AS EKSPRESS GRUPP

CONSOLIDATED INTERIM REPORT

FOR THE FOURTH QUARTER AND

12 MONTHS OF 2017

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GENERAL INFORMATION

Beginning of reporting period	1 January 2017
End of reporting period	31 December 2017
Company name	AS Ekspress Grupp
Registration number	10004677
Address	Parda 6, Tallinn 10151
Phone	669 8381
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E-mail	egrupp@egrupp.ee
Internet homepage	www.egrupp.ee
Main field of activity	Publishing and related service
Management Board	Mari-Liis Rüütsalu
	Pirje Raidma
	Andre Veskimeister (until 16.12.2017)
	Kaspar Hanni (since 18.12.2017)
Supervisory Board	Gunnar Kobin (Chairman) (until 22.02.2018)
	Andre Veskimeister (since 22.02.2018)
	Hans H. Luik
	Harri Helmer Roschier
	Indrek Kasela
	Marek Kiisa
	Peeter Saks
	Aleksandras Česnavičius
Auditor	KPMG Baltics OÜ

Management Board's confirmation of the Group's interim financial statements

The Management Board confirms that the management report and interim consolidated financial statements of AS Ekspress Grupp disclosed on pages 5 to 59 present a true and fair view of the key events which have occurred during the reporting period and their effect on the Group's financial position, results and cash flows, and they include a description of major risks and related party transactions of great significance.

Mari-Liis Rüütsalu	chairman of the Management Board	*signed digitally*	23.02.2018
Pirje Raidma	member of the Management Board	*signed digitally*	23.02.2018
Kaspar Hanni	member of the Management Board	*signed digitally*	23.02.2018

STATEMENT OF THE CHAIRMAN OF THE MANAGEMENT BOARD

Pillars of our activities

We are a media group whose goal is to create synergy between the traditional paper-based high-quality journalism and digital channels through their combined strong development while moving increasingly into entertainment business. More than 2.5 million people use our content and services in the Baltic States annually and we are striving to offer our readers and viewers most relevant information and entertainment experiences.

As the leader in the media business we need to be trustworthy. We are expected to provide journalism which is independent and based on facts, draw attention to important issues in the society and in the world, and unite communities. In a society where social media dominates, fake news spread and trust in one other is declining, the role of high-quality media is to be a stable point of reference and a guide. The decline of trust in social media has once again opened up several possibilities for classic media organisations whose key advantages include quality and independence.

We need to ensure the attractiveness and availability of our services at a busy and fast-changing time – digital channels, video content and outdoor billboards, fast payment options and desire of people to receive personal services without an eye-to-eye contact.

We need to strive at being an attractive employer to the best people. Competition to find employees is getting more intense and in changed circumstances, the employer is in a completely different role. The content of our services is created on each given day by people with different backgrounds. For this purpose we need to understand the expectations of the young as our future employees regarding the meaning of work, work arrangement and position. If we are successful at that, we are going to lay the foundation for the development of services that also meet the expectations of new consumers.

A media organisation has always had and will always have great responsibility towards society. With our decisions we can impact the development of all areas, those who need help in different communities and the natural environment around us.

We will remain honest, open and ethical while managing our companies.

Success and developments in 2017

The year 2017 was primarily a year of adaption for the Group. At the beginning of the year, changes took place in the managements of the parent company and three media companies domiciled in Estonia.

The trend of users of all ages moving to Internet has become the new normality, creating new possibilities for our products on the one hand while leading to a decline of interest in printed newspapers, magazines and advertising products.

All this requires an innovative approach and entry into new lines of business in order to keep pace with the changing needs and requirements of consumers. Constant and bold innovation has become the cornerstone of our activities, it offers excitement and enables us to survive and grow in a more competitive business environment.

As the market leader of news portals in the Baltic States, Delfi continues to invest in new technology and IT solutions with the goal of improving the user experience of its readers and advertisers in various channels and platforms. In 2017, innovative technology was developed further, enabling to pay for fee-based content with one click. We believe that this technology will also have international success and in addition to taking part in the pilot project, we are also co-investors in Zlick Ltd.

We have launched ad-free Delfi, enabling to read ad-free Delfi portal for a monthly fee. New separate mobile applications of our digital newspapers, various product packages as well as Delfi verticals have been introduced.

The content produced by our companies has almost 75 000 digital subscribers with an access to content in all channels. It marks a strong entry into the market of digital subscribers. We are undoubtedly pioneers in our region, paving the way for the growth of paid content consumption in the Baltic States. This will help us offset the decline in paper revenue.

Since last year, our media companies offer customers an option to buy advertising services ranging from the idea and execution to media space. We also provide programmatic advertising sales and in addition to online advertising, we offer the possibility to buy advertising in other local or international channels. At the year-end, we acquired the remaining 51% holding in Adnet Media, the largest online advertising multi-channel and advertising network in the Baltic States.

As a new trend we have entered the event organising market. In addition to traditional media we are moving more into the entertainment sector, offering our current and new consumers also possibility to experience different events in addition to journalistic content. The greatest success stories include the Game of the Stars of the Estonian Basketball League in February; Ruja's reunion concert at Tallinn Song Festival Grounds dedicated to the day of regaining independence of Estonia (attended by 14 000 people which was second best result in terms of the concert audience in Estonia in 2017); Kadri Voorand's sold-out concerts in Nordea Concern Hall and preparations for the large-scale project "Idea for Lithuania" arranged by Delfi Lithuania in February 2018.

We are taking major steps in the business line of digital outdoor advertising. We have actively increased our reach by developing the network of digital billboards. It will be easy to continue from here and focus on sales activities.

In 2017, the activities of the Group's media branch were supported by strong macroeconomic indicators in the Baltic States (primarily in Latvia). On the other hand we are also competing with large global giants such as Facebook and Google that grab a larger share of the market growth.

The printing services sector experienced a downturn where the price pressure is extremely strong and the printing company with a focus on quality needs to aggressively expand its products and customer portfolio.

In 2017, the Group's consolidated revenue increased by 1% as compared to last year and totalled EUR 63.7 million. EBITDA was 21% lower than last year's level, totalling EUR 6.7 million and the net profit totalled EUR 3.1 million.

Ever-increasing price competition in the printing services segment, declining margins, lower delivery volumes of the home delivery company and increasing staff costs played a role in it. Significant impairment loss of books in the balance sheet of Ajakirjade Kirjastus, that had been published a few years earlier and whose circulations had been way too optimistic, had to be recognised.

As the market of books is in a continuous downturn, the department of the book publishing of Ajakirjade Kirjastus was merged with the Group's separate book publishing company Hea Lugu in the 4th quarter. Investments have been made in the online capability of Ajakirjade Kirjastus which has increased staff costs and which have had negative impact on the company's last year's profit.

At the year-end, the unprofitable business line of magazines was sold in Lithuania which will enable to focus primarily on online activities and other lines of business that continue growing.

On a positive note, online revenues grew in all countries and by 16% in Group total. Digital subscription revenue has increased by almost 50%. Online revenue now makes up almost 33% of the Group's total revenue.

The year 2018 will be a year of new hopes and expectations in several segments. Last year we made major investment decisions and this year should show the first results. In the media sector we are witnessing steady growth in all our companies. This year we will focus on increasing the revenue from digital subscribers. The business line of event organising has proven its viability in Estonia while Lithuania is also gaining momentum. In Latvia, the business of outdoor advertising is strongly underway. In the printing services segment we are expecting stabilisation and witness the effect of new investments on revenue and EBITDA. At the same time we are planning to increase the share of digital revenue in our portfolio – both from the basis of current media business as well as new ideas.

CORPORATE STRUCTURE

Ekspress Meedia Estonia	Ekspress Meedia publishes internet portal Delfi with ca 600 thousand monthly visitors, newspapers Eesti Ekspress, Eesti Päevaleht and Maaleht and magazine Maakodu.
Delfi Latvia Latvia	Delfi Latvia, internet portal with ca 900 thousand monthly visitors, has been recognized in 2017 as most trustworthy news channel in Latvia.
Delfi Lithuania Lithuania	Delfi Lithuania is proud to serve ca 1.3 million monthly visitors and is recognized as the premier media partner for high profile business and sports events in Lithuania.
SL Õhtuleht Estonia	SL Õhtuleht publishes the largest daily newspaper Õhtuleht, free newspaper Linnaleht and internet portal ohtuleht.ee with over 300 thousand monthly visitors.
Ajakirjade Kirjastus Estonia	Ajakirjade Kirjastus publishes over 20 magazines on paper and in digital format with over 600 thousand readers and publishes special-interest online content.
Hea Lugu Estonia	Hea Lugu is a book publishing company. Hea Lugu publishes fiction, history, books for children, references and handbooks and various book series.
Ekspress Digital Estonia	Ekspress Digital is a technology provider that supports Group's other companies through development and management of their technology solutions.
Printall Estonia	One of the most modern Estonian printing company Printall prints a number of local newspapers and magazines while exporting majority of the production.
Express Post Estonia	Express Post is currently the only early-morning newspaper delivery company in Estonia, providing delivery services for periodicals, magazines and letters.
Babahh Estonia	Babahh Media provides full range of professional video production, real-time and recorded video streaming, video automation, management and archive solutions.
Linna Ekraanid Estonia	Linna Ekraanid is a fast-growing outdoor media company that builds and operates well-positioned digital outdoor screens in several cities across Estonia.
Kinnivarakeskkond Estonia	Kinnisvarakeskkond develops a modern real estate portal kinnisvara24.ee in co-operation with local real estate agencies and boasts over 12 thousand listings.
ACM Latvia	ACM is a fast-growing outdoor media company that builds and operates well-positioned digital outdoor screens in several locations across Riga.
Adnet Media Estonia, Latvia, Lithuania	Adnet Media is the largest online advertising network in the Baltic States offering modern programmatic advertising, audience and campaign optimization.

RESPONSIBILITY OF A MEDIA GROUP IN THE SOCIETY

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

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

<table>
<tr><td colspan="4">The society expects
high-quality, reliable and ethical media space</td></tr>
<tr><td>Satisfaction of over 2.5 million end consumers shaped by: quality and continuity of content and services as well as data protection.</td><td>Dependence of today's media business on advertising customers involves careful monitoring of the line between journalistic content and advertising.</td><td>Employer for more than 1500 people means both a risk and an opportunity: stressful but exciting work related to the trends in the field, intense competition to attract talent.</td><td>Sustainable arrangement of unavoidable environmental impact of printing is a prerequisite for success in export markets while also becoming part of the requirements of customers in home countries.</td></tr>
<tr><td colspan="4">The broader public and the related parties of Ekspress Group's assume that
group companies are managed in a honest, law-abiding and ethical manner.</td></tr>
</table>

According to the estimate of the well-known annual Edelman Trust Barometer for 2018, mistrust still prevails in the world and both the business sector as well as the media plays a key role in moving to greater transparency and truth[1]. The gap between well-informed groups of society and general population is still wide. 43% of the world's population trusts the media (last year it was also 43%, before that it was 48%). Although the survey did not cover the Baltic States, it means great responsibility for the producer of local high-quality media.

According to the global press freedom ranking, the media in the Baltic States is free – in the table[2] of the Reporters Without Borders (RSF) for 2017, Estonia ranked in the 12th, Latvia in the 28th and Lithuania in the 36th place.

"The cornerstone of the media business and the most important value of Ekspress Group is reliability to be attained through balanced journalism" – Mari-Liis Rüütsalu, Chairman of the Management Board of Ekspress Group.

A professional approach to content production and adherence to the norms of journalistic ethics will help create trust. Adherence to such principles is greatly subjective at Ekspress Group and part of an open organisational culture where managers, editors-in-chief and editors play an important role in ensuring this.

According to the national surveys ordered by Delfi Latvia and Delfi Lithuania and conducted by research companies Kantar TNS (Latvia) and Sprinter Research (Lithuania), Delfi portals are the key media online channels for the local population, surpassing others by a wide margin. The most significant advantages of Delfi.lv as well as Delfi.lt as compared to other portals include content integrity and easy to find information. In both countries, Delfi is considered to be the most objective (31% of those who responded in Latvia and 39% in Lithuania) and reliable (48% and 37%) portal. Its popularity is 3-4 times higher than that of the national broadcasting news portals.

[1] https://www.edelman.com/trust-barometer

[2] https://rsf.org/en/ranking

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

In 2017, Delfi Lithuania received funding from the innovation fund The Digital News Initiative funded by Google to create a platform for uncovering fake news and hindering their distribution. In a wider context, Delfi's initiative which automates uncovering deliberately misleading news aims at lowering the effect of fake news in the society, raise public awareness and skill to think critically, and to create more high-quality news media. The solution preceding the development that received funding:
https://www.delfi.lt/news/daily/demaskuok/

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

With the volume of content marketing growing, a clear distinction between advertising and journalistic content requires more attention. To this end, there is a clear line between the tasks of the media editorial offices and advertising department – journalistic stories are not created in the interest of content marketing or advertising customers, and vice versa, the writers of content marketing articles are not part of the journalistic staff. Content marketing stories are always marked with the respective note for the media consumer.

Media companies are turning more into organisers of entertainment events. In 2017, Ekspress Meedia was the first media company in Estonia that while covering its own events started to add the content marketing sign to them for the sake of clarity and honesty.

Eesti Ekspress, Eesti Päevaleht, Õhtuleht and Maaleht are members of the Estonian Newspaper Association and in their work the journalists of these periodicals adhere to the Code of Ethics of the Association. The editorial staff of Delfi Estonia and Delfi Lithuania has created and taken into use their own codes of ethics. The responsibility of journalists is also laid down in their job descriptions to be signed by anyone starting a new job. Õhtuleht has also laid down the rules of behaviour in social media in the job description.

Delfi Latvia and Delfi Lithuania – trendsetters in media ethics:
In addition to the Code of Ethics, Delfi Latvia has also put together an internal journalism quality manual. This covers ethics dilemmas for journalists and rules for solving them. Following the rules is mandatory for all employees and the company started to evaluate awareness of all employees with it in 2017.

Delfi Lithuania was the first online media channel in the country that developed and published its principles of ethics already in 2013.

The publishers of Ekspress Group in Estonia, Latvia and Lithuania are part of journalism self-regulation bodies of the respective countries. The Press Council offers an out-of-court option to protect the interests of those readers who are in conflict with the media.
Complaints concerning the journalistic content are an integral part of the media business. However, Ekspress Group tries to avoid official complaints, court cases and punishments. The complaints submitted directly to publishers are often resolved on an ongoing basis between readers or viewers and the editorial staff and lawyers of Ekspress Group.

In certain cases, group companies also recommend that those who submit complaints should contact the Press Council in order to find a solution for both parties. In case of condemning decisions of the Press Council (Ethics Committee in Latvia), Ekspress Group acknowledges its mistakes, publishes this information in its publications and follows prescribed guidelines.

In 2017, the Estonian Press Council made 11 condemning decisions regarding stories published in Delfi Estonia, Eesti Päevaleht, Eesti Ekspress or Õhtuleht. They were mostly related to the clauses of the Code of Ethics of Journalism according to which the journalist needs to hear out all parties in case of a conflicting material (5 cases of misdemeanour) and there is a responsibility to publish non-misleading headings or slogans (3 cases of misdemeanour). No condemning decisions were made in respect of the content published by Delfi Latvia and Delfi Lithuania.

Violation of the norms of ethics is taken seriously at the Group. Depending on the newspaper, complains and misdemeanour cases are discussed and conclusions are made by managers, editors-in-chief, journalists and lawyers. In case of the most serious violations, changes are also made to the editorial staff if necessary. Ethical issues are discussed daily within the framework of separate meetings, trainings or gatherings at group companies.

In addition to the norms of ethics, Ekspress Group companies follow the laws of data protection, public information as well as other laws. In unregulated situations, decisions are made on the basis of public interest or under the principle of honesty.

The media can aggravate situations – the editorial staff of Ekspress Group companies are aware of it and take it into consideration in their work. On the one hand, being the society's "watchdog" provides an opportunity to draw attention to certain topics and processes and impact them in a positive direction. On the other hand it forces journalists and editors to understand the line of sensitivity in certain circumstances which is not ethical to cross. Both needs to be taken into consideration.

All of the above applies primarily to newspapers as well as portals. The dynamics of magazine publishing is slightly different (for example, the risk of errors is hedged by a larger timeframe which editors can use to read stories before they go to print). However, even those editorial staff follow the same principles.

In 2017, the journalists of Ekspress Group raised many topics that led to public discussions or brought about significant changes.

- Eesti Ekspress exposed suspicions of corruption in Tallinn's waste management leading to the arrest of deputy mayor Sarapuu. The necessity of care insurance for the elderly and tragically ended medication/treatment errors at large hospitals were also in focus.
- Maaleht paid great attention to the massive death of bees, preservative-filled school meals and fraud with apple varieties.
- Delfi Lithuania exposed problems related to regulations concerning public access to lakes, child abuse and drawbacks concerning the financial situation of hundreds of mothers as result of which changes were made to legislative acts.
- Delfi Latvia kept a close watch on such topics as pro-Kremlin motorcyclists, real estate disputes concerning Riga Skonto football stadium and participation activity of local government elections.
- Õhtuleht covered extensively the tax reform from the point of view of retired people, the situation of nursing care hospitals and the effect of frontier trade on a wider scale than just alcohol business. The latter case it was most likely as the first publisher in Estonia to do that.
- Among other topics, the periodicals of Ajakirjade Kirjastus focused on stories concerning health and cancer awareness as well as gender equality.

MEDIA DISTINCTIONS AND AWARDS IN 2017

Estonia

In 2017, the most important investigative journalism award Bonnier was awarded to journalist of Eesti Ekspress **Marian Männi** for the stories published on 23 November 2016 "So much for the Estonian origin: Repinski's goat cheese comes from the Netherlands" and on 30 November 2016 "Repinski's ten big and small lies".

At the contest "Journalism awards 2016", the employees and publications of Ekspress Group received several awards:

- In the news category, the winner was **Tuuli Jõesaar** from Eesti Päevaleht for her stories published in February 2016 "National de-icing requirements are ignored at the place of a serious bus accident", "De-icing requirements were not followed in key roads for years" and "The Estonian Road Administration was told to quickly start changing de-icing contracts".
- The Young Journalist Award was awarded to **Laura Mallene** from Eesti Päevaleht.
- In the opinion category, **Krister Kivi** was the winner for his story published in Eesti Ekspress on 31 August 2016 titled "I could not care less about sports!"
- In the total design categories of major newspapers, Õhtuleht received the bronze award for the design of the newspaper on 5 February and 7 May.
- For the design of feature stories of major newspapers, the bronze award was given to the story "The boy" published in the annex Areen of Eesti Ekspress on 21 June, the story "Jüri Arrak: anyone can learn sexual techniques but it is important to find a partner with the matching energy" published in LP on 22 October and the story "Injuries of Estonian top athletes: setbacks of current and former aces" published in Õhtuleht on 6 April.
- In the category of web pages, the silver award was given to the mobile web page of Õhtuleht.
- In the category of digital single project, the Gold award was given to the project "Influential people" by Eesti Päevaleht/Delfi.

