised cost, which will in most cases be equivalent to nominal value net of impairment losses.

Prepayments
Prepayments include expenses related to subsequent reporting periods.

Securities
The Group's surplus liquidity is invested in shares partly for the purpose of reducing credit risk towards banks, and partly for the purpose of ensuring a reasonable return on its surplus liquidity, which is considered an important strategic strength. Investing in shares fall naturally within the Group's objects clause. Shares, which are regularly monitored, are measured and reported at fair value in accordance with the Group's policy for investments, recognised on the trading date at fair value in current assets and subsequently measured at fair value. Fair value changes are recognised on a continuing basis in the income statement in the line "Return on securities".

Other investments
Other investments include investments in other enterprises as part of the Group's business operations, and which are not classified as subsidiaries or associates. Other investments are presented as non-current assets and measured and reported at fair value. Fair value changes are recognised on a continuing basis in the income statement as financial income or financial expenses.

Impairment of non-current assets
North Media tests goodwill and other non-current assets for impairment if there are indications of impairment, but at least on a yearly basis. Any impairment loss is recognised in the income statement under "Special items". Correspondingly, ongoing projects are tested at least annually for impairment.

The carrying amount of intangible assets and property, plant and equipment with definite useful lives is reviewed on an annual basis to determine whether there is any indication of impairment. If such an indication exists, the recoverable amount of the asset is estimated. The recoverable amount is the higher of the asset's fair value less expected selling costs and its value in use.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds the recoverable amount of the asset or the cash-generating unit.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, an impairment loss is reversed if there has been a change in the assumptions and estimates that led to recognition of the impairment loss. An impairment loss is reversed only to the extent that the asset's new carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Equity

Dividend

Proposed dividend is recognised as a liability when a resolution approving the dividend has been adopted by the Annual General Meeting of shareholders (the time of declaration).

Treasury shares

Cost and selling prices related to treasury shares are recognised in retained earnings. A capital reduction through cancellation of treasury shares reduces the share capital by an amount equal to the nominal value of the investment. Dividend related to treasury shares is taken to the retained earnings account.

Income taxes and deferred taxes

Current tax payable and current tax receivable are recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on previous years' taxable income and for prepaid tax.

Deferred tax is measured according to the balance-sheet liability method on all temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, no deferred tax is recognised on temporary differences relating to goodwill not deductible for tax purposes, office properties or other items where temporary differences – except in the case of acquisitions of companies – have arisen at the time of acquisition and affect neither the net profit for the year nor the taxable income. In those cases where the calculation of the tax base can be made under alternative taxation rules, deferred tax is measured on the basis of the planned use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are recognised under other non-current assets at the values at which they are expected to be realised, either by elimination against tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity and jurisdiction.

Deferred tax is adjusted for eliminations of unrealised intra-group gains and losses. The Company is jointly taxed with all foreign subsidiaries. Deferred tax relating to retaxation of deducted losses in foreign subsidiaries is recognised based on a specific assessment of the purpose of each subsidiary.

Deferred tax is measured on the basis of the tax rules and tax rates that under the legislation in force at the balance sheet date would be applicable in the respective countries when the deferred tax liability is expected to crystallise as current tax. Changes in deferred tax as a result of changed tax rates are recognised in the income statement.

Financial liabilities

Debt to credit institutions etc. is recognised at the time of borrowing at the proceeds received after deduction of transaction costs incurred.

In subsequent periods, the financial liabilities are measured at amortised cost using "the effective interest method" so that the difference between the proceeds and the nominal value is recognised in the income statement under financial expenses over the loan term.

Other financial liabilities are measured at amortised cost.

Contractual obligations

Contractual obligations comprise prepayments by customers and prepaid subscription fees etc., income from which is recognised in a subsequent period.

Fair value hierarchy

Financial instruments measured at fair value in the balance sheet are classified using the following fair value hierarchy:

- Listed prices in active markets of identical assets or liabilities (Level 1).
- Listed prices in active markets of similar assets or liabilities, or other valuation methods where all material input is based on observable market data (Level 2).
- Valuation methods under which any material input is not based on observable market data (Level 3).

Cash flow statement

The cash flow statement shows the consolidated cash flows for the year, broken down by cash flows from operating, investing and financing activities, the year's changes in cash and cash equivalents and the cash and cash equivalents at the beginning and end of the year. The cash flow statement is presented by the indirect method.

Cash flows from enterprises acquired are recognised from the date of acquisition.

Cash flows from operating activities
Cash flows from operating activities are calculated as the profit or loss before tax, adjusted for non-cash operating items, working capital changes, interest received and paid and income taxes paid.

Cash flows from investing activities
Cash flows from investing activities include payments in connection with purchases and sales of enterprises and activities, purchases and sales of intangible assets, property, plant and equipment, and other non-current assets, and purchases and sales of securities not recognised as cash and cash equivalents.

Cash flows from financing activities
Cash flows from financing activities comprise changes in the size or composition of the share capital and related costs, as well as the raising of loans, repayments on interest-bearing debt, purchases and sales of treasury shares, and payment of dividend to shareholders.

Cash and cash equivalents
Cash and cash equivalents include cash balances which are an integrated part of the Company's financial resources.

Segment information

The Group has the following four business segments:

- FK Distribution, which consists of the distribution activities of FK Distribution and Tryksagsomdelingen Fyn
- North Media Aviser, which consists of eight local newspapers in the capital area, Helsingør Dagblad and Lokalavisen Nordsjælland.
- North Media Online, which consists of Ofir.dk, MatchWork.com, BoligPortal.dk and BostadsPortal.se.
- BEKEY, which consists of the Group's electronic key system.

Segment income and expenses as well as segment assets and liabilities comprise the items that are directly attributable to the individual segment and the items that can be allocated to the individual segment on a reliable basis. Unallocated items mainly comprise assets and liabilities as well as income and expenses relating to the Group's administrative functions, investment activities, income taxes, etc. Unallocated items also include the Group's owner-occupied and investment properties and the financing thereof.

Segment income and expenses are defined as EBIT before special items.

Segment information is determined based on the Group's accounting policies.

3 Ratio definitions

Gross margin	=	Gross profit x 100 / Revenue
Operating profit before depreciation and amortisations	=	EBITDA (EBIT + depreciation and amortisation)
EBITDA before special items	=	EBITDA + Special items, net
EBITA	=	EBIT + amortisation
EBIT before special items	=	EBIT + Special items, net
Operating profit	=	EBIT
Profit margin	=	EBIT before special items x 100 / Revenue
Equity ratio	=	Equity at the end of the period incl. minority interests x 100 / Total assets
Return on equity (ROE)	=	Profit after tax x 100 / Average equity incl. minority interests
Net interest-bearing debt/cash position	=	Interest-bearing debt (incl. acquisition price payable) less interest-bearing assets and cash
Net working capital (NWC)	=	Non-interest-bearing receivables less current liabilities excl. non-interest-bearing debt
Capital employed	=	Equity and minority interests plus net interest-bearing debt
Return on capital employed before special items	=	EBITA + special items x 100 / Average capital employed incl. goodwill
Free cash flow before special items and tax (CFFO)	=	EBITDA adjusted for changes in operational balance sheet items excl. tax and minus investments
Earnings per share (EPS)	=	Parent's share of net profit/loss for the year / Average number of shares in circulation
Diluted earnings per share (EPS-D)	=	Parent's share of net profit/loss for the year / Average numbers of diluted shares in circulation
Price/Earnings (P/E)	=	Share price / EPS
Price to book value (P/BV)	=	No of shares, 31 December x market price / Parent's share of equity
Cash flows per share (CFPS)	=	Cash flow from operating activities / Average number of diluted shares
Capital resources	=	Securities + Cash

Earnings per share (EPS) and diluted earnings per share (EPS-D) are calculated in accordance with IAS 33.

Ratios have been prepared in accordance with the Danish Finance Society's online version of "Recommendations & Key Ratios" with the following exceptions:

- Invested capital is calculated inclusive of goodwill, see above
- Return on Invested Capital (ROIC) is calculated before special items
- Free cash flow has been calculated before special items and tax as the amount of prepaid tax may otherwise affect the ratio randomly
- Ratios which include equity, are all calculated inclusive of minority interests as both the profit or loss and balance sheet figures include the minority interests

4 Accounting estimates and judgements

Determining the carrying amount of certain assets and liabilities requires an estimate of how future events will affect the value of those assets and liabilities at the balance sheet date. Estimates that may be significant to the financial reporting are made, for example, when assessing future cash flows.

The estimates used are based on assumptions found reasonable by North Media, but which are inherently uncertain and unpredictable as unexpected incidents or circumstances may arise. Furthermore, the Company is exposed to risks and uncertainties that may cause actual results to vary from those estimates. Risks related to North Media A/S are specified in the paragraph describing risks and risk management on pages 46-47.

Assumptions about the future and other estimation uncertainties at the balance sheet date are disclosed in the specific notes if they involve a material risk of changes that may lead to considerable adjustment of the carrying amounts of assets or liabilities within the next financial year.

North Media considers the following estimates and judgements and the relevant accounting policies material to the preparation of the consolidated financial statements:

Intangible assets and impairment test (estimates)
The Group conducts an impairment test if indications of impairment arise. However, goodwill and intangible assets having indefinite useful lives are tested at least once a year. Management estimates the value in use as a reflection of the recoverable amount, which is calculated by discounting the expected future cash flows that are estimated based on Management's estimates in this respect and Management's estimates of the discount factor and growth rates.

Measurement of associates and other investments (estimate)
In the Annual Report, investments in associates are accounted for according to the equity method.

The value of the Group's 50% ownership share in Lead Supply was written down for impairment by DKK 6.0 million in 2019. The impairment loss is due to positive, albeit lower, financial results than expected, see note 10.

