2016
ANNUAL REPORT

North Media in contact with Danish consumers every day

50%
of all stairway entrance doors in Copenhagen use BEKEY

25%
of Danish households have opted for NoAds+

NejTak +

Circulation of
550,000
in Copenhagen and North Zealand

+500 million
monthly digital views

7 million
visits a month on websites and apps

25%
of Danish municipalities use BEKEY

NORTH MEDIA A/S

CVR-no. 66 59 01 19

Contents

The Annual Report 2016 has been prepared in Danish and English.

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

Preface

By Richard Bunck, Chairman of the Board of Directors

New structure enhanced our focus and in 2016 led to major and important strategic measures to improve long-term earnings of the segments.

2016 was yet another year marked by high pace and major changes. The media market continued its rapid development driven by increasing demand for on-demand solutions. A development that will force massive changes and put pressure on the conventional media's business models – but which will also reveal huge untapped opportunities for those who can and will make use of them.

At North Media, we can and we will! This is why we have invested heavily in recent years in adjusting our business segments to the new digital reality. For example, by releasing the NoAds+ arrangement which has meant a radical change in how 25% of all Danish households receive offers and information from retailers because now they can themselves choose which retail leaflets they want to receive.

Better conditions for development of segments

Then again, we also realise that not all investments or activities are developing as we wanted them to. It is a fundamental in business development that plans cannot always be realised within the objectives originally set. More than 50 years of experience in constantly changing markets have taught us this – and it has taught us the importance of patience when new ideas are to materialise. And just as importantly: To support ideas by strong capital resources, which we constantly strive for.

In January 2016, we took yet another overall step to strengthen the development of North Media when we implemented a new Group structure. The core of the new structure is focus on the decision-making power of each of the four business segments. The aim is to support agile execution of our strategy which has been aligned to the future development potential which each segment represents. We believe that this will be a crucial precondition for generating a satisfactory return from activities in the markets we address.

Consolidation and intensified commercial focus on North Media Aviser

The roll-out of the new Group structure has left a substantial mark on North Media's business segments already in 2016. Most distinctly on North Media Aviser where thorough strategic work, following years of market contraction and unsatisfactory performance, has led to a significant reorganisation of activities. We divested much of Søndagsavisen and primarily maintained the Copenhagen editions, and here, on the other hand, we have intensified our focus by investing in an additional five local newspapers. At the same time, we made changes in the management and reduced costs considerably and now expect earnings to improve substantially.

The changes at North Media Aviser are massive. However, adjustments are necessary if we are to ensure that the newspaper activities remain commercially relevant and produce earnings in future. And this very type of focus where existing activities are challenged to improve the earnings basis is what we will see more of in the years ahead with the new Group structure.

Unsatisfactory performance in 2016 – indications are that recent years' declines in earnings will stop in 2017

As expected, Group EBIT is negative and reflects different patterns in the segments. FK Distribution produced a strong H2 and outperformed a difficult first year without Coop among our customers. Conversely, North Media Online and BEKEY generated lower growth than we had envisaged, and so their performance is disappointing. Finally, performance of North Media Aviser is of course affected by the heavy reorganisation measures for this business segment during the year.

Capital resources remain strong, and this is a key competitive parameter and provides latitude as well. The Board of Directors regularly assesses whether the Group has the proper capital resources and has therefore decided that no dividend will be distributed until earnings are positive again. Consequently, th Board of Directors proposes that no dividend will be distributed for the financial year 2016.

Overall, the Group's four business segments are in a stronger position than at the onset of 2016. This is the momentum we need to continue in the year ahead and which is expected to ensure that recent years' declines in earnings will stop in 2017.

Cost savings and efficiency measures curbed the earnings impact of lower revenue at FK Distribution. Massive restructuring of North Media Aviser. Unsatisfactory revenue growth and earnings development at North Media Online and BEKEY.

2016 activity highlights of the Group

- As expected, FK Distribution's revenue took a major dive in 2016. The primary reasons were that FK Distribution lost Coop as its customer and that prices and volumes on the unaddressed printed matter market continued to drop. Massive cost savings and efficiency measures along with continued growth of NoAds+ curbed the earnings impact of lower revenue.
- Gorm Wesing Flyvholm signed on as the new Chief Executive Officer of North Media Aviser and has carried through an extensive restructuring process which is expected to lead to a marked improvement of earnings.
- At North Media Online and BEKEY, revenue growth was not satisfactory and somewhat lower than expected.

2016 financial highlights of the Group

- Group revenue reached DKK 881.1 million (2015: DKK 1,012.4 million), which is 13% down on last year.
- EBITDA before special items was DKK 10.9 million (2015: DKK 55.6 million).
- EBIT before special items was a loss of DKK 26.3 million (2015: a loss of DKK 0.7 million).
- In the Interim Management Statement for Q3 2016, expectations were Group revenue ranging between DKK 850 million and DKK 870 million and Group EBIT before special items ranging between a negative DKK 34 million and a negative DKK 52 million.
- Returns on securities were negative by DKK 6.2 million, or a negative 4.1%. The Group's total portfolio of securities amounted to DKK 214.8 million at 31 December 2016.
- The Group's net interest-bearing cash position was DKK 106.9 million at the balance sheet date, and its capital resources amounted to DKK 271.3 million.
- The Board of Directors recommend that no dividend be paid for 2016.

2017 expectations of the Group

- FK Distribution's revenue is expected to increase whereas financial performance is expected to be on a par with or a little lower than in 2016.
- North Media Aviser expects a dive in revenue but earnings to go up.
- Investments in revenue growth at North Media Online and BEKEY result in an unchanged operating loss.
- Expected group revenue: DKK 865-910 million.
- Expected group EBIT before special items: A negative DKK 5 million to a negative DKK 30 million.

FK Distribution

- Revenue for 2016 was DKK 590.6 million (2015: DKK 691.4 million), down 15%.
- EBIT before special items for 2016 was DKK 35.0 million (2015: DKK 56.3 million).
- At 31 December 2016, 658,000 households had signed up for NoAds+. Level of competencies and activity raised on development of minetilbud.dk.
- Earnings expectations for 2017: Revenue at DKK 625-650 million and EBIT before special items DKK 25-35 million.

North Media Aviser

- Revenue for 2016 was DKK 174.6 million (2015: DKK 208.1 million), down 16%.
- EBIT before special items for 2016 was negative by DKK 35.2 million (2015: A negative DKK 23.9 million).
- Divestment and discontinuation of a number of newspaper editions, the signing of cooperation agreements, consolidation in Copenhagen and staff cuts marked the year.
- Earnings expectations for 2017: Revenue at DKK 120-130 million and EBIT before special items negative at DKK 15 million to a negative DKK 20 million.

North Media Online

- Revenue for 2016 was DKK 96.0 million (2015: DKK 94.7 million), up 1%.
- EBIT before special items for 2016 was negative by DKK 11.5 million (2015: A negative DKK 12.6 million).
- Establishment of senior management of North Media Online represented by Henrik Løvig. Ofir's cooperation with the provider of the Emply Hire e-recruiting system replaced by a contract with HR Manager Talent Solutions.
- Earnings expectations for 2017: Revenue at DKK 95-100 million and EBIT before special items negative at DKK 15 million to a negative DKK 18 million.

BEKEY

- Revenue for 2016 was DKK 19.9 million (2015: DKK 18.2 million), up 9%.
- EBIT befores special items for 2016 was negative by DKK 21.1 million (2015: A negative DKK 19.4 million).
- Postponed and cancelled orders affect growth negatively. Several major agreements signed with dealers in different countries at the end of the year.
- Earnings expectations for 2017: Revenue at DKK 25-30 million and EBIT before special items negative at DKK 16 million to a negative DKK 20 million.


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Group financial highlights (DKKm)

Income statement	2016	2015	2014	2013	2012
Revenue	881.1	1,012.4	1,073.7	1,077.1	1,104.6
Gross profit	417.7	496.7	533.4	487.7	530.4
EBITDA before special items	10.9	55.6	103.4	93.6	133.8
Amortisation and depreciation	37.2	56.3	48.2	36.0	33.3
EBIT before special items	-26.3	-0.7	55.2	57.6	100.5
Special items	-41.1	-19.4	-7.5	-20.0	-7.0
EBIT	-67.4	-20.1	47.7	37.6	93.5
Return on securities	-6.2	12.9	17.3	1.6	14.4
Financials, net	-20.6	-7.8	-24.0	-10.0	-9.3
Profit/loss continued operations before tax (EBT)	-69.7	-15.2	39.6	26.8	97.0
Tax for the period/year	-6.0	-3.3	16.9	11.1	20.9
Net profit/loss, continuing operations	-63.7	-11.9	22.7	15.7	76.1
Net profit/loss for the period/year	-63.7	-11.9	22.7	15.7	76.1
Comprehensive income	-62.7	-9.9	18.7	20.4	74.3
Balance sheet, year-end					
Total assets	765.7	850.3	888.6	922.0	864.2
Shareholders' equity incl minorities	460.4	522.0	532.4	523.3	511.6
Net interest-bearing cash position	106.9	113.8	67.6	-11.6	47.2
Net working capital (NWC)	-37.1	-38.2	-43.2	-37.1	-40.2
Invested capital	353.5	408.2	464.8	534.9	464.4
Investments in property, plant and equipment	7.8	10.8	25.0	25.4	25.3
Free cash flow before special items and tax	3.2	40.2	83.3	65.0	106.4
Cash flow statement					
Cash flows from operating activities	-14.3	34.6	83.5	80.4	91.1
Cash flows from investing activities	-14.9	8.4	-88.5	-42.6	-22.1
Cash flows from financing activities	-6.7	5.9	-9.5	-17.2	-102.7
Changes in cash and cash equivalents	-35.9	48.9	-14.5	20.6	-33.7
Other information					
Average number of employees	548	610	615	606	637
Numbers of shares at year-end, in thousand, in denominations of DKK 5	20,055	20,055	20,055	20,055	20,055
Treasury shares, in thousand	1,485	1,485	1,485	1,485	1,485
Share price at year-end, DKK	13.2	14.1	18.2	16.0	17.1
Ratios					
Gross margin (%)	47.4	49.1	49.7	45.3	48.0
Operating margin (EBIT before special items) (%)	-3.0	-0.1	5.1	5.3	9.1
Equity ratio (%)	60.1	61.4	59.9	56.8	59.2
Return on equity (ROE) (%)	-13.0	-2.3	4.3	3.0	14.7
Return on capital employed (ROIC) (%)	-6.9	-0.2	11.0	12.1	22.8
Earnings per share (EPS)	-3.4	-0.5	1.1	0.5	3.4
Earnings per share (EPS) - Total	-3.4	-0.5	1.1	0.5	3.4
Price/Earnings (P/E)	-	-	16.5	32.0	5.0
Price/Book Value (P/BV)	0.6	0.5	0.7	0.6	0.7
Cash flow per share (CFPS)	-0.8	1.9	4.5	4.3	4.7
Dividend and cash remuneration per share, paid in the financial year	0.0	0.0	0.0	0.0	3.0

The consolidated highlights are shown for continued operations unless otherwise stated. The consolidated highlights are adjusted for the changed accounting policies for joint ventures for 2013.


Nej tak +

FK Distribution

In 2016 revenue was adversely affected by the loss of Coop as a customer and the general development of the unaddressed printed matter market. Massive efficiency measures and cost savings reduced the decline in earnings, while heavy investments to enhance NoAds+ and minetilbud.dk continue.

In 2017, FK Distribution intends to sophisticate functionalities of NoAds+ and minetilbud.dk to build closer relations between shops and consumers.

FACTS ON FK DISTRIBUTION

PRODUCT
FK Distribution distributes unaddressed printed matter, selected printed matter to NoAds+ households and addressed products as well as free newspapers to households in Denmark. Distribution is handled by 10,000 paper boys/girls and men/women who between them run 16,000 routes. FK Distribution is also the leading provider of digital retail leaflets and offers to Danish households through the consumer portal minetilbud.dk.

CUSTOMERS
FK Distribution services a large number of enterprises operating in the retail trade. The customer portfolio includes everything from small grocery stores to the largest retail chain stores.

MARKET POSITION
Post Danmark is market-leading in the distribution of unaddressed retail leaflets in Denmark, with FK Distribution as a clear No 2.

FK Distribution distributes retail leaflets and disseminates information and commercial offers on behalf of supermarket chains, DIY retailers, white goods and electronics dealers and other retailers to households in Denmark – both in printed and electronic form – and FK Distribution is therefore a quite vital business partner for Danish retailers. In recent years, FK Distribution's activities, by demand of the customers, increasingly focused on consultancy, analysis and data-driven solutions. This approach helps FK Distribution maintain strong relations with both the largest supermarket chains and the small players in the market.

The effect of retail leaflets is still much higher than that of other types of advertising. They drive a large flow of customers that directly affects shop sales from week to week, and so they are still retailers' most important advertising medium.

With 658,000 NoAds+ households, FK Distribution has created a solid market position

For many years, the number of households not wanting to receive all retail leaflets and thus having opted for the No Ads Please arrangement has gone up. This trend continued in 2016, and the share of households having signed up for the No Ads Please arrangement has now reached 50% of all Danish households. In 2014, FK Distribution introduced the NoAds+ concept to counteract the trend of more and more households opting for the No Ads Please arrangement and to accommodate a long-sought demand by consumers to be able to choose themselves which printed matter distributed by FK Distribution they want to receive.

With the NoAds+ concept, consumers receive the printed matter they want, and retailers save the retail leaflets some households do not want to use anyway. At year-end 2016, the number of households having opted for the NoAds+ concept had reached 658,000 and now accounts for more than a third of all households wanting to receive printed matter.

With the NoAds+ arrangement, FK Distribution can offer retailers access to half of the households today having joined the No Ads Please arrangement, by offering the consumers who do not want to have all retail leaflets, but who would still like to have selected leaflets, an easy and simple opt-in regime.

With NoAds+, retailers will have the advantage that their retail leaflets are actively opted for by the consumers. They are being read more intensively and longer than before. Also, NoAds+ is a more sustainable solution, which has enjoyed broad political appreciation for reducing paper consumption. FK Distribution expects the number of households having joined the NoAds+ arrangement to go up next year, although at a slower pace.

minetilbud.dk continues its digital development

On minetilbud.dk, consumers can read retail leaflets online and search for daily offers on both mobile phone, tablets and computer. With minetilbud.dk, FK Distribution responds to consumers' increasing desire to have easy access to daily offers while being on the move. And by using the synergies between print and online, FK Distribution can further increase the effect of customers' marketing efforts.

In 2016, FK Distribution sophisticated the functionality of minetilbud.dk so that consumers may now create software agents and receive information about the best offers of the week and through these services receive messages when it is possible to buy selected goods at particularly attractive prices.

Difficult conditions reduce revenue. Efficiency measures and cost savings cushion effect on profit or loss

Despite a focused and satisfactory development of NoAds+ and minetilbud.dk, FK Distribution has in 2016 had lower revenue and a declining market share. Among the reasons are the loss of Coop as a customer and a generally declining unaddressed printed matter market, although prices have started to stabilise after several years of heavy decline.

FK DISTRIBUTION – KEY FIGURES			
DKKm	**2016**	**2015**	**Development**
Revenue	590.6	691.4	-100.8/-15%
EBIT before special items	35.0	56.3	-21.3

FK Distribution's revenue reached DKK 590.6 million in 2016, which is DKK 100.8 million, or 15%, down on last year.

As stated in the 2015 Annual Report, expectations were at the onset of the year that FK Distribution's revenue would go down by 15-20% compared to 2015 and amount to between DKK 550 million and DKK 575 million. It was also expected that EBIT before special items would range between DKK 0 and DKK 15 million for 2016. In the Interim Management Statement for Q3 2016, expectations for the financial year 2016 specified revenue to range between DKK 565 million and DKK 575 million and EBIT before special items to range between DKK 10 million and DKK 20 million.

Compared to expectations announced in the Interim Management Statement for Q3 2016, revenue and EBIT before special items have improved. The improvement is a result of higher revenue in both November and December, with December in particular being better than expected. Presumably, some shops and chains have moved their campaigns from January 2017 to December 2016.

Despite a DKK 101 million drop in revenue from 2015 to 2016, FK Distribution has managed to reduce the decline in earnings to DKK 21 million. The primary reasons for this are heavy savings in both production and capacity costs, lower depreciation, but also that the number of NoAds+ households and the volume of printed matter in the NoAds+ sets have gone up. Savings have been achieved by reducing the number of staff and within IT and marketing and by increasing productivity in the packaging department.

Effective from 8 March 2016, FK Distribution acquired the remaining 50% of the shares in the subsidiary Tryksagsomdelingen Fyn P/S and the relating general partner company so that it is now a wholly owned subsidiary. Expectations are that Tryksagsomdelingen Fyn will be converted into a public limited company in 2017, and but otherwise it will continue to be operated as a subsidiary of FK Distribution.

In 2017, development of minetilbud.dk will intensify

In 2017, the spotlight will be on developing and introducing new products and services that combine print and online. FK Distribution will use the synergies existing across the media channels. Together with its customers, FK Distribution will concentrate on further developing and refining add-on solutions so that we can offer an even more efficient marketing channel with fewer retail leaflets, and with more readers. This will increase the value of the retail leaflet significantly as it will become more popular among consumers. At the same time, retailers will achieve a higher return on their marketing costs.

In 2017, the aim is to refine minetilbud.dk and to launch new functionalities in order to create the consumers' preferred digital consumer portal and thus establish a new and efficient media channel for FK Distribution's customers and business partners.

Continued development of FK Distribution's business, products and services will enjoy the primary focus of management in 2017 and is set to ensure a competitive position for FK Distribution with close interaction across products and media channels. By having more information about consumer behaviour, the intention is to develop new innovative solutions for the benefit of both consumers and FK Distribution's customers.

FK DISTRIBUTION – KEY FIGURES			
DKKm	**Expectation 2017**	**2016**	**Development**
Revenue	625-650	590.6	approx 45/8%
EBIT before special items	25-35	35.0	0 to -10

Based on market developments in 2016, the pace at which the market will change in future is subject to uncertainty, and so are the earnings expectations for 2017. Expectations are that FK Distribution's revenue for 2017 will be higher than in 2016. This is based on lower revenue from unaddressed printed matter whereas revenue from NoAds+ is expected to go up by the full-year effect from the increasing number of households. Financial performance for 2017 is expected to be on a par with or a little lower than in 2016, as stabilisation of the revenue development will give slack to increase costs for the development of NoAds+ and minetilbud.dk.

The pro-active market strategy with increased focus on development of NoAds+ and minetilbud.dk is expected to lead to FK Distribution fortifying its market position in 2017.

ORIGINAL OBJECTIVES FOR 2016

FK Distribution's strategic objectives for 2016 are a continuation of the results achieved in 2015. FK Distribution will have further focus on NoAds+ and minetilbud.dk by refining and further developing the products for the benefit of both consumers and customers. Also, the range of services available to customers will be expanded, and their functionality be developed to create a basis for closer relations between shops and consumers.

Revenue: DKK 550-575 m EBIT before special items: From DKK 0 to DKK 15 m

RESULTS REALISED IN 2016

FK Distribution has essentially achieved its original strategic objectives for 2016. The financial results are better than originally expected.

Revenue: DKK 590.6 m EBIT before special items: DKK 35.0 m.

OBJECTIVES FOR 2017

FK Distribution's strategic objectives for 2017 are a continuation of the results achieved in 2016. FK Distribution intends to continue to refine and further develop the NoAds+ and minetilbud.dk products for the benefit of both consumers and customers. The range of services available to customers will be expanded, and their functionality be developed to create a basis for closer relations between shops and consumers.

Financial performance for 2017 is expected to be on a par with or a little lower than in 2016, due to increased costs for further development of NoAds+ and minetilbud.dk.

Revenue: DKK 625-650 m EBIT before special items: DKK 25-35 m.


Lokalaviser

North Media Aviser

In 2016, North Media Aviser launched a massive activity restructuring process and also began intensifying its commercial focus on advertisers. The market position and presence in the local districts of Copenhagen and North Zealand are expanded. In 2017, the aim is to complete and roll out the strategy and for it to produce clearly improved EBIT.

FACTS ON NORTH MEDIA AVISER

PRODUCTS

North Media Aviser A/S issues eight mid-week local newspapers in Copenhagen, and six weekend editions together with Søndagsavisen.
In Elsinore, Helsingør Dagblad, Lokalavisen Nordsjælland and Søndagsavisen Øresund are issued.
Søndagsavisen is also issued as part of Politikens Lokalaviser's and Sjællandske Medier's weekend editions on Zealand, Funen and in Jutland.

CUSTOMERS

Brands, retailers, real estate agents and other advertisers in the capital area and North Zealand.

MARKET POSITION

North Media Aviser is leading in the local print media market in Elsinore and Copenhagen after the acquisition of Lokalavisen Frederiksberg, Vesterbro, Østerbro, Valby and Vanløse. The immediate direct competitors in Copenhagen are BT and Metroxpress.
Viewed in a wider perspective, the migration from print to online means that the overall market-leading position is today held by Google and Facebook. The national daily newspapers constitute more marginally direct competition.

Heavy trimming and concentration of newspaper activities in 2016

Continued aggravation of market conditions and several years of unsatisfactory performance development were the reasons why North Media Aviser carried through a comprehensive strategic reassessment of its activities in 2016. The conclusions were that the strategy of focusing on readership had failed and that there was a need for heavy trimming and concentration of activities, particularly in advertisement sales. Consequently, North Media Aviser launched a massive consolidation process, entailing that all newspaper activities will focus on Copenhagen and North Zealand. This will provide a better setting for tailoring products and services to advertisers' needs in this region of the country and will drive business towards long-term profitability again.

Besides the concentration of activities, the aim is also for future business to be closer to the market and our customers. Different analytical projects are to help ensure that the newspaper business will understand customers' needs even better and adjust the product range accordingly. In this context, the employees are to be upgraded on technical skills, both commercially and digitally. The full market potential is to be realised by means of targeted sales activities. Finally, innovation and product development are to open up for new offers on different media platforms, the aim of which is to bind advertisers and other stakeholders closer to the shops.

As stated in Company announcement no 04-16 of 2 May 2016, Søndagsavisen's Næstved, Vordingborg, Falster, Ringsted, Holbæk, Taastrup, Køge Bugt and Vestegnen editions were sold to Sjællandske Medier together with North Media's 50% stake in A/S Vestsjællandske Distriktsblade for a total price of DKK 41.75 million. The Søndagsavisen editions sold represented annual revenue of DKK 27.9 million in 2015. In 2015, the Group's share of profit from the associate A/S Vestsjællandske Distriktsblade was DKK 1.2 million. The equity interest in A/S Vestsjællandske Distriktsblade was divested effective from 1 May 2016, and transfer of the editions of Søndagsavisen took place regularly from 15 May 2016 to 15 June 2016. At the same time, an agreement was signed to deliver journalistic content and national advertisement sales. As part of this agreement, 11 employees were transferred.

Referring to Company announcement no 07-16 of 28 June 2016, a management restructuring process was carried through at North Media Aviser in June 2016 and 24 jobs were cut. As part of this process, Gorm Wesing Flyvholm took up the seat of new Chief Executive Officer of North Media Aviser A/S and became a new member of the Executive Board of North Media A/S effective from 1 September 2016.

In November 2016, North Media Aviser concentrated its activities further by signing a cooperation agreement which involved that the regional editions of Søndagsavisen in parts of North Zealand, Odense and Horsens were integrated in Politikens Lokalaviser A/S and that the regional editions on Funen and in the Triangle Region in Jutland were closed down. As stated in Company announcement no 10-16 of 3 November 2016, the cooperation agreement took effect from 15 November 2016. As part of this agreement, 11 employees were transferred. Also, an additional nine jobs were cut. In late December, Søndagsavisen's Køge and Roskilde editions followed and were transferred to Sjællandske Medier.

In December 2016, five local newspapers in Copenhagen were acquired as well effective from 1 Januar 2017, see Company announcement no 12-16 of 16 December 2016. The acquisition of Lokalavisen Frederiksberg, Lokalavisen Østerbro, Lokalavisen Vesterbro, Lokalavisen Valby and Lokalavisen Vanløse enhances North Media Aviser's presence in Copenhagen considerably and makes it by far the strongest represented local media house in the area.

Heavy reduction in costs and new management

Besides concentrating on fewer regional editions, 2016 has seen a heavy reduction in costs. Primarily, by way of the above cut of 33 jobs in all, most of them at Søndagsavisen, and the transfer of 22 staff as part of cooperation agreements and divestment of newspaper editions. In 2016, the restructuring measures have caused DKK 11.3 million in special costs for North Media Aviser, however, from 2017, they will reduce capacity costs by approx DKK 20 million. At 31 December 2016, North Media Aviser had a total of 100 employees, which is about 50 people less than at the same time last year.

In addition, new printing contracts were signed in 2016 that will lower costs and improve the competitive position in terms of being able to develop other formats and novel products. The work of reducing costs will continue in 2017.

Decline in revenue and unsatisfactory EBIT

Multiple factors had an adverse effect on North Media Aviser's revenue in 2016: Continued decline of the print market, much lower advertisement prices, weak customer focus and consolidation of activities by way of divestments, which entailed that the number of editions has been reduced from 37 in early 2016 (of these, 25 regional editions of Søndagsavisen) to 19 at the end of 2016 (of these, four editions of Søndagsavisen and inclusive of five local newspapers which are taken over from 1 January 2017). Overall, this has led to a heavy decline in advertisement sales from DKK 208 million in 2015 to DKK 175 million in 2016. Half of this 16% decline is attributable to divested or discontinued activities. The rest of the decline has been caused by market contraction, including migration to other media platforms and digital transformation.

NORTH MEDIA AVISER – KEY FIGURES

DKKm	2016	2015	Development
Revenue	174.6	208.1	-33.5/-16%
EBIT before special items	-35.2	-23.9	-11.3

The reduction in revenue has resulted in EBIT before special items dropping by DKK 11 million to a loss of DKK 35.2 million for 2016. The decline in EBIT has been caused partly by inadequate contribution margins from divested or discontinued activities, partly by the general reduction in revenue.

In addition, net special items amount to a negative DKK 41.1 million, which is composed of restructuring costs of DKK 11.0 million, impairment loss on goodwill and reversal of purchase price payable of DKK 44.7 million and DKK 14.6 million in sales proceeds from the divestment of newspaper editions and the equity interest in A/S Vestsjællandske Distriktsblade. Restructuring costs primarily relate to severance payment costs in connection with the dismissal of large Groups of staff in June and November. The impairment loss on goodwill related to the acquisition of local newspapers in 2013 is based on updated estimates of future earnings from these newspapers. Please also refer to Note 13 and 17.

As anticipated, the minority shareholders of Lokalavisen Østerbro og Amager A/S wanted to exercise their selling right after the presentation of the 2015 Annual Report and have sold 15% of the shares to Søndagsavisen A/S. The selling price has been offset against the purchase price payable. Consequently, North Media Aviser holds 85% of the shares and expects to acquire the last 15% after the presentation of the 2018 Annual Report.

As stated in the 2015 Annual Report, expectations were at the onset of the year that North Media Aviser would maintain its level of revenue from 2015 between DKK 200 million and DKK 210 million. It was also expected that EBIT before special items would range between a negative DKK 25 million and a negative DKK 30 million for 2016 and so be on a par with performance for 2015.

As part of the many restructuring measures taken in 2016, expectations were adjusted several times. The last time was in the Interim Management Statement for Q3 2016 where expectations for the financial year 2016 were revenue ranging between DKK 170 million and DKK 175 million and EBIT before special items between a negative DKK 33 million and a negative DKK 37 million.

Contrary to expectations in the Interim Management Statement for Q3 2016, revenue was a little better than anticipated while EBIT before special items matched expectations.

New strategy with three key elements: Focus on core activities in Copenhagen, intensified commercial focus on advertisers and development of digital products

At the beginning of 2017, North Media Aviser's business foundation has consolidated considerably. The number of editions has been reduced, and circulation now totals 550,000 compared to 1,600,000 at the same time last year as North Media Aviser now only has editions in Copenhagen and North Zealand.

Management of North Media Aviser has launched a process for formulating and executing an ambitious metropolitan strategy, which will involve designing a new business model with focus on product development of existing print editions, launching new editions (organic and through acquisitions), formulating a digital strategy in the first half of 2017 and implementing an aggressive sales strategy.