The society Estonian Female Editors awarded the Good Word Award to **Rainer Kerge** from Õhtuleht. The award acknowledges journalists who excel in Estonian media, whose creation carries humanistic values, is meaningful and clear, appreciates the language and is original.

Latvia

- Delfi project "Chernobyl – 30" won the Latvian Press Association's Excellence Award in the visualisation category.
- Delfi won the Most Influential Brand in Social Media Award in the category of social networks for the third consecutive year in a row.

Lithuania

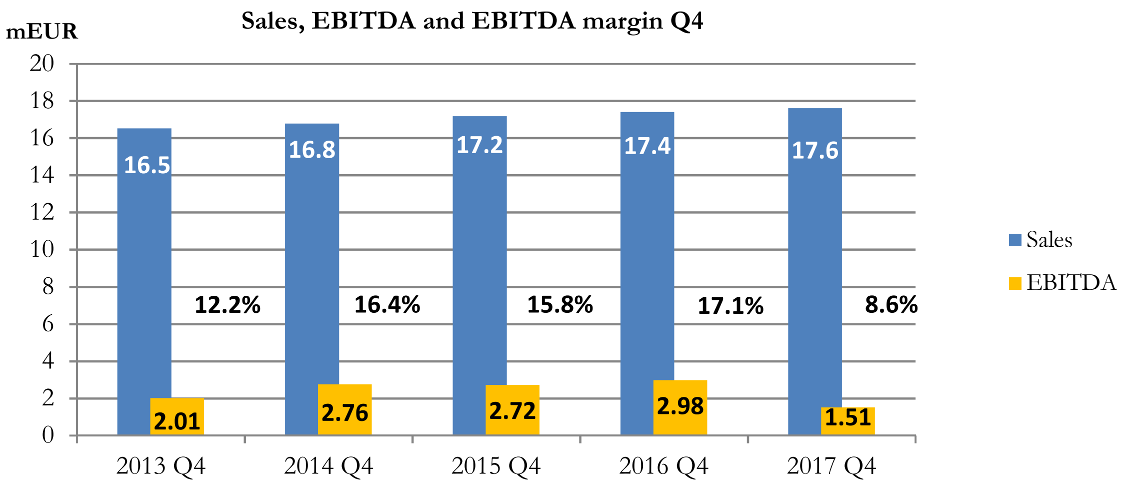
- At the Lithuanian Press photo contest for 2017, Delfi photographers won three awards: **Domantas Pipas** both in the news and portrait photo category and **Andrius Ufartas** in the category of everyday life.
- The Lithuanian Ministry of Environment awarded the 3rd prize to editor-in-chief **Tomas Janonis** of Delfi portal GRYNAS.lt for his article which covered the issue related to the state forest in Palanga that was closed both to locals and visitors.
- Lithuanian sports associations selected the article written by Delfi sports journalist Mindaugas Augustis about the multinationals in European football clubs as the best article of the year.

MANAGEMENT REPORT

In the consolidated financial reports 50% joint ventures are recognised under the equity method, in compliance with **international financial reporting standards (IFRS)**. In its monthly reports, the management monitors the Group's performance on a basis of proportional consolidation of joint ventures and the syndicated loan contract also determines the calculation of some loan covenants by proportional consolidation. For the purpose of clarity, the management report shows two sets of indicators: one where joint ventures are consolidated line-by-line 50% and the other where joint ventures are recognised under the equity method and their net result is presented as financial income in one line.

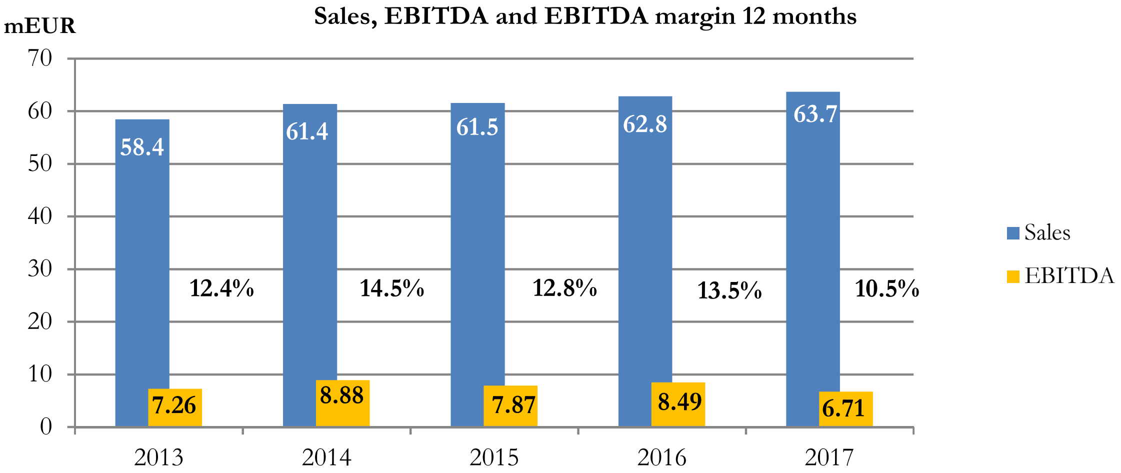
FINANCIAL INDICATORS AND RATIOS – joint ventures consolidated 50% line-by-line

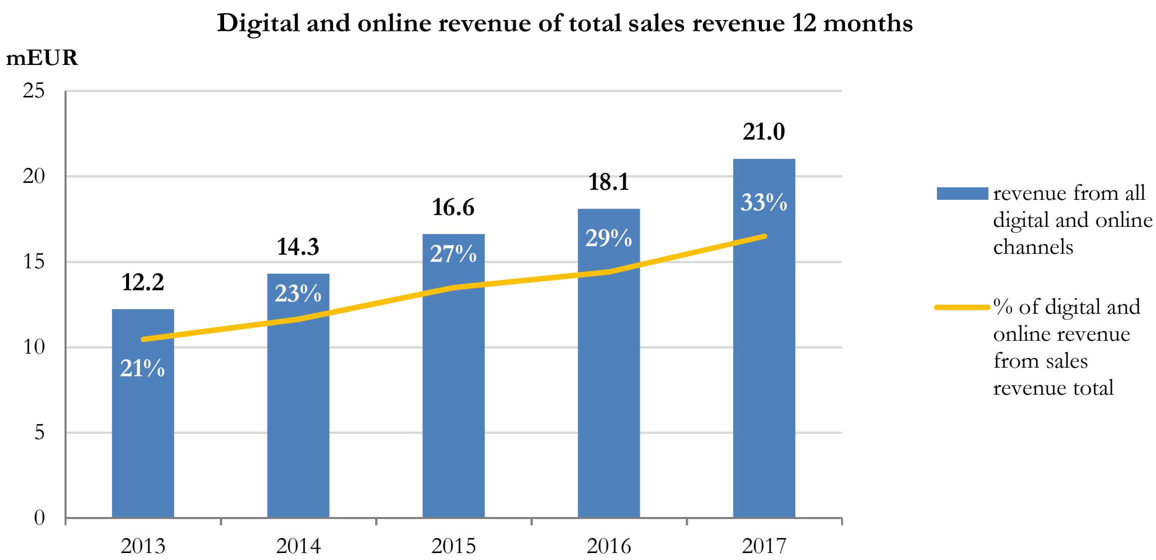
Performance indicators – joint ventures 50% consolidated (EUR thousand)	Q4 2017	Q4 2016	Change %	Q4 2015	Q4 2014	Q4 2013
For the period						
Sales	17 606	17 409	1%	17 181	16 778	16 526
EBITDA	**1 512**	**2 981**	**-49%**	**2 720**	**2 757**	**2 015**
EBITDA margin (%)	***8.6%***	***17.1%***		***15.8%***	***16.4%***	***12.2%***
Operating profit*	630	2 113	-70%	1 936	1 895	1 348
Operating margin (%)*	*3.6%*	*12.1%*		*11.3%*	*11.3%*	*8.2%*
Interest expenses	(104)	(123)	16%	(141)	(186)	(185)
Net profit/(loss) for the period*	**508**	**1 868**	**-73%**	**1 660**	**1 614**	**1 057**
Net margin* (%)	***2.8%***	***10.7%***		***9.7%***	***9.6%***	***6.4%***
Net profit for the period in financial statements (incl. write-downs and gain from change in ownership interest)	703	1 868	-62%	460	1 149	(1 410)
Net margin (%)	*4.0%*	*10.7%*		*2.7%*	*6.8%*	*-8.5%*
Return on assets ROA (%)	*0.9%*	*2.4%*		*0.6%*	*1.4%*	*-1.8%*
Return on equity ROE (%)	*1.3%*	*3.7%*		*0.9%*	*2.4%*	*-3.2%*
Earnings per share (EPS)	**0.02**	**0.06**		**0.02**	**0.04**	**(0.05)**

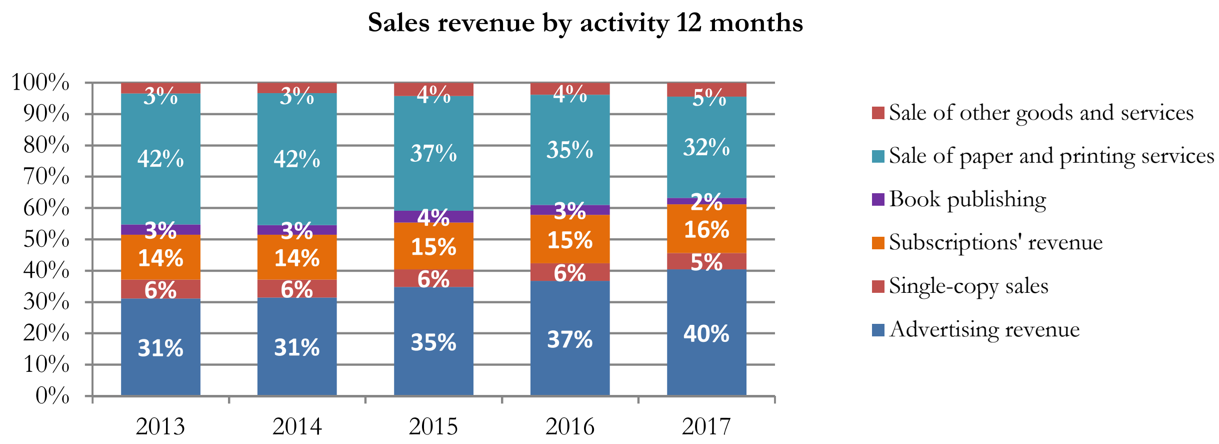


Performance indicators – joint ventures 50% consolidated (EUR thousand)	**12 months 2017**	**12 months 2016**	**Change %**	**12 months 2015**	**12 months 2014**	**12 months 2013**
For the period						
Sales	63 699	62 793	1%	61 528	61 384	58 427
EBITDA	**6 713**	**8 487**	**-21%**	**7 869**	**8 878**	**7 264**
EBITDA margin (%)	***10.5%***	***13.5%***		***12.8%***	***14.5%***	***12.4%***
Operating profit*	3 526	5 221	-32%	4 866	5 638	4 647
Operating margin (%)*	*5.5%*	*8.3%*		*7.9%*	*9.2%*	*8.0%*
Interest expenses	(427)	(518)	17%	(618)	(732)	(763)
Net profit/(loss) for the period*	**2 952**	**4 406**	**-33%**	**3 907**	**4 620**	**3 548**
Net margin* (%)	***4.6%***	***7.0%***		***6.4%***	***7.5%***	***6.1%***
Net profit for the period in financial statements (incl. write-downs and gain from change in ownership interest)	3 146	4 406	-29%	2 707	5 110	1 081
Net margin (%)	*4.9%*	*7.0%*		*4.4%*	*8.3%*	*1.9%*
Return on assets ROA (%)	*4.1%*	*5.8%*		*3.5%*	*6.6%*	*1.4%*
Return on equity ROE (%)	*6.1%*	*8.9%*		*5.6%*	*11.4%*	*2.5%*
Earnings per share (EPS)	**0.11**	**0.15**		**0.09**	**0.17**	**0.04**

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





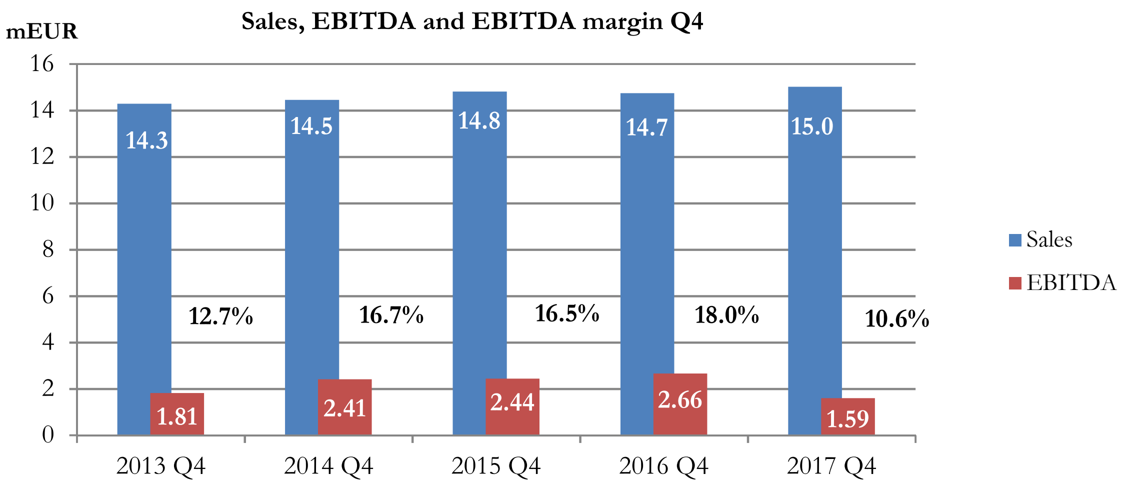


Balance sheet – joint ventures 50% consolidated (thousand EUR)	31.12.2017	31.12.2016	Change %
As of the end of the period			
Current assets	16 725	16 250	3%
Non-current assets	62 597	61 507	2%
Total assets	**79 322**	**77 757**	**2%**
incl. cash and bank	*2 818*	*4 572*	*-38%*
incl. goodwill	*39 920*	*38 904*	*3%*
Current liabilities	11 081	12 223	-9%
Non-current liabilities	15 747	14 462	9%
Total liabilities	**26 828**	**26 684**	**1%**
incl. borrowings	*15 791*	*16 603*	*-5%*
Equity	**52 494**	**51 073**	**3%**

Financial ratios (%) – joint ventures consolidated 50%	31.12.2017	31.12.2016
Equity ratio (%)	66%	66%
Debt to equity ratio (%)	30%	33%
Debt to capital ratio (%)	20%	19%
Total debt/EBITDA ratio	2.35	1.96
Liquidity ratio	1.51	1.33

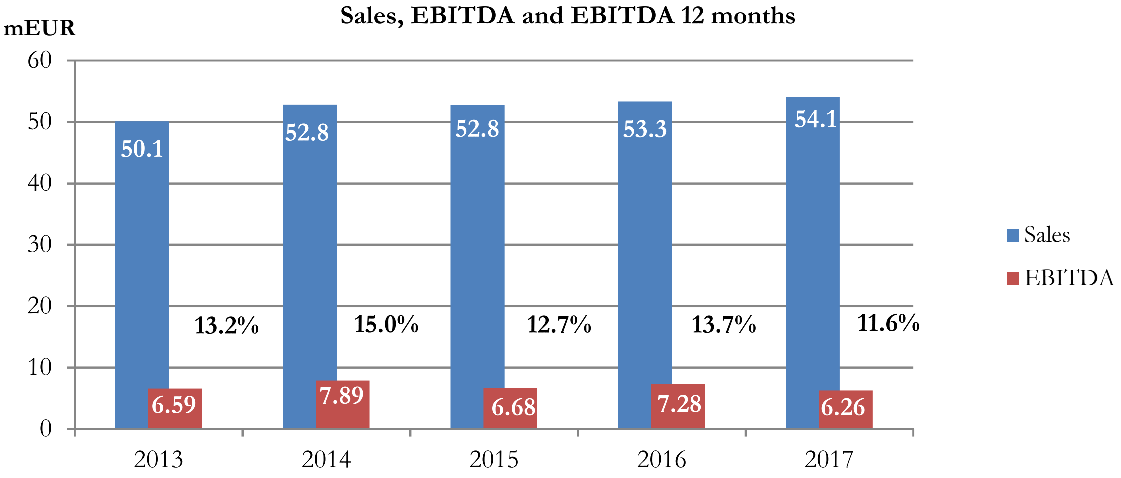
FINANCIAL INDICATORS AND RATIOS – joint ventures recognised under the equity method