Other investments are determined at fair value in the financial statements. The companies that North Media has invested in are characterised by being small companies with a small group of owners where only infrequent trading of the shares takes place. They are also online development companies for which it can be difficult to determine the potential of future earnings precisely. The fair value of the investments is based on an assessment of whether the companies will realise their financial and operating KPIs, including whether the expected progress takes place and whether particular circumstances exist that may also affect the valuation.

In 2019, fair value adjustments of other equity investments were made several times, resulting in a total loss of DKK 6.7 million. (2018: a loss of DKK 5.0 million) incidental to the investment in Lix Technologies. The company requires a capital injection, and North Media Online do not wish to make further capital contributions to the company. The impairment reflects the uncertainty as to whether or not the company will receive adequate capital. Revaluations and write-downs are disclosed under financial income or expenses in the line item "Fair value adjustment of other investments", see Note 12.

Special items (judgements)
Management makes judgements in connection with the classification of income and expenses as special items with a view to ascertaining whether income and expenses are covered by the Group's accounting policies for special items, as set out on page 60.

Such judgements gave rise to presenting an income item of DKK 1.7 million as a special item (2018: an expense item of DKK 15.7 million), see note 13.

5 Segment information

DKKm	FK Distribution 2019	FK Distribution 2018	North Media Aviser 2019	North Media Aviser 2018	North Media Online 2019	North Media Online 2018	BEKEY 2019	BEKEY 2018	Unallocated costs/ elimi.*) 2019	Unallocated costs/ elimi.*) 2018	Total 2019	Total 2018
Segment revenue	934.7	945.0	93.8	106.9	86.5	81.2	27.3	26.8	-12.3	-15.0	1,130.0	1,144.9
Internal revenue	-9.2	-11.6	0.0	-0.2	-0.3	-0.1	-2.8	-3.1	12.3	15.0	0.0	0.0
External revenue	**925.5**	**933.4**	**93.8**	**106.7**	**86.2**	**81.1**	**24.5**	**23.7**	**0.0**	**0.0**	**1,130.0**	**1,144.9**
Revenue recognition												
Immediately	925.5	933.4	77.8	90.9	16.8	17.7	18.9	20.2	-	-	1,039.0	1,062.2
Over time	-	-	16.0	15.8	69.4	63.4	5.6	3.5	-	-	91.0	82.7
External revenue	**925.5**	**933.4**	**93.8**	**106.7**	**86.2**	**81.1**	**24.5**	**23.7**	**0.0**	**0.0**	**1,130.0**	**1,144.9**
Direct cost	498.3	542.8	27.3	33.5	2.5	2.8	4.8	5.8	8.1	7.5	541.0	592.4
Gross profit	**427.2**	**390.6**	**66.5**	**73.2**	**83.7**	**78.3**	**19.7**	**17.9**	**-8.1**	**-7.5**	**589.0**	**552.5**
Other expenses	242.0	238.9	71.2	81.6	75.0	81.8	29.7	28.0	-12.2	-9.5	405.7	420.8
EBITDA	187.3	153.6	-2.5	-6.0	9.7	-2.7	-10.0	-10.1	6.1	2.4	190.6	137.2
Amortisation and depreciation	14.9	14.9	3.1	2.7	2.9	1.4	0.4	0.1	9.0	8.4	30.3	27.5
EBIT, before special items	**172.4**	**138.7**	**-5.6**	**-8.7**	**6.8**	**-4.1**	**-10.4**	**-10.2**	**-2.9**	**-6.0**	**160.3**	**109.7**
Special items, net	0.0	-4.2	-2.4	-10.5	4.1	0.0	0.0	-1.0	0.0	0.0	1.7	-15.7
EBIT	**172.4**	**134.5**	**-8.0**	**-19.2**	**10.9**	**-4.1**	**-10.4**	**-11.2**	**-2.9**	**-6.0**	**162.0**	**94.0**
Share of profit/loss in associates	0.0	0.0	0.0	0.0	-4.9	0.9	0.0	0.0	0.0	0.0	-4.9	0.9
Return on securities	-	-	-	-	-	-	-	-	-	-	122.1	5.2
Net financials	-	-	-	-	-	-	-	-	-	-	-11.6	-27.0
Profit/loss before tax	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**267.6**	**73.1**
Gross margin	46.2%	41.8%	70.9%	68.6%	97.1%	96.5%	80.4%	75.5%	-	-	52.1%	48.3%
EBITDA margin	20.2%	16.5%	-2.7%	-5.6%	11.3%	-3.3%	-40.8%	-42.6%	-	-	16.9%	12.0%
Profit margin (EBIT)	18.6%	14.9%	-6.0%	-8.2%	7.9%	-5.1%	-42.4%	-43.0%	-	-	14.2%	9.6%

Geographical information
North Media A/S mainly operates in the Danish market, and more than 97% (2018: more than 97%) of the consolidated revenue is invoiced in DKK to Danish customers. No single customer accounts for more than 10% of the Group's total revenue.

No significant foreign assets or liabilities are recognised in the balance sheet, either in 2019 or 2018. Non-current assets outside Denmark represent less than DKK 1 million (2018: less than DKK 1 million).

* Internal revenue has been eliminated in other operating expenses. Other items relate to unallocated costs as well as assets and liabilities.

6 Employees and staff costs

	2019 Number	2018 Number
Average number of employees	539	575
In addition, approximately 10,000 young part-time employees are working in distribution.		

Total salaries and remuneration for the year	**2019 DKKm**	**2018 DKKm**
Wages and salaries, including holiday pay	460.0	486.0
Defined contribution plans	19.3	19.4
Other social security costs	3.5	4.8
Remuneration of the Parent's Board of Directors	2.2	2.4
Share-based payment	2.3	0.8
Other staff costs	28.2	33.0
Total staff costs	**515.5**	**546.4**

Total staff costs are included in the following items of the statement of comprehensive income:		
Direct staff costs	240.7	261.1
Staff costs	272.4	269.6
Special items	2.4	15.7
Total staff costs	**515.5**	**546.4**

Remuneration of the Board of Directors and Executive Board

	Board of Directors of Parent Company	The Parent Executive Board	Total
2019 DKKm			
Wages, salaries and bonus	2.2	13.8	16.0
Pension (defined contribution plans)	0.0	0.7	0.7
Share-based payment	0.3	0.7	1.0
Severance pay	0.0	2.4	2.4
Remuneration of the Board of Directors, and Executive Board	**2.5**	**17.6**	**20.1**
Number of members (average)	4	5	9
2018 DKKm			
Wages, salaries and bonus	2.4	13.7	16.1
Pension (defined contribution plans)	0.0	0.8	0.8
Share-based payment	0.1	0.3	0.4
Severance pay	0.0	5.2	5.2
Remuneration of the Board of Directors and Executive Board	**2.5**	**20.0**	**22.5**
Number of members (average)	5	5	10

In 2019, the Board of Directors consisted of four members, compared to five members in 2018. The Executive Board consisted of five members in 2019, the same as in 2018. Please refer to page 36.

7 Share-based payment

Options granted for acquisition of shares in North Media A/S

No share options were granted in 2019.

In the 2019 financial year there was no window for exercising share options. (2018: 105,000 options exercised and settled out of the Group's holding of treasury shares, see this note and Note 22).

In August 2018, new share options were granted to a group of 20 persons, consisting of the Company's Executive Board, three members of the Board of Directors and selected executives. Richard Bunck and Ulrik Holsted-Sandgreen did not receive any share options.

The 2018 share option programme comprises a total of 962,000 share options, of which 148,000 were granted to the Board of Directors and 318,000 to the Executive Board. In addition, another approximately 100,000 options were ear-marked for other executives who might later join the share option programme. The share options were granted in three tranches. At the end of 2019 the following is outstanding:

- Tranche 1 consisting of 234,000 options vest up until the publication of the financial statements for 2020. Tranche 1 options may be exercised during the period of one week after the date of termination of the vesting period and until four weeks after the date of the Company's publication of the financial statements for 2021.
- Tranche 2 consisting of 310,000 options vest up until the publication of the financial statements for 2021. Tranche 2 options may be exercised during the period of one week after the date of termination of the vesting period and until four weeks after the date of the Company's publication of the financial statements for 2022.
- Tranche 3 consisting of 395,000 options vest up until the publication of the financial statements for 2022. Tranche 3 options may be exercised during the period of one week after the date of termination of the vesting period and until four weeks after the date of the Company's publication of the financial statements for 2023.

During the exercise period, the options may only be exercised in the windows applicable at the exercise date pursuant to the internal rules laid down by the Company and in accordance with the rules of Nasdaq OMX and the Danish Capital Markets Act.

The exercise of share options is conditional upon the holder not retiring from their position with the Group prior to the time of exercise.

Each share option entitles the holder to acquire one existing share in North Media A/S denominated at DKK 5.00 at a price corresponding to the average closing price of the Company's shares in the period 17 August 2018 to 23 August 2018, both days included. On this basis, the exercise price was calculated at DKK 36.3 per share.

Share options are granted in accordance with the overall guidelines for incentive programmes that were adopted at the Annual General Meeting held by North Media A/S on 13 April 2018. The share option programme was established to ensure performance-oriented and value-adding commitment. Also, the aim of the programme is to develop long-term loyalty and to constitute a competitive remuneration to employees under this programme.

The options can only be settled in shares. North Media A/S has purchased a total of 1,600,000 treasury shares. These shares are reserved for settlement, wholly or in part, of the options granted.