The intensified local focus on Copenhagen and North Zealand is to provide the setting for profitable newspaper operations – in spite of the still challenging market conditions. First income and expenses need to balance, and this will be done by continually adjusting the cost base and closing down loss-making activities. This work was started in 2016 and will continue in 2017, for example, by implementing a new weekend newspaper model under which the existing editorial concept is combined with local news from the local newspapers' editorial staff to achieve greater synergy between mid-week newspapers and weekend issues.

During Q1 2017, the weekly newspapers acquired in Copenhagen will be integrated with the Group's other weekend editions. The objective is to create a whole new weekend product with the best from Søndagsavisen and the best from the local newspapers. Business will so have switched from being aimed at the national advertisement market through the Søndagsavisen issue to instead being aimed more at the local newspaper market. Income is primarily to be generated from local advertisers in the individual municipalities and districts as well as national advertisers concentrating on the capital area. So the business foundation is the local communities based on events, partnerships and a deeper involvement in these communities. This is a paradigm shift and will require more new competencies in future.

A new digital strategy designed to strengthen the integration of Print and Online is also key to the new business foundation of North Media Aviser. The strategic work is expected to be completed by the end of H1 2017. Finally, particular focus is on lowering IT costs further.

The 2017 objective is a clear improvement of EBIT

The many initiatives at North Media Aviser are expected to lead to an improvement of EBIT for 2017 even though the level of activities will plunge because of the divestments in 2016. Consequently, revenue in 2017 is expected to amount to between DKK 120 million and DKK 130 million against DKK 174.6 million in 2016, and EBIT is expected to range between a negative DKK 15 million and a negative DKK 20 million against a negative DKK 35.2 million in 2016, primarily as a result of major cost-saving measures taken in 2016, which will have an effect on the financial year 2017.

NORTH MEDIA AVISER – KEY FIGURES

DKKm	Expectation 2017	2016	Development
Revenue	120-130	174.6	approx -50/-28%
EBIT before special items	-15 to -20	-35.2	15 to 20

ORIGINAL OBJECTIVES FOR 2016

With the relaunch of sondagsavisen.dk in 2015, new possibilities of increasing focus on value-based sales and advice to customers were opened up. How to use these new possibilities across media and platforms is something to be communicated better, and new products such as inserts will also give advertising customers access to No Ads Please households.

Revenue: DKK 200-210 million EBIT before special items: From a negative DKK 25-30 m.

RESULTS REALISED IN 2016

2016 developed much differently than expected at the beginning of the year, and so the original objectives were not realised. Instead we carried through a comprehensive activity restructuring process leading to focus on the Copenhagen area and North Zealand, where the attractive market position may be enhanced further and lay the grounds for a profit-making business platform.

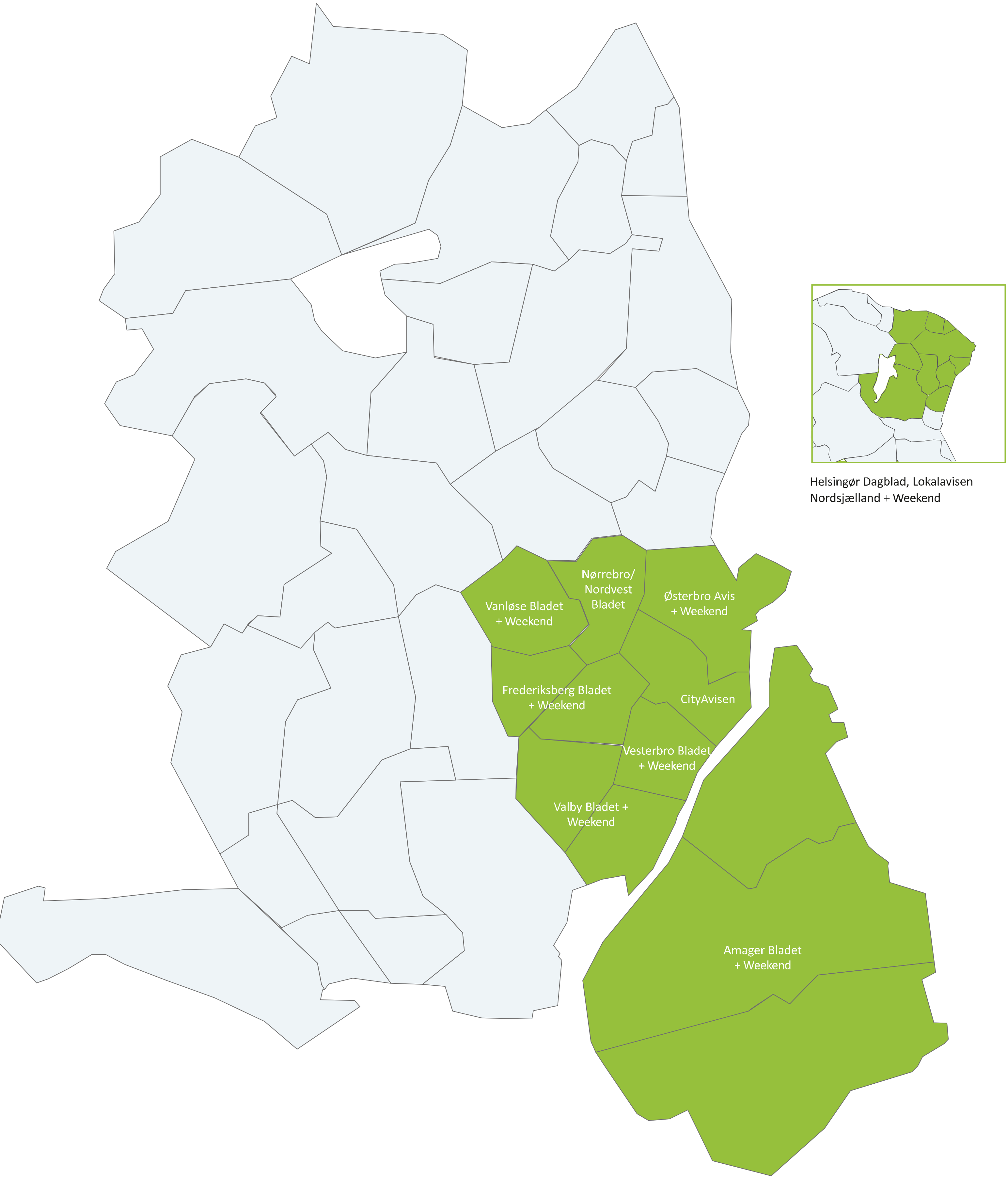
Revenue : DKK 174,6 m EBIT before special items: A negative DKK 35.2 m.

OBJECTIVES FOR 2017

Further improvement of the position as the leading publisher in the Copenhagen area and North Zealand. Launching of a digital strategy and heavy intensification of commercial sales activities with a direct effect on own editions.

Much lower revenue due to fewer editions, but improved EBIT because of the cost-cutting measures taken and the loss-making editions closed down in 2016.

Revenue: DKK 120-130 m EBIT before special items: A negative DKKm 15-20 m.



Helsingør Dagblad, Lokalavisen
Nordsjælland + Weekend

North Media Online

In 2016, North Media gathered its online activities under one management at North Media Online. 2016 laid the foundation for the establishment of a strong digital platform designed to use cross-disciplinary competences to create and invest in tomorrow's business concepts.

2017 will focus on creating better conditions for boosting growth through increased inter-activity cooperation and continuous investments in new technologies and product areas.

FACTS ON NORTH MEDIA ONLINE

PRODUCT
North Media Online has gathered North Media's digital activities, consisting today of three main areas: "Rental property" on BoligPortal.dk and BostadsPortal.se, "Job" on Ofir.dk and Match-Work.com, and "Builder" on håndværker.dk. It also holds minority interests in a number of companies.

CUSTOMERS
North Media Online's activities address both BtB and BtC segments, primarily in Denmark, but increasingly also internationally.

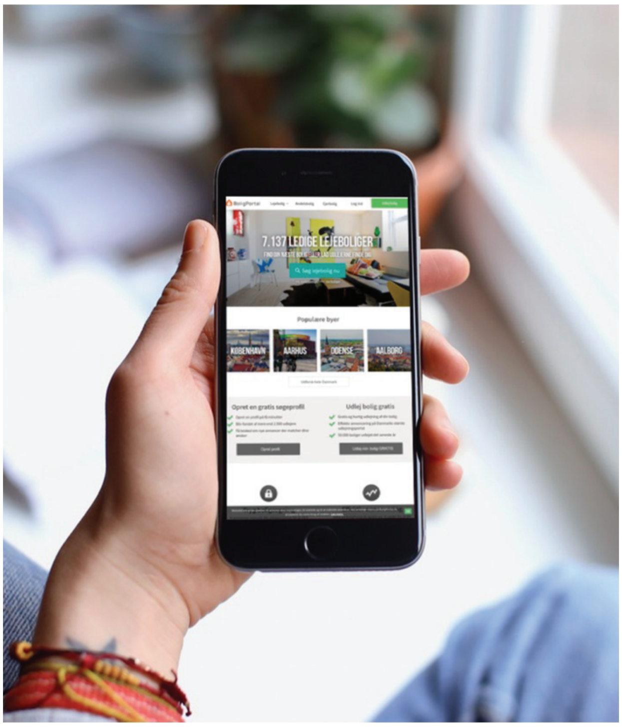
MARKET POSITION
The ambition is for the activities of North Media Online to be market leading in their segment, in terms of sales, technology as well as development potential.

North Media Online was formed in 2016 with the aim of rolling out a new cooperation structure that will improve competency sharing across the online activities, for example, by setting up software development competency centres. Online activities are organised in three main areas: "Rental property" on BoligPortal.dk and BostadsPortal.se, "Job" on Ofir.dk and MatchWork.com, and "Builder" on håndværker.dk. Also, North Media Online has invested in minority interests in Lix Technologies ApS, Lead Supply ApS, Mesto.ua and Emply ApS.

BoligPortal entered the year 2016 with a new pricing model that was launched in the autumn of 2015. This new pricing model failed to produce the results expected at the beginning of 2016 and was therefore replaced mid-year by a new model. This is why BoligPortal's revenue was lower in H1 2016 than expected, however, but grew again in H2 2016. Cooperation between BoligPortal and BostadsPortal was intensified during the year, and one of the results has been that the sole focus is now on the rental property segment whereas activities within co-operatives and owner-occupied dwellings have been closed down. Also, the products offered by both BoligPortal and BostadsPortal have improved considerably.

Ofir has been the exclusive distributor of the Emply Hire e-recruiting system since 2013. The system is owned by Emply ApS, of which Ofir holds 16%. Emply ApS terminated an actually interminable distribution agreement with Ofir, for expiry at the end of 2016. Ofir believes that the termination was unwarranted and has sued for damages. Expectations are that the case will be decided by the arbitration tribunal in the first half of 2017. Ofir has had considerable legal and consultancy expenses in 2016 in this respect. Due to the termination, Ofir expects a heavy decline in revenue and results in 2017.

At the end of 2016, Ofir signed an agrement with HR Manager Talent Solutions to sell their e-recruiting system and is presently in the process of rethinking the strategy. However, this agreement cannot compensate for the substantial losses inflicted on Ofir by Emply ApS.



BoligPortal

BostadsPortal.se®

ACTIVITIES IN 2016
Introduction of a new pricing and product strategy as well as substantial product improvements, although with delayed effect on revenue. Focus on rental property as the owner-occupied dwellings market is not profitable.

RESULTS REALISED IN 2016
Decline in revenue in H1 2016 followed by growth in H2 2016 due to a new pricing model. Total growth of 3% and EBIT of DKK 9 million.

OBJECTIVES FOR 2017
Higher revenue growth and intensification of marketing efforts for new products. EBIT on a par with 2016.

ofir.dk gør jobbet

MATCHWORK

ACTIVITIES IN 2016
Ofir had realised a 17% growth rate in job advertisement sales, however, Emply ApS did without cause terminate Ofir's actually interminable exclusive distribution agreement on the e-recruiting system Emply Hire, which has affected growth adversely. At year-end 2016, Ofir has signed a distribution agreement with HR Manager Talent Solutions.

MatchWork had satisfactory growth in new customers in the first half of the year. Disappointing influx of customers in H2 2016 and a declining job portal software market have affected earnings adversely.

RESULTS REALISED IN 2016
Revenue up by 9%, which was less than expected. Negative EBIT of DKK 15 million realised, which is on a par with 2015.

OBJECTIVES FOR 2017
Revenue and results will be highly negatively affected by Emply ApS' unwarranted termination of Ofir's interminable exclusive distribution agrement.

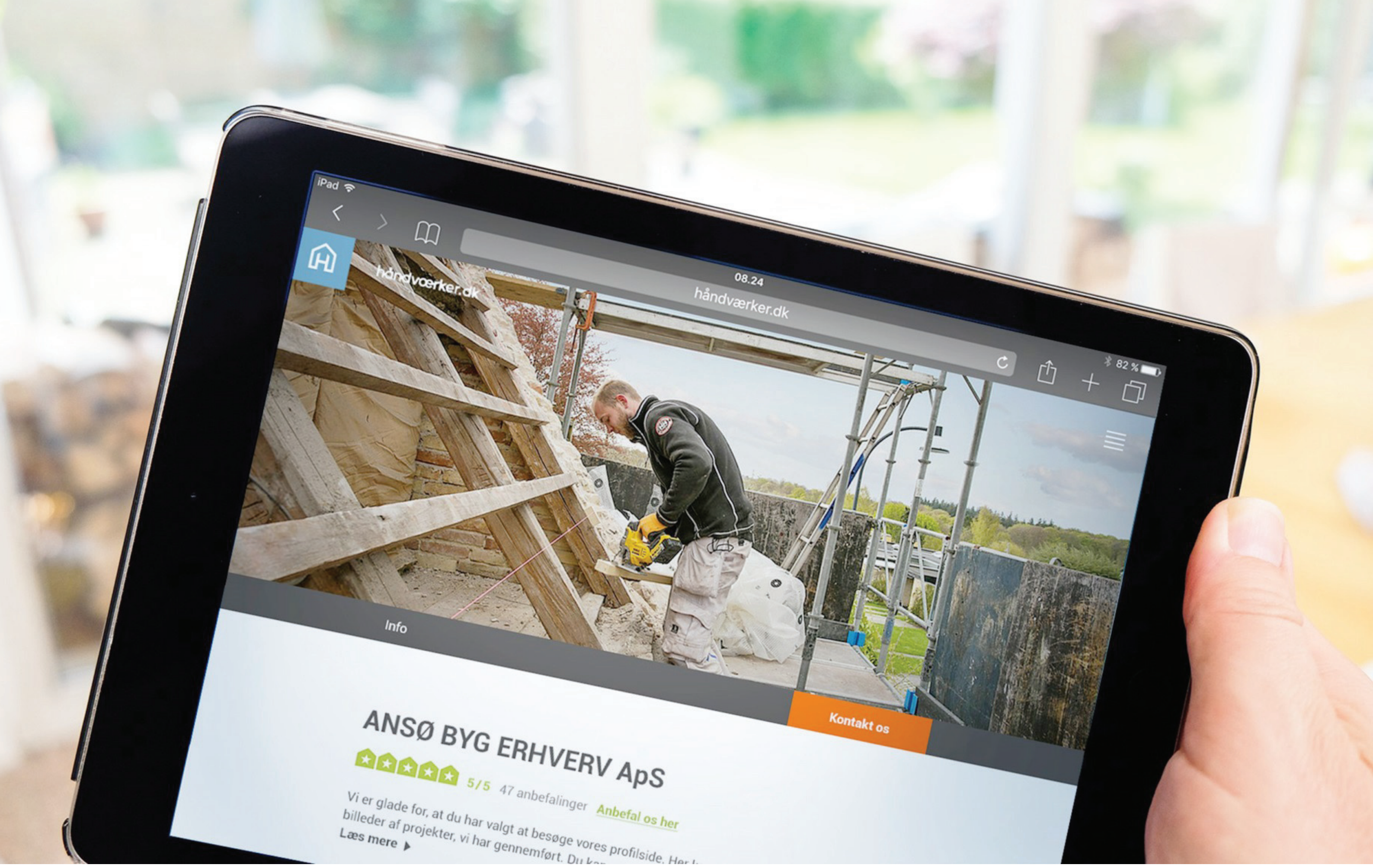
Overall, revenue goes down by 20% for job activities as Ofir's revenue plummets while MatchWork's revenue goes up. Total EBIT from job activities is negative by approx DKK 20 million. The strategy is being reconsidered.

håndværker.dk

ACTIVITIES IN 2016
Following disappointing developments and retention difficulties in H1 2016, a new business model was implemented in H2 2016 with focus on manufacturers, which is to help increase the number of builders.

RESULTS REALISED IN 2016
Unsatisfactory declining revenue due to a decline in sign-ups of new builders and low retention rate for existing builders. Much improved EBIT from a negative DKK 9 million in 2015 to a negative DKK 4 million in 2016 because of cost adjustments.

OBJECTIVES FOR 2017
Momentum from H2 2016 to be maintained and lead to revenue growth. EBIT on a par with 2016.



Active investments in new technology create new opportunities

A key element in North Media Online's strategy is to increase digital business and improve the business foundation through active investments in new technologies, platforms and companies. The investment opportunities are assessed based on criteria of maturity, including business concept, scalability and international potential.

In 2016, North Media Online assessed some new attractive investment opportunities. This has resulted in the investment in two Danish companies with a huge international scalability and growth potential: Lix Technologies ApS and Lead Supply ApS.

Lix Technologies ApS was formed in 2015 and has developed a digital platform for textbooks on which students have access to more than 200,000 books via the Lix app. They can also use this app to take notes and to access other digital learning tools that will improve studying efficiency. In June 2016, North Media Online invested a total of DKK 10 million in Lix Technologies ApS for a 12.2% stake in the company. An option for an additional investment of DKK 8 million before year-end 2016 was not exercised.

In June 2016, North Media Online invested in Lead Supply A/S and now holds 50% of the shares. Lead Supply develops and operates websites that enable users to compare prices of financial products and generate customers for financial institutions.

Since 2014, North Media has been co-owner of the Ukrainian housing portal Mesto and today holds a 34.6% stake. Since its establishment, the company has developed a solid market position by means of free products. In 2016, focus has been on converting users to new payable products and so to generate revenue. The aim for 2017 is to continue this and to be close to break-even by early 2018.

Revenue growth lower than originally expected for 2016

2016 had already in advance been marked out as a year of transition for the online activities, however, in terms of performance, developments still failed to match expectations. Revenue totalled DKK 96.0 million, equalling a growth rate of 1%, whereas EBIT before special items was negative by DKK 11.5 million compared to a negative DKK 12.6 million last year.

NORTH MEDIA ONLINE – KEY FIGURES

DKKm	2016	2015	Development
Revenue	96.0	94.7	1.3/1%
EBIT before special items	-11.5	-12.6	1.1

Neither revenue nor performance have improved as was expected at the onset of 2016, and the primary reasons are that growth on BoligPortal and Ofir failed to materialise as heavily as assumed and that Ofir's cooperation with Emply

ApS ended and resulted in large non-recurring expenses and loss of customers.

New strategic agenda

With the establishment of North Media Online, the strategic focus of all companies was intensified based on three thematic axes: Development of scalable business models, complete digitalisation and enhancement of international perspectives. The revised strategic focus is now in the process of being implemented in all online activities, and in 2017 and onwards it will entail more changes in the business platforms that are to secure profitability for all activities.

To create an optimum environment for developing and realising the potential of North Media Online, Henrik Løvig stepped down as Chief Executive Officer of BoligPortal from 1 January 2017 and his seat has been taken over by Anders Hyldborg. Henrik Løvig will instead concentrate on his role as Chief Executive Officer of North Media Online and here handle the implementation of the revised strategy and assist in the development of all companies in this segment at board level. The intention is to ensure that North Media Online will achieve its objective of increasing the digital business of the Group considerably in the years ahead.

In 2017, the focus of North Media Online's Management will be on following main areas:

- The loss from job activities must be reduced. This will be done by intensifying the collaboration of Ofir and MatchWork where shared competencies and overlap of business models are to be harnessed to launch new services for the benefit of revenue while exploiting synergies on the cost side.
- The rental property business of BoligPortal and BostadsPortal will focus on the rental property vertical and cooperation will be intensified in order to use market leadership and economies of scale to develop platforms and services. This will lead to new products being launched for landlords and to the establishment of an international expansion strategy.
- The business concept of håndværker.dk, one element of which is aimed at manufacturers, is to be executed determinedly so as to create a basis for retaining and attracting more builders for the portal. The intention is to ensure continuous earnings improvement and so to make clear the long-term value-creating potential.
- Investments in new companies and activities are to ensure continued addition of technology and products to support North Media Online's vision of being a leading digital media house.

2017 revenue and performance affected by a decline at Ofir

In 2017, North Media Online expects to reach total revenue between DKK 95 million and DKK 100 million. This development reflects revenue growth on rental property activities (BoligPortal and BostadsPortal) and on håndværker.dk, and a decline in revenue from the job activity (Ofir and MatchWork) as revenue of Ofir is expected to plunge due to Emply ApS' unwarranted termination of Ofir's interminable exclusive distribution agreement on Emply Hire.

The decline at Ofir is the primary reason why EBIT for 2017 is expected to range between a negative by DKK 15 million and a negative DKK 18 million.

NORTH MEDIA ONLINE – KEY FIGURES

DKKm	Expectation 2017	2016	Development
Revenue	95-100	96.0	approx 2/2%
EBIT before special items	-15 to -18	-11.5	-3 to -6

ORIGINAL OBJECTIVES FOR 2016

North Media Online expects revenue to go up by DKK 10-20 million, or 10-20%. Growth is to be realised by BoligPortal via a new pricing model, increased revenue from job advertisements on Ofir, and a major increase in the number of builders on håndværker.dk.

Revenue: DKK 105-115 m EBIT before special items: From a negative DKK 5- 0 m.

RESULTS REALISED IN 2016

Low and unsatisfactory revenue growth due to a longer incubation period for a new pricing and product model on BoligPortal, fewer systems solutions sold on Ofir than expected, and loss of builders on håndværker.dk. Results are adversely affected by non-recurring costs of approx DKK 5 million in connection with Emply ApS' unwarranted termination of Ofir's exclusive distribution right to the Emply Hire e-recruiting system.

Revenue: DKK 96.0 m EBIT before special items: A negative DKK 11.5 m.

OBJECTIVES FOR 2017

Maintaining the positive momentum on the rental property activity (BoligPortal and BostadsPortal) is the primary contributor to growth. Decline in job activities (Ofir and MatchWork) due to Emply ApS' unwarranted termination of Ofir's interminable exclusive distribution agreement on Emply Hire, which will lead to declines in revenue and EBIT.

Revenue: DKK 95-100m EBIT before special items: A negative DKK 15-18m.


BEKEY

BEKEY

In early 2016, BEKEY won a contract for 15,000 lock units for the Municipality of Malmö, Sweden, in the largest public tender to date in Europe on mobile-based electronic access control. Yet postponement and cancellation of some large orders led to revenue growth in 2016 only reaching 9%.

At the beginning of 2017, the order book consists of numerous confirmed contracts for implementation, and this creates a good basis for higher growth.

FACTS ON BEKEY

PRODUCT
BEKEY develops and sells electronic access systems. BEKEY's NETKEY management module registers, distributes and manages digital keys which give users access to opening and closing doors in, for example, private homes and companies and so replace the ordinary physical key.

CUSTOMERS
BEKEY's access systems are used by municipalities and companies in Denmark, the rest of Scandinavia and in the USA.

MARKET POSITION
BEKEY's technology is among the leading in the world, and BEKEY has established itself as the leading player in Denmark and the rest of Scandinavia.

BEKEY's product range consists of four electronic lock products and a management module.

BEKEY SmartLock – placed on the inside surface of the door and opens via Bluetooth®.

BEKEY OrangeBox – is integrated in the door phone panel and opens via Bluetooth®.

BEKEY SmartKey - Bluetooth® remote control that can be used as an alternative to the mobile phone.

BEKEY KeyBox - Robust and secure key storage.

NETKEY – Secure management model for distributing and registering digital keys and access control.

All BEKEY products are managed via a mobile app and the cloud-based software system NETKEY. The mobile app communicates with BEKEY units through a Bluetooth® device. NETKEY is a user-friendly management program that can create and manage keys with just a few clicks and that will give a full picture of the access rights used. The solution complies with the highest security standards as it uses HTTPS, SSL and BEKEY's own AKEP encryption.

Improvement of Nordic market position, but competition is increasing
Half of all municipalities in Denmark today have an electronic lock system, and BEKEY's market share is approx 55%.

BEKEY's generates its revenue primarily from the Scandinavian municipalities, and 2016 has seen intensified focus on expansion in the Nordics, with Norway and Sweden in particular showing great interest in BEKEY's solutions. Several distribution agreements have been signed, one of them being an order in Sweden for the delivery of 15,000 lock units to the Municipality of Malmö. The contract with the Municipality of Malmö was won in the largest public tender to date in Europe on electronic access control. In 2016, a major initiative was also launched in the USA to build up a network of distributors. Towards the end of 2016 in particular, the network of distributors showed great interest in OrangeBox and KeyBox.

An agreement has been signed for strategic cooperation with Securitas on shared sales and operations, under which Securitas will take over the servicing of BEKEY's municipal customers west of the Great Belt. As part of this agreement, BEKEY has become an integrated element of Securitas' Care concept. Cooperation starts from the beginning of 2017.

During 2016, BEKEY has experienced increasing competition and a market that has become more price sensitive. More providers are developing new electronic key management solutions where BEKEY stands out by having a scalable system that can handle large customers who need to manage many stairway entrance doors.

Substantial upgrading of SmartLock in 2016

In early 2016, the 2.0 version of SmartLock was launched, which is much faster, more quiet and has a longer battery life than the old one.

Also, the product range was widened with the keybox, and the enhancement of the server solution continued. A partner module was introduced in the NETKEY management portal which will enable partners to create functions in and configure the system. For mobile phones, an application was launched for Windows Phones with the same features as in the existing apps for iOS and Android.

Unsatisfactory revenue and financial performance

BEKEY's 2016 revenue reached DKK 19.9 million, equalling a growth rate of 9% on last year. EBIT before special items was realised at a negative DKK 21.1 million.

Both revenue and financial performance were below the original expectations of 40-70% in revenue growth, or DKK 25-30 million, and EBIT before special items ranging from a negative DKK 10 million to a negative DKK 15 million. The reason was cancellation or postponement of a number of large orders which were expected to have been delivered by the end of 2016. In addition, BEKEY wrote down parts of its inventories in H2 2016, which had an adverse effect on financial performance.

BEKEY – KEY FIGURES			
DKKm	**2016**	**2015**	**Development**
Revenue	19.9	18.2	1.7/9%
EBIT before special items	-21.1	-19.4	-1.7

In 2016, BEKEY succeeded in reducing production costs as well as payroll and product development costs despite a higher level of activity. At year-end 2016, BEKEY had 32 employees. The number of staff has gone up by 9 during 2016.

Compared to the adjusted expectations announced in the Interim Management Statement for Q3 2016 of DKK 20-22 million in revenue and EBIT before special items between a negative DKK 18 million and a negative 20 million, BEKEY's financial year 2016 was realised as expected.

International expansion and increased revenue growth in 2017

2017 too will focus on international expansion and particularly on intensifying sales efforts and through this continue the extension of the distribution platform. As part of this process, the next generation of stairway door units will be developed with new prints and the launching of two new key boxes. In addition, the integration possibilities of BEKEY's core technologies will be developed further so as to sign more cooperation agreements.

BEKEY – KEY FIGURES			
DKKm	**Expectation 2017**	**2016**	**Development**
Revenue	25-30	19.9	approx 8/40%
EBIT before special items	-16 to -20	-21.1	1 to 5

ORIGINAL OBJECTIVES FOR 2016

BEKEY expected to increase revenue to DKK 25-30 million. This increase is to result partly from the improvement of the strong position held in the municipal market by means of the newly developed Thumb Turn 2.0, partly from the international partnerships formed in, for example, the Netherlands, Norway, Sweden, Finland and the USA, which are expected to up sales in the private market.

Ongoing development of both hardware and software is to make sure that the lock is easier to install and cheaper to make.

Software development is to ensure that the system can communicate with different home automation systems. Also, selling is to be conceptualised to optimise sales through partners, distributors or retailers.