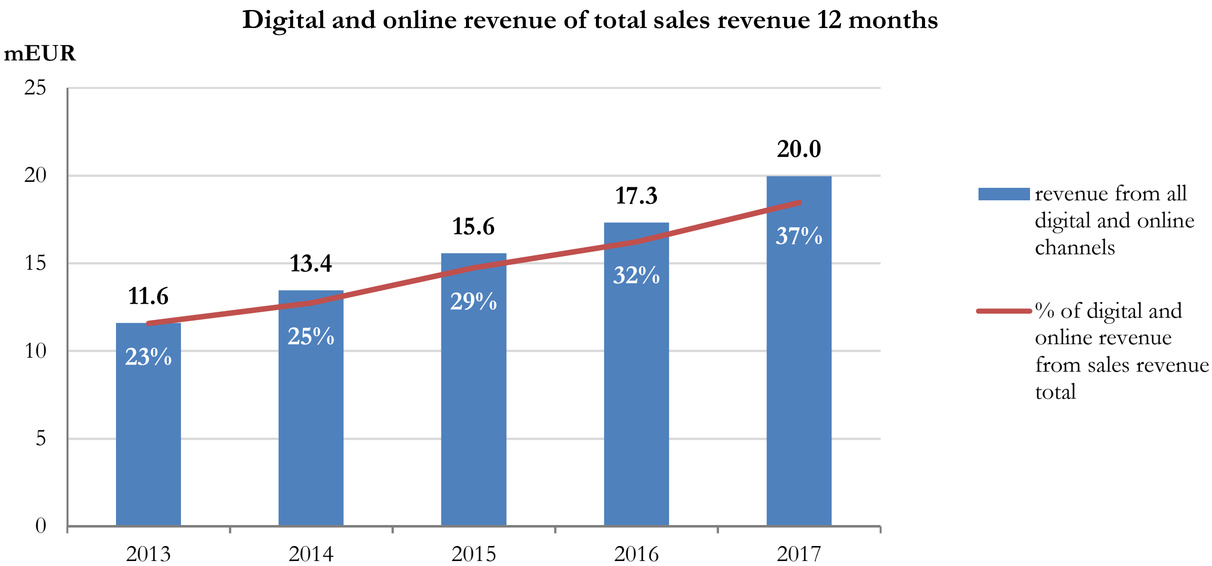
Performance indicators – joint ventures under equity method (thousand EUR)	Q4 2017	Q4 2016	Change %	Q4 2015	Q4 2014	Q4 2013
For the period						
Sales (only subsidiaries)	15 016	14 743	2%	14 811	14 454	14 291
EBITDA (only subsidiaries)	**1 590**	**2 660**	**-40%**	**2 440**	**2 413**	**1 815**
EBITDA margin (%)	***10.6%***	***18.0%***		***16.5%***	***16.7%***	***12.7%***
Operating profit* (only subsidiaries)	840	1 889	-56%	1 718	1 661	1 175
Operating margin (%)*	*5.6%*	*12.8%*		*11.6%*	*11.5%*	*8.2%*
Interest expenses (only subsidiaries)	(97)	(114)	15%	(125)	(158)	(185)
Profit of joint ventures by equity method	(233)	210	-211%	196	182	174
Net profit for the period*	**508**	**1 868**	**-73%**	**1 660**	**1 601**	**1 057**
Net margin* (%)	***3.4%***	***12.7%***		***11.2%***	***11.1%***	***7.4%***
Net profit for the period in financial statements (incl. write-downs and gain from change in ownership interest)	703	1 868	-62%	460	1 136	(1 410)
Net margin (%)	*4.7%*	*12.7%*		*3.1%*	*7.9%*	*-9.9%*
Return on assets ROA (%)	*0.9%*	*2.5%*		*0.6%*	*1.5%*	*-1.8%*
Return on equity ROE (%)	*1.3%*	*3.7%*		*0.9%*	*2.4%*	*-3.2%*
Earnings per share (EPS)	**0.02**	**0.06**		**0.02**	**0.04**	**(0.05)**

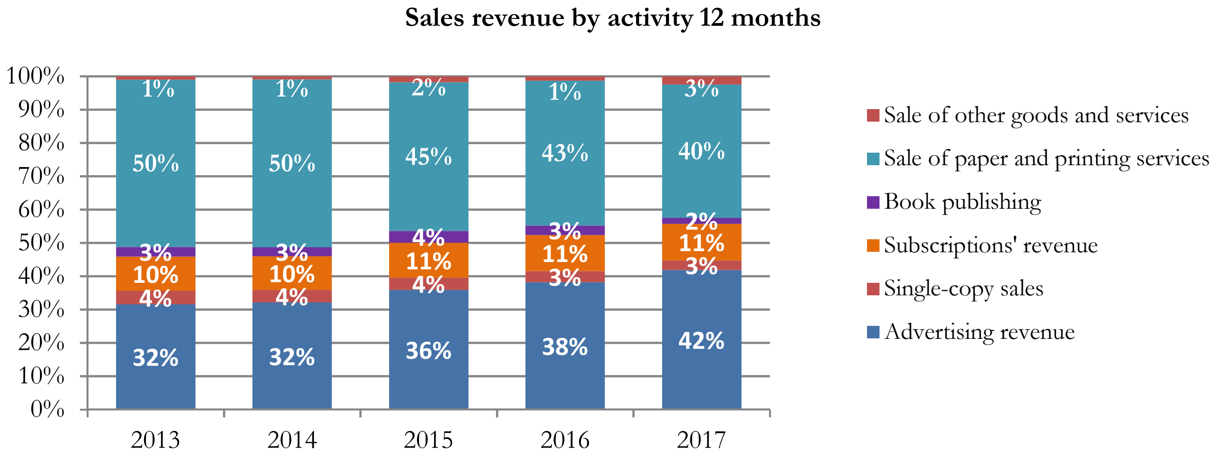


Performance indicators – joint ventures under equity method (thousand EUR)	12 months 2017	12 months 2016	Change %	12 months 2015	12 months 2014	12 months 2013
For the period						
Sales (only subsidiaries)	54 070	53 324	1%	52 773	52 793	50 086
EBITDA (only subsidiaries)	**6 261**	**7 280**	**-14%**	**6 680**	**7 894**	**6 591**
EBITDA margin (%)	***11.6%***	***13.7%***		***12.7%***	***15.0%***	***13.2%***
Operating profit* (only subsidiaries)	3 475	4 328	-20%	3 920	4 973	4 071
Operating margin (%)*	*6.4%*	*8.1%*		*7.4%*	*9.4%*	*8.1%*
Interest expenses (only subsidiaries)	(400)	(471)	15%	(550)	(689)	(763)
Profit of joint ventures by equity method	(2)	772	-100%	785	557	494
Net profit for the period*	**2 952**	**4 406**	**-33%**	**3 907**	**4 621**	**3 548**
Net margin* (%)	***5.5%***	***8.3%***		***7.4%***	***8.8%***	***7.1%***
Net profit for the period in financial statements (incl. write-downs and gain from change in ownership interest)	3 146	4 406	-29%	2 707	5 110	1 081
Net margin (%)	*5.8%*	*8.3%*		*5.1%*	*9.7%*	*2.2%*
Return on assets ROA (%)	*4.2%*	*6.1%*		*3.7%*	*6.8%*	*1.4%*
Return on equity ROE (%)	*6.1%*	*8.9%*		*5.6%*	*11.4%*	*2.5%*
Earnings per share (EPS)	**0.11**	**0.15**		**0.09**	**0.17**	**0.04**

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







Balance sheet – joint ventures under equity method (thousand EUR)	31.12.2017	31.12.2016	Change %
As of the end of the period			
Current assets	13 827	13 094	6%
Non-current assets	62 130	61 074	2%
Total assets	**75 957**	**74 169**	**2%**
incl. cash and bank	*1 073*	*2 856*	*-62%*
incl. goodwill	*37 969*	*36 953*	*3%*
Current liabilities	8 372	9 591	-13%
Non-current liabilities	15 091	13 504	12%
Total liabilities	**23 463**	**23 095**	**2%**
incl. borrowings	*15 257*	*15 784*	*-3%*
Equity	**52 494**	**51 073**	**3%**

Financial ratios (%) – joint ventures consolidated under equity	31.12.2017	31.12.2016
Equity ratio (%)	69%	69%
Debt to equity ratio (%)	29%	31%
Debt to capital ratio (%)	21%	20%
Total debt/EBITDA ratio	2.44	2.17
Liquidity ratio	1.65	1.37

Formulas used to calculate the financial ratios	
EBITDA	Earnings before interest, tax, depreciation and amortization. EBITDA does not include any impairment losses recognized during the period or result from restructuring.
EBITDA margin (%)	EBITDA/sales x 100
Operating margin* (%)	Operating profit*/sales x100
Net margin* (%)	Net profit*/sales x100
Net margin (%)	Net profit /sales x100
Earnings per share	Net profit / average number of shares
Equity ratio (%)	Equity/ (liabilities + equity) x100
Debt to equity ratio (%)	Interest bearing liabilities /equity x 100
Debt to capital ratio (%)	Interest bearing liabilities – cash and cash equivalents (net debt) /(net debt +equity) x 100
Total debt/EBITDA ratio	Interest bearing borrowings /EBITDA
Debt service coverage ratio	EBITDA/loan and interest payments for the period
Liquidity ratio	Current assets / current liabilities
Return on assets ROA (%)	Net profit /average assets x 100
Return on equity ROE (%)	Net profit /average equity x 100

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

Cyclicality

All operating areas of the Group are characterised by cyclicality and fluctuation, related to the changes in the overall economic conditions and consumer confidence. The Group's revenue can be adversely affected by an economic slowdown or recession in home and export markets. It can appear in lower advertising costs in retail, preference of other advertising channels like preference of internet rather than print media and changes in consumption habits of retail consumers e.g. following current news in news portals versus reading printed newspapers, preference of the younger generation to use mobile devices and other communication channels, etc.

Seasonality

The revenue from the Group's advertising sales as well as in the printing services segment is impacted by major seasonal fluctuations. The level of both types of revenue is the highest in the 2nd and 4th quarter of each year and the lowest in the 3rd quarter. Revenue is higher in the 4th quarter because of higher consumer spending during the Christmas season, accompanied by the increase in advertising expenditure. Advertising expenditure is usually the lowest during the summer months, as well as during the first months of the year following Christmas and New Year's celebrations. Book sales are the strongest in the last quarter of the year. Subscriptions and retail sales of periodicals do not fluctuate as much as advertising revenue. However the summer period is always more quiet and at the beginning of the school year in September there is an increase in subscriptions and retail sale which usually continues until next summer holiday period.

SEGMENT OVERVIEW

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

The segments' EBITDA does not include intragroup management fees, impairment of goodwill and trademarks. Volume-based and other fees payable to advertising agencies have not been deducted from the advertising sales of segments, because the management monitors gross advertising sales. Discounts and rebates are reduced from the Group's sales and are included in the combined line of eliminations.

Key financial data of the segments Q4 2013-2017

(thousand EUR)	Sales			Sales		
	Q4 2017	Q4 2016	Change %	Q4 2015	Q4 2014	Q4 2013
media segment (by equity method)	9 449	8 861	7%	8 399	7 535	7 617
incl. revenue from all digital and online channels	*5 944*	*4 993*	*19%*	*4 544*	*4 015*	*3 389*
printing services segment	6 496	6 952	-7%	7 386	8 083	7 566
entertainment segment	0	0	-	0	0	0
corporate functions	686	566	21%	543	459	393
intersegment eliminations	(1 616)	(1 635)		(1 517)	(1 624)	(1 286)
TOTAL GROUP under equity method	**15 016**	**14 743**	**2%**	**14 811**	**14 454**	**14 291**
media segment (by proportional consolidation)	12 391	11 836	5%	11 042	10 141	10 042
incl. revenue from all digital and online channels	*6 272*	*5 286*	*19%*	*4 841*	*4 257*	*3 584*
printing services segment	6 496	6 952	-7%	7 386	8 083	7 566
entertainment segment	0	0	-	0	0	0
corporate functions	686	566	21%	543	459	393
intersegment eliminations	(1 967)	(1 944)		(1 790)	(1 905)	(1 477)
TOTAL GROUP by proportional consolidation	**17 606**	**17 409**	**1%**	**17 181**	**16 778**	**16 525**

(thousand EUR)	EBITDA			EBITDA		
	Q4 2017	Q4 2016	Change %	Q4 2015	Q4 2014	Q4 2013
media segment (by equity method)	1 168	1 618	-28%	1 299	1 103	1 014
media segment by proportional consolidation	*1 089*	*1 939*	*-44%*	*1 580*	*1 447*	*1 214*
printing services segment	952	1 329	-28%	1 355	1 623	1 604
entertainment segment	0	0	-	(4)	0	0
corporate functions	(529)	(287)	85%	(210)	(313)	(763)
intersegment eliminations	0	0		0	0	(40)
TOTAL GROUP under equity method	**1 590**	**2 660**	**-40%**	**2 440**	**2 413**	**1 815**
TOTAL GROUP by proportional consolidation	**1 512**	**2 981**	**-49%**	**2 720**	**2 757**	**2 015**

EBITDA margin	Q4 2017	Q4 2016	Q4 2015	Q4 2014	Q4 2013
media segment (by equity method)	12%	18%	15%	15%	13%
media segment by proportional consolidation	*9%*	*16%*	*14%*	*14%*	*12%*
printing services segment	15%	19%	18%	20%	21%
TOTAL GROUP under equity method	**11%**	**18%**	**16%**	**17%**	**13%**
TOTAL GROUP by proportional consolidation	**9%**	**17%**	**16%**	**16%**	**12%**

Key financial data of the segments 12 months 2013-2017

(thousand EUR)	Sales 12 months 2017	12 months 2016	Change %	Sales 12 months 2015	12 months 2014	12 months 2013
media segment (by equity method)	33 498	31 579	6%	30 063	27 459	25 842
incl. revenue from all digital and online channels	*19 963*	*17 307*	*15%*	*15 555*	*13 449*	*11 595*
printing services segment	23 879	25 585	-7%	25 842	28 951	27 462
entertainment segment	0	0	-	517	0	0
corporate functions	2 486	2 233	11%	1 937	1 731	1 530
intersegment eliminations	(5 793)	(6 073)		(5 586)	(5 347)	(4 748)
TOTAL GROUP under equity method	**54 070**	**53 324**	**1%**	**52 773**	**52 793**	**50 086**
media segment (by proportional consolidation)	44 429	42 231	5%	39 942	36 930	34 954
incl. revenue from all digital and online channels	*21 024*	*18 094*	*16%*	*16 619*	*14 306*	*12 226*
printing services segment	23 879	25 585	-7%	25 842	28 951	27 462
entertainment segment	0	0	-	517	0	0
corporate functions	2 486	2 233	11%	1 937	1 731	1 530
intersegment eliminations	(7 095)	(7 255)		(6 710)	(6 228)	(5 520)
TOTAL GROUP by proportional consolidation	**63 699**	**62 793**	**1%**	**61 528**	**61 384**	**58 426**

(thousand EUR)	EBITDA 12 months 2017	12 months 2016	Change %	EBITDA 12 months 2015	12 months 2014	12 months 2013
media segment (by equity method)	3 729	3 572	4%	3 724	3 026	2 124
media segment by proportional consolidation	*4 181*	*4 779*	*-13%*	*4 913*	*4 010*	*2 796*
printing services segment	3 734	4 645	-20%	4 966	5 944	5 862
entertainment segment	0	(2)	-76%	(1 110)	0	0
corporate functions	(1 201)	(936)	28%	(899)	(1 076)	(1 356)
intersegment eliminations	0	0		0	0	(38)
TOTAL GROUP under equity method	**6 261**	**7 280**	**-14%**	**6 680**	**7 894**	**6 591**
TOTAL GROUP by proportional consolidation	**6 713**	**8 487**	**-21%**	**7 869**	**8 878**	**7 264**

EBITDA margin	12 months 2017	12 months 2016	12 months 2015	12 months 2014	12 months 2013
media segment (by equity method)	11%	11%	12%	11%	8%
media segment by proportional consolidation	*9%*	*11%*	*12%*	*11%*	*8%*
printing services segment	16%	18%	19%	21%	21%
TOTAL GROUP under equity method	**12%**	**14%**	**13%**	**15%**	**13%**
TOTAL GROUP by proportional consolidation	**11%**	**14%**	**13%**	**14%**	**12%**

MEDIA SEGMENT

The media segment includes Group's activities in Estonia, Latvia and Lithuania. It comprises online portal Delfi operations, other different news portals, providing online advertising network and programmatic sales, providing outdoor digital screen advertising in Estonia and Latvia, publishing of Estonian weekly newspapers Maaleht, Eesti Ekspress and LP, publishing daily newspapers Eesti Päevaleht and tabloid Õhtuleht, publishing freesheet Linnaleht, publishing books and magazines in Estonia and Lithuania, providing home delivery services.

Latvian digital screen company ACM LV was acquired in the 3rd quarter of 2017. 100% ownership was acquired in Adnet Media in the 4th quarter of 2017.

News portals owned by the Group

Owner	Portal	Owner	Portal
Ekspress Meedia	www.delfi.ee	Ekspress Meedia	www.ekspress.ee
	rus.delfi.ee		www.maaleht.ee
Delfi Latvia	www.delfi.lv		www.epl.ee
	rus.delfi.lv		
Delfi Lithuania	www.delfi.lt	SL Õhtuleht	www.ohtuleht.ee
	ru.delfi.lt		www.vecherka.ee

(thousand EUR)	Sales			EBITDA		
	Q4 2017	Q4 2016	Change %	Q4 2017	Q4 2016	Change %
Ekspress Meedia	5 039	5 085	-1%	391	443	-12%
incl. Delfi Estonia online revenue	*1 828*	*1 772*	*3%*			
Delfi Latvia	1 086	997	9%	132	262	-50%
Delfi Lithuania	2 786	2 558	9%	628	865	-27%
incl. Delfi Lithuania online revenue	*2 328*	*2 041*	*14%*			
Adnet	384	-	-	24	-	-
Hea Lugu	241	230	4%	43	50	-13%
Zave Media	0	0	-	0	0	-
ACM LV	33	-	-	(37)	-	-
other companies	0	0	-	(15)	(1)	1078%
intersegment eliminations	(120)	(9)		2	0	
TOTAL subsidiaries	**9 449**	**8 861**	**7%**	**1 168**	**1 618**	**-28%**
SL Õhtuleht*	1 236	1 134	9%	71	65	9%
Ajakirjade Kirjastus*	1 245	1 368	-9%	(123)	160	-177%
Express Post*	640	677	-5%	(36)	75	-148%
Linna Ekraanid*	85	115	-26%	9	20	-57%
intersegment eliminations	(264)	(318)		2	0	
TOTAL joint ventures	**2 942**	**2 975**	**-1%**	**(77)**	**320**	**-124%**
TOTAL segment by proportional consolidation	**12 391**	**11 836**	**5%**	**1 089**	**1 939**	**-44%**