The options granted equal 4.70% of the share capital. The theoretical market value (as assessed using the Black-Scholes model) of the share options granted was DKK 8.1 million at the grant date. The costs are recognised over the life of the individual tranches. The following assumptions were used to calculate the fair value of the options:

Option	First exercise date	Last exercise date	Lives of options	Risk free interest	Expected volatility	NPV of dividend	Option value /each
Tranche 1	Feb-2021	Mar-2022	2.5 yr	-0.52 %	45.2 %	3 kr.	8.08
Tranche 2	Feb-2022	Mar-2023	3.5 yr	-0.40 %	46.1 %	5 kr.	8.75
Tranche 3	Feb-2023	Mar-2024	4.5 yr	-0.27 %	45.2 %	7 kr.	8.71

The expected volatility was calculated based on the historic volatility of the share price of North Media A/S's and a peer group's shares with a performance history corresponding to the term of the individual option. Expectations are that the options will be exercised after the first exercise opportunity.

At the balance sheet date, total options corresponding to 939,000 shares remain outstanding, equalling 4.68 % of the share capital.

In 2019, DKK 2.3 million (2018: DKK 0.8 million) was expensed under staff costs in respect of the share option programmes, originating from equity-settled share option plans in North Media A/S.

Development in outstanding share options is specified as follows:

	Number of options	
	2019	2018
	Number	Number
Outstanding share options, 1 January	945,000	150,000
Exercised in the financial year	0	-105,000
Expired in the financial year	0	-45,000
Canceled due to termination of employment	-98,000	-47,000
Options granted 2018-programme	92,000	992,000
Outstanding share options, 31 December	**939,000**	**945,000**
Number of share options which can be exercised at the balance sheet date	**0**	**0**
Share options programme, total	**939,000**	**945,000**

Options forfeited at the termination of an employee's employment may be granted to other employees on the same terms and conditions. In addition to the 939,000 options granted, another around 100,000 options have been earmarked for other executives or employees who might later join the share option programme.

In 2019, 6,000 share options net lapsed due to termination or commencement of employment relationships. An overview of the share options granted or lapsed for the year is provided below.

The Executive Board's and other staff's share of issued options

	Time of earliest exercise	Number of options granted	Number of employees who have been granted options	Number granted/exercised/expired in 2019	Number of unexercised at 31.12.2019	Exercise price
Board of Directors						
Granted 2018, tranche 1	2021	40,000	3	-10,000	30,000	36.3
Granted 2018, tranche 2	2022	48,000	3	-12,000	36,000	36.3
Granted 2018, tranche 3	2023	60,000	3	-15,000	45,000	36.3
Executive Board						
Granted 2018, tranche 1	2021	84,000	5	-16,000	68,000	36.3
Granted 2018, tranche 2	2022	104,000	5	0	104,000	36.3
Granted 2018, tranche 3	2023	130,000	5	0	130,000	36.3
Other managerial staff						
Granted 2018, tranche 1	2021	48,000	4	12,000	60,000	36.3
Granted 2018, tranche 2	2022	60,000	4	15,000	75,000	36.3
Granted 2018, tranche 3	2023	80,000	4	20,000	100,000	36.3
Other staff						
Granted 2018, tranche 1	2021	76,000	8	0	76,000	36.3
Granted 2018, tranche 2	2022	95,000	8	0	95,000	36.3
Granted 2018, tranche 3	2023	120,000	8	0	120,000	36.3

The fair value of the non-exercised share option programme is DKK 7.7 million at 31 December 2019, calculated based on the year-end share price (2018: DKK 0.0 million).

8 Fee to the auditors appointed by the General Meeting

	2019 DKKm	2018 DKKm
PwC		
Statutory audit services	1.3	0.0
Other assurance engagements	0.1	0.0
Tax services	0.2	0.0
Other services	0.3	0.0
Deloitte		
Statutory audit services	0.0	1.6
Other assurance engagements	0.0	0.1
Tax services	0.0	0.0
Other services	0.0	0.6
Total fee to the auditors appointed by the General Meeting	**1.9**	**2.3**

Fees for other assurance engagements provided for the Group by Pricewaterhouse-Coopers Statsautoriseret Revisionspartnerselskab amounted to DKK 0.5 million in 2019 (2018: provided by Deloitte Statsautoriseret Revisionspartnerselskab: DKK 0.6 million relating to advisory services generally.

9 Amortisation and depreciation

	2019 DKKm	2018 DKKm
Amortisation intangible assets	1.7	4.1
Depreciation property, plant and equipment	28.6	23.3
Loss from sale of assets	0.0	0.1
Total amortisation and depreciation	**30.3**	**27.5**

10 Share of profit/loss in associates

	2019 DKKm	2018 DKKm
Share of profits/losses before tax	0.7	1.1
Share of tax	-0.2	-0.2
Impairment loss	-6.0	0.0
Gain on sales of investments	0.6	0.0
Total share of profit/loss in associates	**-4.9**	**0.9**

The profit/loss for 2019 and 2018 is attributable to Lead Supply. In 2019, an amount of DKK 6.0 million was written down for impairment on the Group's investment in Lead Supply. The impairment loss was due in part to revenues falling short of expectations in 2019 on account of the reluctance to grant loans on the part of Lead Supply's trading partners.

Gains on the sale of investments are attributable to Mesto.ua, which was sold off in 2019.

11 Return on securities

	2019 DKKm	2018 DKKm
Dividend	2.4	5.1
Net capital gains on shares	119.7	0.1
Total return on securities	**122.1**	**5.2**

12 Net financials

	2019 DKKm	2018 DKKm
Interest income etc.	0.2	0.1
Exchange gains	0.4	0.0
Total financial income	**0.6**	**0.1**
Interest expenses etc.	4.5	6.8
Exchange losses	0.0	0.2
Debt discount on loan repayment/renewals	1.0	3.0
Fair value of interest rate swap regarding redemption	0.0	12.1
Fair value adjustment of other investments	6.7	5.0
Total financial expenses	**12.2**	**27.1**

Financial income and expenses relate to financial liabilities measured at amortised cost, see Note 35.

The fair value adjustment of other investments is described in more detail in Note 4 "Accounting estimates and judgements".

As part of settling the Group's interest rate swap in 2018, its fair value of DKK 12.1 million was recognised in net financials but carried back in other comprehensive income.

13 Special items

DKKm	2019 DKKm	2018 DKKm
Special items, income		
Gain on sale of shares in Emply ApS	4.1	0.0
Total	**4.1**	**0.0**
Special items, expenses		
Termination benefit costs related to changes in the Executive Board of North Media Aviser	2.4	0.0
Termination benefit costs related to organisational change in North Media Aviser	0.0	10.5
Termination benefit costs related to changes in the Executive Board of FK Distribution	0.0	4.2
Termination benefit costs related to changes in the Executive Board of BEKEY	0.0	1.0
Total	**2.4**	**15.7**
Special items, net	**1.7**	**-15.7**

14 Income tax

	2019 DKKm	2018 DKKm
Tax on profit/loss for the year		
Current tax charges	57.2	10.8
Change in the deferred tax charge	4.8	6.5
Adjustment of tax concerning prior years	0.3	0.0
Total tax on profit/loss for the year	**62.3**	**17.3**
Tax on profit/loss for the year		
Computed tax on the profit/loss before tax 22.0% (2018: 22.0%)	58.9	16.1
Tax effect of:		
Loss not included in joint taxation	0.0	0.4
Other non-deductible expenses	0.1	0.2
Share-based payment	0.5	-0.3
Share of profit/loss after tax of associates	1.1	-0.2
Fair value adjustment of other investments	1.4	1.1
Adjustment of prior year's taxes	0.3	0.0
Total tax on profit/loss for the year	**62.3**	**17.3**
Effective tax rate	**23.3%**	**23.7%**

North Media A/S is jointly taxed with Baunegård ApS. Baunegård ApS is the administration company which attends to payment of income tax, including tax prepayment. Income tax payable is settled with the administration company.

15 Earnings per share

	2019 DKKm	2018 DKKm
Net profit/loss for the year - total	205.3	55.8
Minority interests' share of consolidated profit/loss	0.0	0.6
The North Media Group's share of net profit/loss for the year	**205.3**	**56.4**
Average number of shares (in millions)	20.1	20.1
Average number of treasury shares (in millions)	1.5	1.1
Average number of shares in circulation (in millions)	**18.6**	**19.0**
Average dilution effect of outstanding share options	0.0	0.0
Average number of diluted shares in circulation (in millions)	**18.6**	**19.0**
Earnings per share (EPS) - total	11.0	3.0
Diluted earnings per share (EPS-D) - total	11.0	3.0

The outstanding share options were "out-of-money" on average in 2019 and are thus excluded from the calculation of earnings per share. In 2018, 28,000 share options from the 2012 share option scheme were included that had been "in-the-money" until their exercise.

16 Dividend per share

The Board of Directors recommends to the Annual General Meeting to be held on 27 March 2020 that dividend of DKK 4.00 per share in the nominal amount of DKK 5 each be paid for the financial year 2019. This is equivalent to a total distributed amount of DKK 80.2 million (2018: DKK 3.00 per share and DKK 60.2 millions).

17 Intangible assets and property, plant and equipment

Assets with an indefinite life
Assets with an indefinite life are not amortised but are instead subject to an annual impairment test. Goodwill is by definition an asset with an indefinite life.

Other intangible assets comprise distribution rights and trademarks acquired in connection with acquisitions. For some of these assets, the Group cannot foresee a limit to the period over which the assets may be expected to generate future economic benefits for the Group. In these cases, the lives of the assets are therefore deemed indefinite, for which reason they are not amortised. Other intangible assets the lives of which are deemed limited are subjected to amortisation.