Revenue: DKK 25-30 m EBIT before special items: From negative DKK 10-15m.

RESULTS REALISED IN 2016

BEKEY strengthened its position in the municipal market, and a number of international partnerships were formed. However, BEKEY failed to realise the revenue growth expected due to cancelled orders, re-invitation of tenders and delays in project start-ups. Direct sales to the private market have been given lower priority as this market is not considered ready yet.

The development of hardware and software was carried through as planned in 2016. However, the adaptation to home automation systems has been postponed until it becomes more clear which system or systems will be the leading.

Revenue: DKK 19.9 m EBIT before special items: A negative DKK 21.1 m.

OBJECTIVES FOR 2017

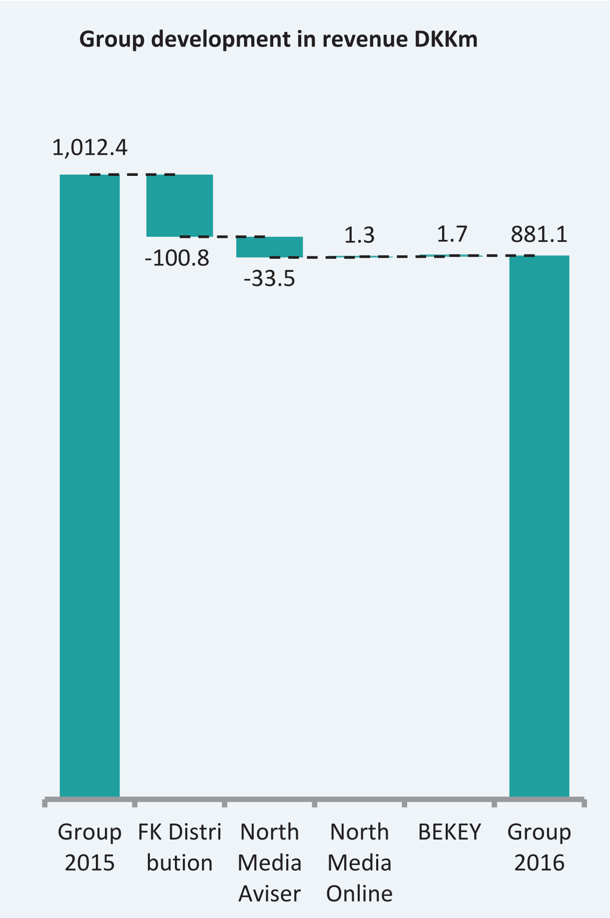
The objective for 2017 is to set up a larger number of distribution agreements for Scandinavia and the USA.

Revenue: DKK 25-30 m EBIT before special items: A negative DKK 16- 20 m.

2016 generated a loss and is down DKK 52 million on 2015. The decline in financial performance is primarily attributable to the write-down of goodwill and intangible assets, but also to lower earnings from operations. The profit from the divestment of some editions of Søndagsavisen and the ownership interest in A/S Vestsjællandske Distriktsblade had a positive effect. The Group's capital resources stood at DKK 271 million at year-end 2016 and are considered strong.

Group revenue

Group revenue went down from DKK 1,012.4 million in 2015 to DKK 881.1 million in 2016. This is a drop by DKK 131.3 million, or 13%, that has primarily been caused by FK Distribution's loss of Coop as its customer and the continued decline in prices and volumes in the unaddressed printed matter distribution market. Revenue of North Media Aviser has also developed adversely due to weak markets. Also, the development of the newspapers' revenue has been adversely affected by the divestment, transfer and discontinuation of some editions of Søndagsavisen. North Media Online and BEKEY have experienced a flat revenue development.



Contribution margin

In 2016, the contribution margin for the Group totalled DKK 417.7 million, which is DKK 79.0 million down on 2015. This is equivalent to a contribution ratio of 47.4% in 2016 while in 2015 it was 49.1%. The decrease in contribution ratio is primarily attributable a lower contribution ratio on FK Distribution.

Please also refer to Notes 6 and 21.

Staff costs

Staff costs for 2016 came to DKK 267.0 million, a decrease of DKK 24.6 million compared to 2015. This decrease has been caused by a reduction in the number of salaried employees, by pay over the gardening leave period for terminated employees being disclosed in special items, and by anniversary celebration costs having been incurred in 2015.

In 2016, the average headcount was 548 (salaried and hourly employees at the terminals), which is 62 less than on average in 2015. Most of the decrease is attributable to a reduction in the number of employees at the terminals where payroll is directly included in staff costs, however, the number of salaried employees has been reduced as well by 20.

Actual headcount at year-end 2016 was 527, which is 81 less than at year-end 2015. Besides the above reduction in staff, the decrease is also a result of the restructuring measures at North Media Aviser that took place particularly in June and November, and which will therefore only have little effect on the average headcount, but a somewhat higher effect on the year-end headcount, particularly because of the terminations in June.

Please also refer to Notes 6 and 7.

Other expenses

Other expenses primarily include marketing costs, costs of premises, IT costs, fees and administrative expenses. Other expenses totalled DKK 144.1 million in 2016 compared to DKK 157.4 million in 2015. The decline is primarily attributable to lower marketing costs related to NoAds+ and generally lower costs, particularly for IT.

Please also refer to Note 8.

Amortisation and deprecation

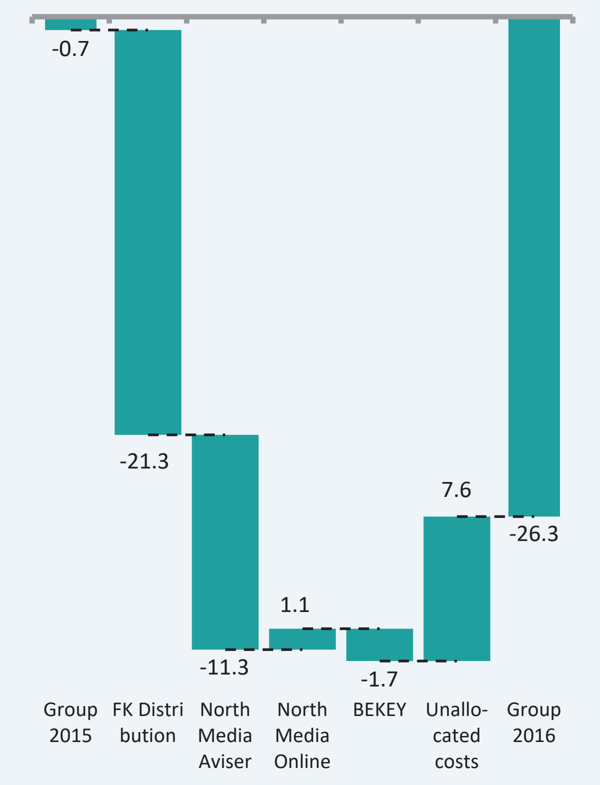
Amortisation and depreciation for the year came to DKK 37.2 million for 2016, which is DKK 19.1 million down on 2015. The decrease has mainly been caused by reduced depreciation on plant at FK Distribution's packaging terminals and by a loss of DKK 10.5 million having been recorded in 2015 due to the retirement of assets that are no longer being used.

Please also refer to Notes 9, 17 and 18.

EBIT before special items

Group EBIT before special items went down from a negative DKK 0.7 million in 2015 to a negative DKK 26.3 million in 2016. The heavy reduction in FK Distribution's revenue is to a high extent, but not entirely offset by efficiency gains and costs savings. Overall, this leads to a DKK 21.3 million reduction in FK Distribution's earnings. The development of North Media Aviser's earnings is also affected by a decline in revenue, which has reduced earnings by DKK 11.3 million. The item "Unallocated costs" primarily concerns group-related functions that are not re-invoiced to the operating companies, and net income from the lease-out of the Group's buildings. This item has improved by DKK 7.6 million from 2015 to 2016 because of lower legal and consultancy costs and because anniversary celebration costs were incurred in 2015.

Group EBIT development in DKKm (before special items)



Special items

Special items represent total net expenses of DKK 41.1 million in 2016 against DKK 19.4 million in 2015.

In 2016, goodwill and intangible assets were written down by a total of DKK 45.9 million, which related to the eight local newspapers acquired in 2013. The write-down is a result of lower earnings expectations. In addition, there are DKK 11.0 million in severance payment costs arising from a number of restructuring measures at North Media Aviser during the year.

2016 also saw an income of DKK 14.6 million in the form of a profit from the divestment of a number of Søndagsavisen editions and an income of DKK 1.2 million in the form of partial reversal of the purchase price payable for Lokalaviserne Østerbro og Amager A/S.

In 2015, special items consisted mainly of DKK 10.0 million in impairment loss on goodwill and DKK 9.6 million in impairment loss on the value of the former printing house in Elsinore.

Please also refer to Note 13.

EBIT

Group EBIT is negative by DKK 67.4 million for 2016. The loss consists of a loss on ordinary operations of DKK 26.3 million and a loss on special items of DKK 41.1 million. In 2015, Group EBIT was negative by DKK 20.1 million, arising primarily from special items.

Share of profits/losses from associates

The Group's share of net profits/losses from associates was positive by DKK 24.5 million in 2016 and negative by DKK 0.2 million in 2015.

In 2016, this figure is primarily affected by the profit earned from the divestment of the Group's ownership interest in A/S Vestsjællandske Distriktsblade. In 2015, the net share was a negative DKK 0.2 million. The operating profit from the Group's ownership interest in A/S Vestsjællandske Distriktsblade was outbalanced by an operating loss in Mesto.ua.

Please also refer to Note 10.

Quarterly return on securities

Return on securities
In 2016, the Group had a negative net return on securities of DKK 6.2 million, or a negative 4.1%, whereas for 2015 the return was positive by DKK 12.9 million, or 6.3%.

Quarterly returns are evident from the table below:

In January 2017, returns on securities wereas positive by DKK 13.0 million, or 6.0%.

Please also refer to Note 11.

Financial income
In 2016, the Group had financial income of DKK 0.3 million, whereas it was DKK 0.5 million in 2015. The income arises from interest income and small foreign exchange gains.

Please also refer to Note 12.

Financial expenses
Financial expenses for 2016 totalled DKK 20.9 million against DKK 8.3 million for 2015. The main reason for the increase in financial expenses is the fair value adjustment of investments in minority interests in Lix Technologies ApS and Emply ApS. Financial expenses also include interest on mortgage loans, the discounting effect of purchase price payable and foreign exchange losses.

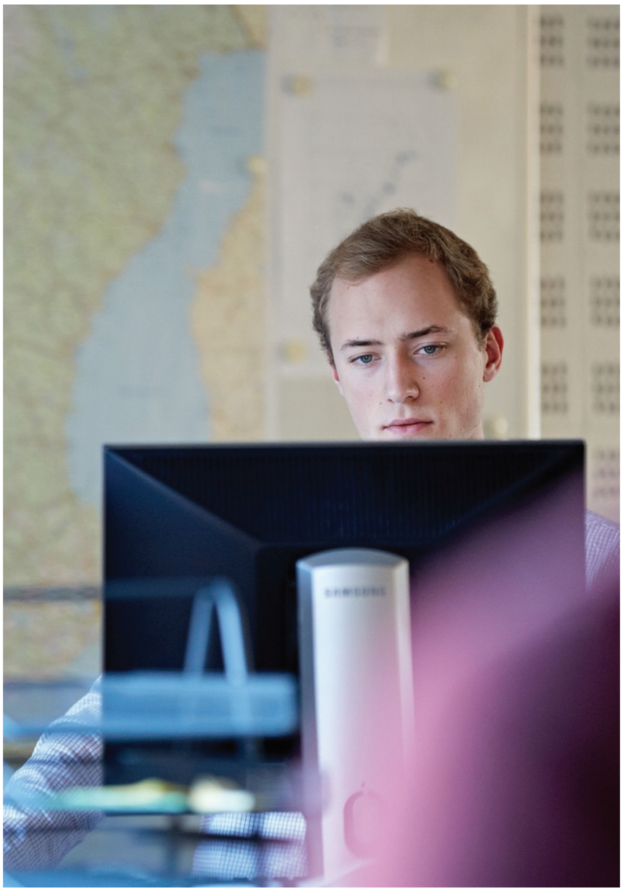
Please also refer to Note 12.

Profit/loss before tax
The consolidated pre-tax loss for the year amounted to DKK 69.7 million for 2016 against a loss of DKK 15.2 million for 2015. The primary reason for this reduced financial performance is impairment losses on goodwill and otherintangible assets, but also lower earnings from operations and lower returns on the securities portfolio. The profit from the divestment of six editions of Søndagsavisen and the ownership interest in A/S Vestsjællandske Distriktsblade had a positive effect.

Taxation
Tax on loss for the year is an income of DKK 6.0 million. The reason for the low tax income, despite the large operating loss, is that the tax loss carryforward of DKK 8.3 million has not been recognised in the balance sheet as its time of use is subject to major uncertainty.

Non-deductible impairment losses on goodwill and fair value adjustment of other investments are cancelled out by the profit from the divestment of the shares in A/S Vestsjællandske Distriktsblade being free of tax.

Please also refer to Note 14.



Profit/loss for the year
Loss for the year of the Group was DKK 63.7 million for 2016. This is poorer than in 2015 when loss for the year stood at DKK 11.9 million. As mentioned, the primary reason for this decline in financial performance is impairment losses on goodwill and other intangible assets, but also lower earnings from operations and lower returns on the securities portfolio. The profit from the divestment of six editions of Søndagsavisen and the ownership interest in A/S Vestsjællandske Distriktsblade had a positive effect.

Intangible assets
In the Group's balance sheet for 2016, intangible assets have gone down by DKK 60.6 million. DKK 45.9 million thereof is attributable to write-down of goodwill and other intangible assets related to eight local newspapers acquired in 2013. The write-down is a result of lower earnings expectations. In addition, intangible assets related to the eight local newspapers acquired were amortised by DKK 12.3 million.

At year-end 2016, goodwill stood at DKK 39.1 million which relates to FK Distribution and BoligPortal. The other intangible assets amounting to DKK 14.8 million are mainly attributable to BoligPortal.

Please also refer to Note 17.

Property, plant and equipment
Property, plant and equipment are mainly composed of land and buildings. The Group owns office facilities and production terminals in Taastrup and in Tilst near Aarhus.

These facilities are used by FK Distribution. The Group also owns an office building in Søborg near Copenhagen. Sections of North Media Aviser, of the North Media Online operations and of Group functions occupy this building. The Group also owns the former printing house used by Helsingør Dagblad and a small property in Esbjerg used by FK Distribution. The Group's properties have a total carrying amount of DKK 266.6 million and are mortgaged for a total of DKK 154.7 million in the form of primarily long-term mortgage loans.

Please also refer to Note 18.

Investments in associates

At year-end 2016, investments in associates represent the investments in Lead Supply ApS and the Ukrainian housing website Mesto.ua. Their value is mainly made up of the companies' intangible assets.

The investment to acquire 50% of Lead Supply ApS took place effective from 1 June 2016, and the value of the ownership interest is DKK 9.1 million.

In June 2016, North Media Online increased its ownership interest in Mesto.ua from 20% to approx 34% based on an overall valuation of the company of EUR 2 million. The value of North Media Online's ownership interest in Mesto.ua is DKK 4.5 million at year-end 2016 against DKK 4.8 million in 2015.

Please also refer to Note 20.

Other investments

As stated in Company announcement no 08-16 of 30 June 2016, North Media Online made arrangements to invest a total of DKK 18 million in Lix Technologies ApS and so to acquire an ownership interest of 20%. The investment was split in two tranches. The first tranche was for DKK 10 million, equivalent to an ownership interest of 12.2%, and the other tranche was for DKK 8 million, equivalent to an additional interest of 7.8%. Tranche no two was subject to a number of required performance targets, and as they were not reached, it was decided not to go through with trance no two. At year-end 2016, the ownership interest in Lix Technologies ApS has been written down by DKK 8.8 million to DKK 1.2 million.

Please also refer to Note 12.

Investments

For 2016, the Group's investments in intangible assets and property, plant and equipment totalled DKK 7.8 million against DKK 11.0 million for 2015. The reduction is due to fewer investments in FK Distribution's packaging terminals.

Working capital

At 31 December 2016, the Group's trade receivables amounted to DKK 79.6 million. This is equivalent to a debtor days ratio of 26.9 days. Compared to 2015, the Group's receivables have increased by DKK 1.5 million, and the debtor days ratio has increased by 3.9 days from 23.0 days. This increase arises across most of the activities.

At year-end 2016, short-term trade payables stood at DKK 38.9 million compared to DKK 43.1 million at year-end 2015. In days payable outstanding, this is equivalent to 27.2 days in 2016 compared to 27.0 days in 2015.

At 31 December 2016, other payables amounted to DKK 89.2 million which is DKK 5.0 million up on 2015. Other payables primarily relate to holiday pay payable, VAT payable and costs payable.

The Group's net working capital (NWC) amounted to a negative DKK 37.1 million at year-end 2016, which is DKK 1.1 million less than last year, when the Group's NWC was a negative DKK 38.2 million.

Cash flows from operating, investing and financing activities

Cash flows from operating activities for 2016 were DKK 48.9 million lower than for 2015. This decline is mainly attributable to the decline in financial performance and higher income tax payments.

Cash flows from investing activities were negative by DKK 14.9 million in 2016 compared to a positive DKK 8.4 million in 2015. Cash flows from investing activities are significantly affected by the purchase and sale of securities, and in 2016 also by the divestment of the ownership interest in A/S Vestsjællandske Distriktsblade and some editions of Søndagsavisen. 2016 also saw investments of DKK 12.1 million in associates and DKK 10.0 million in Lix Technologies ApS.

Cash flows from financing activities were negative by DKK 6.7 million in 2016, and this is attributable to repayments of mortgage loans. In 2015, cash flows from financing activities were positive by DKK 5.9 million, and the reason was an additional loan for DKK 14.0 million.

For 2016, total cash flows were negative by DKK 35.9 million compared to a positive DKK 48.9 million in 2015.

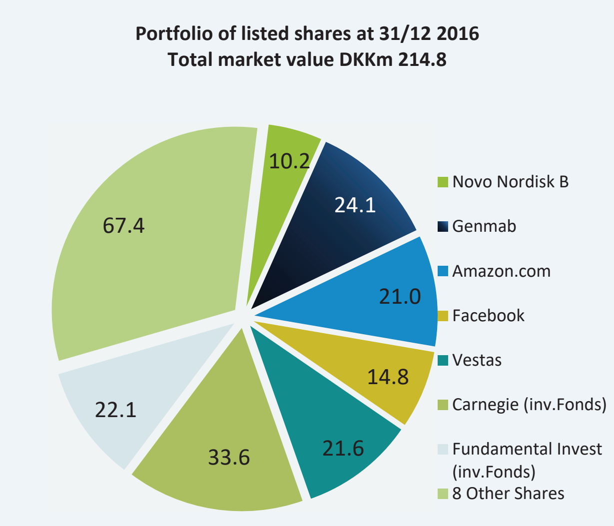
Capital resources

The Group's capital resources remain strong. At 31 December 2016, the Group's net interest-bearing cash position was DKK 106.9 million. This is DKK 6.9 million down on the amount at 31 December 2015 when it was DKK 113.8 million.

The net interest-bearing cash position consists of cash of DKK 56.5 million, ultra-liquid shares and investment funds in the amount of DKK 214.8 million, mortgage debt and interest rate swaps totalling DKK 154.7 million and a total purchase price of DKK 9.7 million payable to Lead Supply ApS and Lokalavisen Østerbro og Amager A/S.

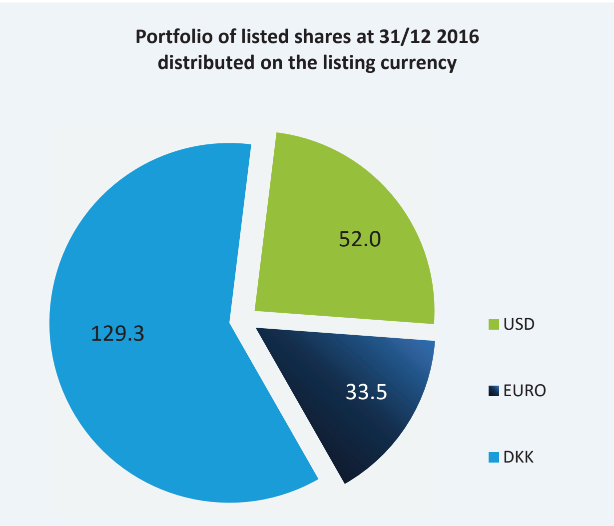
At 31 December 2016, the Group's cash resources (exclusive of overdraft facility) stood at DKK 271.3 million while at year-end 2015 they were DKK 288.5 million.

The Group has invested a large portion of its cash resources in 15 different shares and share-based investment funds at year-end 2016. The portfolio consists of listed shares and investment funds with high transferability such as OMXC20 shares or shares in similar international indexes. At 31 December 2016, the portfolio consisted of the following shares with accompanying market values, see figure below:



At 31 December 2016, the Group's portfolio of shares totalled DKK 214.8 million, whereas it came to DKK 196.1 million at the same date in 2015.

Risk has been calculated at 12.0% at 31 December 2016. Risk has been calculated as the annualised standard deviation measured over the past 90 days of trading. "Value at risk", which reflects the maximum loss over a three-month period with a probability of 95%, was DKK 22.5 million.



The value of the portfolio of shares was DKK 227.8 million at 31 January 2017. At this date, risk has been calculated at 12.3% and "value at risk" at DKK 24.3 million.

The Board of Directors recommends that no dividend be paid for the financial year 2016

Strong financial resources are considered an important strategic strength in the present market for achieving the goal of a Group relying on several profitable pillars and generating high earnings. The Board of Directors wants earnings to be positive before it is decided to distribute dividend. As in previous years, the Board of Director's objective is to achieve business stability that establishes distribution of dividend as an annually recurring event.

Against this background, the Board of Directors recommends at the Annual General Meeting on 31 March 2017 that no dividend be paid for the financial year 2016.

Equity and holding of treasury shares

At 31 December 2016, the Group's equity stood at DKK 460.4 million, which is DKK 61.6 million lower than at year-end 2015. The decline in equity is due to the loss realised for the year.

No treasury shares were purchased or sold during the period. The Group's portfolio of treasury shares was still 1,485,000 at 31 December 2016, corresponding to 7.4% of the share capital and the votes in North Media A/S. The average buying price was DKK 27.7 per share.

QUARTERLY HIGH LIGHTS

	Revenue									
	Year		Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
DKKm	2016	2015	2016	2016	2016	2016	2015	2015	2015	2015
FK Distribution	590.6	691.4	174.4	141.7	137.2	137.3	194.5	156.4	175.6	164.9
Index cp. same period last year	*85.4*	*92.4*	*89.7*	*90.6*	*78.1*	*83.3*	*93.0*	*89.9*	*91.9*	*94.8*
North Media Aviser	174.6	208.1	40.3	36.7	48.1	49.5	52.7	43.7	55.3	56.4
Index cp. same period last year	*83.9*	*94.8*	*76.5*	*84.0*	*87.0*	*87.8*	*94.3*	*94.2*	*92.9*	*97.6*
North Media Online	96.0	94.7	22.4	25.4	24.0	24.2	22.0	24.0	24.1	24.6
Index cp. same period last year	*101.4*	*97.2*	*101.8*	*105.8*	*99.6*	*98.4*	*98.7*	*95.2*	*96.0*	*99.2*
BEKEY	19.9	18.2	5.1	4.2	5.3	5.3	3.6	3.9	6.1	4.6
Index cp. same period last year	*109.3*	*219.3*	*141.7*	*107.7*	*86.9*	*115.2*	*138.5*	*144.4*	*469.2*	*270.6*
Group revenue	**881.1**	**1,012.4**	**242.2**	**208.0**	**214.6**	**216.3**	**272.8**	**228.0**	**261.1**	**250.5**
Index cp. same period last year	*87.0*	*94.3*	*88.8*	*91.2*	*82.2*	*86.3*	*94.0*	*91.8*	*94.3*	*97.0*

	EBIT									
	Year		Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
DKKm	2016	2015	2016	2016	2016	2016	2015	2015	2015	2015
FK Distribution	35.0	56.3	25.3	5.5	0.6	3.6	31.3	6.8	18.4	-0.2
Profit margin	*5.9%*	*8.1%*	*14.5%*	*3.9%*	*0.4%*	*2.6%*	*16.1%*	*4.3%*	*10.5%*	*-0.1%*
North Media Aviser	-35.2	-23.9	-5.2	-11.1	-10.1	-8.8	-4.2	-11.6	-4.4	-3.7
Profit margin	*-20.2%*	*-11.5%*	*-12.9%*	*-30.2%*	*-21.0%*	*-17.8%*	*-8.0%*	*-26.5%*	*-8.0%*	*-6.6%*
North Media Online	-11.5	-12.6	-5.2	-1.3	-2.7	-2.3	-4.6	-3.9	-0.7	-3.4
Profit margin	*-12.0%*	*-13.3%*	*-23.2%*	*-5.1%*	*-11.3%*	*-9.5%*	*-20.9%*	*-16.3%*	*-2.9%*	*-13.8%*
BEKEY	-21.1	-19.4	-5.9	-6.5	-4.9	-3.8	-5.1	-5.2	-4.8	-4.3
Profit margin	*-106.0%*	*-106.6%*	*-115.7%*	*-154.8%*	*-92.5%*	*-71.7%*	*-141.7%*	*-133.3%*	*-78.7%*	*-93.5%*
Unallocated income/costs	6.5	-1.1	1.5	1.6	2.0	1.4	-1.6	0.9	-0.4	0.0
Group EBIT before special items	**-26.3**	**-0.7**	**10.5**	**-11.8**	**-15.1**	**-9.9**	**15.8**	**-13.0**	**8.1**	**-11.6**
Profit margin	*-3.0%*	*-0.1%*	*4.3%*	*-5.7%*	*-7.0%*	*-4.6%*	*5.8%*	*-5.7%*	*3.1%*	*-4.6%*
Special items	-41.1	-19.4	-48.1	0.0	7.0	0.0	-19.4	0.0	0.0	0.0
Group EBIT	**-67.4**	**-20.1**	**-37.6**	**-11.8**	**-8.1**	**-9.9**	**-3.6**	**-13.0**	**8.1**	**-11.6**

Shareholder information

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

Company information

Address:	North Media A/S Gladsaxe Møllevej 28 DK - 2860 Søborg
Internet:	www.northmedia.dk
Telephone:	(+45) 39 57 70 00
E-mail:	investor@northmedia.dk
CVR-no.:	66 59 01 19
Securities ID:	DK001027034-7
Auditors:	Deloitte Statsautoriseret Revisionspartnerselskab
Banker:	Danske Bank A/S

Financial year
The Group's financial year follows the calendar year, and this Annual Report covers the period 1 January to 31 December 2016, the Company's 36th financial year.

General Meeting
The Annual General Meeting will be held on 31 March 2017 at 3.00 pm at Ingeniørforeningens Mødecenter A/S, Kalvebod Brygge 31-33, 1780 Copenhagen V, Denmark.

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

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

Increases may take place by way of cash contributions or otherwise. Increases may take place without any pre-emptive right for the Company's existing shareholders if the increase is effected at market price, or as consideration for the Company's acquisition of an existing business, or specified assets at a price equivalent to the value of the shares issued. Other than in the cases described in the previous sentence, the shareholders have a pre-emptive right to subscribe for new shares on a proportionate basis. The authorisation is given for a period up to 9 March 2017.

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

The Company's holding of treasury shares at 31 December 2016 was 1,485,000 shares (2015: 1,485,000 shares), or 7.40% of the share capital.

Dividend
The Board of Directors will at the Annual General Meeting on 31 March 2017 recommend that ordinary dividend not be distributed.

The Parent's income statement shows a loss of DKK 68.9 million. The Board of Directors recommends the following appropriation of profit/loss:

Appropriation of profit/loss	
Retained earnings at 1 January 2016	381.5
Loss for the year	-68.9
Share-based payment	0.8
Adjustments, investments in subsidiaries and associates	1.6
Other equity items	0.5
Available for distribution	**315.5**
The Board of Directors submits the following appropriation of profit for approval by the Annual General Meeting:	
Dividend to the shareholders	0.0
Retained earnings at 31 December 2016	315.5

Shareholders

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

Olav W. Hansen A/S
Holmboes Alle 1
8700 Horsens
including related parties owning 2,334,869 shares, equivalent to an equity interest of 11.64 %.