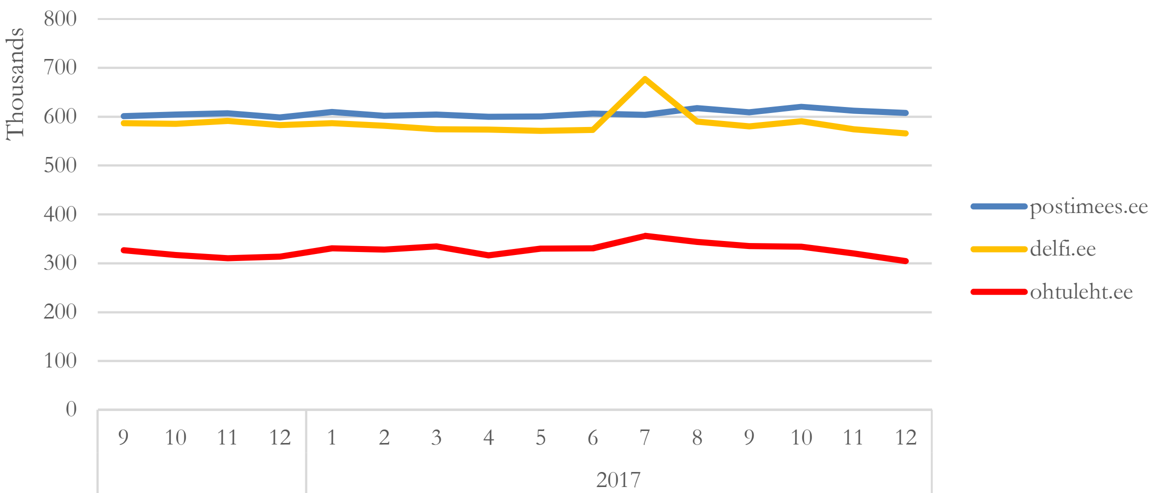
* Proportional share of joint ventures

(thousand EUR)	Sales			EBITDA		
	12 months 2017	12 months 2016	Change %	12 months 2017	12 months 2016	Change %
Ekspress Meedia	19 309	19 116	1%	1 554	1 448	7%
incl. Delfi Estonia online revenue	*6 853*	*6 728*	*2%*			
Delfi Latvia	3 811	3 375	13%	395	413	-4%
Delfi Lithuania	9 544	8 563	11%	1 799	1 741	3%
incl. Delfi Lithuania online revenue	*7 831*	*6 601*	*19%*			
Adnet	384	-	-	24	-	-
Hea Lugu	523	538	-3%	26	33	-21%
Zave Media	0	1	-1	(0)	(61)	-100%
ACM LV	54	-	-	(55)	-	-
other companies	0	0	-	(16)	(2)	574%
intersegment eliminations	(126)	(13)		2	0	
TOTAL subsidiaries	**33 498**	**31 579**	**6%**	**3 729**	**3 572**	**4%**
SL Õhtuleht*	4 625	4 329	7%	433	394	10%
Ajakirjade Kirjastus*	4 576	4 765	-4%	69	544	-87%
Express Post*	2 369	2 609	-9%	(117)	247	-147%
Linna Ekraanid*	411	166	148%	66	22	195%
intersegment eliminations	(1 052)	(1 218)		2	0	
TOTAL joint ventures	**10 931**	**10 651**	**3%**	**453**	**1 207**	**-62%**
TOTAL segment by proportional consolidation	**44 429**	**42 231**	**5%**	**4 181**	**4 779**	**-13%**

* Proportional share of joint ventures

ONLINE MEDIA

Estonian online readership 2016-2017

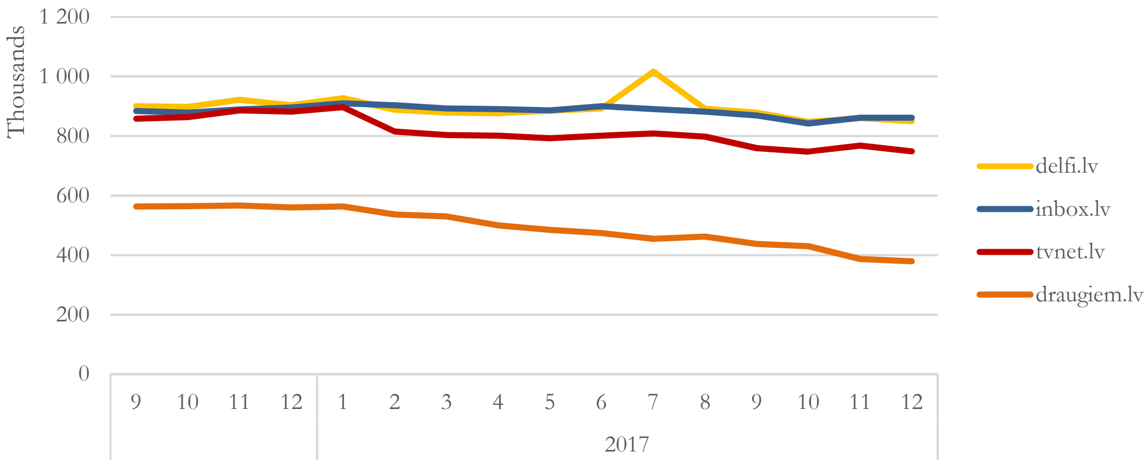


gemiusAudience Internet users research

In the third quarter 2016, Gemius changed the methodology of the online readership survey in Estonia, Latvia and Lithuania, as a result of which the data on the users of mobile devices and tablet PCs is now added into those of PC users. The comparable data is available only from September of last year.

The number of users of Delfi in Estonia has been stable. In July 2017, the growth in the number of users of Delfi represented a technical measurement inaccuracy and not an actual result.

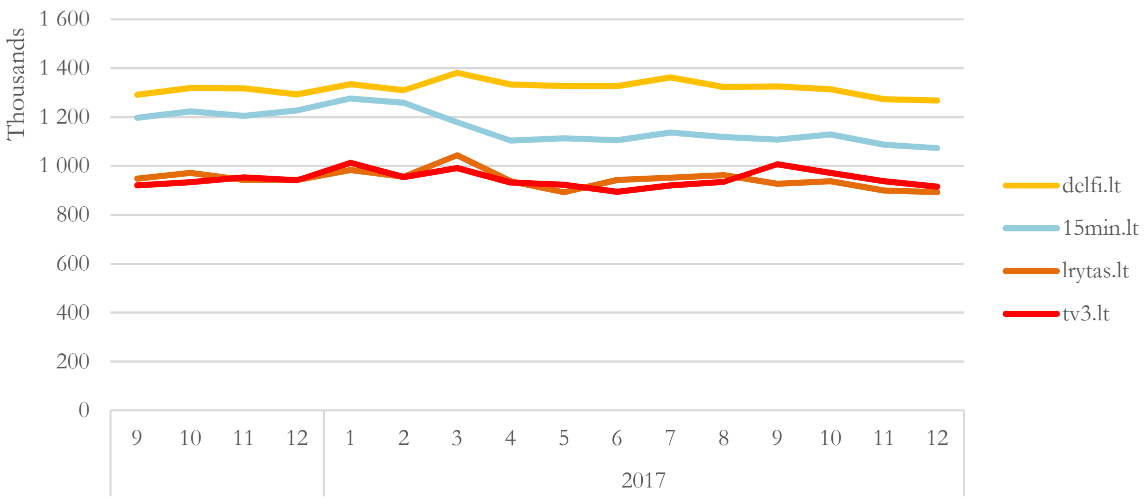
Latvian online readership 2016-2017



gemiusAudience Internet users research

Delfi continues to be the news portal with the largest online readership in Latvia. According to the survey commissioned by the Latvian government in spring 2017, Delfi.lv is Latvia's most trusted media channel and it is trusted even more than the state-owned TV-station. In July 2017, the growth in the number of users of Delfi represented a technical measurement inaccuracy and not an actual result.

Lithuanian online readership 2016-2017

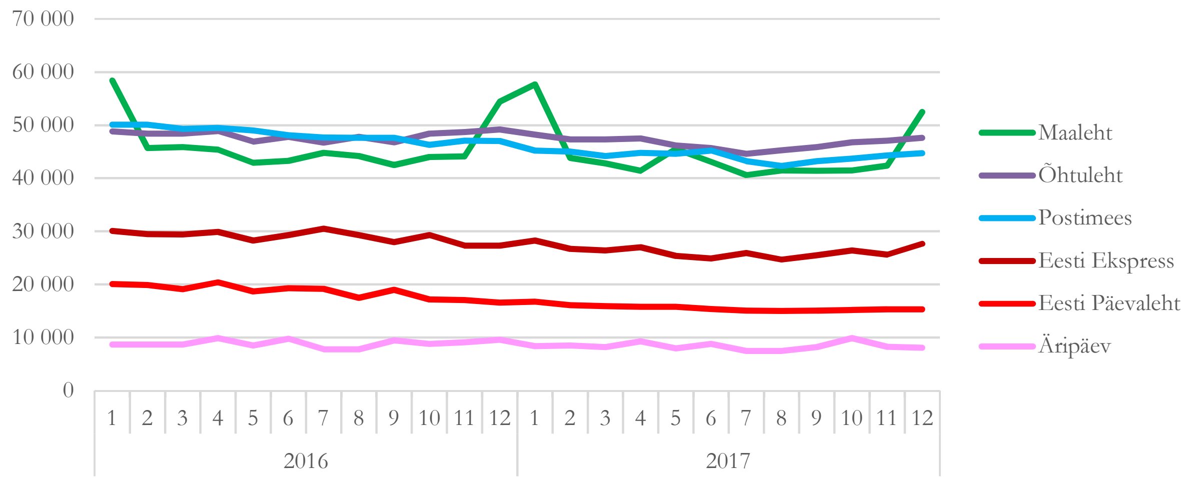


gemiusAudience Internet users research

Delfi.lt remains Lithuania's largest online portal with a high visibility in Lithuania. The Lithuanian online readership has remained stable. In 2017, Delfi has been able to grow the lead over competition on the market thanks to new products and good marketing execution, as well as good progress in mobile.

PRINT MEDIA

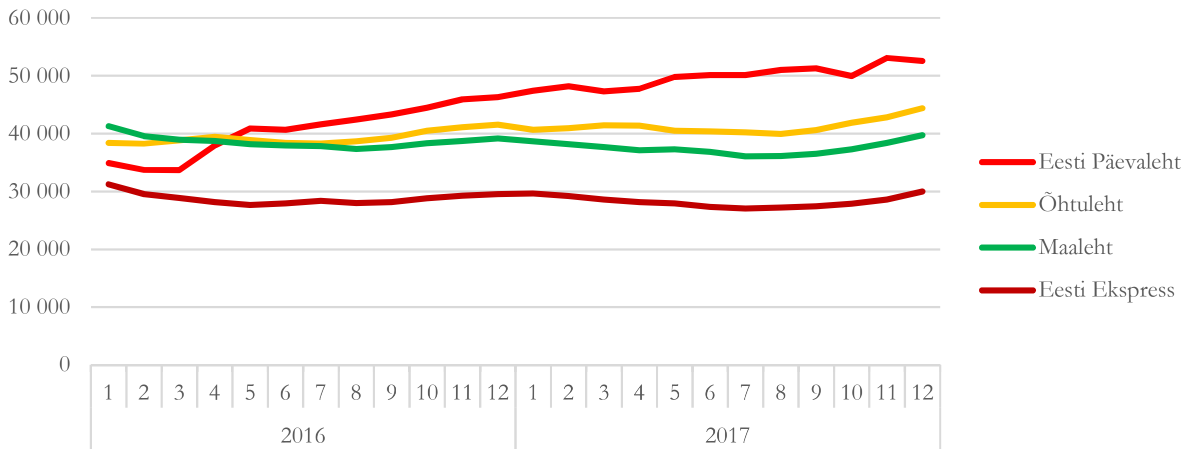
Estonian newspaper circulations 2016-2017



Estonian Newspaper Association data

Since October 2016 and throughout 2017, the daily newspaper with the largest circulation in Estonia was Õhtuleht. Traditionally, Maaleht was the largest in January and December. From the total circulation numbers, this graph shows print circulation only, digital newspaper subscribers are not reflected here.

Circulations of Group newspapers together with digital subscribers 2016-2017



To provide more complete overview of the newspaper market dynamics, the circulation of paper newspapers needs to be viewed together with the number of digital subscribers. This shows how the decrease in print subscribers has been more than compensated by digital subscribers and how for the second half of 2017 the combined growth of print circulation and digital subscribers has been clearly positive for all our newspapers. Eesti Päevaleht has been the earliest and most successful in managing the market turnaround and developing its digital business. Based on the available data, we can show the combined information of print and digital only for the newspapers of Ekspress Grupp. Even if other newspapers on the market have digital-only products, there is currently no available data for digital subscribers of other publishers.

PRINTING SERVICES SEGMENT

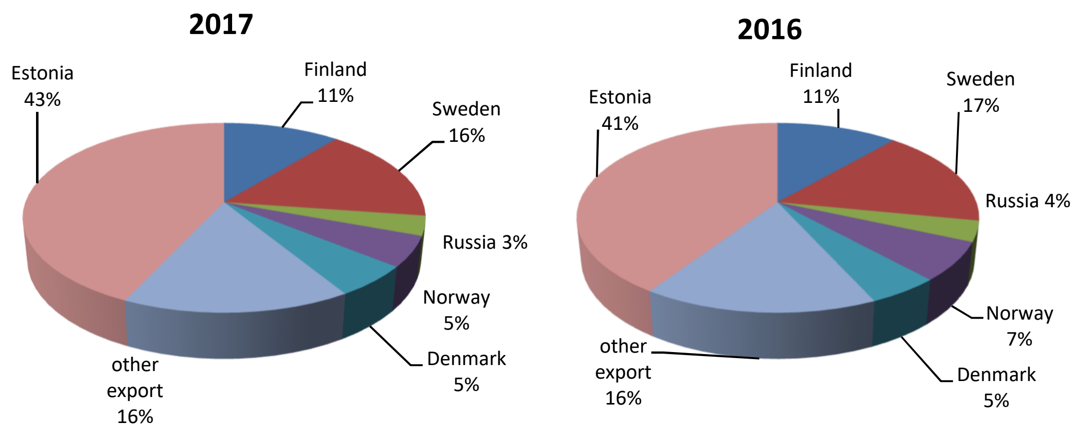
All printing services of the Group are provided by AS Printall which is one of the largest printing companies in Estonia. We are able to print high-quality magazines, newspapers, advertising materials, product and service catalogues, paperback books and other publications in our printing plant.

(thousand EUR)	Sales			EBITDA		
	Q4 2017	Q4 2016	Change %	Q4 2017	Q4 2016	Change %
Printall	6 496	6 952	-7%	952	1 329	-28%

(thousand EUR)	Sales			EBITDA		
	12 months 2017	12 months 2016	Change %	12 months 2017	12 months 2016	Change %
Printall	23 879	25 585	-7%	3 734	4 645	-20%

Already several years the printing services segment continues to be under pressure due to continues digitalization of regular journalism and internet taking its share from printed products. The price pressure is very strong both in Scandinavia and Estonia including more competitive services provided by other Baltic States. A sheet-fed machine acquired two years ago has helped to prevent a steeper revenue decline, and has helped to expand the product range outside the regular media sector. More active sales approach has been taken outside of Nordic countries.

Geographical break-down of printing services



EMPLOYEES

The employees play a crucial role in the fulfilment of the mission and objectives of Ekspress Group. Group companies act as caring employers and they do their best to create motivating jobs, inspiring work and development opportunities.

Ekspress Group makes investments into the development of its employees and the working environment. The professionalism and ethical behaviour of employees is crucial for all group companies. For ensuring sustainable operations, focus is laid on retention of current employees and activities supporting succession.

Employee development

To a great extent, media companies are evaluated on the basis of content quality and this is supported by general user experience (e.g. on-time home delivery, high-quality print or fully functioning portal). Each employee of the Group plays a distinct role in ensuring it.

New skills, development and training needs and employee satisfaction that are prerequisites for the above are primarily identified during staff appraisals. Each group company decides the arrangement of carefully planned personal appraisals itself. In 2017, slightly over one half of the employees of all group companies had regular appraisals (varies from company to company with Ekspress Meedia, Õhtuleht, Delfi Latvia and Delfi Lithuania standing out each with 80-90% participation). One-on-one appraisals are important to ensure the communication between managers and employees, and thereby keep employees satisfied and management more open.

"With the joining of each new team member, the entire "knowledge cube" of a company needs to grow. We do not have any people who are too similar to one another. We grow in order to do things that really matter."– Executive Director of Ekspress Digital, Artur Rahkema

For employee development, both internal and external training sessions are conducted, employees participate in conferences and study trips are arranged to international media groups. For gaining new knowledge, visits are arranged to the largest media groups in Scandinavia, Great Britain and Europe. Ekspress Group also lets its employees participate in international journalism training programmes. Regular joint developmental evenings are carried out where the company's employees share their experience and knowledge gained from conferences and foreign business trips.

In 2017, several group companies started to use mentors and coaches more frequently with the goal of supporting employees' professional development.

Express Post regularly carries out training days for the delivery staff within the framework of which they visit the company's main office and thereby gain a clearer overview of the integrated functioning of the company.

The training need for Printall largely depends on the skills of operating the equipment. The quality assessment system established at the company supports the movement of trainee printers to the master status.

To increase employee development opportunities, Hans H. Luik scholarship was introduced for the employees of Ekspress Group in 2017. One of the key criteria is learning new work-related specific and necessary skills. For example, one person who received the scholarship was photographer of Ekspress Media who participated in war zone photography training in 2017. A total of 18 scholarships were granted in 2017.

Focus topics for training in 2017 based on employee needs, societal trends and regulations:

- legal topics (e.g. data protection, source protection, consumer protection, competition law);
- language studies;
- information technology, data visualisation, social media;
- cybersecurity and physical safety;
- journalistic ethics.

Approximately 90% of the employees of the Group's media segment companies participated in training sessions concerning the media ethics and responsibility.

Employee satisfaction and creation of a motivating environment

The Ekspress Group companies offer to its employees an enriching, inspiring and satisfying work environment. Employee satisfaction depends on remuneration on the one hand, and on open and engaging organisational culture and development opportunities on the other.

> "Our key values are creativity, an opportunity to belong to the same team, be part of the most influential and largest online media company in Latvia. Therefore, we have been able to keep our employee turnover at a minimum level." – Ingus Bērziņš, editor-in-chief, Delfi Latvia.

Each group company has the responsibility to find the most suitable solution for increasing their employee's satisfaction.

- 72% of the employees participated in the satisfaction survey at Ekspress Meedia in 2017. Employee dedication index was 82 and satisfaction index 76 (out of the maximum 100 points). Satisfaction with immediate supervisors and work content were highly rated. Work environment related issues received a low rating and hence, the offices are planned to be renovated in 2018.

- 54% of employees of Õhtuleht participated in the survey in 2017, according to which employee satisfaction rate was 3.9 points and the recommendation rate 3.8 points (out of the maximum five points). Both results were significantly higher among the employees who had worked at the company for less than a year which could be related to the replacement of managers at the end of 2016 and beginning of 2017.

- Express Post conducts an annual employee satisfaction survey. 73% of employees responded to it in 2017 and the composite index was 63% (out of the maximum 100 per cent). As compared to 2016, the result has increased by 18 percentage points.