The Group's total goodwill of DKK 39.1 million includes DKK 19.6 million attributable to FK Distribution and DKK 19.5 million attributable to BoligPortal. Indefinite life intangible assets, aside from goodwill, total DKK 2.9 million and relate to FK Distribution.

Impairment test
When preparing the financial statements, goodwill and intangible assets were tested for impairment for the following "Cash Generating Units" (CGU) holding intangible assets:

- FK Distribution
- BoligPortal

The recoverable amount for the individual cash-generating units to which goodwill and other intangible assets have been allocated is stated based on computations of the units' value in use. There has been no indication of impairment in this respect.

FK Distribution
For FK Distribution, the impairment test shows a value in use considerably exceeding the value of its non-current assets and working capital, as a result of which there has been no reason to write down intangible assets related to this CGU.

As expected, FK Distribution's EBITDA has been surging further in 2019 and amounts to close on DKK 175 million. Outlook for 2020 is evident from the guidance. In the context of the value of goodwill and intangible assets only totalling DKK 22.5 million, no impairment risk is deemed to exist as long as FK Distribution's fundamental business can be upheld.

The main prerequisite for FK Distribution remaining profitable is that consumers will continue to demand information and offers in print for some time to come.

In the long term it is also expected that FK Distribution will develop new online activities to compensate in whole or in part for a generally declining printed matter market. The investment requirement has been low in 2019, and it is expected to remain low in 2020 and onwards. Should the foundation of FK Distribution's business cease to exist, intangible assets in the total amount of DKK 22.5 million would have to be written down.

BoligPortal

BoligPortal is Denmark's largest housing rental advertising portal, whose positive earnings have gone up throughout the years. Earnings of BoligPortal are expected to continue to develop positively, and there has been no indication of impairment of goodwill or other intangible assets related to this site. Reduced earnings of even 20% would not affect the indication of impairment. For as long as BoligPortal remains market leader, no write-down of goodwill or other intangible assets is estimated to be necessary.

Assumptions underlying impairment models

The impairment model for FK Distribution and BoligPortal builds on the 2020 budget which is projected four years based on estimates of future developments in these two CGUs.

For the subsequent terminal period, a growth factor of a negative 4% was used in 2019 (2018: a negative 4%) for FK Distribution. This decline is smaller than the market decline expected for the distribution market, and is attributable to the Group's products being expected to fare better than the general print ad market.

For CGUs in North Media Online a continued increase in profit in the budgetperiod is expected at around 10-2% annually and a growth factor of 2% is used in the terminal period (2018: 2%). The tax rate used in both models is 22.0% (2018: 22.0%).

The impairment test was performed for each CGU by comparing the carrying amount of intangible assets and property, plant and equipment and net working capital with the discounted values of future cash flows. As part of the impairment test, different discount rates are used, see below.

Discount rate	FK Distribution	North Media Online
2019 after tax	7.8%	10.3%
2019 before tax	10.0%	13.2%
2018 after tax	8.2%	10.7%
2018 before tax	10.5%	13.7%

The discount rate is composed of a debt element and an equity element. For North Media Online only an equity element, however, as assessments are that it would be difficult to obtain debt financing for the online business. The equity element has been determined on the basis of a risk-free interest rate plus a market risk premium weighted by an expected equity element. Similarly, the debt element is based on the interest rate on loan capital weighted by an expected debt element.

At the current level of income and in considering the future outlook, we expect no goodwill impairment risk.

17 Intangible assets and property, plant and equipment

DKKm	Goodwill	Other intangible assets	Software	Intangible assets total	Land and buildings	Investment property	Plant and machinery	Fixtures and fittings	PPE total
Cost at 1 January 2018	108.9	110.4	95.8	315.1	437.1	0.0	205.7	107.9	750.7
Reclassification	0.0	0.0	0.0	0.0	-62.5	62.5	0.0	0.0	0.0
Additions for the year	0.0	0.0	1.6	1.6	3.3	10.0	10.2	1.0	24.5
Disposals for the year	0.0	0.0	12.9	12.9	2.3	0.0	0.2	21.2	23.7
Cost at 31 December 2018	**108.9**	**110.4**	**84.5**	**303.8**	**375.6**	**72.5**	**215.7**	**87.7**	**751.5**
Amortisation, depreciation and impairment losses at 1 January 2018	69.8	94.3	95.5	259.6	178.2	0.0	152.6	97.9	428.7
Reclassification	0.0	0.0	0.0	0.0	-55.8	55.8	0.0	0.0	0.0
Amortisation and depreciation for the year	0.0	3.7	0.4	4.1	8.2	0.1	12.0	3.0	23.3
Disposals for the year	0.0	0.0	12.9	12.9	2.2	0.0	0.1	20.6	22.9
Amortisation, depreciation and impairment losses at 31 December 2018	**69.8**	**98.0**	**83.0**	**250.8**	**128.4**	**55.9**	**164.5**	**80.3**	**429.1**
Carrying amount at 31 December 2018	**39.1**	**12.4**	**1.5**	**53.0**	**247.2**	**16.6**	**51.2**	**7.4**	**322.4**
Cost at 1 January 2019	108.9	110.4	84.5	303.8	375.6	72.5	215.7	87.7	751.5
Lease and rental agreements recognized at 1 January 2019	0.0	0.0	0.0	0.0	14.8	0.0	0.0	3.3	18.1
Additions for the year	0.0	0.0	2.1	2.1	0.4	1.7	6.0	6.9	15.0
Disposals for the year	0.0	0.0	0.0	0.0	0.0	0.0	0.8	3.4	4.2
Cost at 31 December 2019	**108.9**	**110.4**	**86.6**	**305.9**	**390.8**	**74.2**	**220.9**	**94.5**	**780.4**
Amortisations, depreciation and impairment losses at 1 January 2019	69.8	98.0	83.0	250.8	128.4	55.9	164.5	80.3	429.1
Amortisations and depreciation for the year	0.0	1.2	0.5	1.7	12.4	0.4	11.6	4.2	28.6
Disposals for the year	0.0	0.0	0.0	0.0	0.0	0.0	0.5	2.1	2.6
Amortisations, depreciation and impairment losses at 31 December 2019	**69.8**	**99.2**	**83.5**	**252.5**	**140.8**	**56.3**	**175.6**	**82.4**	**455.1**
Carrying amount at 31 December 2019	**39.1**	**11.2**	**3.1**	**53.4**	**250.0**	**17.9**	**45.3**	**12.1**	**325.3**
Amortised/depreciated over (years)	**-**	**1-10 years**	**3-5 years**		**20-50 years**	**35 years**	**5-10 years**	**3-5 years**	

The year's addition of property, plant and equipment to the tune of DKK 6.9 million included the addition of leased assets totalling DKK 3.3 million, and leased assets amounted to DKK 15.5 million at year-end 2019, see notes 28 and 30.
In 2019, other intangible assets include DKK 2.9 million worth of assets, which are considered to have indefinite lives, for which reason they are not amortised (2018: DKK 2.9 million). Other intangible assets are amortised over a period of one or ten years.

Investment property
As part of Helsingør Dagblad's vacation of the Elsinore property, this property has been reclassified to investment property from 1 July 2018. The property has undergone massive renovation before the Municipality of Elsinore moved in on 1 November 2018. A total amount of approximately DKK 12 million has been capitalised in respect of the property, whereas approximately DKK 3-4 million have been charged to the income statement as maintenance expenses and recognised in the profit/loss of "unallocated income and expenses".

The property is recognised and measured at cost less accumulated depreciation and impairment losses. Fair value of the property has been calculated at DKK 18 million using a return-based cash flow model based on expected net cash flows, by applying a required rate of return of 7% that reflects current market required rates of return for similar properties (Level 3). An external valuation expert has not been engaged to determine the fair value.

	2019 DKKm	2018 DKKm
Rental income	1.8	0.3
Direct operating expenses of rented areas	-1.6	-0.3
Direct operating expenses of non-rented areas	0.0	0.0
Renovation costs	-0.7	-3.1
Profit/loss before interest and tax	**-0.5**	**-3.1**

The 2019 profit/loss thus continues to be affected by the conversion and related additional costs of renovating the building.

18 Investments in associates

	Registered office	Equity interest 2019	Equity interest 2018
Associates			
Lead Supply ApS	Aarhus	50.0%	50.0%
Lix Technologies ApS	Aarhus	20.9%	-

Refer to the group chart on Note 39

Investments in associates	2019 DKKm	2018 DKKm
Net asset value at 1 January	12.5	10.2
Additions for the year	0.0	1.5
Share of profit/loss before tax	0.7	1.1
Share of tax	-0.2	-0.3
Impairment loss	-6.0	0.0
Net asset value at 31 December	**7.0**	**12.5**

The value of the Group's 50% ownership share in Lead Supply was written down for impairment in the amount of DKK 6.0 million in 2019. The impairment loss should be seen in the context of the Group having made a profit, albeit below the expected level see note 10. At year-end 2019, Lix Technologies was transferred to associate after impairment, cf. note 4.

In 2018, Lead Supply received a capital injection of DKK 1.5 million in support of the company's continued growth. Mesto became an associate at 1 October 2018 after the Group's ownership share was reduced to 49.3%. In this connection the investment was written down to zero. In 2019, the company was sold at a small profit.

Key figures for individual, significant associates

	2019 Total	2018 Total
Lead Supply, Equity interest	50.0%	50.0%
Revenue	51.2	69.2
Profit for the year	1.0	1.8
Comprehensive income	**1.0**	**1.8**
The Group's share of comprehensive income	**0.5**	**0.9**
Balance sheet		
Non-current assets	0.2	3.5
Current assets	5.7	12.7
Current liabilities	-4.4	-7.9
Net assets (equity)	**1.5**	**8.3**
The Group's share of equity in associates (book value)	**7.0**	**12.5**
Transactions with associates		
Dividend received from associates	0.0	0.0
Capital increases/acquisition of equity interests	0.0	1.5
Investments transferred to subsidiary	0.0	0.0
Contingent liabilities	0.0	0.0

None of the associates are subject to limitations with respect to distribution of cash dividends aside from the general requirements for propriety of dividends under Danish company law.