Baunegård ApS
Fredensborg Kongevej 49
2980 Kokkedal

The principal shareholder is Richard Bunck, founder of the Company, who through a wholly-owned and controlled holding company, Baunegård ApS, holds 56.39% of the share capital.

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

The Board of Directors' and the Executive Board's shareholdings in North Media A/S at 31 December 2016

Board of Directors	Shares
Richard Bunck (incl Baunegård ApS)	11,308,832
Peter Rasztar	0
Steen Gede	1,170
Ulrik Holsted-Sandgreen	0
Total	**11,310,002**

Executive Board	Shares
Kåre Stausø Wigh	30,000
Mads Dahl Andersen	16,418
Gorm Wesing Flyvholm	0
Henrik Løvig Jensen	0
Søren Jacob Frederik Holmblad	3,486
Total	**49,904**

Management

At year-end 2016, the Company's Board of Directors and Executive Board, excluding Richard Bunck, controlled 51,074 shares, or 0.25% of the share capital.

Share price

At 31 December 2016, the market capitalisation of the Company's shares was DKK 264.7 million.

Contact with investors

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

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

Corporate site

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

Contact to investors

Kåre Stausø Wigh, Group Executive Director & CFO:

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

Company announcements 2016	
11 February 2016:	Annual Report 2015
9 March 2016:	Notice convening the Annual General Meeting of North Media A/S
8 April 2016:	Annual General Meeting of North Media A/S held Friday, 8 April 2016 - Summary
2 May 2016:	North Media A/S signs agreement for the sale of some editions of Søndagsavisen and the equity interest in A/S Vestsjællandske Distriktsblade, as well as for editorial and sales collaboration.
4 May 2016:	Interim Management Statement for Q1 2016
26 May 2016:	Major shareholder announcement
28 June 2016:	North Media Aviser A/S restructures Søndagsavisen to restore profitability and to be in a stronger position in the new media market
30 June 2016	North Media Online A/S invests in Lix Technologies ApS
18 August 2016	Interim Report 2016
3 November 2016	North Media Aviser A/S signs cooperation agreement with Politikens Lokalaviser A/S and sharpens strategic focus on Copenhagen
3 November 2016	Interim Management Statement for Q3 2016
16 December 2016	North Media Aviser acquires five local Copenhagen newspapers to enhance strategic focus on the metropolitan area
21 December 2016	Financial Calendar 2017

Financial calendar for 2017	
9 February 2017:	Annual Report 2016
17 February 2017:	Term for submission of items for the agenda of the Annual General Meeting
31 March 2017:	Annual General Meeting
18 August 2017:	Interim Report 2017

Board of Directors meeting calendar for 2017
Friday, 27 January 2017
Wednesday, 8 February/Thursday, 9 February 2017
Friday, 31 March 2017
Wednesday, 3 May 2017
Thursday, 17 August/Friday, 18 August 2017
Wednesday, 1 November 2017
Wednesday, 6 December 2017

Management

The management of North Media is based on the Group's values: customer focus, corporate responsibility, quality, fairness and positive aggressiveness.

The Group's values set the guidelines for how to practise management in the subsidiaries. To make sure that these values are present and relevant in our staff's working days, they are spiced with some "words of wisdom". Words of wisdom reflect in concentrated form an observation, a position or a wish and thus forms part of the Group's core values.

Customer focus
Words of wisdom:
”Customers do not constitute an interruption of your work. They ARE your work.”

Above all, focus at North Media is on the customer. We develop and deliver products and services that create growth and value for them.

Corporate responsibility
Words of wisdom:
”It is important not to be afraid to take responsibility and to use one's own judgment, should the situation call for that. And to be held accountable if you have crossed the line.”

We take responsibility when we interact with customers and each other. When things go as planned, but also when the unexpected suddenly occurs, ownership, honesty and thoughtfulness are the very substance of our actions. Because only by demonstrating accountability in all of our actions and at all times, can we make the right decisions for the benefit of our customers, staff, shareholders and other stakeholders.

Quality
Words of wisdom:
”In order to do our job well, we need to have the skills to do it, the necessary knowledge, a healthy and positive approach to work and the will to make the effort that it takes.”

At North Media, we want to be known for the quality of our products and services, and we strive persistently and relentlessly to ensure that through thoroughness, efficiency and focus on optimising all of our products, processes and dialogues.

We believe that value-creating quality products delivered at the right time and price are the bedrock of long-lasting relationships.

Fairness
Words of wisdom:
”Sound business practice is a matter of common sense: We think before we spend money. We deliver a good product, and for that we must be paid a fair price.”

We are fair in all we do and exercise sound business practice so that both our customers and we benefit from the partnership. We make great demands on each other and on our customers, and we mutually keep the agreements made.

Positive aggressiveness
Words of wisdom:
”It is imperative to be active and create activity. He or she who can, will and does - is given a chance.”

The very substance of our success is based on a passion for what we do, on perseverance and on the ability and courage to think new thoughts. We never act from fear, but from what we want and desire. We call that positive aggressiveness.

Statutory report on Corporate Governance

Board of Directors and Executive Board

The general meeting of North Media A/S has the ultimate authority to elect members to the Company's Board of Directors and is responsible for its overall management. The Board of Directors supervises the Company's activities and safeguards the proper management of the Company in accordance with the Articles of Association, the Danish Companies Act and other regulations of relevance to the Company. The primary duties of the Board of Directors are to lay down the overall goals and strategies, define clear guidelines for the division of responsibilities, planning and risk management and appoint a competent executive board and serve as its easy-to-reach and active sounding board. The Board of Directors is made up of four members with Richard Bunck, principal shareholder, serving as chairman.

The Executive Board is responsible for the day-to-day management of the Company. In compliance with the guidelines and directions prepared by the Board of Direc-tors, the Executive Board prepares action plans and forecasts that support the Company's strategy and reports earnings performance, risks and other significant data to the Board of Directors on a regular basis.

The Executive Board consists of five Chief Executive Officers: Kåre Stausø Wigh, Group Executive Director & CFO, and four Chief Executive Officers in charge of their own segment and referring directly to a separate board of directors. The Group's activities are divided into four segments:

- FK Distribution – Chief Executive Officer Mads Dahl Møberg Andersen
- North Media Aviser – Chief Executive Officer Gorm Wesing Flyholm
- North Media Online – Chief Executive Officer Henrik Løvig Jensen
- BEKEY – Chief Executive Officer Søren Jacob Frederik Holmblad.

North Media A/S' Board of Directors and the Chief Executive Officer of each of the four business segments and Group Executive Officer & CFO are the Chief Operating Decision Makers (CODM) focusing on and being responsible for the Group's four business segments. The Executive Board is in charge of cross-disciplinary product and business development and for joint HR guidelines and values.

In 2016, the Board of Directors held 14 meetings against 11 in 2015.

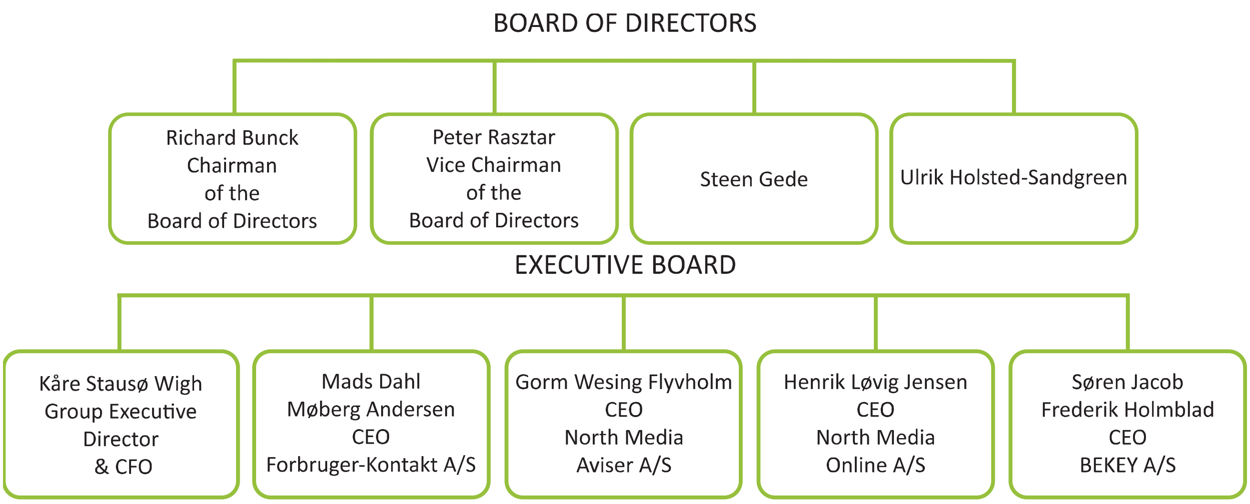
Audit Committee

The Board of Directors is responsible for the overall management of the Company. The Board of Directors has set up an audit committee to supervise financial reporting, among other procedures. The Audit Committee is made up of two members of North Media's Board of Directors. The members are appointed by the Board of Directors for a term of two year at a time. In 2016, the Audit Committee consisted of Peter Rasztar, Vice Chairman of the Company's Board of Directors, who chairs the Audit Committee, and Steen Gede.

Audit Committee members are to have accounting or auditing insight into as well as experience in listed companies. The Board of Directors appoints the chairman of the Audit Committee.

The Audit Committee convenes at least twice a year in connection with the external auditor's issuance of audit book comments on interim audits and their year-end audit of the consolidated and parent financial statements, respectively. Other than that, the Audit Committee convenes as necessary.

The primary tasks of the Audit Committee are to monitor and check the financial information of external financial reports or other material financial reports on behalf of the Board of Directors as well as to ensure compliance with applicable law, standards and other requirements appli-



cable to financial reporting. At least once a year, the Audit Committee also reviews and considers internal control procedures in order to evaluate the appropriateness of controls and/or any weaknesses. Further, the Audit Committee considers the external auditor's audit plan and reviews the related audit engagement letter and audit fee as well as the auditor's management letters and audit book comments.

In 2016, the Committee held two meetings, and three meetings were held in 2015.

Day-to-day Management

Separate strategy and action plans as well as budgets and estimates have been prepared for the individual subsidiaries and activities. The plans and the budgets are checked against monthly reporting. Strategy and action plans as well as budgets are prepared annually on the basis of a detailed and standardised process. Material risks are identified during this process, and decisions are made about their handling.

North Media applies a number of systems across the Group regarding day-to-day management, including advertisement booking, invoicing, user payment, route planning, financial reporting and consolidation. The systems have been integrated to the extent possible in order to avoid duplication of data and to reduce the risk of errors as well as to enhance efficiency. Procedures for internal control and reconciliation have been introduced to ensure the consistency of data obtained from different sources. The control procedures consist of monthly reconciliations, among other processes, performed as part of financial reporting.

The finance departments have been centralised into two large Groups to ensure enhanced efficiency, an efficient control environment and an appropriate segregation of duties. In addition, the use of the subsidiaries' and activities' local finance systems has been upgraded and aligned.

Based on the Board of Directors' instructions, including values for corporate governance, guidelines on Corporate Governance and in cooperation with the Audit Committee, Group Finance has developed systems for detailed financial reporting with integrated control procedures. The systems will not eliminate the risk of errors and do not guarantee detection and correction of all errors, but they help ensure identification and management of risk as well as correction of material errors and deficiencies. The key processes are as follows:

1 Reporting instructions and time schedules for monthly financial reporting by subsidiaries and for operations are circularised before the beginning of the financial year. Also, more detailed instructions are circularised in October as part of the preparation of the financial statements. The accounting and reporting instructions are supported by the Group's accounting policies, which for selected areas describe more detailed reporting requirements.

2 Significant accounting estimates, documentation thereof and any changes in accounting policies possibly resulting from changes in accounting rules are reviewed by Group Finance before reporting instructions are circularised.

3 Monthly reporting is carried out in the Group's reporting system by the subsidiaries and for the operations. The system, which is a standard reporting and consolidation system, ensures full transparency of reporting by the individual subsidiaries and the full consolidated financial statements. Reporting by the individual companies corresponds to the bookkeeping, which in turn is fully consistent with the financial statements of the subsidiaries. Any differences between bookkeeping/accounting policies and the Group's IFRS financial statements are handled centrally by Group Finance to ensure full understanding and ownership of those adjustments.

4 As part of each month-end closing, all subsidiaries' key income statement and balance sheet items are reconciled. Reconciliations and controls are performed using checklists, and specifications and documentation thereof are kept on file. Reconciliations and controls comply with the guidelines to the effect that the risk of misstatements in each subsidiary's monthly financial statements are minimised.

5 A number of controls are performed centrally by Group Finance to ensure that the reported figures are correct. In addition, a number of points are checked to ensure that reporting is performed in accordance with the Group's accounting policies.

6 In connection with acquisitions/divestments of companies, all relevant entries are managed at central level. There is also a central model for the Group's allocation of purchase prices by type of asset. Any impairment of assets is also calculated at central level for all group units.

7 In addition, a management report is prepared on the basis of monthly financial reporting, comparing results with the action plan, estimates and the budget. Variances are explained, corrective action proposed, the competitive situation described, an action plan status given, etc. In connection with the presentation of interim management statements, an updated estimate is prepared for revenue and results for the year.

8 Financial reports for the subsidiaries and the operations are submitted to Group Finance, which prepares consolidated, segment, subsidiary and activity financial statements as well as analyses for the Executive Board and the Board of Directors.

Page 51 contains a section on ”Control and risk management of financial reporting” which is an integral part of the financial reporting process.

The contents of the reports submitted to the Executive Board and the Board of Directors are evaluated continuously to ensure relevance in relation to focus areas and de-velopment of the Group. Further, constant efforts are made to improve reporting efficiency and increase reporting speed. In this way, the Board of Directors and the Executive Board will have quick access to correct and relevant information.

Corporate Governance

According to section 107b of the Danish Financial Statements Act and paragraph 4.3 of “Rules for Issuers of Shares – NASDAQ OMX Copenhagen”, listed companies must draw up a report on corporate governance. The report must describe how the company deals with the recommendations regularly published by the Committee on Corporate Governance in Denmark. The Committee’s recommendations are available from www.corporategovernance.dk.

When drawing up the report on Corporate Governance, the company must apply the “comply or explain” principle. Under this principle, the company must either comply with the corporate governance recommendations or explain why it has decided not to comply with them, or to just comply with some of them. This means that the company must state the recommendations it does not comply with and the reasons for non-compliance and, where relevant, explain what measures it has taken instead.

According to the principle, the affairs and conditions of the company are what determine the extent to which the recommendations are complied with, or whether it would be inappropriate or undesirable for the company to do so, as the top priority is to ensure transparent corporate governance.

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

The Group follows 41 of a total of 47 recommendations. Therefore, the Board of Directors is of the opinion that the Company generally follows the recommendations, and the Board of Directors is constantly considering how the recommendations may contribute to ensuring maximum value creation for the Company's shareholders. Accordingly, the Board of Directors also considers whether recommendations not previously complied with should be complied with.

A complete report and tables are available from the Company’s homepage, www.northmedia.dk/governance.cfm.

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

Composition and organisation of the Board of Directors

Recommendation 3.1.4 regarding the retirement age for members of the board of directors is not followed. The Company has not set a retirement age for board members as the Board of Directors believes that a member’s experience and qualifications alone shall determine whether he or she can add value to the work of the Board of Directors.

Independence of the Board of Directors

Recommendation 3.2.1 that at least half of the members of the board of directors elected by the general meeting be independent is not complied with. Richard Bunck, the Chairman of North Media’s Board of Directors, is also principal shareholder and hence not independent. Board Member Ulrik Holsted-Sandgreen is an attorney-at-law and partner of Horten Advokatpartnerselskab, the law firm providing professional advisory services to the Company. Therefore, Ulrik Holsted-Sandgreen may not be considered independent. Since 25 April 2015, Steen Gede has been on the Board of Directors for more than 12 years and may therefore not be considered independent.

The Board of Directors believes that the interests of the principal shareholder, Richard Bunck, coincide with those of the other shareholders. Also, the Board holds the view that Ulrik Holsted-Sandgreen's work on the Board of Directors has no bearing on the circumstance that he or other attorneys of Horten Advokatpartnerselskab provide professional services to the Group. Nor is it considered crucial to Steen Gede’s independence that he has been on the Board of Directors for more than 12 years.

Form and substance of the remuneration policy

Recommendation 4.1.2 concerning variable pay components is followed in part. The recommendation is followed except that the Company cannot require repayment of variable pay components paid to an employee based on information, which later on turns out to be incorrect. Following this recommendation is considered inappropriate taking into the account the limited number of variable pay components paid.

Disclosure of the remuneration policy

The Company does not follow Recommendation 4.2.1 concerning disclosure of the remuneration policy in the Chairman’s report to the general meeting. The Company does not follow Recommendation 4.2.2 concerning the shareholders’ approval of proposed remuneration of the Board of Directors. Recommendation 4.2.3 concerning disclosure in the Annual Report of total remuneration of the individual members of the board of directors and the executive board is not followed. The Board of Directors believes that information about remuneration is a private matter.

Remuneration of the Board of Directors, the Executive Board and executive staff is disclosed in the Annual Report. The aim of the general remuneration policy of North Media A/S is to ensure that the Company offers competitive remuneration, which is based on efforts and performance, and which is on a par with remuneration offered by comparable listed companies. The remuneration policy intends to help attract and retain qualified members of the Company’s Board of Directors, Executive Board and other executive staff. Total remuneration of the Executive Board is determined by the Board of Directors, serving as Remuneration Committee.

The Board of Directors finds it more appropriate that it has the right to adjust the remuneration of management at any time without having to obtain the shareholders' prior approval.

Board members receive a fixed annual fee and do not take part in a share option programme, nor do they receive any bonus.

The members of the Company’s Executive Board, other executives and deputy executives receive a fixed basic salary, and the Company makes competitive pension contributions. In addition, the Company offers a bonus plan, which is based on increase/decrease in revenue and increase/decrease in EBIT after special items as well as on EBIT after special items for the year concerned. Any bonus is limited to a maximum of 100% of the annual basic salary. The bonus is paid upon approval of the Annual Report by the Annual General Meeting.

Statutory report on corporate social responsibility

Core values and basic principles

North Media's business units are managed and driven by strong core values forming the basis of the Company's policies, rules and business processes. The Group considers corporate social responsibility a natural element of the different business units' strategies and daily operations.

One of North Media's basic principles is to demonstrate accountability to society, customers and employees. We also aim to demonstrate fairness and loyalty in any decision we make.

North Media regularly focuses on CSR-related matters as much as it does on its constant efforts to strengthen working processes and products. Being accountable in all respects is an important element of the Group's values and therefore a key element of great relevance to the Group's vision, objectives and strategy.

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

The business model for the individual segments is described on pages 8-29 of the management commentary.

Policy for reducing environmental and climate impact

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

- Consumption of newsprint
- Distribution

Consumption of newsprint

Policy

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

Action

North Media cooperates with some of Denmark's largest and best printing houses for the printing of the Group's newspapers. Pressens Fællesindkøb, the procurement association of the Danish press, and the printing houses ensure that the requirements for the traceability of newsprint, among others, are met, which is an important element of FSC certification.

The wood used to produce newsprint is from FSC-certified forests, mainly Nordic forests, where trees are felled as new trees start to grow. In addition, the newsprint is produced from the residues from saw mills as well as recycled paper.

Results

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

Distribution

Policy

North Media regularly explores avenues of more eco-friendly distribution arrangements, and would in this context particularly underline No Ads+, which holds the potential for revolutionising physical distribution in Denmark and for creating a much greener and sustainable distribution arrangement.

Action

North Media's subsidiary, FK Distribution, has developed NoAds+, allowing recipients of retail leaflets to choose exactly what printed matter they want to receive and what not to receive. This has led to a reduction in paper consumption by approximately 70% on average per NoAds+ household.

FK Distribution has also refined its digital platform, minetilbud.dk. Via iOS and Android apps, users can look for bargains while on the road and read the latest retail leaflets whether on a train or on their couch at home. minetilbud.dk is seeing substantial growth and will in the long run also contribute to a greener distribution of retail leaflets.

Results

Danes have embraced the new solutions. Consumers still want to read retail leaflets, but the modern consumer also wants to shield the environment against unnecessary waste burdens, and thusly takes a positive view on NoAds+ and minetilbud.dk.

At year-end 2016, the reduced volume of paper from NoAds+ has lowered the consumption of paper by 45,000 tonnes compared to the level before the introduction of this arrangement. Because of this, CO2 emissions have been reduced by approx 105,000 tones calculated on the basis of a life-cycle analysis of retail leaflets made by the DTU Department of Environmental Engineering for Vestforbrænding.

FK Distribution expects NoAds+ to grow further because 70% of consumers today accepting all advertisements are interested in the solution, which also receives positive response from an impressive 40% of current No Ads Please households. Consequently, NoAds+ has every possibility of becoming a green game changer in the Danish distribution industry.

NoAds+ has in a very short time gained wide backing from the retail trade. This is because NoAds+ consumers spend more time reading the individual leaflet opted for, but also because NoAds+ enables retailers to enhance their CSR profile vis-à-vis customers, business partners and political stakeholders.

Respect for human rights

North Media's human rights efforts should be viewed in the context of the Group in practice only operating in Denmark. So, in practice these efforts are concentrated on social aspects, including employee conditions and a general respect for human rights, see "Core values and basic principles".

It is Group policy to offer all full-time staff a pension and health care plan (within the framework of the collective agreements applicable for each trade Group), with related insurance cover in the event of illness or death. It is also Group policy to give everybody equal rights – regardless of gender, age or ethnicity.

The Group has identified the following three areas as particular risk areas with respect to human rights and employee conditions:

- Pay and working conditions for the Group's distributors of newspapers and printed matter
- Health and safety in production
- Non-discrimination of employees upon engagement or promotion.

Pay and working conditions for the Group's distributors of newspapers and printed matter

Policy

Thanks to its distribution business, North Media is one of Denmark's largest workplaces for young people. Working as a distributor is often the first source of money earned outside their home. This places heavy demands on North Media as a business and on the organisation, systems and procedures to ensure that each of our employees has a positive and favourable perception of their first job.

Action

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

The distributors are involved in the planning of their work. From their personal page at www.blivomdeler.nu, they can easily plan the delivery sequence they find optimal for visiting the individual households. Then we pack the products in the sequence requested.

To ensure that the employee always receives a pay reflecting the effort made on the individual route, various checks are carried out. Their purpose is to ensure that we comply with the working environment rules and that the distributors receive a fair pay reflecting the work they do. The distribution business has dedicated employees, who regularly give instructions and check that North Media meets the targets set.

Results

We believe that we help our young distributors develop basic skills such as organising one's time and planning an assignment by offering them a job as a distributor. Add to this attitudinal values such as reliability and a sense of responsibility. These are all skills that help develop them as individuals and citizens; specific skills that they will need to have when they begin their studies and later when they enter the job market as adults. The distributors' sense of responsibility is also underlined by the fact that they perform on the same level as our adult distributors.

Health and safety in production

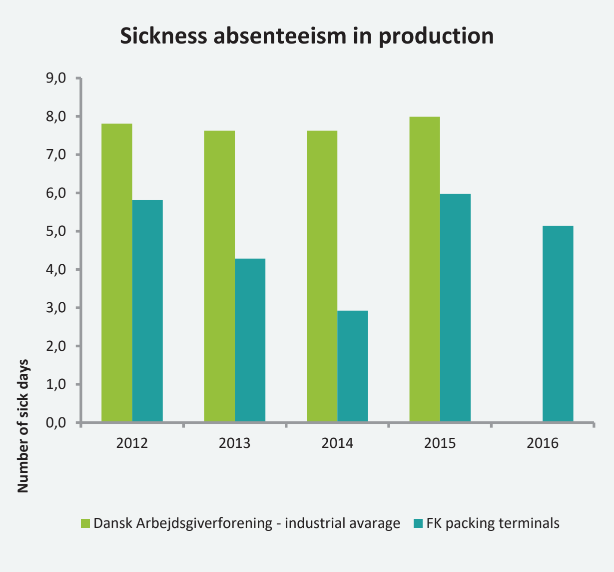
Policy

The distribution business' policy is to put conditions in place for a good working environment. A low frequency of industrial injuries and sickness absenteeism and many years of service among employees at the packing terminals are a measure of success in that respect.

Action

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

Focus is on sickness absence, and systematic follow-ups are made on the basis of sickness interviews. In that respect, the Company also focuses on long-term healthy employees who have not contracted any sickness over the past 12 months.



Results
In 2016, seven minor industrial injuries occurred in production. Compared to 2015, sickness absenteeism has declined and totals 5.1 days a year inclusive of employees on long-term sick leave, equaling a sickness absenteeism rate of 2.83%. Half of sickness absence is attributable to absence during the period under notice for staff terminated due to the adjustment of staff to production volumes. In 2016, staff costs have gone down by 35%. The ratio of long-term healthy production staff without absence due to sickness is 31% in 2016. The table above shows sickness absenteeism for the period 2011 to 2016 compared to industry figures up to 2015.

The years of service among our production staff average 8.4 years, which should be seen in the light of the terminals only having existed for 12 years.

Non-discrimination of employees upon engagement or promotion

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

Action
For example, it is a requirement for being employed with the Group's packaging terminals that the candidate is able to speak and understand Danish. Employees are also instructed to speak only in Danish at the workplace so that everyone can understand all conversations and no one feels left out.

To give employees better job rotation opportunities and thus higher job enrichment, employees not holding a forklift driver's licence are offered training and the opportunity to acquire such licence.

Results
This has led to the successful integration of those approximately 82% of the Group's packaging staff who are non-ethnic Danes. As a result, the supervisory positions are increasingly held by non-ethnic Danes, which in itself has a cumulative effect on successful integration.

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

Anti-corruption policy
North Media's anti-corruption efforts are based on its strong core values, see description in "Core values and basic principles".

For example, employees have never been permitted to receive gifts from vendors. Any gifts received from vendors, typically before Christmas, are distributed randomly among the individual departments by way of a draw among all employees. Books received as part of reviews or publicity in the newspapers are held by the editorial office and distributed among all employees before Christmas. The Group has never recorded any cases of bribery or other type of corruption, and it is not considered a risky area.

Diversity and social inclusion policy
North Media's objective is to be an attractive workplace to persons with strong skills who can help develop the Group. The overall aim of the diversity and social inclusion policy is to ensure that all North Media employees are evaluated on the same terms and conditions based on their competencies. Moreover, we consider diversity a precondition for maintaining a good and innovative working environment and strive to have a diversified composition of staff regardless of gender, ethnicity, religion, nationality, sexual orientation and age. We believe that diversity is a strength that helps the Group attract and maintain the best talent.

To North Media, social inclusion means that different Groups of employees are able to make a career for themselves without facing cultural or organisational barriers. We admit that ensuring this takes a special effort. For example, we would like to have even more women managers, and we make an active effort to achieve this objective.

At North Media, there is almost a balance of male employees and female employees. At present, the Board of Directors is made up of four members who are all men. At executive board level, the current five members are also all men. Effective from 1 January 2016, two members were added to the Executive Board, both of them men. The Executive Board is composed of the Chief Executive Officers of the Group's four business segments and the Group Executive Director & CFO. The Executive Board was supplemented because of a change in the Group's segments and not as part of an actual recruitment process. The current number of male and female managers is two and three, respectively.

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

Increased diversity objectives, activities and reporting

North Media makes use of employee surveys and performance evaluations to identify manager potential among Group employees to develop staff and encourage skillful employees to apply for a managerial position within the Group. A key element of the Group's staff development efforts is to ensure that both male and female candidates are considered and identified as part of internal and external recruitment of managers and that women and men form part of the North Media Group's pool of talents for managerial positions.

Further, North Media systematically uses employee surveys and performance evaluations to identify any barriers to men's and women's equal opportunities to pursue a managerial career. Other measures include emphasis of equal pay for men and women and the drawing-up of job ads appealing to women managers.

North Media's Board of Directors is currently made up of four persons, who are elected for one year at a time. The current male Board members have been carefully selected based on their competence as well as the challenges and development potential faced by the Group.