The results of the feedback and surveys are taken into account when setting future objectives for the companies: they help preserve their strengths and target weak points that require improvement. During a longer period of time better comparison base is built in order to assess the effectiveness of development and changes made in respect of working environment.

Among other motivating factors which group companies provide their employees include flexible work time, benefits and allowances to promote health and family events, summer events and other joint events which also the families of employees can attend.

The Group monitors wage levels and equal treatment with the help of Fontes wage survey. Each subsidiary can shape its own system of remuneration, performance pay and benefits in order to provide to each employee a competitive motivation package reflecting his or her qualifications.

A share option programme was launched at Ekspress Group in 2017 targeted at key employees of all Group companies. The goal of the programme is to acknowledge and value employees working in key positions by giving them options to acquire shares of the parent company AS Ekspress Grupp, listed in Nasdaq Tallinn Stock Exchange, in three years time.

Occupational health and safety

For creating a safe and health promoting environment, group companies follow the respective national regulations. Performance of risk analysis, appointment of specialists responsible for the work environment and commissioners representing the interest of employees, employee mentoring and supplying them with necessary protective equipment and health checks have been implemented in compliance with requirements. At the Group, attention is paid to the ergonomics of the office equipment and investments are made in modern work appliances and work clothes at those subsidiaries where it is necessary.

At the offices, the goal is to ensure a convenient and ergonomic work environment – office equipment, furniture and working areas. Free access to media editorial staff is blocked to ensure the safety of employees. A terrorism and assault related training was carried for all employees of Ekspress Meedia in 2017.

Greater attention is paid to occupational safety at Printall where the key risk factors include noise, moving parts of printing machines and hoisting machines driving around in the production facility. Each operation manager who starts a new shift needs to check and confirm the safety of a machine. For Express Post, supplying periodical delivery staff with weather-proof clothes is crucial.

In 2017, a total of 11 work accidents were registered at Ekspress Group, most of which (8) were related to the stumbling or falling due to slippery surfaces of the delivery staff of Express Post. There were no work accidents ending in death at Ekspress Group in 2017. In two cases, journalists were regularly harassed late at night over the phone, in which cases measures were taken to resolve the situations.

Diversity and human rights

Ekspress Group pays attention to the equal and fair treatment of employees. The topics of human rights and diversity have been dealt with in the context of hiring where the principles of equal treatment are strictly followed. Discrimination on the basis of gender, race, language, political views or age is not allowed at the Group. Employees speaking different languages from different cultural backgrounds work at the Group. In 2017, no cases of discrimination on the basis of gender, race or other reasons were registered at the Group.

"I would like to get to the point where we have a diversity of opinions! " – Risto Eelmaa, Executive Director of Express Post, explains the significance of diversity when the diversity of opinions was introduced as a topic for shaping the new organisational culture and management principles.

Succession

The hiring process is open and transparent in all Group companies. In order to motivate its own employees, they are informed of vacancies before the announcement of a public competition. Both in case of an internal as well as an open hiring process, the basis for selection is the professional competency, values, personal characteristics, suitability with corporate culture and motivation of a candidate.

Ekspress Meedia, Delfi Latvia and Delfi Lithuania conduct active cooperation with various universities. They participate in student fairs and university events in order to popularise Ekspress Group as an employer (For more detail, please see the chapter "Social Participation")

In 2017, Ekspress Group provided 73 trainees an opportunity to gain a work experience in the areas of journalism, marketing and language editing.

DEVELOPMENT OF THE SOCIETY AND THE SECTOR

As the leading media group in the Baltic States, Ekspress Group is aware that it impacts the development of the economy and the society, quality of life of people and their views through its activities and decisions. Therefore, Ekspress Group companies contribute to the society at three levels:

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

Professional and reliable journalism

The role of media is described in a more detail in the chapter "Responsibility of the media group in the society".

Contribution to the development of the media sector – succession and professional associations

Ekspress Group has assumed the significant role of a spokesperson for the field of media and printing services – to contribute to the development and sustainable growth of sectors.

The company collaborates with educational institutions in order to increase young people's awareness of career options and challenges related to journalism. Collaboration with educational institutions is active in Estonia, Latvia and Lithuania. The companies' employees, editors and editors-in-chief give lectures related to the topics of media and communication in universities, excursions are held in editorial offices, they participate in students' events and fairs and trainees are hired. In 2017, 73 young people were employed as trainees.

- The Group's Estonian companies are enhancing collaboration with Tartu University and Tallinn University.
- The key cooperation partners of Delfi Latvia were the University of Latvia, Stockholm School of Economics, Riga Stradins University, and Vidzeme University.
- Delfi Lithuania actively collaborates with the University of Vilnius.

The editor-in-chief of Delfi Latvia Ingus Bērziņš led the debate at the think tank of alumni and lecturers at the University of Latvia in 2017 which involved the topics of journalism, the quality of teaching it and development opportunities of the media sector.

Ekspress Meedia actively participates in the project "Tagasi Kooli" (Back to School), within the framework of which the company visits various schools throughout Estonia to talk about the profession of journalism inspiring and educating young people.

Printall regularly conducts study programmes for the students of printing technology.

In order to achieve a sustainable effect, group companies and employees take an active part in local and international umbrella organisations. The subsidiaries and joint ventures of Ekspress Group or their employees are members of the following organisations:

- Estonian Newspaper Association (and through this organisation also a member of News Media Europe) (Eesti Päevaleht, Õhtuleht, Eesti Ekspress, Maaleht, Linnaleht)
- INMA (The International News Media Association)
- Estonian Press Photographers Association
- Estonian Magazine Association (Ajakirjade Kirjastus, Ekspress Meedia)
- PARE (Estonian Personnel Management Association)(Ekspress Meedia, Express Post)
- UN Global Compact (Delfi Lithuania)
- Internet Media Association (Delfi Lithuania)
- Latvian Association of Journalists (Latvijas Žurnal asociācija) (Delfi Latvia)

- EPMA (Estonian Project Management Association)(Ekspress Digital)
- Finance Estonia (Ekspress Digital)
- Estonia Association of Printing and Packaging Industries (Printall)
- NOPA (The Nordic Offset Printing Association (Printall))
- Estonian Chamber of Commerce and Industry (Printall)
- EstBAN (Estonian Business Angels Network) (parent company)

Raising major social issues in community projects

Within the framework of different types of projects, Ekspress Grupp has actively raised and with volunteer work supported the coverage of several social issues and issues that are important from the perspective of the development of the society. For example, the issues in focus in 2017 included social sustainability, alcoholism, reduction of social stratification and discrimination (both gender-based and ethnic), domestic violence and poverty. Several collaborative projects that had begun in previous years were also continued.

The most significant and most influential social projects at Ekspress Group companies in 2017:

- In 2017 Delfi Lithuania together with four major media channels launched "**Idea for Lithuania**", the country's largest and most remarkable public social project. The aim of the project is to choose three ground-breaking proposals from those submitted by the public, that are critically important in the development perspective of the Lithuanian society, and to contribute to their implementation. The top three proposals that were selected from more than 600 proposed ideas will be presented at the conference on February 1, 2018. The public debate on the ideas started already in 2017. Media channels leading the project have published 150 articles and 40 video stories. The initiative is supported by the President of the Republic of Lithuania, the Prime Minister and representatives of the Parliament, and therefore is an important project for the synergy of the media and politicians.

- Within the framework of **"Latvia 2020"** project, Delfi Latvia published 15 analytical articles with interactive elements to provide politicians and other decision-makers in the public and private sector with ideas on which structural reforms and development strategies would Latvia need to increase the nation's wellbeing and wealth. In cooperation with Certus, the association of economic researchers, taxation, business, regional policy and other issues of national importance were analysed in the light of the experience of comparable countries. The special latvija2020.lv portal has accumulated over 130,000 readers. The project was funded by the National Culture Endowment Fund.

- To celebrate the centennial of the Republic of Estonia, Ekspress Media launched the **"100 Families of Estonia"** initiative. The project highlights the families that are part of Estonia, with their stories, problems and joys. The stories are published in the newspapers Päevaleht, LP, Maaleht, Eesti Ekspress and Delfi until February 24, 2018.

- For the third consecutive year, Ekspress Media continued its project **"Estonia's Influencers"** which ranks different categories of people who made the biggest social impact in 2017 through their actions, words, or silence, role models, aura, or long-term nature.

- In the framework of local government elections in 2017, Delfi Latvia raised the low turnout topic. Shortly before the election, Delfi urged residents of various municipalities to vote actively, offering a prize to the residents of the municipality that posts the highest increase in voter turnout in comparison with the previous elections.

- Traditionally, Ekspress Media participated at the Opinion Festival, a forum where editors and executives can interact with the public and discuss issues that are important for the society. At the festival held in Paide, Ekspress Media raised debates about Russophobia, school nutrition and excise duty on alcohol.

- Within the framework of the national campaign „For safe Lithuania" Delfi Lithuania organised the visit of 100 children who live in foster homes in Lithuania, to see Santa Claus in Lapland. During the "Mission Lapland", the public awareness on the issue of the situation of children without parental care and foster homes was raised.

- Delfi Lithuania also continued to implement other projects, including "Grynas", the environmental awareness portal, and a series of stories "Heroes among us", which portrayed ordinary people dedicated to their daily work who were chosen by readers.
- Since 2017, Delfi Lithuania has been supporting the operation of youth crisis helpline, helping, among other things, to find volunteers for the hotline service and raise public awareness of the helpline.

- The periodicals of Ajakirjade Kirjastus have helped to attract attention to various topics within the framework of cooperation projects. Within the framework of the 25th anniversary of the Estonian Cancer Society, the topic was covered in various magazines targeted mainly at women. Anne&Stiil hands out the Woman of the Year Award for inspirational behaviour and positive social contribution.

- Maaleht, in cooperation with the Estonian Chamber of Agricultural Commerce, gives out of the Farmer of the Year title. The tradition that began in 2001 has developed into the most prestigious event in the agricultural sector and is being attended also by the President of Estonia.

- The Maakodu magazine recognises the most beautiful homes in Estonia and awards the most distinguished of them with the title "The Most Beautiful Rural Home in Estonia."

Although the main focus of Ekspress Group is to achieve social change through its core business, the Group's companies will continue to sponsor sports, youth and health projects.

In 2017, Ekspress Media sponsored BC Kalev/Cramo, Estonia's most successful basketball team of the past decade, and Ott Tänak, a rally driver who won his first World Championship stage in 2017. In Latvia, the company financially sponsors the project of Doctor Clown who visits children in the hospital to bring joy and relief to their days.

In addition, the Group companies support a variety of NGOs and organizations through by offering them discounts or providing free promotional space and free distribution of magazines and newspapers.

ENVIRONMENTAL MANAGEMENT

The environmental impact of the Ekspress Group mainly concerns the printing of various periodicals, i.e. it depends on the activities of the print media segment and printing house Printall. Therefore, the environmental management efforts are focused on the use of production resources (paper, energy and water), air pollution and waste generation.

In forecasting sales, the media companies of Ekspress Grupp, together with the Group's retail partner, Lehepunkt OÜ, try to optimize circulation in order to avoid overprinting of copies sold in points of sale. On average and depending on the periodical, 30-50% of the circulation is returned from points of sale (returns of under 20% means that there is a deficit at some points of sale).

The newspapers and magazines that are not sold are collected and recycled by Lehepunkt with the help of AS Eesti Keskkonnateenused. As a rule, the paper for new newspapers is produced from old newspapers, and the heavy paper and cardboard is used to produce the insulation material used in construction. i.e. cellulose wool. About a third of electricity is needed to process waste paper than would be necessary for initial paper production.

Environmental management at Printall

Almost all of the periodicals of Ekspress Group (newspapers, magazines, books) are printed at Printall, whose eco-friendly printing solutions appeal to group companies and support their image.

A significant part of Printall's production goes to external customers of the Group, and about 60% is exported. Customers in the Nordic countries and other foreign markets expect and highly value environmentally-friendly printing solutions, which is why the environmentally-conscious production of Printall is a prerequisite for staying competitive in sales and procurement.

To this end, the company has assessed environmental aspects, established its environmental policy and implemented the ISO 14001 environmental management standard. Printall's systematic approach is evidenced by FSC and PEFC Chain of Custody certificates for the sustainable use of wood-based paper. The compliance of the production process with the environmentally friendly principles is confirmed by the Nordic EcoLabel Eco-label and the Green Choice certificate attributed to Printall.

Printall has described its work processes, environmental procedures and job responsibilities. This creates an opportunity to implement more economical solutions in the production process. The company has been investing in high-tech printing technology over the years, but with the growing environmental requirements, it continues to develop and modernize its machinery and technology.

Printall has a valid environmental permit, which is a legally required instrument for preventing potential pollution from companies with a significant environmental impact.

Choice of suppliers and materials. The prerequisite for the selection of all suppliers is their compliance with the requirements of the Nordic Ecolabel label. This means the non-use of environmentally harmful materials. The material to be delivered must be of high quality and allow paper-based production. The final choice is made on the basis of the options available to the previous criteria at a more favourable price.

Printall has approximately 90 suppliers a year, including manufacturers and resellers. The share of local suppliers is around 7%. Printall mainly uses the most environmentally friendly raw materials - 95% of the used paper is certified or otherwise environmentally friendly. Without exception, all magazines produced in Printall are printed on FSC and PEFC certified paper.

Over the past few years, Ajakirjade Kirjastus has not been coating the front covers of most of its periodicals. Since 2017, Pere ja Kodu and Tervis Pluss magazines are being printed on environmentally-friendlier paper.

Energy and water. Printing machines consume a lot of energy. Printall buys 100% of electricity from renewable energy sources. Over the past few years, for conserving energy, the company has replaced its printing plates, modernized lights, modified heating and ventilation systems, and uses thermal energy generated by machines for heating. In 2017, a water treatment system was commissioned that uses washing affluent of reverse osmosis filters for refrigeration in production, thereby reducing overall water consumption.

This helped Printall to reduce its gas consumption to 590 thousand cubic meters in 2017. In 2017, Printall consumed 6 million kWh of electricity.

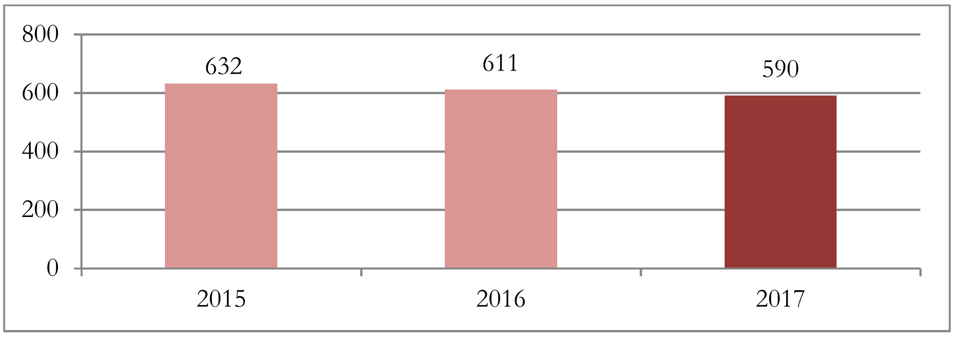


***Table**: Printall's gas consumption (in thousands of cubic meters)*

Waste. While cutting edges form about a tenth of paper used in Printall, the company is constantly seeking to optimize paper usage and reduce unnecessary excess consumption. On the walls of the company's premises there are guidance for sorting waste for employees. The remuneration system for printers and printing assistants encourages them to use paper more economically in their workplaces.

In 2017, Printall generated 3.766 tonnes of non-hazardous waste (mainly paper) and 44 tonnes of hazardous waste. A waste collection system for all types of printing equipment ensures that almost every cut of paper and edges is recycled. More than 97% of all printing waste at Printall is recycled. On average, 300 tonnes of paper waste every month, are recycled. Packaging and printing plates are also reused.

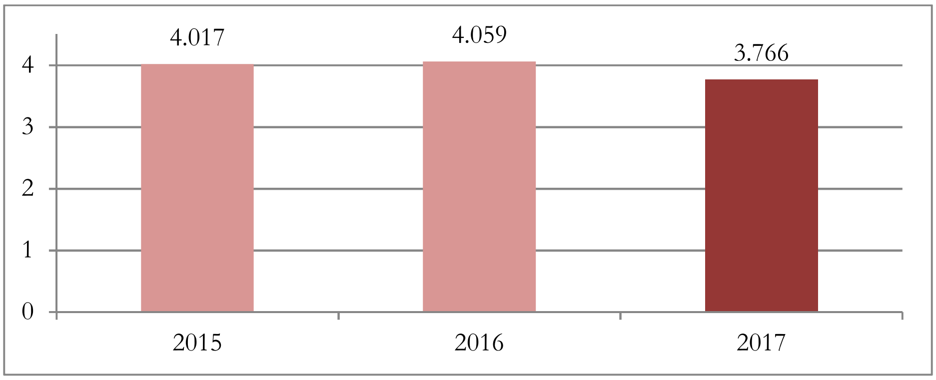


***Table**: Non-hazardous waste generated in Printall (in thousands of tonnes)*

Air pollution. One of the main environmental impacts of the printing industry is air pollution. The afterburners of drying residue installed on printing machines help to reduce air pollution (as well as heat buildings). The presence of the Nordic Ecolabel label ensures that the most environmentally-friendly chemicals are used.

Printall also significantly contributes to reducing air pollution and improving the working environment by not using Isopropanol in any of its printing processes for several years already.

SHARES AND SHAREHOLDERS OF EKSPRESS GRUPP

As of 31.12.2017, the company's share capital is EUR 17 878 105 and it consists of 29 796 841 shares with the nominal value of EUR 0.60 per share. The share capital and the total number of shares have remained unchanged since 31.12.2011.

All shares are of one type and there are no ownership restrictions. The company does not have any shares granting specific controlling rights and the company lacks information about agreements dealing with the restrictions on voting rights of shareholders. The articles of association of the public limited company set no restrictions on the transfer of the shares of the public limited company. The agreements entered into between the public limited company and the shareholders set no restrictions on the transfer of shares. In the agreements concluded between the shareholders, they are only known to the company to the extent related to pledging of securities and that is public information.