19 Inventories

	2019 DKKm	2018 DKKm
Manufactured goods and goods for resale	5.7	3.9
Write-down of finished goods	-0.5	-0.3
Total inventories	**5.2**	**3.6**

DKK 0.0 million worth of finished goods exist that are expected to be sold more than 12 months after the balance sheet date (2018: DKK 0.4m). DKK 5.9 million in cost of sales has been recognised in direct costs (2018: DKK 7.6m).

20 Trade receivables

	2019 DKKm	2018 DKKm
Trade receivables	73.5	86.4
Write-downs	-2.2	-3.4
Trade receivables, net	**71.3**	**83.0**

The "Credit risks" section in Note 34 contains a specification of due receivables and the related impairment loss.

21 Deferred tax

	2019 DKKm	2018 DKKm
Deferred tax at 1 January, net	4.7	-1.8
Deferred tax included in net profit/loss for the year	4.8	6.5
Deferred tax at 31 December, net	**9.5**	**4.7**

		2019			2018	
DKKm	Assets	Liabilities	Total	Assets	Liabilities	Total
Intangible assets	1.1	6.5	-5.4	2.6	6.5	-3.9
Property, plant and equipment	0.7	3.2	-2.5	1.1	1.7	-0.6
Current assets	0.3	1.9	-1.6	0.5	0.7	-0.2
Total	**2.1**	**11.6**	**-9.5**	**4.2**	**8.9**	**-4.7**
Set-off of deferred tax assets and deferred tax liabilities within the same legal tax units and jurisdictions	11.6	11.6	0.0	8.9	8.9	0.0
Deferred tax liabilities at 31 December	**-9.5**	**0.0**	**-9.5**	**-4.7**	**0.0**	**-4.7**

22 Equity

Share capital	Number in thousands 2019	2018	Nominal value DKK'000 2019	2018
Number of shares at 1 January	20,055	20,055	100,275	100,275
Number of shares at 31 December	**20,055**	**20,055**	**100,275**	**100,275**

The share capital consists of 20,055,000 shares of DKK 5.00 nominal value each, fully paid up. No shares carry special rights.

	2019			2018		
Treasury shares	Number in thousands	Nominal value DKK'000	% of share capital	Number in thousands	Nominal value DKK'000	% of share capital
At 1 January	1,100	5,500	5.48%	1,205	6,025	6.01%
Purchased/sold	500	2,500	2.49%	-105	-525	-0.52%
At 31 December	**1,600**	**8,000**	**7.98%**	**1,100**	**5,500**	**5.48%**

North Media A/S is authorised by the company in general meeting to acquire a maximum nominal amount of DKK 15,041,000 of share capital. This authorisation runs until 26 March 2020.

In the 2019 financial year, North Media A/S purchased 500,000 treasury shares for the amount of DKK 19,4 million corresponding to an average price of 38,8 per unit through a structured share buyback. (2018: 105,000 shares sold in connection with the exercise of its share option scheme).

The portfolio of treasury shares was acquired with a view to funding share options outstanding relating to the Group's share option programme, see details in Note 7.

Reserve for hedging reserve and reserve for foreign currency translation adjustments
The hedging reserve includes the accumulated net change in the fair value of hedging transactions which meet the criteria for hedging future cash flows, with the transaction hedged not having been carried out yet.

The reserve for foreign currency translation adjustments includes all exchange adjustments resulting from the translation of financial statements of entities using a functional currency other than DKK as well as exchange adjustments relating to assets and liabilities which represent part of the Group's net investments in such entities.

23 Debt to financial institutions etc.

	2019 DKKm	2018 DKKm
Mortgage debt, fixed rate	127.5	131.1
Carrying amount	**127.5**	**131.1**
Debt to financial institutions is included under the following items in the balance sheet		
Non-current liabilities	122.8	126.6
Current liabilities	4.7	4.5
Carrying amount	**127.5**	**131.1**
Nominal value	**127.5**	**135.2**
Fair value	**131.0**	**132.2**

24 Contract liabilities

Contractual obligations are recognised as income upon delivery of the subject-matter of the contract for which prepayment has been received. This is usually in the following quarter.

25 Other payables

	2019 DKKm	2018 DKKm
A tax (PAYE) etc payable to public authorities	0.8	1.2
VAT liability	14.4	9.6
Holiday pay obligation	35.6	32.7
Other debt	41.2	46.3
Total other payables	**92.0**	**89.8**

26 Adjustments for non-cash items

DKKm	2019 DKKm	2018 DKKm
Share of profit/loss in associates	4.9	-0.9
Tax on profit/loss for the year	62.3	17.3
Amortisation and depreciation of assets	30.4	27.4
Gain/loss on disposals of assets	-0.1	0.1
Share-based payment	2.3	0.8
Special items, reversal	-1.7	15.7
Special items, cash flow effect	-2.4	-15.7
Net financials	11.7	27.0
Value adjustments, securities	-122.1	-5.2
Total adjustments	**-14.7**	**66.5**

27 Changes in working capital

	2019 DKKm	2018 DKKm
Changes in receivables etc.	8.6	-4.6
Changes in current liabilities	-6.7	9.8
Changes in working capital	**1.9**	**5.2**

28 Investments in intangible assets and property, plant and equipment

	2019 DKKm	2018 DKKm
Investment in software	-2.1	-1.6
Investment in land and buildings	-16.9	-13.3
Investment in plant and machinery	-6.0	-10.2
Investment in operating equipment, fixtures and fittings	-10.2	-1.0
Total investments	**-35.2**	**-26.1**
investments with a cash effect hereof	-13.9	0.0
IFRS 16 investments hereof (no cash effect)	-21.3	0.0

Investments for the year include additions at the beginning of the year incidental to the implementation of IFRS16 in the amount of DKK 14.8 million under the item "real property", and in the amount of DKK 3.3 million DKK million under the item "Fixtures and fittings". In addition, an amount of DKK 3.3 million was added in new leases. The cash effect of the investments for the year thus amounts to DKK 13.9 million.

29 Development in interest-bearing debt

	2019 DKKm	2018 DKKm
Non-current liabilities at 1 January	126.6	125.4
Current liabilities at 1 January	4.5	6.7
Lease commitments debt recognised at 1 January	18.1	0.0
Redemption of debt in connection with loan conversions	-62.9	-129.5
Raising of new loans in connection with loan conversions	63.9	132.5
New lease commitments	3.0	0.0
Repayment of non-current liabilities	-10.1	-4.0
Interest bearing debt at 31 December	**143.1**	**131.1**
Of this short-term debt	10.9	4.5
Of this long-term debt	132.2	126.6
Interest bearing debt at 31 December	**143.1**	**131.1**

30 Leases

The Group has recognised lease assets and lease liabilities based on the modified retrospective approach as from 1 January 2019. Consequently, comparative figures have not been restated. Lease assets and lease liabilities have been calculated under this approach at 1 January 2019:

DKKm	2019
Leases and rental obligations as stated in the Annual Report 2018, Note 33	12.2
+ adjustment due to expected option extension	6.5
- short-term lease agreements	-0.6
Leases and rental obligations recognised at 1 January 2019	**18.1**
New leases	3.3
Expired leases	-0.3
Repayments on leases	-5.6
Leases and rental obligations recognised at 31 December 2019	**15.5**
of which	
non-current liabilities	9.4
current liabilities	6.1

The service component of the lease is not capitalised. The discounted value of lease liabilities is calculated on the basis of an incremental borrowing rate of 2%. The value of the assets at 31 December 2019 is calculated as follows:

DKKm	
Rental agreements are recognised in "Land and buildings"	10.7
Leased cars are recognised in "Operating equipment, fixtures and fittings"	4.8
	15.5

The Group has a number of short-term leases (< 12 months), mainly depot facility leases. The exception in IFRS 16 of leaving out short-term leases has been applied for these leases. Instead, these leases are recognised in the income statement over the lease term. During the year, DKK 2.0 million has been recognised in the income statement (2018: DKK 2.2 million), and remaining lease payments amount to DKK 0. million.

Equity at 31 December 2019 and profit before tax for 2019 are not affected by the changed recognition, whereas operating income, expenses and balance sheet are affected as follows:

- Other expenses decreased by DKK 5.9 million in 2019
- Depreciation increased by DKK 5.6 million in 2019
- Financial expenses increased by DKK 0.3 million in 2019
- Balance sheet total increased by DKK 15.5 million at 31 December 2019

31 Contingent liabilities

The Group participates in a Danish joint taxation arrangement in which Baunegård ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Group is therefore liable for income taxes and also for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed companies. The total known joint taxation liability is evident from the financial statements of Baunegård ApS.

The Danish Competition and Consumer Authority has sent a statement of objections to the Group in which the Authority indicates that Forbruger-Kontakt A/S is supposed to have violated the prohibition against misuse of its dominant position by using tying terms in its dissemination contracts with customers since 2018. Forbruger-Kontakt A/S denies having taken any illegal actions. The Danish Competition Council is expected to hear the case during H1 2020. Where the Danish Competition Council does not find in favour of the Company, the case will be appealed to the Danish Competition Appeals Board and tested in court. On the basis available, it is not possible to state any possible liability.