When, at a given moment in time, North Media decides to add new skills to the Board of Directors, or if a Board member would like to resign, North Media will seek to have at least 25% of the candidates for the vacant seat(s) on the Board represent the underrepresented gender, meaning women at this point. Over the four-year period from 2013 to 2017, the objective is also for women to make up at least 20% of the Board of Directors. These objectives are considered ambitious, but also realistic.

At the Annual General Meeting held on 8 April 2016, the present Board of Directors was re-elected, and the number of Board members was not increased. Thus, no seats on the Board were up for refilling.

So, the objective of at least 25% women candidates for vacant seats on the Board and at least 20% women on the Board has not been fulfilled yet.

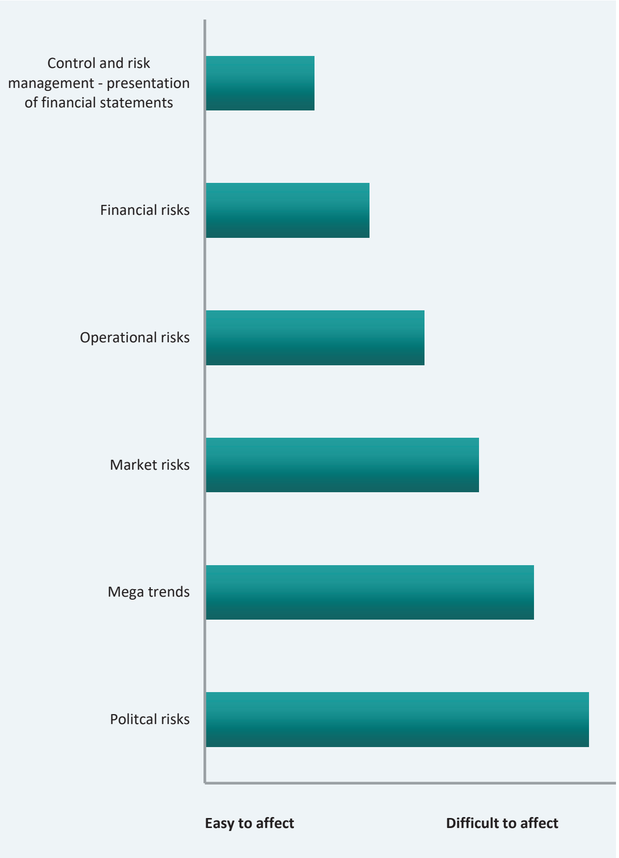
Risks and risk management

The Board of Directors regularly reviews risk management systems, controls and policies.

The main purpose of the review is to ensure that risks potentially critical to the Group's ability to achieve the set targets are identified and hedged.

Like the rest of the Group, the general management of the risk area is based on the principles of the fundamental management structure, which is described in the section on corporate governance. Daily follow-up and management of risks are based on a structure of internal policies, concepts and procedures.

At North Media, risks are divided into six levels and illustrated as follows:



Political risks

In an open and well-developed society, private suppliers of goods and services compete against each other to provide the best and least expensive services to consumers. This competition for consumers represents the very precondition for goods and services continuously being developed in accordance with the consumers' needs and wishes and being sold at a fair price.

North Media considers political decisions and initiatives to pose risks that are greater than any risk private businesses may inflict on the Group.

With its laws, provisions and regulations, the Danish State imposes competition on FK Distribution, in a large number of areas, by, in the eyes of North Media A/S, giving preferential treatment to the Danish postal service, the main shareholder of which is the State.

Thanks to VAT exemption and government-backed media subsidy to publishers of dailies and free newspapers, North Media Aviser is subjected to taxpayer-funded competion. North Media Aviser's free newspapers is not exempted from VAT and does not receive media subsidy.

North Media makes a targeted effort to assist in politicians making their decisions on a well-documented and informed basis and having the necessary insight into factors affecting and of interest to North Media's stakeholders.

Mega trends

Mega trends have a long incubation period and materialise gradually without any actual ending.

Mega trends in North Media's business areas include developments and trends, which on a global and national scale determine the direction of how and in which media businesses choose to advertise and communicate with their existing and potential customers.

North Media's print media such as printed advertisements and newspapers are gradually supplemented and replaced by digital media in the long run. The mega trends in advertising point towards more and more types of media, each serving their own needs and purposes. In the job ad market, however, the migration from print to online has largely already taken place.

North Media wants to be at the cutting edge of this development and therefore works actively with product development for the more traditional print activities as well as the newer online activities and on linking up the two media in order to achieve increased utility value for both advertisers and consumers.

The implementation and current development of the No-Ads+, minetilbud.dk and BEKEY are some examples of this.

Market risks

Market risks affect all market participants in the markets, in which North Media operates. North Media considers market risk to be relevant now and within the next one to two years. Like other private companies, North Media is affected by macroeconomic developments.
Both FK Distribution and North Media Aviser are high-volume businesses subject to high marginal contribution

margins. This entails that, in the short run, earnings are sensitive to fluctuations in volume as the production capacity cannot be adjusted at short notice.

FK Distribution's contract portfolio is composed of one- and two-year contracts, which as a main rule follow the calendar year.

Newsprint is an important raw material in the production of newspapers. Thanks to the Group's membership of Pressens Fællesindkøb, it may buy newsprint at the same favourable prices as those offered to other dailies and free newspapers in Denmark. Therefore, the market risk involved in newsprint is limited.

North Media Aviser prints its newspapers in a narrow time window. Through long-term printing contracts, attempts are made to ensure that printing prices are always competitive, and that any changes in printing prices can be adjusted through advertisement prices.

The business model for some of North Media Online's areas is subject to uncertainty with respect to the new and immature markets of operation. North Media works continuously on various models to ensure satisfactory earnings.

For BEKEY, the business model is subject to uncertainty too, and the electronic access control market for buildings is very new. As BEKEY's business model includes hardware in the form of physical products with long periods of development and production and a long lead time, market developments may constitute a risk as it takes longer to carry through product changes than is the case for online products, for instance.

Operational risks

North Media defines operational risks as risks associated with day-to-day operations such as IT systems or fire at terminals or office buildings. The most material risks relate to FK Distribution, which could have a significant impact on the Group's financial performance in the event of lengthy breakdowns.

In the distribution market, high quality is an important competitive parameter. FK Distribution's distribution terminals in Taastrup and Tilst are of great importance to continuous quality improvement. Sorting systems pack the printed matter in household sets by route with a very low number of errors per thousand, and the distribution quality is ensured through training and test calls. FK Distribution co-operates closely with selected customers on an ongoing basis to continuously improve quality.

North Media Aviser would only to a lesser degree be affected by IT downtime as production can be moved swiftly to other servers. In the event of a breakdown in one printing house, the printing of the newspaper could swiftly be redirected to other printing houses as there is spare capacity in the printing market. The quality of the newspapers is managed via internal control procedures in the editorial and pre-press-related processes, while the print quality is described in performance specifications for external printing houses.

North Media Online would be directly affected by any IT downtime, but it is estimated that activities are readily restorable by moving to other servers or reinstalling programs.

BEKEY has suppliers in Denmark and China. BEKEY is careful in choosing suppliers, for example, by assessing a supplier's management of operational risks. However, having external suppliers is subject to operational risks over which BEKEY does not have full control. BEKEY strives to mitigate these risks by having products in stock which will ensure security of supply to some degree, but will on the other hand also increase the risk of some products becoming obsolete before they are sold because the market is developing so rapidly.

IT operations for North Media Aviser and parts of North Media Online in Søborg, meaning most of the servers and other IT equipment, have been outsourced to KMD A/S. IT operations for FK Distribution, North Media Online activities in Aarhus and some of those in Søborg as well as at BEKEY are handled by own in-house staff and equipment. In 2016, a process has been initiated to combine large parts of IT operating activities with FK Distribution's IT department in Taastrup, which will improve efficiency and align work processes and procedures.

All systems are protected by access controls, which limit the access to functions needed by the individual employee. In addition, daily updates are performed of firewall, spam filters and anti-virus programs, and emails are scanned for high-risk contents. North Media regularly updates the Group's procedures for this area, including the Group's IT security policy, IT risk analysis and IT security test.

In the insurance policy, the Board of Directors has laid down guidelines for the protection of the Group's assets and earnings as well as for risk prevention work and provided an overview of imminent financial risks and consequences. In addition, it is the Executive Board's and the Board of Directors' opinion that the Group is appropriately insured in terms of insurable risks and own risks.

Financial risks

North Media's most significant financial risk is related to the portfolio of external securities.

For a detailed analysis of each element, please refer to Note 36.

At 31 December 2016, the portfolio of shares stood at DKK 214.8 million. The portfolio accounts for 79% of the total cash resources.

It is considered a key strategic strength for North Media to have strong cash resources. To raise the return on capital, some of the cash resources have been invested in external blue-chip Danish and foreign shares and investment funds.

In recent years, North Media has had a high positive return on securities. However, historically realised returns are no guarantee of future returns. North Media pursues a long-term buy-and-hold investment strategy, although the portfolio will be rebalanced at appropriate intervals. This is why the value of the porfolio of securities may fluctuate heavily both in the shortterm and the longterm in connection with the general fluctuations in the share markets. The section on capital structure on page 34 contains a list of the most significant shares held in the portfolio at 31 December 2016.

Furthermore, North Media defines interest rate, liquidity, credit and currency risks as financial risks.

North Media has implemented a finance policy, which regulates the general frameworks for managing the Group's exposure to, for example, currency and interest-rate movements. The policy lays down hedging guidelines. Where financial hedging or other instruments are used, hedging is done for the sole purpose of reducing commercial risks.

Interest-rate risks

It is the Group’s policy to hedge the interest-rate risks on its long-term loans when interest payments are deemed hedgeable at a satisfactory level.

Liquidity risks

The Group upholds liquidity management to ensure that adequate and flexible financial resources exist at all times. The risk of the liquidity situation suddenly and unexpectedly developing adversely and affecting the Group's investment and operational liquidity requirements is handled through a number of management tools. The planning of anticipated liquidity requirements is carried out in connection with the preparation of budgets and action plans. The liquidity requirements are monitored on a daily and monthly basis.

It is the Group's objective to have sufficient cash resources to continuously make appropriate arrangements in case of unforeseen changes in the drain on liquidity. The Group's cash pool is monitored daily in order to optimise interest received and interest paid on the Group’s total cash flows. It is Group policy to be self-sustaining, however, the Group’s properties are financed by way of long-term loans.

Credit risks

North Media is exposed to credit risks from receivables and deposits with banks. The maximum credit risk equals the carrying amount.

North Media’s policy is to do business only with banks enjoying high credit ratings. Losses on receivables will always constitute a risk, but the risk of loss on a customer is weighted against the earnings potential on an ongoing basis. The Group’s bad debt loss has historically been limited in size. Credit insurance has been taken out against a portion of the Group's trade receivables at 31 December 2016. See note 36.

Exchange-rate risks

Newsprint is purchased via Pressens Fællesindkøb, whose prices depend on fluctuations in SEK and NOK. Consequently, the Group has an indirect exchange-rate risk towards Swedish and Norwegian kroner. In addition, the Group is subject to an exchange-rate risk in relation to investments in foreign shares.

Capital management

The Group regularly considers whether or not to adjust the capital structure in order to weigh the increase in the required rate of return on equity against the increasing uncertainty associated with loan capital.

It is Group policy to distribute dividend in so far as such distribution is considered reasonable, given the existing general capital structure, liquidity and estimated future earnings.

Control and risk management of financial reporting

Detailed internal control and risk management systems have been established in connection with the financial reporting process. The aim is to ensure that internal and external financial reports give a true and fair view free from material misstatement. Furthermore, the systems are to ensure that the external interim management statements, interim reports and annual reports of the Group are presented in accordance with IFRS as adopted by the EU as well as additional Danish disclosure requirements for the presentation of financial statements of listed companies.

North Media is regularly reviewing its risks and internal control for the processes related to key financial statement items. In this context, current processes have been mapped, and future goals been established based on a maturity scale. The Group is continuing its work on optimising internal controls. In 2016, the work continued to implement a new IT system to manage and monitor the Group’s risks and internal control.

Statement by Management on the Annual Report

The Board of Directors and the Executive Board have today considered and approved the Annual Report of North Media A/S for the financial year 1 January to 31 December 2016.

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

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31 December 2016 and of their financial performance and the Group's cash flows for the financial year 1 January to 31 December 2016.

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

We recommend the Annual Report for adoption at the Annual General Meeting.

Søborg, 9 February 2017

Executive Board

Kåre Stausø Wigh
Group Executive Director & CFO

Mads Dahl Møberg Andersen
CEO, Forbruger-Kontakt A/S

Gorm Wesing Flyvholm
CEO, North Media Aviser A/S

Henrik Løvig Jensen
CEO, North Media Online A/S

Søren Jacob Frederik Holmblad
CEO, BEKEY A/S

Board of Directors

Richard Gustav Bunck
Chairman

Peter Rasztar
Vice Chairman

Steen Gede

Ulrik Holsted-Sandgreen

Adoption
As presented and adopted at the Annual General Meeting of shareholders on 31 March 2017.

As chairman of the meeting:

Independent auditor's report

To the shareholders of North Media A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of North Media A/S for the financial year 01.01.2016 - 31.12.2016, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the statement of comprehensive income and the cash flow statement of the Group. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act, and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements give a true and fair view of the Group's financial position at 31.12.2016, and of the results of its operations and cash flows for the financial year 01.01.2016 - 31.12.2016 in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements under the Danish Financial Statements Act.

Further, in our opinion, the parent financial statements give a true and fair view of the Parent's financial position at 31.12.2016, and of the results of its operations for the financial year 01.01.2016 - 31.12.2016 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements and the parent financial statements for the financial year 01.01.2016 – 31.12.2016. These matters were addressed in the context of our audit of the consolidated financial statements and the parent financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment test of goodwill and other intangible assets

At 31 December 2016, the Group has recognised DKK 53.9 million (2015: DKK 112.9 million) related to goodwill and other intangible assets. Group goodwill is attributable to Lokalaviserne, FK Distribution and BoligPortal, and other intangible assets other than goodwill are attributable to FK Distribution and BoligPortal.

The Group annually performs an impairment test of goodwill and other intangible assets with indefinite lives related to each cash-generating unit. In 2016, this resulted in an impairment loss on goodwill and other intangible assets related to Lokalaviserne in the total amount of DKK 45.9 million (2015: DKK 10.0 million). We refer to note 17 in the Annual Report.
The Group performs impairment tests based on a value-in-use calculation of the present value of future cash flows expected to be generated by Lokalaviserne, FK Distribution and BoligPortal.

The Group's impairment tests are considered a key audit matter as they involve significant and complex accounting estimates on assumptions about the future development of revenue and earnings, long-term growth and discount rates in the calculation of values in use.

How the matter was addressed in our audit

As part of our audit, we have assessed whether the method adopted to calculate values in use is appropriate and whether Management's earnings expectations and the documentation submitted constitute a proper basis for calculating values in use. In this context, we:

- Obtained supporting documentation of accounting estimates and significant assumptions applied for impairment testing, with focus on expected developments in revenue and earnings and discussed these with Management.
- Compared earnings expectations with the latest budget approved by the Board of Directors and earnings realised historically.
- Evaluated the assumptions applied for impairment testing, and whether the impairment test was prepared using a consistent basis and recognised terms and methods.
- Tested Management's sensitivity analyses.

- Assessed whether disclosures in the notes are consistent with applicable requirements of International Financial Reporting Standards and whether such disclosures are adequate and appropriate.

Special items
Income and expenses recognised as special items represent a net expense of DKK 41.1 million (2015: a net expense of DKK 19.4 million) and comprise impairment loss on goodwill and other intangible assets as well as income and expenses related to the Group's restructuring and divestment of newspaper activities. We refer to note 13 in the Annual Report.

Recognising income and expenses as special items may have a material effect on the presentation of the Group's profit or loss and on comparability from year to year. In addition, estimates are included in the identification, classification and measurement of items presented as special items, also due to the significance and non-routine nature of such items. There is also a risk that the Group's accounting policy for special items is not applied consistently.

Based on this, special items are considered a key audit matter.

How the matter was addressed in our audit
As part of our audit, we have assessed the appropriateness of the overall presentation and classification of income and expenses recognised as special items and the consistency thereof with the Group's accounting policies. In this context, we:

- Assessed whether income and expenses recognised as special items in respect of the Group's restructuring and divestment of newspaper activities are directly and closely related to such restructuring and divestment.
- Assessed the completeness of the special items recognised, with special focus on the existence of any further income that should have been classified as special items.
- Examined the calculation of all material income and expenses recognised as special items and verified amounts calculated to underlying documentation and agreements as well as assessed the reasonableness of the estimates made by Management in the calculation of the amounts and whether the transactions have been accounted for in accordance with International Financial Reporting Standards.
- Assessed whether disclosures in the notes are adequate and appropriate.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Management's responsibilities for the consolidated financial statements and the parent financial statements

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

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group's and the Parent's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements unless Management either intends to liquidate the Group or the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and these parent financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the parent financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements and the parent financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Copenhagen, 9 February 2017

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR-no. 33 96 35 56

Henrik Hjort Kjelgaard
State-Authorised Public Accountant

Morten Dandanell Kiærskou
State-Authorised Public Accountant

Consolidated statement of comprehensive income

Note		2016 DKKm	2015 DKKm
	Revenue	881.1	1,012.4
21	Direct expenses	282.2	317.2
6	Direct staff costs	181.2	198.5
	Gross margin	**417.7**	**496.7**
6, 7	Staff costs	267.0	291.6
8	Other costs	144.1	157.4
9, 17, 18	Amortisation and depreciation	37.2	56.3
	Other operating income	4.3	7.9
	EBIT before special items	**-26.3**	**-0.7**
13	Special items, net	-41.1	-19.4
	EBIT	**-67.4**	**-20.1**
10	Share of profit/loss in associates	24.5	-0.2
11	Return on securities	-6.2	12.9
12	Financial income	0.3	0.5
12	Financial expenses	-20.9	-8.3
	Profit/loss before tax	**-69.7**	**-15.2**
14	Tax for the period/year	-6.0	-3.3
	Net profit/loss for the period/year	**-63.7**	**-11.9**
	Financial statement items that may later be reclassified for the income statement:		
	Translation adjustments, foreign companies	0.6	-0.1
	Fair value adjustment of hedging instruments	0.5	2.7
	Tax, other comprehensive income	-0.1	-0.6
	Other comprehensive income	**1.0**	**2.0**
	Comprehensive income	**-62.7**	**-9.9**
	Attributable, net profit/loss		
	Shareholders in North Media A/S	-63.1	-10.1
	Minority interests	-0.6	-1.8
		-63.7	**-11.9**
	Attributable, comprehensive income		
	Shareholders in North Media A/S	-62.1	-8.1
	Minority interests	-0.6	-1.8
		-62.7	**-9.9**
15	**Earnings per share, in DKK**		
	Earnings per share (EPS) - total	-3.4	-0.5
	Diluted earnings per share (EPS-D) - total	-3.4	-0.5

Consolidated balance sheet

Assets

Note		2016 DKKm	2015 DKKm
	Goodwill	39.1	62.1
	Other intangible assets	14.8	50.8
	Completed development projects, software	0.9	2.5
17	**Intangible assets**	**54.8**	**115.4**
	Land and buildings	266.6	275.0
	Plant and machinery	34.7	42.1
	Operating equipment, fixtures and fittings	9.6	9.6
18	**Property, plant and equipment**	**310.9**	**326.7**
20	Investments in associates	13.6	8.5
	Other securities and investments	2.8	4.7
23	Deferred tax asset	0.2	0.0
	Other receivables	2.4	2.4
	Other non-current assets	**19.0**	**15.6**
	Total non-current assets	**384.7**	**457.7**
21	Inventories	6.3	10.7
22	Trade receivables	79.6	78.1
	Receivables from associates	0.0	0.6
	Income tax receivables	5.9	0.0
	Other receivables	6.9	1.5
	Prepayments	11.0	13.2
	Securities	214.8	196.1
	Cash	56.5	92.4
	Total current assets	**381.0**	**392.6**
	Total assets	**765.7**	**850.3**

Consolidated balance sheet

Equity and liabilities

Note		2016 DKKm	2015 DKKm
	Share capital	100.3	100.3
	Treasury shares	-41.2	-41.2
	Hedging reserves	-12.3	-12.7
	Reserve, translation adjustments	-2.9	-3.5
	Retained earnings	416.5	477.7
	Parent's share of shareholders' equity	**460.4**	**520.6**
	Minority interests	0.0	1.4
24	**Total equity**	**460.4**	**522.0**
23	Deferred tax	0.0	7.7
25	Financial institutions	131.8	139.2
26	Fair value, interest-rate swap	13.0	13.3
27	Purchase price payable	4.8	6.1
	Total non-current liabilities	**149.6**	**166.3**
25	Financial institutions	7.2	6.5
	Trade payables	38.9	43.1
27	Purchase price payable	4.9	6.6
	Income tax payable	0.0	3.6
26	Fair value, interest-rate swap	2.7	3.0
	Deferred income	12.8	15.0
28	Other payables	89.2	84.2
	Total current liabilities	**155.7**	**162.0**
	Total liabilities	**305.3**	**328.3**
	Total equity and liabilities	**765.7**	**850.3**

Consolidated statement of changes in equity

2016 DKKm	Share capital	Treasury shares	Hedging reserves	Reserve, translation adjustment	Retained earnings	Parent's total share	Minority interests	Total equity
Equity 1 January 2016	**100.3**	**-41.2**	**-12.7**	**-3.5**	**477.7**	**520.6**	**1.4**	**522.0**
Changes in equity 2016								
Net profit/loss for the year	0.0	0.0	0.0	0.0	-63.1	-63.1	-0.6	-63.7
Translation adjustment, foreign companies	0.0	0.0	0.0	0.6	0.0	0.6	0.0	0.6
Fair value adjustment of hedging instruments	0.0	0.0	0.5	0.0	0.0	0.5	0.0	0.5
Tax, other comprehensive income	0.0	0.0	-0.1	0.0	0.0	-0.1	0.0	-0.1
Other comprehensive income after tax	**0.0**	**0.0**	**0.4**	**0.6**	**0.0**	**1.0**	**0.0**	**1.0**
Total comprehensive income	**0.0**	**0.0**	**0.4**	**0.6**	**-63.1**	**-62.1**	**-0.6**	**-62.7**
Purchase of minority shares	0.0	0.0	0.0	0.0	0.8	0.8	-0.8	0.0
Share-based payment	0.0	0.0	0.0	0.0	1.1	1.1	0.0	1.1
Total changes in equity in 2016	**0.0**	**0.0**	**0.4**	**0.6**	**-61.2**	**-60.2**	**-1.4**	**-61.6**
Equity at 31 December 2016	**100.3**	**-41.2**	**-12.3**	**-2.9**	**416.5**	**460.4**	**0.0**	**460.4**

2015, DKKm								
Equity 1 January 2015	**100.3**	**-41.2**	**-14.3**	**-3.4**	**485.8**	**527.2**	**5.2**	**532.4**
Changes in equity 2015								
Net profit/loss for the year	0.0	0.0	0.0	0.0	-10.1	-10.1	-1.8	-11.9
Translation adjustment, foreign companies	0.0	0.0	0.0	-0.1	0.0	-0.1	0.0	-0.1
Fair value adjustment of hedging instruments	0.0	0.0	2.7	0.0	0.0	2.7	0.0	2.7
Tax, other comprehensive income	0.0	0.0	-1.1	0.0	0.5	-0.6	0.0	-0.6
Other comprehensive income after tax	**0.0**	**0.0**	**1.6**	**-0.1**	**0.5**	**2.0**	**0.0**	**2.0**
Total comprehensive income	**0.0**	**0.0**	**1.6**	**-0.1**	**-9.6**	**-8.1**	**-1.8**	**-9.9**
Dividend distributed	0.0	0.0	0.0	0.0	0.0	0.0	-2.0	-2.0
Share-based payment	0.0	0.0	0.0	0.0	1.5	1.5	0.0	1.5
Total changes in equity in 2015	**0.0**	**0.0**	**1.6**	**-0.1**	**-8.1**	**-6.6**	**-3.8**	**-10.4**
Equity at 31 December 2015	**100.3**	**-41.2**	**-12.7**	**-3.5**	**477.7**	**520.6**	**1.4**	**522.0**

Consolidated cash flow statement

Note		2016 DKKm	2015 DKKm
	Net profit/loss	**-63.7**	**-11.9**
29	Adjustment for non-cash operating items	76.3	62.9
30	Changes in working capital	-7.0	-6.5
	Cash flow from operating activities before net financials	**5.6**	**44.5**
	Interest received	0.3	0.3
	Interest paid	-8.6	-7.1
	Cash flow from ordinary activities before tax	**-2.7**	**37.7**
	Income tax paid	-11.6	-3.1
	Cash flow from operating activities, total	**-14.3**	**34.6**
31	Investment in intangible assets and property, plant and equipment	-7.8	-11.0
	Disposals of intangible assets and property, plant and equipment	1.2	0.7
20	Dividend from associates	3.9	3.5
	Investment in securities, net	-28.4	22.6
	Dividend from securities	3.0	2.7
	Investment in other non-current assets	-10.0	-0.1
27	Acquisition of companies, deferred payments	-6.6	-8.8
	Divestment of activity and equity interests in associates	41.9	0.0
20	Investment in associates	-12.1	-1.2
	Cash flow from investing activities, total	**-14.9**	**8.4**
	Additions of non-current liabilities	0.0	14.0
	Repayment of non-current liabilities	-6.7	-6.1
19	Dividend to minority shareholders	0.0	-2.0
	Cash flow from financing activities, total	**-6.7**	**5.9**
	Changes in cash and cash equivalents	**-35.9**	**48.9**
	Cash and cash equivalents at 1 January	**92.4**	**43.5**
	Cash and cash equivalents at 31 December	**56.5**	**92.4**

Notes to the consolidated financial statements

Notes to the consolidated financial statements

1 Basis of accounting

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

The income statement is presented classified by nature.

Accounting policies are unchanged compared to 2015.

As stated in Company announcement no 10-15 of 26 November 2015, the Group's segment structure was changed effective from 1 January 2016 and is now composed of four business segments, each with their own board of directors appointed by the Board of Directors of North Media A/S. These four new business segments are:

- FK Distribution
- North Media Aviser
- North Media Online
- BEKEY.

The comparative figures have been adjusted to the new segments, as relevant.

New or revised Standards and Interpretations

The implementation of new or revised Standards and Interpretations effective from 1 January 2016 has not resulted in any changes in accounting policies.

Standards and Interpretations that have not yet become effective

At the time of publication of this Annual Report, a number of new or revised Standards and Interpretations exist that have not yet become effective, for which reason they have not been incorporated in this Annual Report.

IFRS 15, *Revenue from Contracts with Customers* was issued in May 2014 and enters into force on 1 January 2018. The Company will need to use a five-step model to determine when, how and by what amount revenue has to be recognised, depending on whether certain criteria have been met. The North Media Group will analyse whether IFRS 15, *Revenue from Contracts with Customers* will have impact on major existing and future contracts. Based on a preliminary analysis, the new Standard is not expected to have significant effect on future consolidated financial statements.

IFRS 9, *Financial Instruments* was issued in July 2014 and enters into force on 1 January 2018. IFRS 9 relates to the accounting treatment of financial assets and liabilities in relation to classification and measurement. This Standard also contains revised regulations with respect to hedge accounting and impairment. The North Media Group intends to analyse the impact of this new Standard, but based on a preliminary analysis, does not expect it to have significant effect on future consolidated financial statements.

IFRS 16 *Leasing* will become effective from 1 January 2019 and replace the current standard on leasing, IAS 17. IFRS 16 will entail that virtually all leases must be recognised in the balance sheet of the lessee's financial statements by way of a lease commitment and an asset that represents the lessee's right to use the underlying asset. There will no longer be any distinction between operating leases and finance leases. The North Media Group intends to analyse the impact of this new Standard, but based on a preliminary analysis, does not expect it to have any significant effect on future consolidated financial statements.

Presentation currency

The Annual Report is presented in Danish kroner.

2 Accounting policies

Consolidated financial statements

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

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

Investments in subsidiaries are offset against the proportionate share of the fair value of the subsidiary’s identifiable net assets and recognised contingent liabilities at the time of acquisition.