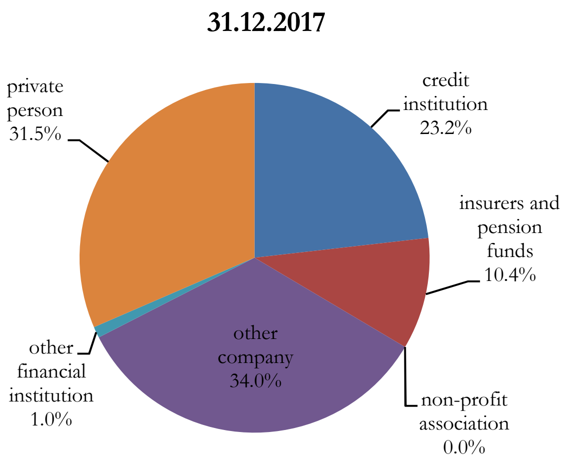
Structure of shareholders as of 31.12.2017 according to the Estonian Central Register of Securities

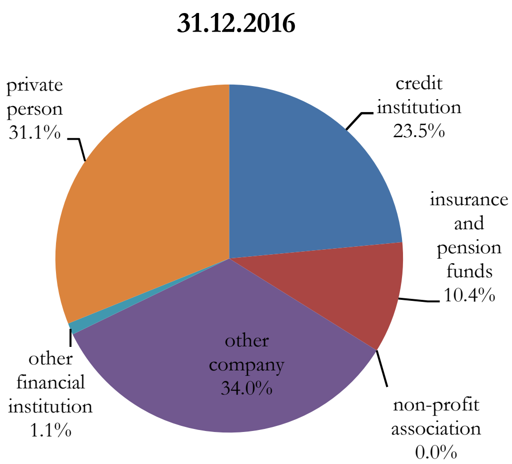
Name	Number of shares	%
Hans Luik	17 281 872	58.00%
Hans Luik	*7 963 307*	*26.73%*
Hans Luik, OÜ HHL Rühm	*9 311 665*	*31.25%*
Hans Luik, OÜ Minigert	*6 900*	*0.02%*
ING Luxembourg S.A.	4 002 052	13.43%
LHV Bank and funds managed by LHV Varahaldus	2 551 908	8.56%
SEB S.A. CLIENT ASSETS UCITS	1 273 394	4.27%
Members of the Management and Supervisory Boards and their close relatives	1 900	0.01%
Pirje Raidma, OÜ Aniston Trade	*1 900*	*0.01%*
Other minority shareholders	4 668 188	15.67%
Treasury shares	17 527	0.06%
Total	**29 796 841**	**100.0%**

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

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

Category	31.12.2017		31.12.2016	
	Number of shareholders	Number of shares	Number of shareholders	Number of shares
Private persons	2 665	9 379 607	2 731	9 268 573
Other companies	203	10 120 578	231	10 119 455
Other financial institutions	47	308 066	44	318 078
Credit institutions	14	6 903 744	14	7 005 889
Insurance and retirement funds	7	3 084 427	10	3 084 427
Non-profit organisations	2	419	2	419
TOTAL	**2 938**	**29 796 841**	**3 032**	**29 796 841**





AS Ekspress Grupp share information and dividend policy

Share information

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

Payment **of dividends** is decided annually and it depends on the Group's results, fulfilment of conditions laid down in the syndicated loan contract and potential investment needs. The company expects to continue with regular dividend payments which are not lower than in the preceeding year.

Date of the General Meeting	24.05.2013	20.06.2014	27.05.2015	13.06.2016	13.06.2017
Period for which dividends are paid	2012	2013	2014	2015	2016
Dividend payment per share (EUR)	1 cent	1 cent	4 cents	5 cents	6 cents
Total payment of dividends (EUR thousand)	298	298	1 187	1 456	1 787
Date of fixing the list of dividend recipients	07.06.2013	09.07.2014	10.06.2015	29.06.2016	29.06.2017
Date of dividend payment	01.10.2013	02.10.2014	02.10.2015	06.07.2016	06.07.2017

The table below shows the stock trading history 2013-2017

Price (EUR)	12 months 2017	12 months 2016	12 months 2015	12 months 2014	12 months 2013
Opening price	1.32	1.35	1.15	1.12	1.06
Closing price	1.25	1.32	1.35	1.14	1.14
High	1.37	1.37	1.47	1.14	1.22
Low	1.21	1.18	1.07	0.79	1.03
Average	1.30	1.27	1.28	1.03	1.13
Traded shares, pieces	538 175	696 292	657 508	1 389 244	1 395 363
Sales, millions	0.70	0.88	0.84	1.43	1.57
Capitalisation at balance sheet date in millions	37.25	39.33	40.23	33.97	33.97
P/E ratio (price earnings ratio)	11.84	8.93	14.94	6.56	31.45

The price of the share of Ekspress Group (EEG1T) in euros and the trading statistics on OMX Tallinn Stock Exchange from 1 January 2013 until 31 December 2017.

The share price comparison (%) with OMX Tallinn Stock Exchange index from 1 January 2013 – 31 December 2017.

SUPERVISORY AND MANAGEMENT BOARDS OF AS EKSPRESS GRUPP

SUPERVISORY BOARD

The Supervisory Board of the Company approves the activities of the company, organises its management and supervises the activities of the Management Board.

In accordance with the articles of association, the Supervisory Board shall comprise three to seven members. The number of the members shall be determined by the General Meeting. The members of the Supervisory Board shall be elected by the General Meeting for a term of five years. The Supervisory Board of Ekspress Group has seven members.

Information about members of the Supervisory Board:

Gunnar Kobin (resigned 22.02.2018)
- Chairman of the Supervisory Board and member of the Audit Committee since Jan 2017 until 22 Feb 2018
- CEO of AS Ekspress Grupp 2009-2016
- The board member of the companies Griffen Management OÜ, Griffen Invest OÜ, Jolanthe OÜ, Griffen Holding OÜ and Feedback wizards

Hans H. Luik
- Member of the Supervisory Board since 2004
- Member of the Management Board of OÜ HHL Rühm
- Member of the Management Board of OÜ Minigert
- Graduated from University of Tartu in 1984 with a degree in journalism

Harri Helmer Roschier – independent Supervisory Board member
- Member of the Supervisory Board since 2007
- Chairman of the Board of (Directors) Avaus Marketing Innovations OY
- Chairman of the Board of (Directors) Rostek OY
- Member of the Board of (Directors) Futurice OY
- HRC Invest OY Chairman of the Management Board
- Completed graduate studies in economics

Indrek Kasela - independent supervisory board member
- Member of the Supervisory Board since 2014
- Partner of the private equity fund Amber Trust
- Chairman of the Management Board of AS PRFoods
- Member of the Supervisory Board of AS Toode, ELKE Grupi AS, EPhaG AS and Salva Kindlustuse AS
- Graduated from New York University in 1996 with a Master's degree in law. Bachelor's degree from Tartu University in 1994, has a certificate in EU law from Uppsala University.

Marek Kiisa – independent supervisory board member
- Member of the Supervisory Board since 2016
- Member of the Management Board of telecommunication infrastructure company Astrec Baltic OÜ
- Member of the Management Board of Miss Mary of Sweden OÜ
- Member of the Management Board of Dynaplay Estonia OÜ
- Member of the Management Board of Fitek AS which provides solutions for financial process automation
- Founding member and a board member of a Nordic Business Angels Network NordicBAN
- Graduated from Swedish KTH Royal Institute of Technology with a master's degree in engineering in 1995 and Estonian Business School with a degree in Business Administration in 2004.

Peeter Saks – independent supervisory board member
- Member of the Supervisory Board since 2016
- Managing partner of Baltics private equity and venture capital company AS BaltCap
- Member of the Management Board of BC EKT HoldCo OÜ and Surroundings OÜ
- Member of the Supervisory Board of AS Epler & Lorez, AS Adam Bd, Intrac Eesti AS, Magnetic MRO AS, BPT Real Estate AS, Fitek AS, Eesti Keskkonnateenused AS, Radix Hoolduse OÜ, OÜ Kudjape Ümberlaadimisjaam and Radix Rent OÜ
- Graduated from Tallinn University of Technology in 1993, specialising in economics.

Aleksandras Česnavičius
- Member of the Supervisory Board since 2016
- General Manager of Central European Media Enterprises Ltd. Romanian region
- Managing Director of Delfi Lithuania between 2011-2013
- Graduated from Vilniaus Universitetas in Lithuania with a PhD in Media in 2010

Andre Veskimeister
- Member of the Supervisory Board since 22.02.2018
- Innovation and Development Director of Ekspress Grupp 2009-2017
- CEO of AS Ekspress Meedia June 2017-Feb 2018
- Graduated from Estonian Business School in 2004, specialising in business management

MANAGEMENT BOARD

The authorities of the Management Board of the Company are specified in the Commercial Code and they are limited to the extent determined in the articles of association of the company. The Management Board of Ekspress Group does not have any right to issue shares of the company. The election of the members of the Management Board is the authority of the Supervisory Board. The members of the Management Board are elected for a period of up to 5 years. In order to elect and remove the members of the Management Board, a simple majority of the votes of the Supervisory Board is required. In order to resign from the position of a member of the Management Board, the member shall give one month's notice to the Supervisory Board. There are no agreements between Ekspress Group and the members of the Management Board which would deal with the benefits in connection with a takeover of a public limited company provided for in Chapter 19 of the Securities Market Act. In accordance with the articles of association, the Management Board shall comprise one to five members. The Management Board of Ekspress Group has three members as of the year-end and preparation of the financial statements. The Chairman of the Management Board is Mari-Liis Rüütsalu. The members of the Management Board are Pirje Raidma and Kaspar Hanni, who was appointed on 18 December 2017. Andre Veskimeister's appointment as Member of the Board ended on 16 December 2017.

Information about the members of the Management Board:

Mari-Liis Rüütsalu
- Chairman of the Management board since 2017
- Chief Executive Officer of the Group
- Managing director of AS Ekspress Meedia 2015-2016
- Managing director of AS Delfi 2012-2015
- Marketing and development director of AS Estravel 1998-2012
- Graduated from Eesti Majandusjuhtide Instituut in 1998 specializing in business administration
and University of Tartu Pärnu College in 1995 specializing in entrepreneurship and business management

Kaspar Hanni
- Member of the Management Board since 2017
- Innovation and Business Development Director of the Group
- Member of the board of the Estonian Business Angles Association since 2017
- Software Asset Management and Compliance Lead of Microsoft in Baltics 2015-2016
- Enterprise and Partner Group Lead of Microsoft in Baltics 2011-2015
- Graduated from Estonian Business School in 2002 with a degree in Business Administration and studied Information Technology at Tallinn University of Technology

Pirje Raidma
- Member of the Management Board since 2010
- Chief Financial Officer of the Group
- Finance and Administrative Director of the investment bank GILD Bankers in 2006 - 2010
- Finance and Administrative Director of LHV Group in 2005 - 2006
- Auditor at auditing company PwC (worked in Estonia and the Channel Islands) in 1997 - 2005
- Graduated from University of Tartu in 1996 with a degree in international economy
- Certified Auditor and fellow of the Association of Chartered Certified Accountants, FCCA

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Consolidated balance sheet (unaudited)

(thousand EUR)	31.12.2017	31.12.2016
ASSETS		
Current assets		
Cash and cash equivalents	1 037	2 805
Term deposits	36	51
Trade and other receivables	9 917	7 468
Corporate income tax receivable	4	0
Inventories	2 832	2 770
Total current assets	**13 827**	**13 094**
Non-current assets		
Trade and other receivables	1 750	982
Deferred tax asset	47	34
Investments in joint ventures	2 372	2 435
Investments in associates	354	591
Property, plant and equipment (Note 5)	12 189	12 722
Intangible assets (Note 5)	45 419	44 310
Total non-current assets	**62 130**	**61 074**
TOTAL ASSETS	**75 957**	**74 168**
LIABILITIES		
Current liabilities		
Borrowings (Note 7)	166	2 313
Trade and other payables	8 095	7 170
Corporate income tax payable	111	108
Total current liabilities	**8 372**	**9 591**
Non-current liabilities		
Long-term borrowings (Note 7)	15 091	13 471
Deferred tax liability	0	33
Total non-current liabilities	**15 091**	**13 504**
TOTAL LIABILITIES	**23 463**	**23 095**
EQUITY		
Minority interest	68	0
Capital and reserves attributable to equity holders of parent company:		
Share capital (Note 11)	17 878	17 878
Share premium	14 277	14 277
Treasury shares (Note 11)	(22)	(863)
Reserves (Note 11)	1 531	2 058
Retained earnings	18 762	17 723
Total capital and reserves attributable to equity holders of parent company	**52 426**	**51 073**
TOTAL EQUITY	**52 494**	**51 073**
TOTAL LIABILITIES AND EQUITY	**75 957**	**74 168**

The Notes presented on pages 44-59 form an integral part of the consolidated interim report.

Consolidated statement of comprehensive income (unaudited)

(thousand EUR)	Q4 2017	Q4 2016	12 months 2017	12 months 2016
Sales revenue	15 016	14 743	54 070	53 324
Cost of sales	(11 900)	(11 163)	(42 869)	(42 122)
Gross profit	**3 115**	**3 580**	**11 201**	**11 202**
Other income	471	579	1 189	1 085
Marketing expenses	(821)	(770)	(2 898)	(2 488)
Administrative expenses	(1 884)	(1 446)	(5 921)	(5 357)
Other expenses	(42)	(54)	(97)	(114)
Gain from selling business assets	194	0	194	0
Operating profit	**1 034**	**1 889**	**3 669**	**4 328**
Interest income	36	7	173	32
Interest expense	(97)	(114)	(400)	(471)
Foreign exchange gains (losses)	(4)	(6)	(11)	(10)
Other finance costs	174	(10)	129	(56)
Net finance cost	**108**	**(123)**	**(109)**	**(505)**
Profit/(loss) on shares of joint ventures	(233)	210	(2)	772
Profit/(loss) from shares of associates	(17)	72	(68)	113
Profit before income tax	**892**	**2 047**	**3 490**	**4 708**
Income tax expense	(190)	(180)	(344)	(302)
Net profit for the reporting period	**703**	**1 868**	**3 146**	**4 406**
Net profit for the reporting period attributable to:				
Equity holders of the parent company	696	1 868	3 140	4 406
Minority shareholders	6	0	6	0
Other comprehensive income	0	0	0	0
Total comprehensive income	**703**	**1 868**	**3 146**	**4 406**
Comprehensive income for the reporting period attributable to:				
Equity holders of the parent company	696	1 868	3 140	4 406
Minority shareholders	6	0	6	0
Basic and diluted earnings per share (Note 9)	0.02	0.06	0.11	0.15

The Notes presented on pages 44-59 form an integral part of the consolidated interim report.

Consolidated statement of changes in equity (unaudited)

	Attributable to equity holders of the Parent Company							
(thousand EUR)	**Share capital**	**Share premium**	**Treasury shares**	**Reserves**	**Retained earnings**	**Total**	**Minority interest**	**Total equity**
Balance on 31.12.2015	**17 878**	**14 277**	**(176)**	**1 787**	**14 908**	**48 674**	**0**	**48 674**
Increase of statutory reserve capital	0	0	0	135	(135)	**0**	0	**0**
Purchase of treasury shares	0	0	(687)	0	0	**(687)**	0	**(687)**
Share option	0	0	0	136	0	**136**	0	**136**
Paid dividends	0	0	0	0	(1 456)	**(1 456)**	0	**(1 456)**
Total transactions with owners	*0*	*0*	*(687)*	*271*	*(1 591)*	***(2 007)***	*0*	***(2 007)***
Net profit for the reporting period	0	0	0	0	4 406	**4 406**	0	**4 406**
Total comprehensive income for the reporting period	*0*	*0*	*0*	*0*	*4 406*	***4 406***	*0*	***4 406***
Balance on 31.12.2016	**17 878**	**14 277**	**(863)**	**2 058**	**17 723**	**51 073**	**0**	**51 073**
Increase of statutory reserve capital	0	0	0	220	(220)	**0**	0	**0**
Share option	0	0	841	(747)	(94)	**0**	0	**0**
Paid dividends	0	0	0	0	(1 787)	**(1 787)**	0	**(1 787)**
Other changes	0	0	0	0	0	**0**	62	**62**
Total transactions with owners	*0*	*0*	*841*	*(527)*	*(2 101)*	***(1 787)***	*62*	***(1 725)***
Net profit for the reporting period	0	0	0	0	3 140	**3 140**	6	**3 146**
Total comprehensive income for the reporting period	*0*	*0*	*0*	*0*	*3 140*	***3 140***	*6*	***3 146***
Balance on 31.12.2017	**17 878**	**14 277**	**(22)**	**1 531**	**18 762**	**52 426**	**68**	**52 494**

The Notes presented on pages 44-59 form an integral part of the consolidated interim report.

Consolidated cash flow statement (unaudited)

(EUR thousand)	12 months 2017	12 months 2016
Cash flows from operating activities		
Operating profit for the reporting year	3 669	4 328
Adjustments for:		
Depreciation, amortisation and impairment (Note 5)	2 787	2 953
Gain from selling business assets	(194)	0
(Gain)/loss on sale and write-down of property, plant and equipment	(11)	37
Change in value of share option (Note 10)	0	136
Cash flows from operating activities:		
Trade and other receivables	(105)	(709)
Inventories	(62)	(53)
Trade and other payables	(497)	484
Cash generated from operations	**5 587**	**7 175**
Income tax paid	(371)	(293)
Interest paid	(448)	(519)
Net cash generated from operating activities	**4 769**	**6 363**
Cash flows from investing activities		
Acquisition of subsidiaries (less cash acquired)	(546)	0
Acquisition of joint ventures	0	(868)
Acquisition of associate	(74)	(311)
Purchase and receipts of other investments	(785)	5
Proceeds from sale of business assets	130	0
Interest received	169	32
Purchase of property, plant and equipment (Note 5)	(2 023)	(1 335)
Proceeds from sale of property, plant and equipment	12	39
Loans granted	(2 227)	(25)
Loan repayments received	1 054	175
Net cash used in investing activities	**(4 290)**	**(2 289)**
Cash flows from financing activities		
Dividends paid	(1 787)	(1 456)
Dividend received from associates and joint ventures	56	246
Finance lease repayments	(71)	(72)
Change in use of overdraft	92	0
Loan received (Note 7)	0	11
Repayments of bank loans (Note 7)	(552)	(2 186)
Purchase of treasury shares (Note 11)	0	(687)
Net cash used in financing activities	**(2 261)**	**(4 144)**
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	**(1 782)**	**(71)**
Cash and cash equivalents at the beginning of the year	2 856	2 927
Cash and cash equivalents at the end of the year	1 073	2 856

The Notes presented on pages 44-59 form an integral part of the consolidated interim report.

SELECTED NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Note 1. General information

The main fields of activity of AS Ekspress Grupp and its subsidiaries include online media, publishing of newspapers, magazines and books, and provision of printing services.