32 Security for loans

	2019 DKKm	2018 DKKm
Carrying amount of mortgaged properties provided as security for the Group's mortgage debt	236.6	244.6

33 Related parties

As a principal shareholder in North Media A/S's Parent, Baunegård ApS, Richard Bunck is subject to the disclosure requirements for related parties. During this financial year and last financial year, there were no transactions with Richard Bunck except for the payment of remuneration to the Board of Directors.

Baunegård ApS is wholly owned and controlled by Richard Bunck. This company is an administration company in the joint taxation arrangement with North Media A/S and manages payment/receipt of Danish income tax on behalf of the North Media Group's Danish companies. Baunegård ApS (registered in the Municipality of Fredensborg) prepares the consolidated financial statements, in which North Media A/S and its subsidiaries are included.

Board Member Ulrik Holsted-Sandgreen is attorney-at-law and partner of the law firm of Horten, which provides professional advisory services to the Company. Therefore, Ulrik Holsted-Sandgreen may not be considered independent. In 2019, Horten has invoiced the Group for total fees of DKK 3.5 million (2018: DKK 4.7 million).

In the year under review, no transactions were made with the Board of Directors, Executive Board, managerial staff, significant shareholders or other related parties, except for salaries, remuneration and exercised share options as set out in Notes 6 and 7.

North Media has transactions with associates and subsidiaries in the form of ordinary business activities such as buying and selling services and internal rental agreements.

Transactions with subsidiaries are eliminated in the consolidated financial statements in accordance with the accounting policies.

	2019 DKKm	2018 DKKm
Transactions with associates		
Lead Supply ApS, sale	1.2	1.4
Lead Supply ApS, expenses	0.1	0.3
Total	**1.3**	**1.7**

34 Financial risks

The Group's handling of liquidityrisks and risk management is described in detail in a separate section in the management commentary. Supplementary information for understanding the Group's financial risks is given below.

Liquidity risk

The Group's capital resources consist of cash funds in the total amount of DKK 84.7 million (2018: DKK 70.7 million). In addition, the Group has readily negotiable securities of DKK 400.0 million (2018: DKK 256.5 million).

The Group's financial liabilities are due as follows:

2019, DKKm	Carrying amount	Contractual cash flow	Within 3 months	Within 3-12 months	1-5 years	After 5 years
Financial instruments						
Financial institutions	127.5	161.3	1.8	5.3	27.9	126.3
Lease debt	15.6	15.6	1.6	4.6	9.4	0.0
Trade payables	35.2	35.2	35.2	0.0	0.0	0.0
Other payables	41.2	41.2	37.1	4.1	0.0	0.0
Liabilities at 31 December	**219.5**	**253.3**	**75.7**	**14.0**	**37.3**	**126.3**
2018, DKKm						
Financial instruments						
Financial institutions	131.1	173.2	1.9	5.7	30.0	135.6
Trade payables	44.0	44.0	44.0	0.0	0.0	0.0
Other payables	46.3	46.3	41.7	4.6	0.0	0.0
Liabilities at 31 December	**221.4**	**263.5**	**87.6**	**10.3**	**30.0**	**135.6**

Interest-rate risk

It is group policy to hedge the interest-rate risk of the Group's loans when the Group believes that the interest payments can be secured at a satisfactory level compared with the related costs. In August 2018, the Group's loans were repayed/renewed into new 20-year and 30-year cash loans carrying a fixed interest rate of 1.5%. At year-end 2019, the 20-year cash loans were changed to fixed-interest loans at an interest rate of 0.5%. The Group's mortgage loans are stated as follows:

	2019 DKKm	2018 DKKm
0,5%, 20-year annuity loan maturing on 31 December 2039, cash loan	63.9	0.0
1,5%, 30-year annuity loan maturing on 30 September 2048, cash loan	63.6	65.2
Mortage loan, settled in 2019	0.0	65.9
Total mortgage debt	**127.5**	**131.1**

Fluctuations in the interest-rate level affects the Group's bank deposits and the fair value of the mortgage debt.

Cash debt on the mortgage loan is recognised in the balance sheet at the cash debt outstanding, for which reason fluctuations in fair value are not recognised in the financial statements. A 1% increase per year in the interest-rate level would reduce the fair value of the debt by DKK 10.1 million. Conversely, a decline in the interest-rate level by 1% would only increase the fair value of the debt by DKK 3.8 million, since the cash loan can be redeemed by purchasing the underlying bonds (for 2018, an in-crease in the interest-rate level by 1% would reduce the fair value of the debt by DKK 12.8 million whereas a decline would have increased the fair value of the debt by DKK 3.6 million).

The calculation of the Group's interest-rate sensitivity is based on the following assumptions:

- The sensitivity rates specified for the fixed-rate debt have been calculated on the basis of recognised financial assets and liabilities at 31 December 2019.
- It is assumed that the loans will be settled ordinarily as a 20-year and 30-year annuity loan, respectively, based on a cash borrowing rate of 0,74 to1,92 %.

The Group's cash and cash equivalents are mainly placed in the Group's cash pool account, on which negative interest is currently charged. The interest-rate risk of deposits is considered immaterial.

As to the Group's financial assets and liabilities, the carrying amount may be allocated on the following contractual dates of interest-rate adjustment or expiry, depending on which date comes first, and how large a portion of the interest-carrying assets and liabilities carries fixed or floating interest.

2019, DKKm	Within 1 year	Between 2 - 5 years	After 5 years	Total	Average duration
Bank deposits	84.7	0.0	0.0	84.7	1
Mortgage debt, fixed rate	-4.7	-19.2	-103.6	-127.5	5
Lease debt	-6.2	-9.4	0.0	-15.6	-
At 31 December	**73.8**	**-28.6**	**-103.6**	**-58.4**	**-**
2018, DKKm					
Bank deposits	70.7	0.0	0.0	70.7	1
Mortgage debt, fixed rate	-4.5	-18.8	-107.8	-131.1	5
At 31 December	**66.2**	**-18.8**	**-107.8**	**-60.4**	**-**

Share price exposure
A major portion of the Group's capital resources is placed in 13 different Danish and foreign shares and share-based investment funds, see description in the Financial review on page 32. A 10% change in the share price would influence pre-tax profit or loss for the year and equity by DKK 40.0 million (2018: DKK 25.7 million). A 10% change in the USD exchange rate compared to the exchange rate at 31 December 2019 would influence profit or loss for the year and equity by DKK 17.0 million (2018: DKK 12.5 million). Please refer to page 32 in the Financial review for a more detailed description of returns and value at risk.

Currency risks
More than 97% of the Group's activities are in Denmark and invoiced in Danish kroner. There are minor activities in the UK, Sweden and Germany.

No significant direct trading takes place between business entities in different countries, and North Media is only insignificantly exposed to currency risks with respect to cash flows from financial transactions and dividend flows with the exception of share price exposure, see above. An insignificant translation risk exists with respect to consolidating and translating foreign subsidiaries' financial statements to Danish kroner, and in connection with the Group's net investments in these companies. The maximum aggregate currency risk of the direct trading between business entities is estimated to be DKK 1.0 million a year and is therefore not hedged.

The Group purchases newsprint for its newspaper activities. Newsprint is paid in DKK, but the underlying purchase price is pegged to SEK and NOK. A 10% increase in

SEK and NOK on DKK would inevitably result in an increase in newsprint prices of just under DKK 1 million (2018: just under DKK 1 million).

The Group has no noteworthy currency risks with respect to receivables and debt denominated in foreign currencies at 31 December 2019 and 2018.

Credit risks

The Group is particularly exposed to credit risks vis-à-vis receivables and deposits with banks. The maximum credit risk equals the carrying amount. The Group's credit risk policy ensures that its cash resources are spread across various asset types and counterparties.

No noteworthy credit risks are considered to be associated with cash and cash equivalents as the counterparties are banks designated by the Danish Financial Supervisory Authority as systemically important financial institutions.

Outstanding receivables are regularly followed up on in accordance with the Group's receivables policy. The write-down for expected loss on trade receivables is recognised directly in profit or loss at the same time as the receivable based on a simplified expected credit loss model. The write-down is based on expected loss rates, applying historical experience, remaining time to maturity of the receivables, knowledge of customers, etc. Furthermore, individual provisions are made if external factors exist, such as bankruptcy or suspension of payment, that warrant this.

The Group has no significant risks relating to a single customer or business partner. In accordance with the Group's credit risk assumption policy, all major customers and other business partners are subject to continuous credit assessment. At 31 December 2019, total receivables of DKK 43.8 million are credit-insured with a maximum credit risk of DKK 6.6 million (2018: DKK 56.5 million credit-insured, and a maximum credit risk of DKK 11.7 million).

Below are the Group's trade receivables and related provisions for bad debts based on the Group's provision matrix. The expected loss rates are based on historical experience. FK Distribution generally has very small bad debt losses because of its customer mix which consists of few, but very large customers, and because credit insurance is taken out for outstanding receivables. The other segments are characterised by having many small customers, for whom no credit insurance is arranged, and consequently they experience a somewhat higher loss rate.

DKKm	Not overdue	0-30 days	31-60 days	61-90 days	> 90 days	Total
At 31 December 2019						
Expected loss rate	0.2%	1.0%	40.0%	70.0%	98.0%	-
Trade receivables	56.8	13.7	0.6	0.6	1.8	73.5
Expected loss	0.1	0.1	0.2	0.4	1.4	2.2
At 31 December 2018						
Expected loss rate	0.0%	1.0%	20.0%	40.0%	96.0%	-
Trade receivables	68.6	12.2	1.2	0.8	3.6	86.4
Expected loss	0.0	0.1	0.2	0.3	2.8	3.4

In the past three years, the Group's bad debt losses have ranged between 0.0‰ and 2.3‰ of revenue, lowest in 2019, for which reason non-due outstanding receivables are not considered to involve any significant risk. The financial year under review has not seen any major changes in provisions for bad debts receivables or identified any material losses.