Business combinations

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

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

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

Currency translation

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

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

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

Derivative financial instruments

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

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

Statement of comprehensive income

Revenue
Revenue comprises income from the four segments for services rendered less VAT, cash and quantity discounts.

Revenue from the FK Distribution segment arises from the distribution of door-to-door-distributed newspapers and printed matter as well as the packaging of printed matter for external distributors.

North Media Aviser's revenue arises from newspaper advertisements and sales, including income from subscriptions.

Online income comprises job and banner ads, user charges, subscription income as well as sales of software for classified advertisement databases, including in particular job and CV databases. Sales of job and banner ads are recognised when the ad is published on the Internet site. Software sales are recognised when delivery and risk have passed to the purchaser. Online income imposing future liabilities on the Group is recognised over the life of the liability.

BEKEY's revenue arises from the sale of key systems.

Revenue is recognised on the date of publication/distribution whereas income from subscriptions is recognised over the subscription period. Revenue from the sale of key systems is recognised when the lock is installed whereas revenue from the use of key software is recognised over the subscription period.

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

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

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

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

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

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

The item also includes public grants which the Group receives from the Danish Agency for Culture to cover editorial costs for Helsingør Dagblad. Grants are obtained by application. In 2016, the Group received DKK 2.4 million in grants (2015: DKK 2.8 million). Public grants are recognised when it is virtually certain that the grant conditions will be fulfilled and the grant will be received.

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

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

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

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

Special items
Special items include write-down of goodwill, other intangible assets and reversal of acquisition price payable related to acquisitions of enterprises or activities. Included in special items are also impairment losses for properties no longer used for their original purpose, termination benefits for members of the Executive Board and severance costs in

cases where the Danish Collective Dismissal Act has been applied. Finally, the item includes capital gains or losses from the sale of enterprises or activities.

Return on securities

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

Share of profits/losses in associates

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

Financial income and expenses

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

The item also contains fair value adjustments of other investments.

Borrowing costs are amortised over the term of the loan.

Tax on profit/loss for the year

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

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

Balance sheet

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

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

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

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

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

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

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

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

Other intangible assets are amortised on a straight line basis over their estimated useful lives of 3-10 years. The basis of amortisation is reduced by any impairment losses. Impairment loss on other intangible assets is included in the item "Special items" in the income statement.

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

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

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

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

Land is not depreciated.

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

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

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

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

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

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

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

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

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

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

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

Prepayments
Prepayments include expenses related to subsequent reporting periods.

Securities
Shares and bonds, which are regularly monitored, are measured and reported at fair value in accordance with the Group's policy for investments, recognised on the trading date at fair value in current assets and subsequently measured at fair value. Fair value changes are recognised on a continuing basis in the income statement in the line item "Return on securities".

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

Impairment of assets
North Media tests goodwill for impairment if there are indications of impairment, but at least on a yearly basis. Any impairment loss is recognised in the income statement under "Special items".

Intangible assets with an indefinable useful life are tested for impairment if there are indications of impairment. The test is carried out on at least a yearly basis, the first time before the end of the year of acquisition. Development projects in progress are also tested for impairment on at least a yearly basis.

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

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

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

Equity

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

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

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

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

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

Deferred tax is adjusted for eliminations of unrealised intra-Group gains and losses.

The Company is jointly taxed with all foreign subsidiaries. Deferred tax relating to re-taxation of deducted losses in foreign subsidiaries is recognised based on a specific assessment of the purpose of each subsidiary.

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

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

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

Other financial liabilities are measured at amortised cost except for the Group’s interest-rate swap and forward exchange contract, which are measured at fair value.

Deferred income
Deferred income comprises payments received for recognition in subsequent reporting periods.

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

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

Cash flow statement

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

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

Cash flows from operating activities

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

Cash flows from investing activities

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

Cash flows from financing activities

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

Cash and cash equivalents

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

Segment information

As stated in the section "Basis of accounting" on page 64, the Group's segment structure has been changed effective from 1 January 2016. The comparative figures have been adjusted, as relevant.

The Group has the following four business segments:

- FK Distribution, which consists of the distribution activities of FK Distribution and Tryksagsomdelingen Fyn.
- North Media Aviser, which consists of the newspapers of Søndagsavisen, Frederiksberg Mediecenter, Lokalaviserne Østerbro og Amager, Helsingør Dagblad and Lokalavisen Nordsjælland.
- North Media Online, which consists of Ofir.dk, MatchWork.com, BoligPortal.dk, BostadsPortal.se and håndværker.dk.
- BEKEY, which consists of the Group's electronic key system.

Segment income and expenses as well as segment assets and liabilities comprise the items that are directly attributable to the individual segment and the items that can be allocated to the individual segment on a reliable basis.

Unallocated items mainly comprise assets and liabilities as well as income and expenses relating to the Group's administrative functions, investment activities, income taxes, etc. Unallocated items also include the Group's owner-occupied property and the financing thereof.

Non-current assets in the segments include non-current assets used directly in the segment's operations, including intangible assets and property, plant and equipment, and investments in associates.

Current assets in the segments comprise current assets used directly in the segment's operations, including trade receivables, other receivables and prepayments.

Segment liabilities comprise liabilities derived from the segments' operations, including trade payables as well as other payables.

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

3 Ratio definitions

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

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

Ratios have been prepared in accordance with 'the Danish Finance Society's "Recommendations & Key Ratios 2015" with the following exceptions:

- Invested capital is calculated inclusive of goodwill, see above.
- Free cash flow has been calculated before special items and tax as the amount of prepaid tax may otherwise affect the ratio randomly.
- For ratios in which equity is included, all are calculated inclusive of minority interests as both the profit or loss and balance sheet figures include the minority interests.

4 Significant accounting estimates and judgements

Determining the carrying amount of certain assets and liabilities requires an estimate of how future events will affect the value of those assets and liabilities at the balance sheet date. Estimates that are significant to the financial reporting are i.a. made by evaluating future cash flows.

The estimates used are based on assumptions found reasonable by North Media, but which are inherently uncertain and unpredictable as unexpected incidents or circumstances may arise. Furthermore, the Company is exposed to risks and uncertainties that may cause actual results to vary from those estimates. Risks related to North Media A/S are specified in the paragraph describing risks and risk management on pages 49-51.

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

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

Intangible assets and impairment test

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

Compared to the original plans, the declining revenue and the resultant reduced earnings of the local newspapers acquired in 2013 have prompted a write-down of the goodwill in 2014 (DKK 15 million), 2015 (DKK 10 million) as well as in 2016 (DKK 23 million). In 2016, an additional write-down of DKK 22.9 million was made on the remaining intangible assets to the effect that all assets identified concerning the acquisition have been written down to DKK 0. In all years, write-downs were calculated based on updated assumptions for the future development in revenue and earnings. For further comments on write-downs for the year, please refer to Notes 13 and 17.

Property, plant and equipment

Management makes accounting estimates relating to method of depreciation, useful lives and residual values, and reconsiders them on an annual basis. Particularly plant is exposed to technological developments, and changed estimates of useful lives may thus affect depreciation for the year.

Purchase price payable, Lokalaviserne Østerbro og Amager A/S

When acquiring a 70% stake in Lokalaviserne Østerbro og Amager A/S in 2013, a put/call option was also entered into for the remaining 30%, which may be exercised in instalments after presenting the Annual Reports for 2015 and 2018. The entering-into of the put/call options entailed that management found it probable that the North Media Group would gain full ownership of Lokalaviserne Østerbro og Amager A/S. This resulted in the determination and recognition of an purchase price payable. The first instalment on the put/call option was exercised after the presentation of the 2015 Annual Report, and the current ownership interest is so 85%. As part of the presentation of the Annual Reports for 2014, 2015 and 2016, the estimated liability was reduced because of lower operating results and lower future earnings expectations. The purchase price payable has now been determined as the minimum payment. The determination was based on the estimated developments in future earnings which form the basis of the computation of the options' exercise prices, see Notes 13 and 17. The income is included in special items, see Note 13.

Valuation of other securities and investments

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

In 2016, the fair value assessments resulted in a total impairment loss of DKK 11.8 million (2015: DKK 0.0 million), which is disclosed in financial expenses in the item "Fair value adjustment of other investments", see Note 12.

5 Segment information

2016 DKKm	FK Distribution	North Media Aviser	North Media Online	BEKEY	Unal-located costs/eli mi. *)	Total
Revenue	627.2	174.8	96.4	21.9	-39.2	881.1
Internal revenue	-36.6	-0.2	-0.4	-2.0	39.2	0.0
Gross profit	234.9	91.7	88.7	6.0	-3.6	417.7
EBITDA	49.5	-22.7	-10.4	-20.9	15.4	10.9
Amortisation and depreciation	14.5	12.5	1.1	0.2	8.9	37.2
EBIT, before special items	35.0	-35.2	-11.5	-21.1	6.5	-26.3
Special items, net	0.0	-41.1	0.0	0.0	0.0	-41.1
Impairment losses, included in special items	0.0	-45.9	0.0	0.0	0.0	-45.9
EBIT	35.0	-76.3	-11.5	-21.1	6.5	-67.4
Share of profit/loss in associates	0.0	27.8	-3.3	0.0	0.0	24.5
Return on securities	-	-	-	-	-6.2	-6.2
Net financials	-	-	-	-	-20.6	-20.6
Profit/loss before tax	35.0	-48.5	-14.8	-21.1	-20.3	-69.7
Net profit/loss for the year	-	-	-	-	-	-63.7
Minority interests' share of net profit/loss	-	-	-	-	-	-0.6
Shareholders' share of net profit/loss	-	-	-	-	-	-63.1
Non-current assets	76.4	3.1	47.1	1.0	257.1	384.7
Current assets, excl cash and cash equivalents	54.3	27.8	5.8	13.6	8.2	109.7
Segment assets	130.7	30.9	52.9	14.6	265.3	494.4
Securities	-	-	-	-	214.8	214.8
Cash and cash equivalents	-	-	-	-	56.5	56.5
Goodwill	19.6	0.0	19.5	0.0	0.0	39.1
Intangible assets with an indefinite life	2.9	0.0	11.9	0.0	0.0	14.8
Non-current liabilities	3.8	0.0	1.4	0.0	144.4	149.6
Current liabilities	65.1	32.1	27.5	4.7	26.3	155.7
Segment liabilities	68.9	32.1	28.9	4.7	170.7	305.3
Investments in associates	0.0	0.0	13.6	0.0	0.0	13.6
Additions, intangible assets, property, plant and equipment	6.8	0.1	0.2	0.4	0.3	7.8
Cash flow from operating activities	41.7	-27.5	-4.7	-18.6	-5.2	-14.3
Cash flow from investing activities	-6.2	39.3	-22.1	-0.4	-25.5	-14.9
Cash flow from financing activities	0.0	0.0	0.0	0.0	-6.7	-6.7
Average number of employees	271	129	91	25	32	548
Profit margin (EBIT before special items)	6%	-20%	-12%	-96%	-	-3%
EBITDA margin (before special items)	8%	-13%	-11%	-95%	-	1%
Gross margin	37%	52%	92%	27%	-	47%

Geographic information

North Media A/S mainly operates in the Danish market, and more than 97% (2015: 97%) of the consolidated revenue is invoiced in DKK to Danish customers.

No significant foreign assets or liabilities are recognised in the balance sheet, either in 2016 or 2015. Non-current assets outside Denmark represent less than DKK 1 million (2015: less than DKK 1 million).

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

5 Segment information, continued

2015 DKKm	FK Distribution	North Media Aviser	North Media Online	BEKEY	Unal- located costs/eli mi. *)	Total
Revenue	736.6	210.5	95.0	19.8	-49.5	1,012.4
Internal revenue	-45.2	-2.4	-0.3	-1.6	49.5	0.0
Gross profit	296.9	111.1	88.0	8.2	-7.5	496.7
EBITDA	89.0	-11.3	-11.2	-19.2	8.3	55.6
Amortisation and depreciation	32.7	12.6	1.4	0.2	9.4	56.3
EBIT, before special items	56.3	-23.9	-12.6	-19.4	-1.1	-0.7
Special items, net	0.0	-6.5	0.0	0.0	-12.9	-19.4
Impairment losses, included in special items	0.0	-10.0	0.0	0.0	0.0	-10.0
EBIT	56.3	-30.4	-12.6	-19.4	-14.0	-20.1
Share of profit/loss in associates	0.0	1.2	-1.4	0.0	-	-0.2
Return on securities	-	-	-	-	12.9	12.9
Net financials	-	-	-	-	-7.8	-7.8
Profit/loss before tax	56.3	-29.2	-14.0	-19.4	-8.9	-15.2
Net profit/loss for the year	-	-	-	-	-	-11.9
Minority interests' share of net profit/loss	-	-	-	-	-	-1.8
Shareholders' share of net profit/loss	-	-	-	-	-	-10.1
Non-current assets	84.8	65.0	41.1	0.8	266.0	457.7
Current assets, excl cash and cash equivalents	53.5	23.8	6.9	14.7	5.2	104.1
Segment assets	138.3	88.8	48.0	15.5	271.2	561.8
Securities	-	-	-	-	196.1	196.1
Cash and cash equivalents	-	-	-	-	92.4	92.4
Goodwill	19.6	23.0	19.5	0.0	0.0	62.1
Intangible assets with an indefinite life	2.9	0.0	11.9	0.0	0.0	14.8
Non-current liabilities	3.3	9.7	1.6	0.0	151.7	166.3
Current liabilities	72.1	32.9	22.9	3.5	30.6	162.0
Segment liabilities	75.4	42.6	24.5	3.5	182.3	328.3
Investments in associates	0.3	3.4	4.8	0.0	0.0	8.5
Additions, intangible assets, property, plant and equipment	8.4	0.1	0.5	0.4	1.6	11.0
Cash flow from operating activities	81.1	-20.2	-14.2	-27.2	15.1	34.6
Cash flow from investing activities	-7.7	1.4	-8.6	-0.4	23.7	8.4
Cash flow from financing activities	0.0	0.0	0.0	0.0	5.9	5.9
Average number of employees	331	136	84	24	35	610
Profit margin (EBIT before special items)	8%	-11%	-13%	-98%	-	0%
EBITDA margin (before special items)	12%	-5%	-12%	-97%	-	5%
Gross margin	40%	53%	93%	41%	-	49%

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

6 Employees and staff costs

	2016 number	2015 number
Average number of employees	548	610
In addition, a large number of part-time employees are working in distribution.		

	2016 DKKm	2015 DKKm
Total salaries and remuneration for the year		
Wages and salaries, including holiday pay	407.5	435.6
Defined contribution plans	19.1	20.8
Other social security costs	3.1	3.9
Remuneration of Parent's Board of Directors	1.4	1.2
Share-based payment	1.1	1.5
Other staff costs	25.5	30.4
Total staff costs	**457.7**	**493.4**
Total staff costs are included in the following items in the income statement:		
Direct staff costs	181.2	198.5
Staff costs	267.0	291.6
Special items	9.5	3.3
Total staff costs	**457.7**	**493.4**

Remuneration of the Board of Directors, Executive Board and managerial staff

2016, DKKm	Board of Directors of Parent Company	The Parent Company's Executive Board	Other managerial staff	Total
Wages, salaries and bonus	1.4	11.5	7.4	20.3
Pension (defined contribution plans)	0.0	0.7	0.9	1.6
Share-based payment	0.0	0.2	0.3	0.5
Severance pay	0.0	1.9	0.0	1.9
Remuneration of the Board of Dir., Exec. Board and man. staff	**1.4**	**14.3**	**8.6**	**24.3**
Number of members (average)	**4**	**5**	**5**	**14**
2015, DKKm				
Wages, salaries and bonus	1.2	8.5	11.3	21.0
Pension (defined contribution plans)	0.0	0.4	0.8	1.2
Share-based payment	0.0	0.3	0.4	0.7
Severance pay	0.0	3.3	0.0	3.3
Remuneration of the Board of Dir., Exec. Board and man. staff	**1.2**	**12.5**	**12.5**	**26.2**
Number of members (average)	**4**	**3**	**6**	**13**

In 2016, the Board of Directors consisted of four members, the same as in 2015. The Executive Board has increased by two members in 2016 so that it nows consists of five members against three members in 2015. Please refer to page 40.

7 Share-based payment

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

In 2016, no share options have been granted.

In 2012, North Media A/S granted share options to a group of 22 persons, consisting of the Company's Executive Board and selected executives. The Company's Board of Directors has not been granted share options. Subsequently, five staff members have exited the programme in connection with their resignation and two have entered the share options programme.

The share option programme for 2012 comprised a total of 1,485,000 share options, of which 390,000 were granted to the Executive Board. The share options were granted in three tranches:

- Tranche 1 consisting of 390,000 options vested up until the publication of the Interim Report for 2014. Tranche 1 options may be exercised during the period of one week after the date of termination of the vesting period and until four weeks after the date of the Company's publication of the Annual Report for 2015. Consequently, this tranche has expired.
- Tranche 2 consisting of 495,000 options vested up until the publication of the Interim Report for 2015. Tranche 2 options may be exercised during the period of one week after the date of termination of the vesting period and until four weeks after the date of the Company's publication of the Annual Report for 2016.
- Tranche 3 consisting of 600,000 options vest up until the publication of the Interim Report for 2016. Tranche 3 options may be exercised during the period of one week after the date of termination of the vesting period and until four weeks after the date of the Company's publication of the Annual Report for 2017.

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

Each share option entitles the holder to acquire one existing share in North Media A/S denominated at DKK 5.00 at a price corresponding to the average closing price of the Company's shares in the period 8 August 2012 to 14 August 2012, both days included. On this basis, the exercise price was calculated at DKK 21.12 per share.

Share options are granted in accordance with the overall guidelines for incentive programmes that were adopted at the Annual General Meeting held by North Media A/S on 4 April 2008.

The options may only be settled by way of shares. North Media A/S has in earlier years acquired a total of 1,485,000 treasury shares. These shares are reserved for settlement of the options granted.

The options granted equal 7.40% of the share capital. The theoretical market value (as assessed using the Black-Scholes pricing model) of the share options granted was DKK 5.8 million at the grant date.

The following assumptions were used to calculate the fair value of the options:

Option	First exercise date	Last exercise date	Lives of options	Risk-free interest	Expected volatility	NVP of dividend	Option value
Tranche 1	Aug 2014	Feb 2016	2 years	0.0000%	39.5%	DKK 2	3.27
Tranche 2	Aug 2015	Feb 2017	3 years	0.0004%	39.1%	DKK 3	3.60
Tranche 3	Aug 2016	Feb 2018	4 years	0.0712%	45.3%	DKK 4	4.62

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

At the balance sheet date, options corresponding to 875,000 shares remain outstanding, equalling 4.36% of the share capital.

In 2016, DKK 0.8 million (2015: DKK 1.3 million) was expensed under staff costs in respect of the share option programmes, originating from equity-settled share option plans in North Media A/S. The expenses charged for the year are based on an estimated weighted average term of 4.1 years until the options are exercised.

Development in outstanding share options can be specified as follows:

	Number of options	
	2016 number	2015 number
Outstanding share options, 1 January	1,185,000	1,335,000
Changes in the 2012 share option programme	0	-150,000
Expired in the financial year	-310,000	0
Outstanding share options, 31 December	**875,000**	**1,185,000**
Number of share options which can be exercised at the balance sheet date	**875,000**	**705,000**
Share options programme, total	**1,485,000**	**1,485,000**
Expired	**390,000**	**0**
Of this, allocated to a possible subsequent granting of options	**220,000**	**300,000**

Options forfeited at the termination of an employee's employment may be granted to other employees on the same terms and conditions.

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

	Time of earliest exercise	Number of options granted	Number of employees who have been granted options	Allocated for a possible subse-quent granting, no	Number exercised/ expired	Number of unexercise d at 31.12.2016	Exercise price	Accumula-ted costs recognised
								DKKm
Executive Board								
Granted 2012, tranche 1	2014	100,000	3	0	100,000	0	21.12	0.33
Granted 2012, tranche 2	2015	130,000	3	50,000	0	80,000	21.12	0.47
Granted 2012, tranche 3	2016	160,000	3	60,000	0	100,000	21.12	0.64
Other managerial staff								
Granted 2012, tranche 1	2014	130,000	6	0	130,000	0	21.12	0.43
Granted 2012, tranche 2	2015	165,000	6	0	0	165,000	21.12	0.59
Granted 2012, tranche 3	2016	200,000	6	0	0	200,000	21.12	0.80
Other staff								
Granted 2012, tranche 1	2014	160,000	13	0	160,000	0	21.12	0.52
Granted 2012, tranche 2	2015	200,000	13	50,000	0	150,000	21.12	0.72
Granted 2012, tranche 3	2016	240,000	13	60,000	0	180,000	21.12	0.96

The share option programme was established to ensure performance-oriented and value-adding commitment. Also, the aim of the programme is to develop long-term loyalty and to constitute competitive remuneration to employees under this programme. The fair value of the share option programme is DKK 0.0 million at 31 December 2016, calculated under the Black & Scholes pricing model (2015: DKK 0.0 million). The exercise of share options is conditional upon the holder not retiring from their position with the Group prior to the time of exercise.

Options granted for acquisition of shares in BEKEY A/S

Aside from the share option programme in North Media A/S, share options in the subsidiary, BEKEY A/S, were also granted at 1 July 2012 to two key members of staff. The share options entitle the two members of staff to acquire 12% of the total share capital in BEKEY A/S at a predetermined price. The option price will be increased by a share of future losses. The objective is to ensure incentive for a quick product and value development of the company while also ensuring a financial incentive to keep operating expenses and development costs down. The options expired on 30 April 2016, but have been prolonged by two years until 30 April 2018, after which they will lapse if not exercised.

The value of the option at the grant date and the date of prolongation of the agreements has been determined as the difference between the strike price and an estimated fair value of BEKEY A/S. The value of the prolonged options has been estimated at DKK 0.1 million, which has been taken to profit or loss together with the value of the options expired of DKK 0.1 million. In total, DKK 0.2 million has been recognised in staff costs in 2016 (2015: DKK 0.2 million).

North Media A/S has not committed itself to buying the shares back, but has pre-emptive rights to the shares if the option holders contemplate selling to a third party.

8 Fee to the auditors appointed by the General Meeting

	2016 DKKm	2015 Dkkm
Deloitte		
Statutory audit services	1.7	1.8
Other assurance engagements	0.1	0.0
Tax services	0.2	0.1
Other services	0.7	0.6
Total fee to the auditors appointed by the General Meeting	**2.7**	**2.5**

9 Amortisation and depreciation

	2016 DKKm	2015 Dkkm
Amortisation intangible assets	14.7	15.2
Depreciation property, plant and equipment	23.2	30.6
Loss from sale/retirement of assets	-0.7	10.5
Total amortisation and depreciation	**37.2**	**56.3**

As part of the efficiency measures taken for the production processes, plant was retired in 2015 at a carrying amount of DKK 10.3 million.

10 Share of profits/losses of associates after tax

	2016 DKKm	2015 DKKm
Share of profits/losses before tax	0.1	0.5
Share of tax	-0.2	-0.7
Impairment loss	-2.2	0.0
Gain on sales of investments	26.8	0.0
Total share of profits/losses of associates after tax	**24.5**	**-0.2**

In 2016, results primarily consist of profit from the divestment of the Group's ownership interest in A/S Vestsjællandske Distriktsblade A/S. In addition, the Group's ownership interest in Mesto.ua was written down by DKK 2.2 million.

11 Return on securities

	2016 DKKm	2015 DKKm
Dividend	3.0	2.7
Net capital gains on shares	-9.2	11.2
Interest and gains/losses on bonds, net	0.0	-1.0
Total return on securities	**-6.2**	**12.9**

12 Net financials

	2016 DKKm	2015 DKKm
Exchange differences	0.0	0.2
Interest income etc	0.3	0.3
Total financial income	**0.3**	**0.5**
Interest expenses etc	8.1	7.1
Exchange losses	0.5	0.0
Fair value adjustment of other investments	11.8	0.0
Discount effect of the purchase price payable	0.5	1.2
Total financial expenses	**20.9**	**8.3**

Financial expenses relate to financial liabilities measured at amortised cost, see Note 37. Financial expenses include the discount effect of the purchase price payable/future dividend for the acquisition of the remaining 15% of the shares in Loka-laviserne Østerbro og Amager A/S.

The fair value adjustment of other investments is described in more detail in Note 4 “Significant accounting judgements and estimates”.

13 Special items

	2016 DKKm	2015 DKKm
Severance costs on organisational change in Søndagsavisen A/S	11.0	0.0
Severance costs regarding change in management of North Media A/S	0.0	3.3
Impairment losses for former printing house	0.0	9.6
Write-down of goodwill relating to local newspapers, see Note 17	23.0	10.0
Write-down of other intangible assets relating to local newspapers, see Note 17	22.9	0.0
Reversal of purchase price payable, Lokalaviserne Østerbro og Amager A/S, see Note 27	-1.2	-3.5
Gain on sale of newspapers to Sjællandske Media	-14.6	0.0
Total special items, net	**41.1**	**19.4**

As stated in Company announcement no 04-16 of 2 May 2016, some editions of Søndagsavisen have been sold to Sjællandske Medier, generating a net profit of DKK 14.6 million that has been recognised in special items.

As stated in Company announcement no 07-16 of 28 June 2016 and Company announcement no 10-16 of 3 November 2016, organisational changes were implemented at Søndagsavisen during the year that have resulted in severance payment costs of DKK 11.0 million which has been recognised in special items.

14 Income tax

	2016 DKKm	2015 DKKm
Tax on profit/loss for the year		
Current tax charges	1.9	5.1
Change in the deferred tax charge	-7.9	-9.4
Change in tax rate	0.0	1.0
Total tax on profit/loss for the year	**-6.0**	**-3.3**

	2016 DKKm	2015 DKKm
Tax on profit/loss for the year		
Computed tax on the profit/loss before tax 22.0% (2015: 23.5%)	-15.3	-3.6
Tax effect of:		
Effect of tax transparent companies	0.1	0.1
Reversal of purchase price payable	-0.3	-0.8
Net other non-deductible expenses/non-taxable income	0.6	0.2
Share-based payment	0.2	0.4
Discount effect of the purchase price payable	0.1	0.3
Share of profit/loss after tax of associates	-5.4	0.0
Fair value adjustment of other investments	2.6	0.0
Tax free gain on sale of company	0.0	-0.6
Non-capitalised tax loss carryforward	8.3	0.0
Adjustment of prior years' taxes	0.2	0.0
Change in tax rate	0.0	-1.0
Impairment loss on goodwill	2.9	1.7
Total tax on profit/loss for the year	**-6.0**	**-3.3**
Effective tax rate	**8.6%**	**21.7%**

In computing the Group's taxable income for 2016, a tax loss of DKK 37.5 million occurred with a tax base of DKK 8.3 million that has not been recognised in the balance sheet as the time of use thereof is subject to considerable uncertainty.

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

15 Earnings per share

	2016 DKKm	2015 DKKm
Net profit/loss for the year - total	-63.7	-11.9
Minority interests' share of consolidated profit/loss	0.6	1.8
The North Media Group's share of the net profit/loss for the year	**-63.1**	**-10.1**
Average number of shares (in millions)	20.1	20.1
Average number of treasury shares	1.5	1.5
Average number of shares in circulation (in millions)	**18.6**	**18.6**
Average dilution effect of outstanding share options	0.0	0.0
Average number of diluted shares in circulation (in millions)	**18.6**	**18.6**
Earnings per share (EPS) - total	-3.4	-0.5
Diluted earnings per share (EPS-D) - total	-3.4	-0.5

The calculation of diluted earnings per share does not include 875,000 share options (2015: 1,185,000), which have not been in-the-money, but which may potentially dilute earnings per share in future. The share options expire in the period 2017-2018, see details in Note 7.

16 Dividend per share

At the Annual General Meeting on 31 March 2017, the Board recommends that no dividend be distributed for the financial year 2016 (2015: DKK 0.0 per share).

17 Intangible assets

2016, DKKm	Goodwill	Other intangible assets	Completed development projects, software	Development projects in progress	Total
Cost at 1 January	130,4	109,2	97,8	0,0	337,4
Cost at 31 December	**130,4**	**109,2**	**97,8**	**0,0**	**337,4**
Amortisation and impairment losses at 1 January	68,3	58,4	95,3	0,0	222,0
Amortisation for the year	0,0	13,1	1,6	0,0	14,7
Impairment for the year	23,0	22,9	0,0	0,0	45,9
Amortisation and impairment losses at 31 December	**91,3**	**94,4**	**96,9**	**0,0**	**282,6**
Carrying amount at 31 December	**39,1**	**14,8**	**0,9**	**0,0**	**54,8**
Amortised over (years)	**-**	**3-10**	**3-5**	**-**	**-**

Other intangible assets include assets worth DKK 14.8 million which are considered to have indefinite lives, for which reason they are not amortised. The majority of other intangible assets are amortised over five years.