AS Ekspress Grupp (registration number 10004677, address: Parda 6, 10151 Tallinn) is a holding company registered and operating in the Republic of Estonia. The Group consists of the subsidiaries, joint ventures and associates listed below.

These interim financial statements were approved and signed by the Management Board on 23 February 2018.

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

Company name	Status	Owner ship interest 31.12. 2017	Owner ship interest 31.12. 2016	Main field of activity	Domicile
Operating segment: corporate functions					
Ekspress Grupp AS	Parent comp.			Holding company and support services	Estonia
Ekspress Digital OÜ	Subsidiary	100%	100%	Provision of IT services	Estonia
Ekspress Finance OÜ	Subsidiary	100%	100%	Provision of financing for the Group	Estonia
Operating segment: media (online and print media)					
Ekspress Meedia AS (former Delfi AS)	Subsidiary	100%	100%	Online media, publishing of daily and weekly newspapers	Estonia
Delfi A/S	Subsidiary	100%	100%	Online media	Latvia
ACM LV SIA	Subsidiary	100%	-	Sale of outdoor advertising (acquired in July 2017)	Latvia
Delfi UAB	Subsidiary	100%	100%	Online media (magazine business was sold in Dec 2017)	Lithuania
Sport Media UAB	Subsidiary	51%	51%	Currently dormant	Lithuania
Medipreza UAB	Associate	-	40%	Wholesale of magazines and books (sold in Dec 2017)	Lithuania
Delfi Holding SIA	Subsidiary	100%	100%	Holding company (previously parent company to Delfi companies in different countries)	Latvia
Hea Lugu OÜ	Subsidiary	83%	100%	Book publishing (mergered with Ajakirjade Kirjastus book publishing department in Nov 2017)	Estonia
Adnet Media UAB	Subsidiary	100%	49%	Online advertising solutions and network	Lithuania
Adnet Media OÜ	Subsidiary	100%	49%	Online advertising solutions and network	Estonia
Adnet Media SIA	Subsidiary	100%	49%	Online advertising solutions and network	Latvia
Zave Media OÜ	Subsidiary	100%	100%	Operations moved to Delfi local companies	Estonia
Ajakirjade Kirjastus AS	Joint venture	50%	50%	Magazine publishing	Estonia
SL Õhtuleht AS	Joint venture	50%	50%	Newspaper publishing	Estonia
Express Post AS	Joint venture	50%	50%	Home delivery of periodicals	Estonia
Linna Ekraanid OÜ	Joint venture	50%	50%	Sale of digital outdoor advertising	Estonia
Babahh Media OÜ	Associate	49%	49%	Sale of video production, media and infrastructure solutions	Estonia
Kinnisvarakeskkond OÜ	Associate	49%	-	Development of real estate portal (founded in August 2017)	Estonia
Operating segment: printing services					
Printall AS	Subsidiary	100%	100%	Printing services	Estonia
Operating segment: entertainment					
Delfi Entertainment SIA	Subsidiary	100%	100%	Currently dormant	Latvia

Note 2. Bases of preparation

The consolidated interim financial statements of AS Ekspress Grupp for the 4th quarter ended on 31.12.2017 and first nine months of the have been prepared in accordance with IAS 34 "Interim Financial Reporting". The condensed interim consolidated financial statements should be read together to the annual report for the financial year ended 31 December 2016.

The Management Board estimates that the interim consolidated financial statements for twelve months of 2017 present a true and fair view of the Group's operating results, and all group companies are going concerns. These interim financial statements have neither been audited nor reviewed in any other way by auditors. These consolidated interim financial statements are presented in thousands of euros, unless otherwise indicated.

Starting from 1 January 2017, several new standards, amendments to standards and interpretations were entered into force which became mandatory for the Group but none of which have an impact on the Group's interim financial statements.

Note 3. Financial risk management

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

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

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

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

Credit risk

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

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

Bank name	Moody`s	Standard & Poor`s	31.12.2017	31.12.2016
SEB	Aa3	A+	339	2 153
Swedbank	Aa3	AA-	519	330
Luminor/Danske	Aa3/A2	AA-/A	201	359
Total			**1 059**	**2 842**

The banks' latest long-term credit rating shown on the bank's website is used.

The payment discipline of clients is continuously monitored to reduce credit risk. A credit policy has been established to ensure the sale or services to clients with an adequate credit history and the application of prepayments to clients in a higher risk category. According to the credit policy, different client groups are subject to different payment terms and credit limits. Clients are classified on the basis of their size, reputation, and the results of credit background checks and history of payment behaviour. At the first level, the advertising clients are divided into two groups: advertising agencies and direct clients, they are further grouped according to the above principles. The Group applies the same credit policy in all Baltic States, but is aware of different credit behaviour of clients. While in Estonia invoices are generally paid when due, the usual practice in Latvia and Lithuania is to pay invoices 1-3 months past their due date and not to consider it as a violation of the credit discipline. Subsidiaries in Estonia outsource reminder services in order to collect overdue receivables more effectively.

In the case of new clients, their credit background is checked with the help of financial information databases such as Krediidiinfo and other similar databases. At the beginning clients' payment behaviour will be monitored with heightened interest. Upon following the payment discipline, it is possible to receive more flexible credit terms, such as longer payment terms, higher credit limits, etc. Upon violation of the payment discipline, stricter credit terms are applied. In case of large transactions, in particular in the segment of printing services, clients are requested to make prepayment or provide a guarantee letter.

The Group is not aware of any substantial risks related to the concentration of its clients and partners. The management estimates that there is no substantial credit risk in the loans to related parties due to their solid financial position.

Liquidity risk

Liquidity risk means that the Group may not have liquid funds to fulfil its financial obligations in a timely manner.

The objective of the Group is to maintain a balance between the financial needs and financial possibilities of the Group. Cash flow planning is used as a means to manage the liquidity risk. To manage liquidity risk as effectively as possible, the bank accounts of the Parent Company and its subsidiaries comprise one group account (cash pool) which enables the members of the group account to use the finances of the Group within the limit established by the Parent Company. The group account operates in Estonia, but foreign subsidiaries in Latvia and Lithuania are also part thereof. According to the policy of the Group, all subsidiaries and joint ventures prepare long term cash flow projections for the following year, which are adjusted on a quarterly basis. For monitoring short-term cash flows the subsidiaries prepare eight week cash flow projections on a weekly basis.

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

Overdraft credit is used to finance working capital, long-term bank loans and finance lease agreements are used to make capital expenditures to acquire non-current assets. The Group's overdraft loan is long-term and related to the term of the syndicated loan contract. This essentially works as a long-term line of credit, the use of which the Group can regulate at its own discretion.

Interest rate risk

Group. The interest rates of loans granted and lease taken are all tied to Euribor. Interest rate of the syndicate loan is fixed to zero plus margin.

The Group's interest rate risk is related to short-term and long-term borrowings which carry a floating interest rate. The interest rate risk is mainly related to the fluctuation of Euribor. Interest rate change by 1 percentage point would change the Group's loan interest expense by ca 150 thousand euros per year.

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

Type of interest	Interest rate	31.12.2016 (thousand EUR)	<= 1 year	>1 year and <=5 years	Carrying amount
Floating interest	3-month Euribor + 2.5%	Syndicated loan (*Parent Company*)	1 546	7 902	9 448
	3-month Euribor + 2.5%	Syndicated loan *(Printall)*	697	5 301	5 998
	1-month Euribor + 2.3%	Finance lease *(Printall)*	70	268	338
	1-month Euribor + 1.9%	Overdraft	0	0	0

Foreign exchange risk

The Group's operating activities have an international dimension and therefore, the Group is to some extent exposed to foreign exchange risk. Foreign exchange risk arises when future business transactions or recognised assets or liabilities are fixed in a currency which is not the functional currency of the Group. Group companies are required to manage their foreign exchange risk with regard to the functional currency. The Group's income is primarily fixed in local currencies, i.e. the euros in Estonia, Latvia and Lithuanian. The Group also pays most of its suppliers and employees in local currencies. The subsidiaries are typically required to use the euro as the currency in foreign contracts. The subsidiary Printall exports outside of euro-zone and it also issues invoices denominated in Norwegian kroner and Swedish kronor. In 2017, such foreign exchange risk was on a level of ca 2% of Group's revenue (in 2016: ca 4%). The Russian clients pay also in Russian roubles, although the invoices issued have been denominated in euros and hence carry no exchange risk. The amounts received in foreign currencies are converted into euros immediately after their receipt in order to reduce open foreign currency positions. No other means are used for hedging foreign exchange risk.

As of 31.12.2017, the Group had foreign currency risk related to the Swedish krona in the amount of EUR 55 thousand and other currencies (NOK, USD) in the amount of EUR 103 thousand. As of 31.12.2016, the Group had foreign currency risk related to the Swedish krona in the amount of EUR 141 thousand and other currencies (NOK, USD, RUB) in the amount of EUR 96 thousand.

Price risk

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

Operational risk

Operational risk is a possible loss caused by insufficient or non-functioning processes, employees and information systems or external factors.

The involvement of employees in the risk assessment process improves the general risk culture. For performing transactions different limits are used to minimise possible losses. The four-eye principle in use, under which the confirmation of at least two employees independent of each other or that of a unit is necessary for the performance of a transaction or a procedure, reduces the possible occurrence of human errors and mistakes. The four-eye principle is also applied in other departments and for all different transactions including all agreements and legal documents. The management considers the legal protection of the Group to be good.

The management estimates that the dependence of the Group's activities on IT systems is high and continuous investments are made to increase its security and reliability. The responsibility for managing operational risk lies with the Management Board of the Group and the management boards of the subsidiaries.

Capital risk

The main objective of the Group upon managing capital risk is to ensure the sustainability of the Group in order to ensure income for its shareholders and benefits for other stakeholders, while maintaining the optimal capital structure in order to reduce the price of capital.

According to the common industry practice, the Group uses the debt to capital ratio to monitor its capital. The debt to capital ratio is calculated as the ratio of net debt to total capital. Net debt is calculated by deducting cash and bank accounts from total debt (short and long-term interest bearing liabilities recognised in the consolidated balance sheet). Total capital is recognised as the aggregate of equity and net debt.

Equity ratios of the Group

(thousand EUR)	31.12.2017	31.12.2016
Interest-bearing debt	15 257	15 784
Cash and bank accounts	1 073	2 856
Net debt	14 184	12 928
Equity	52 494	51 073
Total capital	66 678	64 001
Debt to capital ratio	**21%**	**20%**
Total assets	75 957	74 168
Equity ratio	**69%**	**69%**

Note 4. Business combinations

On 16 November 2017, AS Ekspress Grupp acquired 51% of the company **UAB Adnet Media** after getting an approval from the Lithuanian Competition Council. As a result, AS Ekspress Grupp now owns 100% of the shares of the company. The 49% of the shares belongs to AS Ekspress Grupp from autumn 2014. UAB Adnet Media is engaged in internet advertising sales in Estonia, Latvia and Lithuania. A consideration of EUR 415 thousand was paid for the ownership. In the financial statements the transaction was recognised in two parts: the sale of previous ownership 49% and the acquisition of 100% of ownership and control of the company. As a result of sales transaction financial income was recognised in amount of 190 thousand euros.

On 17 July 2017, A/S Delfi (Latvia) acquired a 100% ownership interest in **ACM LV SIA** that is engaged in the sale of outdoor digital advertising in Latvia. A payment of EUR 390 thousand was made for the acquisition.

The acquisition supports the Group's objective of developing digital outdoor advertising in all three Baltic countries and thereby grow its portfolio of activities. The acquisition in Latvia follows the acquisition of a 50% ownership interest in **Linna Ekraanid OÜ** engaged in digital outdoor advertising in Estonia on 22 July 2016. A payment of EUR 868 thousand was made for the ownership interest. In the 2nd quarter of 2019, AS Ekspress Grupp will also acquire the remaining 50% of the shares of Linna Ekraanid OÜ and will thus become the sole shareholder of the company. The acquisition price of the remaining 50% of the ownership interest is tied to the company's actual target results which will become known at the beginning of 2019.

In August 2017, a new associate OÜ Kinnisvarakeskond was established with the 49% ownership interest, whose main activity is a development of a real estate portal. A contribution to share capital was made and a loan was granted to launch the business operations in the amount of EUR 130 thousand.

On 16 September 2016, the Group acquired a 49% ownership interest in **Babahh Media OÜ** which is engaged in video production, media solutions and streaming related infrastructure sales in Estonia. A payment was immediately made for it in the amount of EUR 311 thousand. The purchase price or ownership interest percentage could be adjusted in accordance with the actual results over the next 5 years. AS Ekspress Grupp also obtained an option to acquire additional shares of Babahh Media OÜ in 2021, as a result of which the ownership interest of AS Ekspress Grupp in the share capital of Babahh Media OÜ would increase to 70%.

The purpose of the acquisition is to expand its fast-growing online video production and video streaming business. The team of Babahh Media represents a company that has operated in this market for a number of years and has a great potential in the growing video production market.

The table below gives an overview of the acquired identifiable assets and liabilities at the time of acquisitions. The purchase analysis has been prepared using the balance sheets of Linna Ekraanid OÜ as of 31.07.2016, Babahh Media OÜ as of 30.09.2016 and ACM LV SIA as of 31.07.2017

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

(thousand EUR)	Linna Ekraanid OÜ (50%)		Babahh Media OÜ (49%)	
	Fair value	Carrying amount	Fair value	Carrying amount
Net assets	66	66	26	26
Intangible assets	131	0	0	0
Total identifiable assets	**197**	**66**	**26**	**26**
Goodwill	**671**		**285**	
Cost of ownership interest	868		311	
Paid for ownership interest in cash	868		311	
Cash and cash equivalents in acquired entity	6		19	
Total cash effect on the Group	**(862)**		**(292)**	

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

(thousand EUR)	Property, plant and equipment		Intangible assets	
	12 months 2017	12 months 2016	12 months 2017	12 months 2016
Balance at beginning of the period				
Cost	33 166	32 542	64 329	63 834
Accumulated depreciation and amortisation	(20 446)	(18 751)	(20 018)	(19 244)
Carrying amount	**12 722**	**13 791**	**44 310**	**44 590**
Acquisitions and improvements	1 629	1 068	678	612
Disposals (at carrying amount)	(23)	(9)	0	0
Write-offs (at carrying amount)	(14)	(42)	0	(25)
Acquired through business combinations	72	0	1 020	0
Depreciation and amortisation	(2 197)	(2 087)	(590)	(866)
Balance at end of the period				
Cost	33 992	33 166	64 141	64 329
Accumulated depreciation and amortisation	(21 804)	(20 446)	(18 722)	(20 018)
Carrying amount	**12 189**	**12 722**	**45 419**	**44 310**

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

Note 6. Intangible assets

Intangible assets by type

(in thousands)	EUR	
	31.12.2017	31.12.2016
Goodwill	37 969	36 953
Trademarks	6 259	6 505
Other intangible assets	1 190	852
Total intangible assets	**45 419**	**44 310**

Goodwill by cash-generating units

(in thousands)	EUR	
	31.12.2017	31.12.2016
Delfi Estonia	15 281	15 281
Delfi Latvia	7 312	7 007
Delfi Lithuania	12 848	12 848
Adnet Lithuania	712	0
Maaleht	1 816	1 816
Total goodwill	**37 969**	**36 953**

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

The impairment test of Delfi Estonia includes the cash flows of the Delfi related product in AS Ekspress Meedia. The impairment test of Delfi Latvia includes the cash flows of Latvian legal entity AS Delfi. The impairment test of Delfi Lithuania includes the cash flows of Lithuanian entity UAB Delfi, which comprise now only Delfi related products while its magazine publishing business was sold in December 2017. The impairment test of Maaleht is based on the future cash flows of business of newspaper Maaleht (including all related activities and their results) and magazine Maakodu in AS Ekspress Meedia.

No impairment test for Adnet Media was done, as the full ownership was only acquired in November 2017 and the purchase price allocation was performed at that time. The cash flows of Adnet Media include its activities in all Baltic countries.

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

The applied revenue growth rates are as follows:

Cash-generating unit	Average revenue growth pa Next 5 years		Terminal value growth	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
Delfi Estonia	8.6%	9.3%	3.5%	3.5%
Delfi Latvia	10.2%	9.5%	3.5%	3.5%
Delfi Lithuania (online only in 2017)	7.5%	6.5%	3.5%	3.5%
Maaleht	0%	0.9%	0%	0%

The present value and the terminal value of the cash flows for the following five years were determined using the weighted average cost of capital as the discount rate, where the expected ROE is 10.5%-11.8% (2016: 12.4%-12.8%) and the return on debt is 2.5%-3.2% (2016: 2.8%-3.6%). The debt to equity ratio is based on the latest average debt to equity ratio in publishing and newspapers sector provided by the database of Damodaran Online. The cost of equity has been calculated using CAPM (Capital Asset Pricing Model). The latest average unleveraged beta of the publishing and newspaper industry based on Damodaran Online database has been used as one component. The yields on long-term government bonds with maturities of close to ten years issued by Latvia and Lithuania provided by the European Central Bank have been used as the basis for determining the risk rates of these countries. In respect of Estonia, the country's risk rate is based on the long-term euro bond yield of Germany, plus the default spread for Estonia according to the database of Damodaran Online.

In 2017 there has been a further decrease in risk-free-interest-rates in the securities markets which has resulted also smaller applied discount rates used in valuation tests.

The applied discount rates are as follows:

Cash-generating unit	31.12.2017	31.12.2016
Delfi Estonia	9.03%	9.46%
Delfi Latvia	9.19%	9.37%
Delfi Lithuania	8.17%	8.90%
Maaleht	9.03%	9.46%

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

(EUR thousand)	31.12.2017			31.12.2016		
	Recoverable Amount	Carrying amount (prior to impairment)	Difference	Recoverable amount	Carrying amount (prior to impairment)	Difference
Delfi Estonia	20 308	17 736	2 573	23 448	17 673	5 775
Delfi Latvia	11 605	9 693	1 912	9 957	9 711	246
Delfi Lithuania	45 264	16 830	28 434	35 466	16 720	18 746
Maaleht	5 424	1 635	3 789	9 340	1 565	7 774

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

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

The sensitivity of goodwill related to Delfi Estonia and Delfi Latvia is much greater. It would be necessary to recognise an impairment loss if revenue increase of Delfi Estonia on average was less than 5.6% in 2018-2022, the residual value growth was lower more than 1 pp or the applied discount rate was higher more than 0.75 pp. Regarding Delfi Latvia it would be necessary to recognise an impairment loss if revenue increase on average was less than 5% in the period 2018-2022, the terminal value growth was lower more than 1.4 pp or the applied discount rate was higher more than 1.1 pp.