Capital management

Please refer to the section on capital resources in the management commentary, capital structure and dividend policy, page 8.

35 Carrying amount, financial assets and liabilities

	2019		2018	
DKKm	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Trade receivables*	71.2	71.2	83.0	83.0
Other receivables**	3.0	3.0	3.8	3.8
Cash	84.7	84.7	70.7	70.7
Financial assets, measured at amortised cost	**158.9**	**158.9**	**157.5**	**157.5**
Other investments	1.4	1.4	5.7	5.7
Securities	400.0	400.0	256.5	256.5
Financial assets, measured at fair value	**401.4**	**401.4**	**262.2**	**262.2**
Financial institutions	127.5	131.0	131.1	132.2
Trade payables	35.2	35.2	44.0	44.0
Other payables	41.2	41.2	46.3	46.3
Financial liabilities, measured at amortised cost	**203.9**	**207.4**	**221.4**	**222.5**

*) Depreciation method: Lifetime expected credit-loss (simplified method)

**) Depreciation method: 12 month expected credit-loss

The fair value of listed securities has been calculated at the market price at 31 December 2019 and 31 December 2018, respectively, for the individual securities (Level 1).

The fair value for credit institutions has been calculated based on the market price at 31 December 2019 and 31 December 2018, respectively, based on the loans' underlying bonds (Level 1), adjusted for North Media's credit risk. Because of North Media's financial position, the credit risk is deemed insignificant.

Fair value and fair value adjustments of other investments are described in detail in Note 4 (Level 3).

For other assets and liabilities, carrying amount is considered to equal fair value.

36 Classified income statement

The Group presents the income statement according to the same policies as are applied in the internal reporting. The difference relative to a classified income statement is explained below.

	2019 DKKm	2018 DKKm
Income statement items:		
Direct expenses	-300.3	-331.3
Direct staff costs	-240.7	-261.1
Staff costs	-272.4	-269.6
Other expenses	-133.3	-151.2
Other operating income	7.3	5.5
Special items, net	1.7	-15.7
Total	**-937.7**	**-1,023.4**
These items are classified by nature:		
Other operating income	7.3	5.5
Cost of raw materials and consumables	-21.9	-22.0
Other external costs	-434.5	-492.6
Staff costs, ct Notes 6 and 7	-488.6	-514.3
Total	**-937.7**	**-1,023.4**

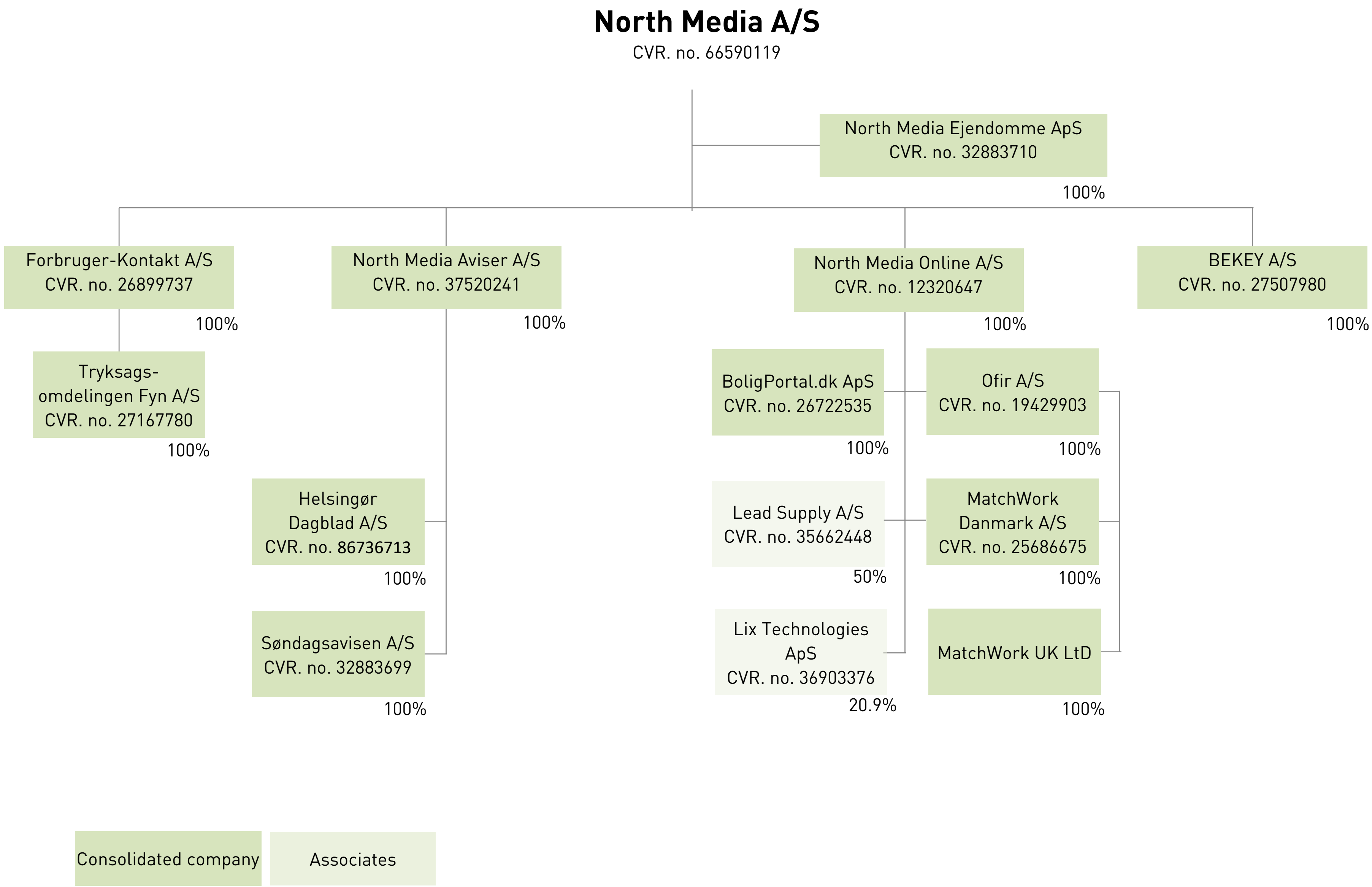
37 Subsequent events

Until the presentation of the Annual Report on 6 February 2020, no events have occurred which will affect users' interpretation of the Annual Report.

38 Authorisation of the consolidated financial statements

At the Board meeting on 6 February 2020, the Board of Directors authorised this Annual Report for publication. The Annual Report will be submitted for approval at the Annual General Meeting on 27 March 2020.

39 Group chart at 31 December 2019



Parent financial statements 2019

Financial statement 1 January – 31 December 2019

Parent income statement

	Note	2019 DKKm	2018 DKKm
Revenue		**20.2**	**21.9**
Staff costs	42	22.8	24.5
Other external expenses	43	7.2	8.2
Amortisation and depreciation		0.0	0.2
EBIT		**-9.8**	**-10.9**
Share of profits/losses in subsidiaries	44	119.6	60.9
Financial income	45	122.1	5.2
Financial expenses	45	0.5	0.3
Profit/loss before tax		**231.3**	**54.9**
Tax for the year	46	25.4	-1.6
Net profit/loss for the year		**205.9**	**56.6**

Parent balance sheet at 31 December

Assets

	Note	2019 DKKm	2018 DKKm
Operating equipment, fixtures and fittings		0.8	0.9
Property, plant and equipment	49	**0.8**	**0.9**
Investment in subsidiaries	48	434.5	399.2
Securities		0.1	0.1
Deferred tax asset	50	0.1	0.2
Other receivables		3.8	3.8
Fixed asset investments		**438.5**	**403.3**
Total non-current assets		**439.3**	**404.2**
Receivables from subsidiaries		40.4	32.9
Prepayments		0.6	0.8
Total receivables		41.0	33.7
Securities		400.0	256.5
Cash		74.7	56.8
Total current assets		**515.7**	**347.0**
Total assets		**955.0**	**751.2**

Equity and liabilities

	Note	2019 DKKm	2018 DKKm
Share capital		100.3	100.3
Retained earnings	49	446.3	333.1
Proposed dividend	49	80.2	60.2
Shareholders' equity		**626.8**	**493.6**
Trade payables		0.8	0.2
Payables to subsidiaries		313.4	242.3
Income tax payable	51	6.7	7.0
Other payables	52	7.2	8.1
Total current liabilities		**328.2**	**257.6**
Total liabilities		**328.2**	**257.6**
Total equity and liabilities		**955.0**	**751.2**
Rental obligations	53		
Contingent liabilities	54		
Related parties	55		

Parent statement of changes in equity

DKKm	Share capital	Retained earnings	Proposed dividend	Total
Equity at 1 January 2018	**100.3**	**321.8**	**30.1**	**452.2**
Changes in equity in 2018				
Foreign currency translation adjustments, foreign subsidiaries and associates	0.0	0.1	0.0	0.1
Adjustments of investments in subsidiaries and associates	0.0	10.2	0.0	10.2
Net profit/loss for the year	0.0	-3.6	60.2	56.6
Dividend paid	0.0	0.0	-30.1	-30.1
Dividend on treasury shares	0.0	1.7	0.0	1.7
Sales of treasury shares	0.0	2.2	0.0	2.2
Share-based payment	0.0	0.8	0.0	0.8
Total changes in equity in 2018	0.0	11.3	30.1	41.4
Equity at 31 December 2018/1 January 2019	**100.3**	**333.1**	**60.2**	**493.6**
Changes in equity in 2019				
Foreign currency translation adjustments, foreign subsidiaries and associates	0.0	-0.2	0.0	-0.2
Net profit/loss for the year	0.0	125.7	80.2	205.9
Dividend paid	0.0	0.0	-60.2	-60.2
Dividend on treasury shares	0.0	4.7	0.0	4.7
Purchase of treasury shares	0.0	-19.4	0.0	-19.4
Share-based payment	0.0	2.3	0.0	2.3
Total changes in equity in 2019	0.0	113.1	20.1	133.2
Equity at 31 December 2019	**100.3**	**446.3**	**80.2**	**626.8**

Notes to the parent financial statements

40 Basis of accounting

The parent financial statements have been prepared in accordance with the provisions of the Danish Financial Statements Act for reporting class D enterprises.