2015, DKKm					
Cost at 1 January	130.2	109.2	117.5	0.6	357.5
Additions for the year	0.0	0.0	0.8	-0.6	0.2
Disposals for the year	-0.2	0.0	20.5	0.0	20.3
Cost at 31 December	**130.4**	**109.2**	**97.8**	**0.0**	**337.4**
Amortisation and impairment losses at 1 January	58.2	45.3	113.7	0.0	217.2
Amortisation for the year	0.0	13.1	2.1	0.0	15.2
Impairment for the year	10.0	0.0	0.0	0.0	10.0
Disposals for the year	-0.1	0.0	20.5	0.0	20.4
Amortisation and impairment losses at 31 December	**68.3**	**58.4**	**95.3**	**0.0**	**222.0**
Carrying amount at 31 December	**62.1**	**50.8**	**2.5**	**0.0**	**115.4**
Amortised over (years)	**-**	**3-10**	**3-5**	**-**	**-**

Other intangible assets include assets worth DKK 14.8 million which are considered to have indefinite lives, for which reason they are not amortised.

17 intangible assets, continued

Assets with an indefinite life

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

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

The Group's total goodwill of DKK 39.1 million includes DKK 19.6 million attributable to FK Distribution and DKK 19.5 million attributable to BoligPortal. Intangible assets with indefinite lives, other than goodwill, stand at DKK 14.8 million, DKK 2.9 million of which relates to FK Distribution and DKK 11.9 million to BoligPortal.

Impairment test

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

- Lokalaviserne (local newspapers in Frederiksberg, Østerbro and Amager)
- FK Distribution
- BoligPortal

The recoverable amount for the individual cash-generating units to which goodwill and other intangible assets have been allocated are stated based on computations of the units' value in use. In 2016, this has resulted in an impairment loss on goodwill of DKK 23.0 million related to "Lokalaviserne" (2015: DKK 10.0 million) and an impairment loss on other intangible assets related to "Lokalaviserne" amounting to DKK 22.9 million (2015: DKK 0 million). These impairment losses have been recognised in special items in the income statement.

Lokalaviserne

The primary assumptions underlying future earnings and impairment testing are the development in revenue and its spill-over effect on the EBITDA margin.

The write-down of goodwill for"Lokalaviserne" is motivated by the expectation that revenue will continue to decline, which will have a negative impact on future earnings expectations. "Lokalaviserne" performed much poorer in 2016 than expected and the reason was negative development in revenue. Also, many of the Group's other newspaper activities have been divested or closed down. Consequently, "Lokalaviserne" will in future have to carry a larger share of the remaining overhead costs. Despite cost savings already carried through and expectations of further reductions in the cost base, there are no grounds for maintaining the value of either goodwill or intangible assets. This is why they have been written off. This has resulted in a total write-down of DKK 45.9 million, of which DKK 23.0 million is attributable to goodwill and DKK 22.9 million to other intangible assets.

When performing the review for impairment, an expected future decline in revenue was included, based on the revenue realised for 2016. Revenue has been on the decline in the past three years, and this trend is expected to continue, although not as much as before. The forecasted decline in revenue is lower than the general decline of the market, which is expected to remain at 5-8% a year. The reason for the expectation that "Lokalaviserne" will do better than the general market is the fact that they enjoy extensive awareness among advertisers in the Copenhagen market – a market that is also expected to fare better than the general national market.

If the impairment losses on goodwill and other intangible assets were to have been avoided, this would have required maintaining earnings from 2016 throughout the forecast period 2017-2021, while at the same time lowering costs.

FK Distribution

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

2016 EBITDA of FK Distribution came to not quite DKK 50 million, and expectations are that it will stabilise at this level in 2017 or in 2018 at the latest. This should be viewed in connection with the value of goodwill and intangible assets now only totalling DKK 22.5 million. So it is assessed that no impairment risk exists as long as the fundamental business model of FK Distribution can be maintained.

This estimate is based primarily on the assumption that FK Distribution will succeed in 2017 and onwards in developing new online activities to compensate, in whole or in part, for a continued decline in volumes to ”Yes to Ads" households. Also, the largest investments in production equipment and IT infrastructure etc have already been made, meaning that in the years ahead only few investments will be necessary. Should the foundation of FK Distribution’s business cease to exist, intangible assets in the total amount of DKK 22.5 million would have to be written down.

BoligPortal

BoligPortal is Denmark’s largest housing advertising portal, whose revenue and positive earnings have gone up throughout the years. Earnings of BoligPortal are expected to continue to develop positively, and there has been no indication of impairment of goodwill or other intangible assets related to this site. Reduced earnings of even 20% would not affect the indication of impairment.

For as long as BoligPortal remains market leader, no write-down of goodwill or other intangible assets is estimated to be necessary.

Assumptions underlying impairment models

The impairment model for FK Distribution and BoligPortal builds on the 2017 budget which is projected four years based on estimates of future developments in these two CGUs. For “Lokalaviserne”, results realised for 2016 are used as a basis and then projected five years based on an estimate of developments of this CGU as a complete budget does not exist for 2017, but only a preliminary budget and a draft strategy outlining different strategic opportunities that are expected to be implemented, in whole or in part, in 2017 and 2018.

For the subsequent terminal period, a growth factor of a negative 4% was used in 2016 (2015: a negative 4%) for “Lokalaviserne” and FK Distribution. This decline is smaller than the market decline expected for both the newspaper ad market and the distribution market, and is attributable to the Group’s products being expected to fare better than the general print ad market.

For CGUs in North Media Online, a growth factor of 2% is still used in the terminal period (2015: 2%). The tax rate used in the model is 22.0% (2015: 22.0%).

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

Discount rate	Other segments	North Media Online
2016 after tax	8.3 %	10.8 %
2016 before tax	10.6 %	13.8 %
2015 after tax	8.4 %	10.9 %
2015 before tax	10.7 %	14.0 %

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

The impairment model is not sensitive to any increase of the discount rate. If the discount rate is raised by 3%, this would not lead to any increase in impairment loss.

18 Property, plant and equipment

2016, DKKm	Land and buildings	Plant and machinery	Fixtures and fittings	Total
Cost at 1 January	436.5	176.3	110.1	722.9
Additions for the year	0.0	2.4	5.4	7.8
Disposals for the year	0.0	0.0	4.9	4.9
Cost at 31 December	**436.5**	**178.7**	**110.6**	**725.8**
Depreciation and impairment losses at 1 January	161.5	134.2	100.5	396.2
Depreciation for the year	8.4	9.8	5.0	23.2
Disposals for the year	0.0	0.0	4.5	4.5
Depreciation and impairment losses at 31 December	**169.9**	**144.0**	**101.0**	**414.9**
Carrying amount at 31 December	**266.6**	**34.7**	**9.6**	**310.9**
Depreciated over (years)	**20-50**	**5-10**	**3-5**	**-**

2015, DKKm	Land and buildings	Plant and machinery	Fixtures and fittings	Total
Cost at 1 January	435.9	184.4	110.5	730.8
Additions for the year	0.6	6.5	3.7	10.8
Disposals for the year	0.0	14.6	4.1	18.7
Cost at 31 December	**436.5**	**176.3**	**110.1**	**722.9**
Depreciation and impairment losses at 1 January	143.7	122.2	97.6	363.5
Depreciation for the year	8.2	16.1	6.3	30.6
Impairment for the year	9.6	0.0	0.0	9.6
Disposals for the year	0.0	4.1	3.4	7.5
Depreciation and impairment losses at 31 December	**161.5**	**134.2**	**100.5**	**396.2**
Carrying amount at 31 December	**275.0**	**42.1**	**9.6**	**326.7**
Depreciated over (years)	**20-50**	**5-10**	**3-5**	**-**

19 Subsidiaries

The Group's subsidiaries are evident from the group chart on page 111. There is no difference between ownership interest and share of voting rights in any of the Group's companies. Subsidiaries holding minority interests are listed below.

Subsidiaries	Registered office	Minority interests 2016	Minority interests 2015
Tryksagsomdelingen Fyn P/S (TOF)	Svendborg	50%	50%
Tryksagsomdelingen Fyn Komplementar ApS (TOF)	Svendborg	50%	50%

Principal items in subsidiaries holding minority interests

	2016			2015		
DKKm	TOF	Elimi-nations	Total	TOF	Elimi-nations	Total
Revenue	52.4			60.4		
Net profit/loss for the period/year	-7.0			-3.6		
Comprehensive income	-7.0			-3.6		
Parent's share of profit/loss for the year	-6.4			-1.8		
Minority interests share of profit/loss for the year	**-0.6**	**0.0**	**-0.6**	**-1.8**	**0.0**	**-1.8**
Balance sheet						
Non-current assets	0.3			0.3		
Current assets	18.3			5.5		
Current liabilities	-7.1			-7.3		
Parent Parent's share of equity	11.5			1.4		
Minority interest share of equity	**0.0**	**0.0**	**0.0**	**1.4**	**0.0**	**1.4**
Contingent liabilities	0.0			0.0		
Cash flow statement						
Cash flows from operating activities	-6.5			-0.2		
Cash flows from investing activities	0.0			0.0		
Cash flows from financing activities	0.0			-3.9		
Changes in cash and cash equivalents	**-6.5**	**0.0**	**-6.5**	**-4.1**	**0.0**	**-4.1**
Transactions with minority shareholders						
Paid dividend to Parent	0.0			1.9		
Dividend to minority shareholders	0.0	0.0	0.0	2.0	0.0	2.0

Effective from 8 March 2016, FK Distribution acquired the remaining 50% of the shares in the subsidiary Tryksagsomdelingen Fyn P/S (TOF) with the relating general partner company. The purchase price was DKK 1.

Significant restrictions in the Group's access to transacting with its assets

The Group is not subject to restrictions on access to transacting with the its assets or repaying the its liabilities.

20 Investment in associates

	Registered office	Ownership 2016	2015
Significant associates			
A/S Vestsjællandske Distriktsblade (VD)	Slagelse	0.0%	50.0%

Reference is made to the group chart on page 111.

	2016 DKKm	2015 DKKm
Net asset value at 1 January	8.5	11.0
Additions for the year	12.1	1.2
Disposals for the year	-0.8	0.0
Share of profit/loss before tax	0.1	0.5
Share of tax	-0.2	-0.7
Writedown	-2.2	0.0
Dividend received	-3.9	-3.5
Net asset value at 31 December	**13.6**	**8.5**

In 2014, DKK 5.0 million was invested in an Ukrainian housing portal. Additional capital of DKK 1.2 million was contributed to the company in 2015, whereas DKK 3.2 million has been contributed in. The Group's ownership share is 34.,2 % at year-end 2016 (2015: 21.,4 %).

In addition, DKK 8.9 million was invested in Lead Supply ApS in 2016.

20 Investments in associates, continued

Key figures for individual, significant associates

	Immaterial	2016 total	VD	Immaterial	2015 total
Ownership	-	-	50%	-	-
Revenue	-	-	33.6	-	-
Profit for the year	-	-	4.2	-	-
Comprehensive income	**-**	**-**	**4.2**	**-**	**-**
Parent's share of comprehensive income	**-2.3**	**-2.3**	**1.2**	**-1.4**	**-0.2**
Balance					
Non-current assets	-	-	6.3	-	-
Current assets	-	-	13.3	-	-
Non-current liabilities	-	-	-0.3	-	-
Current liabilities	-	-	-6.1	-	-
Net assets (equity)	**-**	**-**	**13.2**	**-**	**-**
Parent's share of equity in associates (booked value)	**13.6**	**13.6**	**3.4**	**5.1**	**8.5**
Transactions with associates					
Dividend received from associates	3.9	3.9	3.5	0.0	3.5
Capital increases/acquisition of equity interests	12.1	12.1	0.0	1.2	1.2
Contingent liabilities	0.0	0.0	0.0	0.0	0.0

The Group has no non-recognised shares of losses in associates, either in 2016 or in previous years.

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

21 Inventories

	2016 DKKm	2015 DKKm
Work in progress	1.3	1.6
Manufactured goods and goods for resale	8.0	9.1
Write-down of finished goods	-3.0	0.0
Total inventories	**6.3**	**10.7**

No goods are expected to be sold more than 12 months after the balance sheet date. DKK 13.1 million in cost of sales has been recognised in direct expenses (2015: DKK 8.4 million).

22 Trade receivables

	2016 DKKm	2015 DKKm
Trade receivables	83.3	82.2
Write-downs	-3.7	-4.1
Trade receivables, net	**79.6**	**78.1**

Write-downs included in the above receivables have developed as follows

	2016 DKKm	2015 DKKm
Write-downs at 1 January	4.1	2.3
Expensed for the year, net	3.1	2.8
Recovered from previous year	0.5	0.2
Recorded losses	-4.0	-1.2
Write-downs at 31 December *)	**3.7**	**4.1**

*) In Note 36, in the section on credit risk, the balance of receivables due is evident.

A write-down account is used to reduce the carrying amount of trade receivables, the value of which is impaired due to risk of loss.

Based on historical experience, amounts are recognised in the write-down account beginning from when receivables have been overdue for more than 30 days. When receivables have been overdue for more than 90 days, the amount is fully provided for. If a customer suspends payments or goes bankrupt, an individual assessment is made that may result in further impairment losses. Neither 2016 nor 2015 saw indications of material impairment aside from the general write-downs.

In the financial year under review, interest income totalling DKK 0.0 million was recognised with respect to receivables written down (2015: 0.0 million).

23 Deferred tax

	2016 DKKm	2015 DKKm
Deferred tax at 1 January, net	7.7	16.1
Deferred tax included in net profit/loss for the year	-7.9	-9.4
Change in tax rate	0.0	1.0
Deferred tax at 31 December, net	**-0.2**	**7.7**

DKKm	2016 Assets	2016 Liabilities	2016 Total	2015 Assets	2015 Liabilities	2015 Total
Specification of deferred tax						
Intangible assets	4.4	6.6	-2.2	1.1	11.9	-10.8
Property, plant and equipment	2.8	-0.8	3.6	4.7	0.0	4.7
Current assets	0.4	0.9	-0.5	0.3	1.1	-0.8
Non-current liabilities	0.0	0.7	-0.7	0.0	0.8	-0.8
Total	**7.6**	**7.4**	**0.2**	**6.1**	**13.8**	**-7.7**
Set-off of deferred tax assets and deferred tax liabilities within the same legal tax entities and jurisdictions	7.4	7.4	0.0	6.1	6.1	0.0
Deferred tax liabilities at 31 December	**0.2**	**0.0**	**0.2**	**0.0**	**7.7**	**-7.7**

24 Equity

	Number in thousands		Nominal value DKK'000	
Share capital	**2016**	**2015**	**2016**	**2015**
Number of shares at 1 January	20,055	20,055	100,275	100,275
Number of shares at 31 December	**20,055**	**20,055**	**100,275**	**100,275**

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

24 Equity, continued

Treasury shares	2016 Number in thousands	2016 Nominal value DKK'000	2016 % of share capital	2015 Number in thousands	2015 Nominal value DKK'000	2015 % of share capital
At 1 January	1,485	7,425	7.40%	1,485	7,425	7.40%
At 31 December	**1,485**	**7,425**	**7.40%**	**1,485**	**7,425**	**7.40%**

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

In the financial years 2016 and 2015, North Media A/S has not acquired or sold treasury shares.

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

Reserve for treasury shares, hedging reserve and reserve for foreign currency translation adjustments

The reserve for treasury shares includes the accumulated purchase price of the Company's portfolio of treasury shares. The reserve is dissolved for the portion of the portfolio of shares that is cancelled or sold.

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

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

25 Debt to financial institutions etc

	2016 DKKm	2015 DKKm
Mortage debt	139.0	145.7
Carrying amount	**139.0**	**145.7**
Of which, floating rate (CIBOR-6 loans)	77.7	82.8
Of which, fixed rate	61.3	62.9
Debt to financial institutions is included under the following items in the balance sheet		
Non-current liabilities	131.8	139.2
Current liabilities	7.2	6.5
Carrying amount	**139.0**	**145.7**
Nominal value	**142.5**	**149.0**
Fair value	**142.6**	**149.4**

Debt to financial institutions includes a capital loss relating to the raising of a loan of DKK 3.3 million (2015: DKK 3.5 million) which is amortised over the remaining time to maturity. Please refer to Note 36 for information on interest rate sensitivity and to Note 37 for information on fair value.

26 Fair value, interest-rate swap

	2016 DKKm	2015 DKKm
Fair value, interest-rate swap	13.0	13.3
Non-current	**13.0**	**13.3**
Fair value, interest-rate swap	2.7	3.0
Current	**2.7**	**3.0**
Fair value, interest-rate swap	**15.7**	**16.3**

The Group's CIBOR-6 loans (falling due in 2031) carrying a floating interest rate are repaid as a 20-year annuity loan. In order to reduce interest rate uncertainty, the interest rate was fixed throughout the term of the loan via an interest-rate swap. The interest-rate swap is also repaid as a 20-year annuity loan based on a fixed interest rate, including contributions of 5.38% p.a.

The interest rate on the CIBOR-6 loans including the interest-rate payments under the swap agreement are recognised in financial expenses.

The interest-rate swap is measured at fair value at 31 December 2016. The value of the interest-rate swap (debt) is DKK 15.7 million (DKK 16.3 million in 2015), and revaluations are recognised through other comprehensive income.

The interest-rate sensitivity of the interest-rate swap is described in more detail in Note 36 under the section "Interest-rate risks", and computation of fair value is described in Note 37.

27 Purchase price payable

	2016 DKKm	2015 DKKm
Net liability value at 1 January	12.7	23.8
Additions	4.3	0.0
Payments	-6.6	-8.8
Value adjustments	-1.2	-3.5
Discount effect of the purchase price payable	0.5	1.2
Total purchase price payable	**9.7**	**12.7**
Non-current portion	4.8	6.1
Current portion	4.9	6.6
Total purchase price payable	**9.7**	**12.7**
Specified as follows		
Purchase price payable, Lokalaviserne Østerbro og Amager A/S, see Note 12	5.4	12.7
Purchase price payable, Lead Supply ApS	4.3	0.0
Purchase price payable	**9.7**	**12.7**

DKK 4.9 million of the purchase price payable falls due in 2017, whereas the remaining purchase price falls due in 2018-2019.

28 Other payables

	2016 DKKm	2015 DKKm
A tax (PAYE) etc payable to public authorities	1.6	0.9
VAT liability	9.1	9.6
Holiday pay obligation	34.1	38.0
Other debt	44.4	35.7
Total other payables	**89.2**	**84.2**

29 Adjustments for non-cash operating items

	2016 DKKm	2015 DKKm
Share of profits/losses in associates	-24.5	0.2
Tax on profits/losses for the year	-6.0	-3.3
Amortisation and depreciation of assets	38.0	45.8
Loss on disposals/retirement of assets	-0.8	10.5
Sharebased payment	1.1	1.5
Special items, non-cash effect	44.7	16.0
Net financials	30.0	-20.7
Value adjustments, securities	-6.2	12.9
Total adjustments	**76.3**	**62.9**

30 Changes in working capital

Changes in receivables	-5.6	10.7
Changes in current liabilities	-1.4	-17.2
Changes in working capital	**-7.0**	**-6.5**

31 Investment in intangible assets and property, plant and equipment

Investment in software	0.0	-0.2
Investment in land and buildings	0.0	-0.6
Investment in plant and machinery	-2.4	-6.5
Investment in operating equipment, fixtures and fittings	-5.4	-3.7
Total investments	**-7.8**	**-11.0**

32 Operating leases and rental obligations

	2016 DKKm	2015 DKKm
Operating leases		
Future minimum expenses related to operating leases:		
Due within 1 year	0.3	0.0
Due within 1 and 5 years	0.9	0.0
Total	**1.2**	**0.0**
The Group has no operating leases relating to operating assets.		
For operating leases, the following amounts have been recognised in the income statement	**0.0**	**0.0**
Rental obligations		
Future minimum lease payments related to rental obligations:		
Due within 1 year	2.0	2.0
Total	**2.0**	**2.0**
For rental obligations, the following amounts have been recognised in the income statement	**3.6**	**3.6**

33 Contingent liabilities

The Group participates in a Danish joint taxation arrangement in which Baunegård ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is therefore liable from the financial year 2013 for income taxes etc of the jointly taxed companies, and from 1 July 2012 also for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed companies.

34 Security for loans

	2016 DKKm	2015 DKKm
Carrying amount for mortgaged properties provided as security for the Group's mortgage debt	256.2	264.7

35 Related parties

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

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

Board Member Ulrik Holsted-Sandgreen is attorney-at-law and partner of the law firm of Horten, which provides professional advisory services to the Company. Therefore, Ulrik Holsted-Sandgreen may not be considered independent. In 2016, Horten has invoiced the Group for total fees of DKK 5.2 million. In 2015, Ulrik Holsted-Sandgreen was attorney-at-law and partner of Plesner, which invoiced the Group for a total of DKK 1.2 million while he was a partner there.

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

North Media has transactions with associates and subsidiaries in the form of ordinary business activities such as buying and selling services and internal rental agreements. All related party transactions are conducted on an arm’s length basis.

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

	2016 DKKm	2015 DKKm
Transactions with associates		
Lead Supply ApS, sale	0.3	0.0
A/S Vestsjællandske Distriktsblade, sale	2.1	6.6
Total transactions	**2.4**	**6.6**
Lead Supply ApS	0.0	0.0
A/S Vestsjællandske Distriktsblade	0.0	0.6
Total receivables	**0.0**	**0.6**

36 Financial risks

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

Liquidity risk

The Group's cash reserves consist of cash funds in the total amount of DKK 56.5 million. (2015: DKK 92.4 million). In addition, the Group has readily negotiable securities of DKK 214.8 million. (2014: DKK 196.1 million). Presently, the Group has undrawn overdraft facilities of DKK 25.0 million, which are not included in the Group's cash resources.

The Group's financial liabilities are due as follows:

2016, DKKm	Carrying amount	Contractual cash flow**	Within 3 months	Within 3-12 months	1-5 years	After 5 years
Financial instruments						
Financial institutions incl interest-rate swap*	154.7	194.3	0.0	11.9	45.5	136.9
Trade payables	38.9	38.9	38.9	0.0	0.0	0.0
Purchase price payable, Note 27	9.7	10.6	0.0	4.9	5.7	0.0
Other payables	89.2	89.2	55.1	34.1	0.0	0.0
Liabilities at 31 December	**292.5**	**333.0**	**94.0**	**50.9**	**51.2**	**136.9**

2015, DKKm						
Financial instruments						
Financial institutions incl interest-rate swap*	162.0	206.6	0.0	12.2	46.0	148.4
Interest-rate swap	0.0	0.0	0.0	0.0	0.0	0.0
Trade payables	43.1	43.1	43.1	0.0	0.0	0.0
Purchase price payable, Note 27	12.7	14.1	0.0	6.7	7.4	0.0
Other payables	84.2	84.2	46.2	38.0	0.0	0.0
Liabilities at 31 December	**302.0**	**348.0**	**89.3**	**56.9**	**53.4**	**148.4**

*) The contractual cash flow for the interest-rate swap has been included in figures for financial institutions as, in the Company's view, this provides the truest and fairest view of the total cash flows from the financing activity.
**) Inclusive of known/determined interest payments.

Interest-rate risk

It is Group policy to hedge the interest-rate risk of the Group's loans when the Group believes that the interest payments can be secured at a satisfactory level compared to the related costs. Hedging is usually made through interest-rate swaps, where floating-rate loans are changed into fixed-interest rate loans. However, a minor share of the mortgage borrowing may be maintained as floating-rate loans if this is deemed attractive.

In 2012, the Group's fixed-interest mortgage loans were refinanced. An additional loan for a total of DKK 14.0 million was raised in 2015. The Group's mortgage loans can be stated as follows:

	2016 DKKm	2015 DKKm
CIBOR 6-loan, 30-year annuity loan falling due on 30 September 2045	8.5	9.0
CIBOR 6-loan, 20-year annuity loan falling due on 30 September 2035	4.7	4.9
CIBOR 6-loan, 20-year annuity loan falling due on 30 September 2031	64.5	68.9
3% bond debt, 30-year annuity loan falling due on 30 September 2041, convertible	61.3	62.9
Fair value of interest-rate swap	15.7	16.3
Total mortgage debt incl. interest-rate swap	**154.7**	**162.0**

The main portin of the CIBOR 6 loan maturing in 2031 is fixed through an interest-rate swap. A minor share of the loan totalling DKK 3.8 million (2015: DKK 4.0 million) is not fixed.

Fluctuations in the interest-rate level affect the Group's bank deposits, mortgage debt and market value of interest-rate swaps. An increase in the interest-rate level by 1% per annum will have no significant effect on the fair values of the CIBOR 6-loans because their interest rates are determined every six months. The fair value (debt) of the interest-rate swap will, however, be increased by DKK 4.1 million in the event of a drop in the interest-rate level by 1% per annum. An increase in the interest-rate level would reduce the fair value of the interest-rate swap by DKK 3.8 million. The duration has been determined at 5.5. For 2015, the interest-rate sensitivity of the interest-rate swap was approximately DKK 4.0 million in the event of an increase in the interest-rate level by 1% per annum (and a decline in the interest-rate level would increase the interest-rate swap by DKK 4.3 million), equivalent to a duration of 6.0.

The bond debt is recognised at amortised cost, and fluctuations in the fair value are therefore not recognised in the financial statements. A 1% increase per annum in the interest-rate level would reduce the fair value of the debt by DKK 0.9 million. Conversely, a drop in the interest-rate level by 1% would not increase the fair value of the debt as a result of the debt being callable at par (for 2015, an increase in the interest-rate level by 1% would have reduced the fair value of the debt by DKK 3.8 million, while a drop in the interest rate by 1% would have increased the fair value of the debt by DKK 0.0 million).

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

- The sensitivity rates specified for the fixed-rate debt have been calculated on the basis of recognised financial assets and liabilities at 31 December 2016.
- It is assumed that the CIBOR-6 loans are repaid in accordance with the ordinary repayment method used for a 20-year annuity loan, based on a fixed interest rate including a contribution rate of 5.38% for a mortgage loan. For the bond loan, an ordinary repayment method has been assumed, corresponding to a 30-year annuity loan.
- The interest-rate swap entered into mainly hedges interest-rate risk on the floating-rate loans.

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

As to the Group's financial assets and liabilities, the carrying amount may be allocated on the following contractual dates of interest-rate adjustment or expiry, depending on which date comes first, and how large a portion of the interest-carrying assets and liabilities carry fixed or floating interest. Interest-rate swaps are included in the table by the underlying debt and not fair value.

2016, DKKm	Within 1 year	Between 2 - 5 years	After 5 years	Total	Average duration
Bank deposits	56.5	0.0	0.0	56.5	1
Mortgage debt, fixed rate	-1.7	-7.2	-52.4	-61.3	5
Mortgage debt, floating rate	-5.4	-19.7	-52.8	-77.9	1
Interest-rate swap	4.3	19.3	37.2	60.8	6
31 December	**53.7**	**-7.6**	**-68.0**	**-21.9**	**-**

2015, DKKm					
Bank deposits	92.4	0.0	0.0	92.4	1
Mortgage debt, fixed rate	-1.6	-7.0	-54.3	-62.9	5
Mortgage debt, floating rate	-4.9	-19.6	-58.3	-82.8	1
Interest-rate swap	4.1	18.4	42.4	64.9	6
31 December	**90.0**	**-8.2**	**-70.2**	**11.6**	**-**

Purchase price payable is not included in the Group's determination of interest-rate risks as the discount rate is not affected directly by market-oriented interest-rate risks.

Share price exposure

A major portion of the Group's excess liquidity is placed in 15 different Danish and foreign shares and share-based investment funds, see description in the Financial review on page 33. A 10% change in the share price would influence pre-tax profit or loss for the year and equity by DKK 21.5 million (2015: DKK 19.6 million). A 10% change in the USD exchange rate compared to the exchange rate at 31 December 2016 would influence profit or loss for the year and equity by DKK 5.2 million (2015: DKK 4.0 million). Please refer to page 33 in the Financial review for a more detailed description of returns and value at risk.