Note 7. Bank loans and borrowings

(thousand EUR)	Total amount	Repayment term	
		Up to 1 year	During 1-5 years
Balance as of 31.12.2017			
Overdraft	**92**	92	0
Long-term bank loans	**14 894**	0	14 894
incl. syndicated loan (AS Ekspress Grupp)	**9 067**	0	9 067
incl. syndicated and mortgage loan (AS Printall)	**5 827**	0	5 827
Finance lease	**271**	74	197
Total	**15 257**	**166**	**15 091**
Balance as of 31.12.2016			
Long-term bank loans	**15 446**	2 243	13 203
incl. syndicated loan (AS Ekspress Grupp)	**9 448**	1 546	7 902
incl. syndicated and mortgage loan (AS Printall)	**5 998**	697	5 301
Finance lease	**338**	70	268
Total	**15 784**	**2 313**	**13 471**

The effective interest rates are very close to the nominal interest rates. The fair value of the loan liabilities is close to its book value as in April 2017 the margin has been negotiated based on market terms and the interest rate was fixed to zero while 3-month Euribor was still negative. It is a market term to cap Euribor to zero while it is negative. The loan liabilities are within level 3 of the fair value hierarchy.

Long term bank loan

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

The syndicated loan is still guaranteed by the shares of the subsidiaries, the guarantees of Estonian subsidiaries in the amount of EUR 17 million, the commercial pledge on the assets of AS Printall in the amount of EUR 19 million, the trademarks of Delfi, Eesti Ekspress, Maaleht, Eesti Päevaleht and Eesti Ekspressi Kirjastus in the amount of EUR 5 million, the value of all of which is included within the net assets of the Group. In addition, a mortgage has been set on the registered immovable and production facilities of AS Printall. As of 31.12.2017, the carrying amount of the building was EUR 3.0 million and that of the registered immovable was EUR 0.4 million. The ultimate controlling shareholder has also given a personal guarantee in the amount of EUR 4 million to cover the syndicated loan and overdraft agreements.

According to the conditions of the loan agreement, the borrower needs to keep the total debt/EBITDA ratio below 3.0. If the latter rises above 2.5, the monthly loan repayments shall be resumed. As of 31.12.2017, the total debt/EBITDA ratio was 2.35. In addition a liquidity reserve 1 million euros must be kept in the bank.

Overdraft facilities

As of 31.12.2017, the Group had entered into a long-term overdraft facility with SEB Bank in the amount of EUR 3 million with the due date of 25.10.2020 of which EUR 92 thousand had been used by the balance sheet date. No overdraft had been used by the balance sheet date of 31.12.2016.

Note 8. Segment reporting

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

Media segment: management of online news portals and classified portals, advertising sales in own portals in the Baltics and publishing of newspapers, magazines, customer publications and books in Estonia and Lithuania.

This segment includes subsidiaries AS Ekspress Meedia (former AS Delfi and AS Eesti Ajalehed in Estonia), AS Delfi (Latvia), UAB Delfi (Lithuania), Delfi Holding SIA (Latvia), OÜ Hea Lugu (Estonia), OÜ Zave Media (Estonia), ACM LV SIA (Latvia) and Adnet Media (Lithuania, Estonia, Latvia). The latter since December 2017 when 100% of the ownership was acquired.

This segment also includes the joint ventures AS Ajakirjade Kirjastus, AS SL Õhtuleht, AS Express Post and Linna Ekraanid OÜ. Joint ventures are not consolidated line-by-line; however some tables include their results and impact on the Group's figures.

The revenue of the **media segment** is derived from sale of advertising banners and other advertising space and products in its own portals, sales of advertising space in newspapers and magazines, revenue from subscriptions and single copy sales of newspapers and magazines, sales of books and miscellaneous series, services fees for preparation of customer materials and other projects.

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

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

The **Group's corporate functions** are shown separately and they do not form a separate business segment. It includes the Parent Company AS Ekspress Grupp, which provides legal advice and accounting services to its group companies, a subsidiary OÜ Ekspress Digital that provides intra-group IT services, and OÜ Ekspress Finance, the main activity of which is intra-group financing.

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

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

Q4 2017 (thousand EUR)	Media	Printing services	Enter-tainment	Corporate functions	Elimi-nations	Total Group
Sales to external customers (subsidiaries)	**9 329**	**5 995**	**0**	**160**	**(468)**	**15 016**
Effect of joint ventures	2 942	(280)	-	(49)	(22)	2 590
Inter-segment sales	120	781	-	576	(1 477)	0
Total segment sales, incl. joint ventures	*12 391*	*6 496*	*0*	*686*	*(1 967)*	*17 606*
EBITDA (subsidiaries)	**1 168**	**952**	**0**	**(529)**	**0**	**1 590**
EBITDA margin (subsidiaries)	**13%**	**16%**	**-**			**11%**
EBITDA incl. joint ventures	*1 089*	*952*	*0*	*(529)*		*1 512*
EBITDA margin incl. joint ventures	*9%*	*15%*	-			*9%*
Depreciation (subsidiaries) (Note 5)						750
Gain from selling business assets						194
Operating profit (subsidiaries)						1 034
Investments (subsidiaries) (Note 5)						1 132

12 months 2017 (thousand EUR)	Media	Printing services	Enter-tainment	Corporate functions	Elimi-nations	Total Group
Sales to external customers (subsidiaries)	**33 372**	**21 895**	**0**	**424**	**(1 621)**	**54 070**
Effect of joint ventures	10 931	(1 048)	-	(174)	(80)	9 629
Inter-segment sales	126	3 032	-	2 236	(5 394)	0
Total segment sales, incl. joint ventures	*44 429*	*23 879*	*0*	*2 486*	*(7 095)*	*63 699*
EBITDA (subsidiaries)	**3 729**	**3 734**	**0**	**(1 201)**	**0**	**6 261**
EBITDA margin (subsidiaries)	**11%**	**17%**	**-**			**12%**
EBITDA incl. joint ventures	*4 181*	*3 734*	*0*	*(1 201)*		*6 713*
EBITDA margin incl. joint ventures	*9%*	*16%*	-			*11%*
Depreciation (subsidiaries) (Note 5)						2 786
Gain from selling business assets						194
Operating profit (subsidiaries)						3 669
Investments (subsidiaries) (Note 5)						2 307

Q4 2016 (thousand EUR)	Media	Printing services	Enter-tainment	Corporate functions	Elimi-nations	Total Group
Sales to external customers (subsidiaries)	**8 852**	**6 394**	**0**	**62**	**(565)**	**14 743**
Effect of joint ventures	2 975	(266)	0	(29)	(14)	2 666
Inter-segment sales	9	824	0	533	(1 366)	0
Total segment sales, incl. joint ventures	*11 836*	*6 952*	*0*	*566*	*(1 945)*	*17 409*
EBITDA (subsidiaries)	**1 618**	**1 329**	**0**	**(287)**	**0**	**2 660**
EBITDA margin (subsidiaries)	**18%**	**19%**	**-**			**18%**
EBITDA incl. joint ventures	*1 938*	*1 329*	*0*	*(287)*	*0*	*2 981*
EBITDA margin incl. joint ventures	*16%*	*19%*	-			*17%*
Depreciation (subsidiaries) (Note 5)						773
Operating profit (subsidiaries)						1 889
Investments (subsidiaries) (Note 5)						467

12 months 2016 (thousand EUR)	Media	Printing services	Enter-tainment	Corporate functions	Elimi-nations	Total Group
Sales to external customers (subsidiaries)	**31 566**	**23 409**	**0**	**162**	**(1 813)**	**53 324**
Effect of joint ventures	10 651	(1 054)	-	(75)	(53)	9 469
Inter-segment sales	13	3 230	-	2 146	(5 389)	0
Total segment sales, incl. joint ventures	*42 231*	*25 585*	*0*	*2 233*	*(7 255)*	*62 793*
EBITDA (subsidiaries)	**3 572**	**4 645**	**(2)**	**(936)**	**0**	**7 280**
EBITDA margin (subsidiaries)	**11%**	**20%**	**-**			**14%**
EBITDA incl. joint ventures	*4 779*	*4 645*	*(2)*	*(936)*		*8 487*
EBITDA margin incl. joint ventures	*11%*	*18%*	-			*14%*
Depreciation (subsidiaries) (Note 5)						2 953
Operating profit (subsidiaries)						4 328
Investments (subsidiaries) (Note 5)						1 674

Note 9. Earnings per share

Basic earnings per share have been calculated by dividing the profit attributable to equity holders of the Parent Company by the weighted average number of shares outstanding during the period. Treasury shares owned by the Parent Company are not taken into account as shares outstanding.

EUR	Q4 2017	Q4 2016	12 months 2017	12 months 2016
Profit attributable to equity holders	696 308	1 867 722	3 139 994	4 405 875
Average number of ordinary shares	29 779 314	29 118 914	29 779 314	29 301 553
Basic and diluted earnings per share	**0.02**	**0.06**	**0.11**	**0.15**

As the Group had no instruments diluting earnings per share as of 31.12.2017 and 31.12.2016 **diluted net profit per share** was equal to regular net profit per share.

Note 10. Share option plan

In June 2017, the General Meeting of Shareholders approved the new share option plan for the Group's key personnel. As of 31.12.2017 total amount of share options granted was 435 thousand, each giving a right to obtain free of charge one share of the Company. Each calendar year 1/3 of the options is vested depending on fulfilment of personal goals set. Share options can be exercised in December 2020.

The share options are considered to be cash-settled share-based payments. Upon signing the agreements, the options were recognised at its fair value and are recognised as a staff cost in the income statement and, on the other side, as a liability. As of 31.12.2017 the share option liability amounted to 189 thousand euros.

For finding the fair value of the share options, the Black-Scholes-Merton model is used. The assumptions used in the model were as follows: share price at the time of issuing the options: 1.25 euros, dividend rate: 0.06 euros per share, risk-free rate 1.12%, option term: 3 years.

The Company will obtain the shares to fulfil its option obligations from the market. The employees have a right to sell back shares received within two months after exercising their share options and the company has an obligation to buy back those shares. Buy-back is done with a market value of the shares.

Until the beginning of 2017 a separate share option plan was in place for the CEO of the Group. The option was exercised on 3 January 2017 and there were no additional costs related to it in 2017. In 2016 the option cost recognized in the income statement was 136 thousand euros. This share option was considered equity-settled share-based payment. The cost related to the share option was recognised as a staff cost in the income statement and as an equity reserve on the other side. As of 31.12.2016, the amount of this reserve was EUR 747 thousand which was fully settled at the beginning of 2017.

Note 11. Equity and dividends

Share capital and share premium

As of 31 December 2017 and 31 December, the share capital of AS Ekspress Grupp was EUR 17 878 105 it consisted of 29 796 841 shares with the nominal value of EUR 0.60 per share. The maximum amount of share capital as stipulated by the articles of association is EUR 25 564 656.

Treasury shares

Within the framework of the CEO's share option plan which was in place between 2013-2016, the company purchased treasury shares through SEB Bank between April 2014 and May 2016 and in an OTC buyback transaction in May 2016. As of 31.12.2016, AS Ekspress Grupp had purchased ca *678* thousand treasury shares at the average price of EUR 1.*27* per share for the total of EUR 863 thousand. The option was exercise on 3 January 2017 and the option owner was transferred 660 400 shares. As a result, the balance of treasury shares decreased by EUR 841 thousand, of which EUR 747 thousand was covered from the option reserve and the retained earnings were reduced by EUR 94 thousand.

Dividends

At the Ordinary General Meeting of Shareholders held on 13 June 2017, it was decided to pay dividends to shareholders in the amount of 6 euro cents per share in the total amount of EUR 1 787 thousand. Dividends were paid out on 6 July 2017. There was no accompanying income tax liability because the Company will pay out dividends it has received from its joint ventures and subsidiaries that have already paid corporate income tax on dividends or the profit which has already been taxed in its domicile. Therefore, there will be no additional tax to be paid on distribution of dividends from the Parent Company.

Reserves

The reserves include statutory reserve capital required by the Commercial Code, a general-purpose equity contribution by a founding shareholder and a share option reserve issued to the management (see Note 10).

(thousand EUR)	EUR	
	31.12.2017	31.12.2016
Statutory reserve capital	892	672
Additional cash contribution from shareholder	639	639
Share option reserve	0	747
Total reserves	**1 531**	**2 058**

Note 12. Related party transactions

Transactions with related parties are transactions with shareholders, associates, joint ventures, members of the Key Management of all group companies, their immediate family members and the companies under their control or significant influence.

The ultimate controlling individual of AS Ekspress Grupp is Hans H. Luik.

The Group has purchased from (goods for resale, manufacturing materials, non-current assets) and sold its goods and services (lease of non-current assets, management services, other services) to the following related parties:

SALES (thousand EUR)	12 months 2017	12 months 2016
Sales of goods		
Associates	589	491
Total sale of goods	**589**	**491**
Sale of services		
Members of Management Board and companies related to them	0	1
Members of Supervisory Board and companies related to them	13	13
Associates	145	17
Joint ventures	2 578	2 330
Total sale of services	**2 737**	**2 361**
Total sales	**3 325**	**2 852**

PURCHASES (thousand EUR)	12 months 2017	12 months 2016
Purchase of services		
Members of Management Board and companies related to them	9	40
Members of Supervisory Board and companies related to them	300	308
Associates	199	12
Joint ventures	823	1 019
Total purchases of services	**1 330**	**1 379**

RECEIVABLES (thousand EUR)	31.12.2017	31.12.2016
Short-term receivables		
Members of Management Board and companies related to them	0	1
Members of Supervisory Board and companies related to them	1	2
Associates	186	338
Joint ventures	297	391
Total short-term receivables	**484**	**732**
Long-term receivables		
Joint ventures	875	898
Total long-term receivables	**875**	**898**
Total receivables	**1 359**	**1 630**

LIABILITIES (thousand EUR)	31.12.2017	31.12.2016
Current liabilities		
Members of Management Board and companies related to them	1	2
Members of Supervisory Board and companies related to them	13	13
Associates	7	6
Joint ventures	111	96
Total liabilities	**132**	**117**

According to the decision of the General Meeting held on 2 June 2009 and 4 May 2012, Hans H. Luik are paid a guarantee fee of 1.5% per annum on the amount for the personal guarantee of EUR 4 million given on the syndicated loan and overdraft agreements until the expiration of the guarantee. In 2017, the payment for personal guarantee was made in amount of EUR 60 thousand (2016: EUR 60 thousand) and there were no outstanding liabilities as of 31 December 2017 and 31 December 2016.

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

Remuneration of members of the Management Boards of the consolidation group

(thousand EUR)	12 months 2017	12 months 2016
Salaries and other benefits (without social tax)	1 308	1 376
Termination benefits (without social tax)	102	0
Share option	0	136
Total (without social tax)	**1 410**	**1 512**

The members of all management boards of the group companies (incl. key management of foreign subsidiaries if these companies do not have management board as per Estonian Commercial Code) (hereinafter Key Management) are entitled to receive compensation upon expiry or termination of their contracts in accordance with the terms laid down in their employment contracts. The Key Management terminations benefits are payable only in case the termination of contracts is originated by the company. If a member of the Key Management is recalled without a substantial reason, a notice thereof shall be given up to 3 months in advance and the member shall be paid compensation for termination of the contract in the amount of up to 7 months' salary. Upon termination of an employment relationship, no compensation shall be usually paid if a member of the Key Management leaves at his or her initiative or if a member of the Key Management is removed by the Supervisory Board with a valid reason. As of 31.12.2017, the maximum gross amount of potential Key Management termination benefits was EUR 537 thousand (31 December 2016: EUR 463 thousand). No remuneration is paid separately or in addition to the members of the Supervisory Boards of the Group companies and no compensation is paid if they are recalled.

Note 13. Contingent assets and liabilities

Contingent assets and liabilities arising from pending court cases

OÜ Grupivara, minority shareholder of AS Ekspress Grupp, holding 100 shares in the Company, has challenged in the court the results of the impairment tests of goodwill of Delfi Latvia and Delfi Estonia in the financial statements for the years 2013, 2014 and 2015. OÜ Grupivara claims that bigger impairment losses on goodwill should have been recognized in the annual reports. Hence, the annual reports should have not been approved and a decision to pay dividends should have not been made.

The Management Board of AS Ekspress Grupp and its independent auditors are of an opinion that the financial statements for all the years, present fairly, in all material respects, the financial position and the financial performance of the company in accordance with the International Financial Reporting Standards as adopted by the European Commission. Court case in relation to year 2015 is still pending, however in relation to years 2013 and 2014, the Supreme Court has also confirmed the Management Board's and auditors opinion.

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

Note 14. Subsequent events

AS Ekspress Grupp and Suits Meedia OÜ have signed an agreement under which the activities of AS Ajakirjade Kirjastus will be reorganized. After the reorganization, the six monthly magazines and weekly magazine Kroonika, belonging to the AS Ajakirjade Kirjastus, will be published by Ekspress Meedia and the remaining publications of the publishing company will merge with the SL Õhtuleht.

According to the agreement, Ekspress Meedia, the subsidiary of Ekspress Grupp, will take over the publishing of the monthly magazines (Eesti Naine, Anne ja Stiil, Pere ja Kodu, Oma Maitse, Tervis Pluss and Jana) and the weekly magazine Kroonika belonging to the AS Ajakirjade Kirjastus. AS Ajakirjade Kirjastus together with the rest of publications will be merged with AS SL Õhtuleht; after the merger the name of the new legal entity will be AS Õhtuleht Kirjastus. The merger will be completed in 2018. The transaction must be confirmed by the Competition Authority. Until then, the AS Ajakirjade Kirjastus will continue its activities separately. The ownership structure of the newly merged firm AS Õhtuleht Kirjastus will not change. As before, the Ekspress Grupp will own 50% and Suits Meedia 50% of the company.

The reorganization will be carried out to enhance future perspectives of the magazines. The main goal of the reorganization is to create a better online-output of the content of printed magazines of Ajakirjade Kirjastus, integrating these more tightly with strong digital publishing platforms of the owning companies Eesti Ekspress and Suits Meedia. In 2018 it makes no sense to start contributing to the construction of a new large online center, rather it would be reasonable to find synergy with the existing platforms, i.e. Delfi and Õhtuleht. There is no intention to close any of the currently published magazines. For subscribers of magazines all subscriptions will remain as they are at the current moment.

Sales revenue of the magazines to be obtained 100% by Ekspress Grupp will be after the transaction fully recognized in the Group's consolidated sales revenues. Their annual impact to the consolidated figures will be ca 2 million euros