The Annual Report is presented in Danish kroner.

Accounting policies are unchanged compared with 2017.

No cash flow statement has been prepared for the Parent, see section 86(4) of the Danish Financial Statements Act.

41 Accounting policies

The Parent's recognition and measurement criteria are identical to the Group's accounting policies except in the following areas:

Income statement
Revenue
Revenue of the Parent is composed of intercompany management fees and rent to the Group's companies.

Profits or losses from investments in subsidiaries
The Parent's profit or loss includes the proportionate share of the net profits or losses of the individual group enterprises after full elimination of intra-group gains or losses and net of amortisation of goodwill.

Balance sheet
Investments
Investments in group enterprises are measured according to the equity method in the balance sheet at the proportionate share of net asset value plus goodwill regarding such group enterprises.

In the parent financial statements, goodwill is amortised based on the principles below.

Goodwill is measured at cost less accumulated amortisation and impairment losses.

Goodwill is amortised over its estimated economic life which is determined based on Management's experience of the individual business areas. Goodwill is amortised on a straight-line basis over the amortisation period which is not more than ten years and longest for strategically acquired companies with a strong market position and a long-term earnings profile. Amortisation of goodwill is recognised in the income statement under investments in subsidiaries.

The value of group enterprises inclusive of goodwill is tested for im-pairment in the event of any indication of impairment. The value of group enterprises is written down to the higher of value in use and net selling price of the individual group enterprise.

Subsidiaries with a negative net asset value are measured at DKK 0 and any amount due from these companies is written down by the Parent's share of the negative net asset value to the extent that it is found to be uncollectible. Should the negative net asset value exceed the amount due, the remaining amount will be recognised under provisions to the extent that the Parent has a legal or constructive obligation to cover the liabilities of the company concerned and a loss is expected to follow from this.

Dividend
Dividend expected to be paid for the year is presented as a separate item under equity.

42 Employees and staff costs

	2019 number	2018 number
Average number of employees	18.0	19.0

Total amount of wages, salaries and remuneration for the year:	2019 DKKm	2018 DKKm
Wages and salaries including holiday pay	17.5	17.3
Defined contribution plans	0.9	1.0
Other social security costs	-0.4	0.1
Fee to the Board of Directors	2.5	2.4
Other staff costs	2.3	3.6
Total staff costs	**22.8**	**24.5**

Remuneration of the Board of Directors and the Executive Board

	Board of Directors	Executive Board	Total
2019 DKKm			
Wages and salaries	2.2	13.8	16.0
Defined contribution plans	0.0	0.7	0.7
Share-based payment	0.3	0.7	1.0
Retirement benefit plan	0.0	2.4	2.4
Total remuneration	**2.5**	**17.6**	**20.1**
Number of members	4	5	9

	Board of Directors	Executive Board	Total
2018 DKKm			
Wages and salaries	2.4	13.7	16.1
Defined contribution plans	0.0	0.8	0.8
Share-based payment	0.1	0.3	0.4
Retirement benefit plan	0.0	5.2	5.2
Total remuneration	**2.5**	**20.0**	**22.5**
Number of members	5	5	10

43 Fee to the auditors appointed by the Company in General Meeting

	2019 DKKm	2018 DKKm
PwC		
Statutory audit services	0.3	0.0
Non-assurance engagements	0.0	0.0
Tax services	0.1	0.0
Other services	0.3	0.0
Deloitte		
Statutory audit services	0.0	0.5
Non-assurance engagements	0.0	0.0
Tax services	0.0	0.0
Other services	0.0	0.2
Total fee to the auditors appointed by the Company in General Meeting	**0.7**	**0.7**

Fees for other assurance engagements provided for the Group by Pricewaterhouse-Coopers Statsautoriseret Revisionspartnerselskab amounted to DKK 0.4 million in 2019 (2018: provid-ed by Deloitte Statsautoriseret Revisionspartnerselskab: DKK 0.1 million relating to advisory services generally.

44 Share of profits/losses in subsidiaries

	2019 DKKm	2018 DKKm
Share of profits/losses before tax	156.8	80.9
Share of tax	-37.2	-19.2
Amortisation of consolidated goodwill	0.0	-0.7
Total share of profits/losses in subsidiaries	**119.6**	**60.9**

45 Financial income and expenses

	2019 DKKm	2018 DKKm
Financial income		
Dividend	0.0	5.1
Net capital gains on shares	122.1	0.1
Total financial income	**122.1**	**5.2**
Financial expenses		
Net capital loss on shares	0.0	0.0
Other financial expenses	0.5	0.3
Total financial expenses	**0.5**	**0.3**

46 Income tax

	2019 DKKm	2018 DKKm
Income tax for the year is composed as follows:		
Current tax charges, incl financing charges	25.0	0.7
Adjustment relating to prior years	0.3	0.0
Changes in deferred tax	0.1	0.3
Total tax on profit/loss for the year, income	**25.4**	**1.0**

47 Property, plant and equipment

	2019 DKKm	2018 DKKm
Cost at 1 January	2.6	6.9
Additions for the year	0.0	0.1
Disposals for the year	0.5	4.4
Cost at 31 December	**2.1**	**2.6**
Depreciation and impairment losses at 1 January	1.7	5.9
Depreciation for the year	0.1	0.2
Disposals for the year	0.5	4.4
Depreciation and impairment losses at 31 December	**1.3**	**1.7**
Carrying amount at 31 December	**0.8**	**0.9**
Depreciated over (years)	**3-5**	**3-5**

48 Investments in subsidiaries

	2019 DKKm	2018 DKKm
Cost at 1 January	767.4	767.4
Additions for the year	16.0	0.0
Disposals for the year	0.0	0.0
Cost at 31 December	**783.4**	**767.4**
Net write-down according to the equity method at 1 January	-368.2	-380.4
Translation adjustments	-0.2	0.1
Share of profit/loss for the year	119.6	59.0
Amortisation, goodwill	0.0	-0.7
Dividend received	-100.0	-59.0
Other adjustments	0.0	12.9
Net write-down according to the equity method at 31 December	-348.9	-368.2
Carrying amount at 31 December	434.5	399.2
Of which, goodwill	0.0	0.0

	Registered office	Ownership % 2019	 2018
Forbruger-Kontakt A/S	Taastrup	100.0%	100.0%
North Media Aviser A/S	Frederiksberg	100.0%	100.0%
North Media Online A/S	Søborg	100.0%	100.0%
BEKEY A/S	Søborg	100.0%	100.0%
North Media Ejendomme ApS	Søborg	100.0%	100.0%

Reference is made to Note 39 for the Group chart

49 Attributable, net profit/loss

	2019 DKKm	2018 DKKm
Retained earnings	125.7	-3.6
Proposed dividend	80.2	60.2
Net profit/loss for the year	**205.9**	**56.6**

50 Deferred tax

	2019 DKKm	2018 DKKm
Deferred tax at 1 January	-0.2	-0.5
Deferred tax for the year included in net profit/loss for the year	0.1	0.3
Deferred tax at 31 December, net	**-0.1**	**-0.2**

Specification of deferred tax:	**Assets**	**Liabilities**	**Total 2019**
Property, plant and equipment	0.2	0.0	**-0.2**
Receivables	0.0	0.1	**0.1**
	0.2	**0.1**	**-0.1**

	Assets	**Liabilities**	**Total 2018**
Property, plant and equipment	0.3	0.0	**-0.3**
Receivables	0.0	0.1	**0.1**
	0.3	**0.1**	**-0.2**

51 Income tax payable

	2019 DKKm	2018 DKKm
Income tax payable at 1 January	7.0	-2.6
Current tax for the year	25.0	0.7
Adjustments for prior years	0.3	0.0
Tax payable under the joint taxation arrangement	32.2	13.0
Income tax paid for the year	-57.8	-4.1
Income tax payable at 31 December	**6.7**	**7.0**

52 Other payables

	2019 DKKm	2018 DKKm
VAT liability	0.7	1.2
Holiday pay obligation	2.2	2.7
Other payables	4.3	4.2
Total other payables	**7.2**	**8.1**

53 Rental obligations

	2019 DKKm	2018 DKKm
Future total expenses related to rental obligations:		
Due within 1 year	8.1	7.8
Due within 1 and 5 years	0.0	0.0
Total	**8.1**	**7.8**
With respect to rental obligations, the following amounts have been recognised in the income statement:	7.8	7.6

54 Contingent liabilities

The Group participates in a Danish joint taxation arrangement in which Baunegård ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Group is therefore liable for income taxes and also for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed companies. The total known joint taxation liability is evident from the financial statements of Baunegård ApS.

55 Related parties

Reference is made to Note 33 to the consolidated financial statements for a description of related party transactions.

Group adresses

Parent

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www.northmedia.dk

Associates

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CVR. no. 35 66 24 48
www.leadsupply.dk

Lix Technologies ApS
Klamsagervej 23
8230 Åbyhøj
CVR. no. 36 90 33 76
www.lix.com

Subsidiaries

Forbruger-Kontakt A/S
FK Distribution A/S
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www.minby.dk

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