Currency risks

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

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

The Group purchases newsprint for its newspaper activities. Newsprint is paid in DKK, but the underlying purchase price is pegged to SEK and NOK. A 10% increase in SEK and NOK on DKK would inevitably result in an increase in paper prices of approximately DKK 1 million.

The Group has no noteworthy currency risks with respect to receivables and debt denominated in foreign currencies at 31 December 2016 and 2015.

Credit risks

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

No noteworthy credit risks are considered to be associated with cash and cash equivalents as the counterparties are banks designated by the Danish Financial Supervisory Authority as systemically important financial institutions. Outstanding receivables are regularly followed up on in accordance with the Group's receivables policy. If uncertainty arises as to a customer's ability or willingness to pay an amount receivable, and estimations are that the claim is subject to risk, a write-down is made to hedge this risk.

The Group has no significant risks relating to a single customer or business partner. In accordance with the Group's credit risk assumption policy, all major customers and other business partners are subject to continuous credit assessment. At 31 December 2016, total receivables of DKK 40.2 million are credit-insured with a maximum credit risk of DKK 6.1 milion (2015: DKK 39.2 million, and a maximum credit risk of DKK 9.1 million).

In the past three years, the Group's bad debts have been at the level of 1.4‰ to 3.5‰ of revenue.

The balance overdue on trade receivables is composed as follows:

2016, DKKm	0-30 days	31-60 days	61-90 days	>90 days	Total
Overdue trade receivables, not impaired	24.0	1.4	0.5	0.0	25.9
Overdue trade receivables, impaired	0.0	0.5	0.5	3.8	4.8
					30.7
Write-down					-3.7
Trade receivables, net amount at 31 December 2016					**27.0**

2015, DKKm					
Overdue trade receivables, not impaired	18.4	1.4	0.4	0.0	20.2
Overdue trade receivables, impaired	0.0	0.5	0.3	4.3	5.1
					25.3
Write-down					-4.1
Trade receivables, net amount at 31 December 2015					**21.2**

Capital management

Please refer to the section on capital resources on page 33 of the management commentary for a description of the Group's capital management.

37 Carrying amount, financial assets and liabilities:

DKKm

	Carrying amount	Fair value	Carrying amount	Fair value
	2016		2015	
Trade receivables	79.6	79.6	78.1	78.1
Receivables from associates	0.0	0.0	0.6	0.6
Income tax receivables	5.9	5.9	0.0	0.0
Other receivables	9.3	9.3	3.9	3.9
Cash	56.5	56.5	92.4	92.4
Financial assets, measured at amortised cost	**151.3**	**151.3**	**175.0**	**175.0**
Other securities and investments	2.8	2.8	4.7	4.7
Securities	214.8	214.8	196.1	196.1
Financial assets, measured at fair value	**217.6**	**217.6**	**200.8**	**200.8**
Financial institutions	139.0	142.6	145.7	149.4
Trade payables	38.9	38.9	43.1	43.1
Income tax payable	0.0	0.0	3.6	3.6
Other payables	89.2	89.2	84.2	84.2
Financial liabilities, measured at amortised cost	**267.1**	**270.7**	**276.6**	**280.3**
Purchase price payable	9.7	9.7	12.7	12.7
Financial liabilities, measured at fair value through income statement	**9.7**	**9.7**	**12.7**	**12.7**
Interest-rate swap	15.7	15.7	16.3	16.3
Financial liabilities, measured at fair value	**15.7**	**15.7**	**16.3**	**16.3**

The fair value of securities has been calculated at the market price at 31 December 2016 and 31 December 2015, respectively, for the individual securities (level 1).

The fair value for credit institutions has been calculated based on the market price at 31 December 2016 and 31 December 2015, respectively, based on the loans' underlying bonds (Level 1).

Interest-rate swaps are measured using an income method where expected cash flows are based on relevant observable swap curves and discounted using a discount rate that reflects the credit risk of relevant counterparties (Level 2).

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

Fair value of purchase price payable has been calculated using the fair value model (Level 3). For more details, including the fair value adjustments for the year, please refer to Notes 4, 12 and 27.

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

38 Acquired activities

As stated in Company announcement no 12-16 of 16 December 2016, North Media Aviser has acquired five local newspapers in Copenhagen. The Group will take over the activities from 1 January 2017, after which they will form part of the Group's other newspapers. Please refer to the management commentary for more details about the acquisition.

So far, North Media A/S has calculated identifiable assets, liabilities and contingent liabilities at fair value as part of acquiring the above activities.

2016, DKKm	Fair value at time of acquisition
Intangible assets	6.5
Receivables	0.0
Other payables	-0.6
Net assets acquired	**5.9**
Goodwill	0.0
Aquisition cost	5.9
Net cash acquisition cost	**5.9**

The identifiable assets have so far all been allocated to customer relations and they are expected to be depreciated over the next 12 months. The newspapers acquired were be integrated for the first time on 3 February 2017 in the existing editions of Søndagsavisen.

In 2016, the newspapers acquired generated revenue of approx DKK 12 million.

39 Subsequent events

No further events other than those mentioned in Note 38 have occurred up to the presentation of the Annual Report on 9 February 2017 which would influence the financial statement user’s evaluation of the Annual Report.

40 Authorisation of the consolidated financial statements

At the board meeting of 9 February 2017, the Board of Directors authorised this Annual Report for publication. The Annual Report will be submitted for approval at the Annual General Meeting on 31 March 2017.

Richard Bunck
Principal shareholder of North Media A/S

EXECUTIVE POSITIONS
AT NORTH MEDIA A/S
Chairman of the Board of Directors of North Media A/S since 2 April 2004. Term of office expires in 2017.
Born: 1940

Does not comply with the corporate governance recommendations on independence as Richard Bunck is the principal shareholder of the Company.

EXECUTIVE POSITIONS AT SUBSIDIARIES
– CEO, Ofir A/S

The Board of Directors of North Media A/S has asked Richard Bunck to undertake the role as chief executive officer of the subsidiary, Ofir A/S, until 6/2-2017.

OTHER DIRECTORSHIPS AT SUBSIDIARIES
– Chairman, Forbruger-Kontakt A/S
– Chairman, North Media Aviser A/S
– Chairman, North Media Online A/S
– Chairman, Ofir A/S, from 6/2-2017
– Vice Chairmand, BEKEY A/S
– Chairman, North Media Ejendomme ApS

OTHER EXECUTIVE POSITIONS
Member of the Board of Directors/Executive Officer of:
– Baunegård ApS
– Bunck Invest 1 ApS
– Invest 88 A/S
– Fluimedix ApS
– LeanLinking ApS
– Point of Cow ApS

SPECIAL SKILLS
Trained in shipping at EAC (ØK). At the age of 23 he took up employment with the Thule Airbase in Greenland, performing administrative and managerial tasks.

On returning to Denmark in 1965, Richard Bunck acquired 50% of the business Reklame Distribution in Copenhagen, which later changed its name to Forbruger-Kontakt. In 1978, Richard Bunck published the first edition of Søndagsavisen. In 1996, the first Internet activities began, and the Company went public on the Stock Exchange.

So, Richard Bunck is a model entrepreneur who sees new business opportunities as society and the market change and develop. The activities are founded on strong principles reflecting the Group's values in respect of customer focus, accountability, quality, fairness and positive aggressiveness.

Peter Rasztar
Executive Officer

EXECUTIVE POSITIONS
AT NORTH MEDIA A/S
Vice Chairman of the Board of Directors of North Media A/S since 29 April 2005. Term of office expires in 2017. Appointed Chairman of the Audit Committee by the Board of Directors.
Born: 1944

Complies with the corporate governance recommendations on independence.

OTHER DIRECTORSHIPS AT SUBSIDIARIES
– Vice Chairman, Forbruger-Kontakt A/S
– Vice Chairman, North Media Aviser A/S
– Vice Chairman, North Media Online A/S
– Member, BEKEY A/S

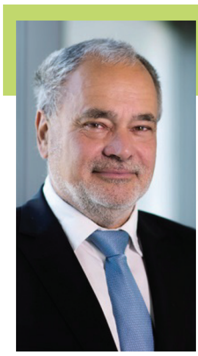
SKILLS/TRAINING

1972	HD graduate in accounting and financial management

PREVIOUS EMPLOYMENT

2007-2008	CEO of Danpo/Kronfågel Group, Denmark and Sweden
2001-2005	CEO and Group Managing Director of Swedish Meats ek. för, Sweden
1997-2001	CEO of TULIP International Ltd., UK
1991-1997	CEO of companies in the Danish slaughtering and refinement sector
1988-1991	CEO and Group Managing Director of ESS-FOOD UK Group, UK

SPECIAL SKILLS
Has the following special skills that are specifically relevant to the work on the Board of North Media A/S:
In-depth knowledge about strategic management of broadly founded businesses as well as accounting, finances and other financial matters.



Steen Gede

EXECUTIVE POSITIONS
AT NORTH MEDIA A/S
Member of the Board of Directors of North Media A/S since 25 April 2003. Term of office expires in 2017. Appointed member of the Audit Committee by the Board of Directors.
Born: 1953

No longer complies with the corporate governance recommendations on independence as, since 25 April 2015, he has been on the Board of Directors for more than 12 years.

OTHER DIRECTORSHIPS AT SUBSIDIARIES
- Member, Forbruger-Kontakt A/S
- Member, North Media Aviser A/S
- Member, North Media Online A/S
- Member, BEKEY A/S

SKILLS/TRAINING

1978	MSc (strategic planning and accounting description methodology)

PREVIOUS EMPLOYMENT

2012-2016	CEO of Forenede Service A/S
2005-2012	Wholesaler – Owner of Unicare Nordic A/S
2000-2005	CEO of Gatetrade.net
1999	CEO and Group Managing Director of FDB
1997-1998	Group Managing Director of Det Berlingske Officin
1990-1997	Group Managing Director of Dagrofa
1987-1990	CEO of Dagrofa Friskvarer A/S
1984-1987	Group Purchasing Manager of Dagrofa A/S

OTHER EXECUTIVE POSITIONS
Chairman
- Benedicte Holding ApS and two wholly-owned subsidiaries: Panel Institute ApS and Honnet.net ApS

Member of the Board
- Continental Confectionery Company Ltd. with a wholly-owned subsidiary: Gumlink Confectionary Company A/S
- Holdingselskabet af 17. december 2004 A/S with two wholly-owned subsidiaries: F.A. Thiele A/S and Thiele Partner A/S

SPECIAL SKILLS
Has the following special skills that are specifically relevant to the work on the Board of North Media A/S:
Detailed knowledge about strategic management of businesses with many employees within service, the grocery sector and media as well as accounting, finances and other financial matters.

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

EXECUTIVE POSITIONS
AT NORTH MEDIA A/S
Member of the Board of Directors of North Media A/S since 4 April 2008. Term of office expires in 2017.
Born: 1970

Does not comply with the corporate governance recommendations on independence as Ulrik Holsted-Sandgreen is an attorney and partner at the law firm of Horten Advokatpartnerselskab, which renders professional advisory services to Richard Bunck and the Group.

OTHER DIRECTORSHIPS AT SUBSIDIARIES
- Member, Forbruger-Kontakt A/S
- Member, North Media Aviser A/S
- Member, North Media Online A/S
- Member, BEKEY A/S

SKILLS/TRAINING

2005	Entitled to appear before the Danish Supreme Court
1998	Licenced to practice law

HONORARY OFFICES
- Member of the Højesteretsskranken Association

SPECIAL SKILLS
Has the following special skills that are specifically relevant to the work on the Board of North Media A/S:
In-depth knowledge about legal matters, international as well as national, including company and stock market law.

Kåre Stausø Wigh

Group Executive Director & CFO of North Media A/S

EXECUTIVE POSITIONS
AT NORTH MEDIA A/S
Joined the Executive Board of North Media A/S at 1 September 2006.
Born: 1969

OTHER DIRECTORSHIPS AT SUBSIDIARIES

– CEO, North Media Ejendomme ApS

OTHER DIRECTORSHIPS AT SUBSIDIARIES

– Chairman, BEKEY International A/S
– Chairman, Spirebox ApS
– Chairman, Spirebox 2 ApS
– Chairman, Søndagsavisen A/S
– Chairman, Helsingør Dagblad A/S
– Member, BoligPortal ApS
– Member, BostadsPortal ApS
– Member, håndværker.dk A/S
– Member, MatchWork Danmark A/S
– Member, MatchWork World Wide A/S
– Member, Ofir A/S

SKILLS/TRAINING

2011	Executive MBA – CBS-SIMI, Copenhagen Business School
2005	Advanced Development Programme - Cranfield School of Management, London, England
2000	Programme for Executive Development – IMD, Lausanne, Switzerland
1994	HD graduate in accounting and financial management, Copenhagen Business School

PREVIOUS EMPLOYMENT

2001-2005	Senior Financial Controller, The East Asiatic Company Ltd. A/S (Singapore)
1997-2001	Assistant to CEO Plumrose Latinoamericana C.A. (Caracas, Venezuela)
1995-1997	Administration Manager, Plumrose Latinoamericana C.A. (Cagua, Venezuela)
1991-1995	Manager Accounts, ØK/EAC Shipping A/S (Copenhagen)

Mads Dahl Møberg Andersen

CEO of Forbruger-Kontakt A/S

EXECUTIVE POSITIONS
AT NORTH MEDIA A/S
Joined the Executive Board of North Media A/S at 1 January 2016.
Born: 1962

OTHER DIRECTORSHIPS AT SUBSIDIARIES

– Chairman, BEKEY A/S
– Chairman, H.A. Grafisk Reklame A/S
– Member, Tryksagsomdelingen Fyn P/S
– Member, UA/FK Distribution A/S
– Member, North Media Online A/S
– Member, North Media Aviser A/S

SKILLS/TRAINING

1989	Bachelor in Marketing, Copenhagen Business School
1983	Savings bank clerk, Sparekasseskolen (Danish Savings Bank School)
1981	Upper Secondary Examination (Mathematics/Physics Line), Ribe Kathedralskole

PREVIOUS EMPLOYMENT

2004-2010	CEO, Søndagsavisen a-s
1995-2002	CEO, Forbruger-Kontakt A/S
1990-1994	Kgl. Brand/Skandia/If, Head of Retail Customer Centre/Regional Manager

Gorm Wesing Flyvholm
CEO of North Media Aviser A/S

EXECUTIVE POSITIONS
AT NORTH MEDIA A/S
Joined the Executive Board of North Media A/S at 1 September 2016.
Born: 1963

OTHER DIRECTORSHIPS AT SUBSIDIARIES
– CEO, Helsingør Dagblad A/S
– CEO, Søndagsavisen A/S

OTHER DIRECTORSHIPS AT SUBSIDIARIES
– Chairman, Lokalaviserne Østerbro og Amager A/S

SKILLS/TRAINING

1989-91	Grafisk Højskole (now Danish School of Media and Journalism), various courses
1988	Qualified banker at Privatbanken
1984-85	Royal Danish Navy
1984	Mathematical/social science student. Skt. Jørgens Gymnasium

PREVIOUS EMPLOYMENT

2016-2016	Independent Consultant, Flyvholm & Co/Mediaid
2009-2016	CCO/COO, Berlingske Media
2007-2009	Director, Deloitte Business Consulting
2003-2007	CEO, Søndagsavisen
2000-2003	CCO, B.T. A/S (Det Berlingske Officin)
1999-2000	Senior Project Manager, Rapp Collins/DBB Needham
1992-1999	CCO/CMO/Advertisement Manager, Børsen Magasiner
1989-1992	Market Consultant, Politikens Hus

Henrik Løvig Jensen
CEO of North Media Online A/S

EXECUTIVE POSITIONS
AT NORTH MEDIA A/S
Joined the Executive Board of North Media A/S at 1 January 2016.
Born: 1974

OTHER DIRECTORSHIPS AT SUBSIDIARIES
– CEO, Spirebox ApS
– CEO, Spirebox 2 ApS
– CEO, Ofir A/S from 6/2-2017

OTHER DIRECTORSHIPS AT SUBSIDIARIES AND ASSOCIATES
– Chairman, BoligPortal ApS
– Chairman, BostadsPortal ApS
– Chairman, håndværker.dk A/S
– Chairman, Ofir A/S, until 6/2-2017
– Chairman, MatchWork World Wide A/S
– Chairman, MatchWork Danmark A/S
– Chairman, Lead Supply ApS
– Member, Lix Technologies ApS

SKILLS/TRAINING

2002	Master of Arts, University of Aarhus

PREVIOUS EMPLOYMENT

2009-2016	CEO, Boligportal ApS
2008-2009	Portal Director, BoligPortal ApS
2007-2008	eBusiness Project Manager, Alfa Laval Kolding A/S
2007-2007	eBusiness Manager, Visiolink ApS
2003-2007	Project Manager, Bank & Berg A/S
1999-2003	Project Manager, Ncom Holding ApS

Søren Jacob Frederik Holmblad
CEO of BEKEY A/S

EXECUTIVE POSITIONS
AT NORTH MEDIA A/S
Joined the Executive Board of North Media A/S at 1 January 2016.
Born: 1975

PREVIOUS EMPLOYMENT

2010	Head of Legal Department, Better Place
2007-2010	Head of Legal Department, Søndagsavisen
2005-2007	Law firm of Accura Advokatfirma
2005	Law firm of MAQS Advokatfirma
2002-2004	Danish Ministry of Justice – Copenhagen Police

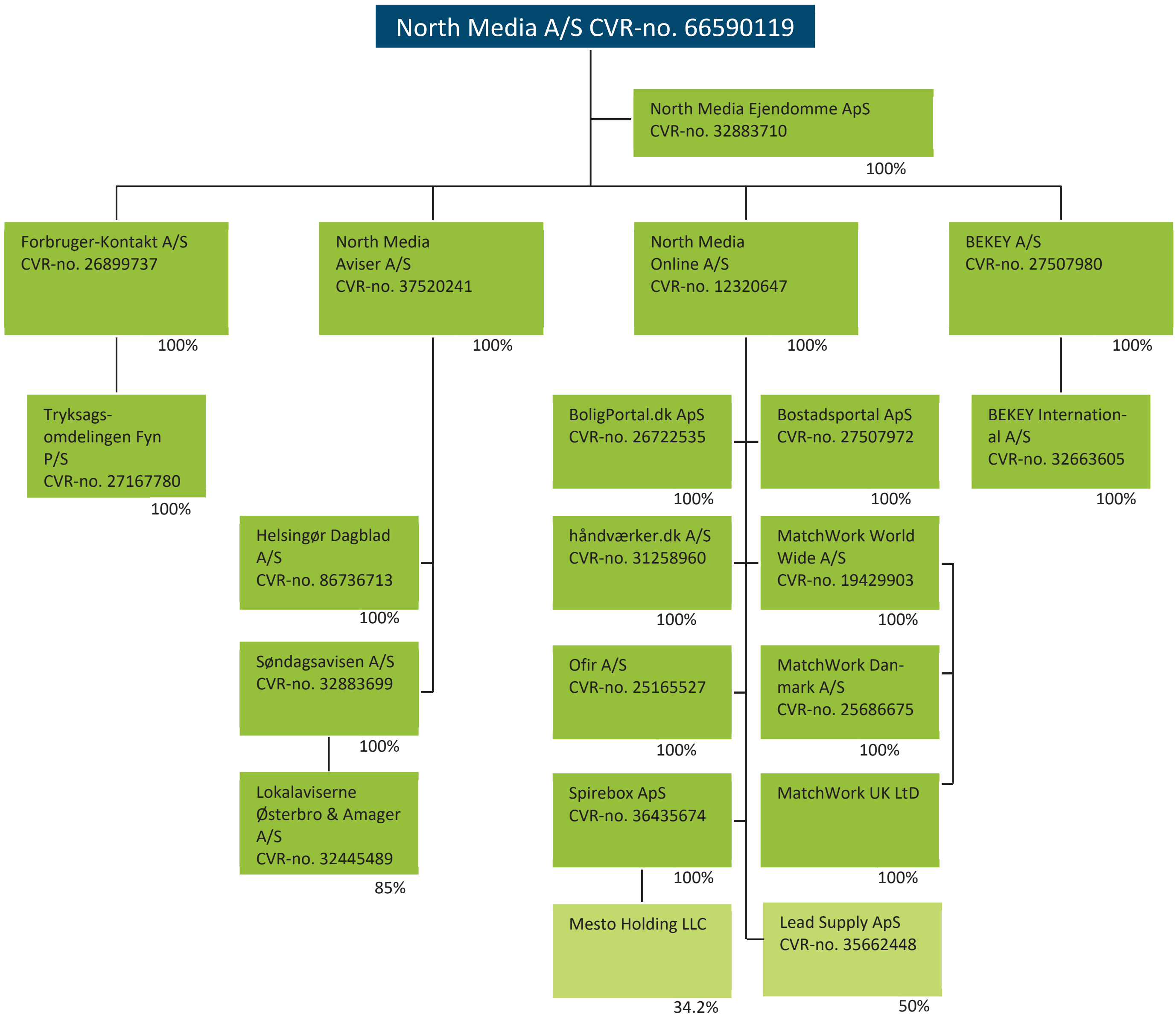
OTHER DIRECTORSHIPS AT SUBSIDIARIES
– CEO, BEKEY International A/S

SKILLS/TRAINING

2007	Paralegal
2005	MBA Stockholm School of Economics
2002	Master of Law, University of Copenhagen


GOD
MOR
GON
orange
100%
squeezed fruit!

Group chart at 31 December 2016

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2016

PARENT FINACIAL STATEMENTS

NORTH MEDIA A/S

Parent financial statements 2016

Financial statements 1 January – 31 December 2016

Parent income statement

Note		2016 DKKm	2015 DKKm
	Revenue	**48.0**	**53.7**
43	Staff costs	27.9	39.0
44	Other external expenses	29.2	31.9
	Amortisation and depreciation	0.7	1.3
	EBIT	**-9.7**	**-18.5**
45	Share of profits/losses in subsidiaries	-54.3	-12.5
	Share of profits/losses in associates	0.0	1.2
46	Financial income	0.0	13.0
46	Financial expenses	6.7	0.3
	Gain/loss from divestments	0.0	2.3
	Profit/loss before tax	**-70.8**	**-14.8**
47	Tax for the year, income	-1.9	-1.1
	Net profit/loss for the year	**-68.9**	**-13.7**
	Attributable, net profit/loss		
	Retained earnings	-68.9	-13.7
		-68.9	**-13.7**

Parent balance sheet at 31 December

Assets

Note		2016 DKKm	2015 DKKm
	Software	0.0	0.2
48	**Intangible assets**	**0.0**	**0.2**
	Operating equipment, fixtures and fittings	1.2	1.7
49	**Property, plant and equipment**	**1.2**	**1.7**
50	Investments in subsidiaries	399.6	389.5
51	Investments in associates	0.0	3.4
	Securities	0.1	0.1
52	Deferred tax asset	0.3	0.1
	Other receivables	3.7	3.6
	Fixed asset investments	**403.6**	**396.7**
	Total non-current assets	**404.9**	**398.5**
	Receivables from subsidiaries	13.2	23.9
53	Income tax receivable	5.9	0.0
	Other receivables	0.5	1.8
	Prepayments	1.4	3.1
	Total receivables	**21.0**	**28.7**
	Securities	227.0	196.1
	Cash	41.7	84.9
	Total current assets	**289.6**	**309.8**
	Total assets	**694.6**	**708.3**

Parent balance sheet at 31 December

Equity and liabilities

Note		2016 DKKm	2015 DKKm
	Share capital	100.3	100.3
	Retained earnings	315.5	381.5
	Shareholders' equity	**415.8**	**481.8**
	Trade payables	3.0	2.6
	Payables to subsidiaries	264.5	207.3
53	Income tax payable	0.0	3.6
54	Other payables	11.4	13.1
	Total current liabilities	**278.9**	**226.6**
	Total liabilities	**278.9**	**226.6**
	Total equity and liabilities	**694.6**	**708.3**

55	Rental obligations
56	Contingent liabilities
57	Related parties

Parent statement of changes in equity

DKKm	Share capital	Retained earnings	Total
Equity at 1 January 2016	**100.3**	**381.5**	**481.8**
Changes in equity in 2016			
Foreign currency translation adjustments, foreign subsidiaries and associates	0.0	0.5	**0.5**
Adjustments of investments in subsidiaries and associates	0.0	1.6	**1.6**
Net loss for the year	0.0	-68.9	**-68.9**
Share-based payment	0.0	0.8	**0.8**
Total changes in equity in 2016	**0.0**	**-66.0**	**-66.0**
Equity at 31 December 2016	**100.3**	**315.5**	**415.8**

No dividend is proposed for 2016 (2015: DKK 0.0 million)

DKKm	Share capital	Retained earnings	Total
Equity at 1 January 2015	**100.3**	**391.8**	**492.1**
Changes in equity in 2015			
Foreign currency translation adjustments, foreign subsidiaries and associates	0.0	-0.3	-0.3
Adjustments of investments in subsidiaries and associates	0.0	2.4	2.4
Net loss for the year	0.0	-13.7	-13.7
Share-based payment	0.0	1.3	1.3
Total changes in equity in 2015	**0.0**	**-10.3**	**-10.3**
Equity at 31 December 2015	**100.3**	**381.5**	**481.8**

Development in share capital	**2016**	**2015**	**2014**	**2013**	**2012**
Share capital at 1 January	**100.3**	**100.3**	**100.3**	**100.3**	**100.3**
Share capital at 31 December	**100.3**	**100.3**	**100.3**	**100.3**	**100.3**

Notes to the parent financial statements

41 Basis of accounting

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

The Annual Report is presented in Danish kroner.

Accounting policies are unchanged compared to 2015.

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

42 Accounting policies

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

Income statement

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

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

Balance sheet

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

Both in the consolidated financial statements and in the parent financial statements, investments in associates are determined using the equity method inclusive of a share of goodwill. In the parent financial statements, goodwill is amortised based on the principles below.

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

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

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

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

Dividend

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

43 Employees and staff costs

	2016 number	2015 number
Average number of employees	32	35

Total amount of wages, salaries and remuneration for the year was:	2016 DKKm	2015 DKKm
Wages and salaries including holiday pay	21.0	28.7
Defined contribution plans	1.7	1.8
Other social security costs	0.1	0.1
Fee to the Board of Directors	1.4	1.1
Other staff costs	3.7	7.3
Total staff costs	**27.9**	**39.0**

Remuneration of the Board of Directors, Executive Board and managerial staff

2016 DKKm	Board of Directors	Executive Board	Total
Wages and salaries	1.4	11.5	**12.9**
Defined contribution plans	0.0	0.7	**0.7**
Share-based payment	0.0	0.2	**0.2**
Severance pay	0.0	1.9	**1.9**
Total remuneration	**1.4**	**14.3**	**15.7**
Number of members	**4**	**5**	**9**

2015 DKKm	Board of Directors	Executive Board	Total
Wages and salaries	1.2	8.5	**9.7**
Defined contribution plans	0.0	0.4	**0.4**
Share-based payment	0.0	0.3	**0.3**
Severance pay	0.0	3.3	**3.3**
Total remuneration	**1.2**	**12.5**	**13.7**
Number of members	**4**	**3**	**7**

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

	2016 DKKm	2015 DKKm
Statutory audit services	0.4	0.4
Non-assurance engagements	0.1	0.0
Tax services	0.1	0.0
Other services	0.2	0.6
Total fee to auditors	**0.8**	**1.0**

45 Share of profits/losses in subsidiaries

	2016 DKKm	2015 DKKm
Share of profits/losses before tax	-51.9	-9.8
Share of tax	-0.4	-0.4
Amortisation goodwill	-2.0	-2.3
Total share of profits/losses in subsidiaries	**-54.3**	**-12.5**

46 Financial income and expences

	2016 DKKm	2015 DKKm
Dividend	0.0	2.7
Interest and gains on bonds, net	0.0	-0.9
Capital gains on shares, net	0.0	11.2
Total financial income	**0.0**	**13.0**
Financial expeces		
Net capital loss on shares	6.2	0.0
Other financial expences	0.5	0.3
Total financial expences	**6.7**	**0.3**

47 Income tax for the year is composed as follows

	2016 DKKm	2015 DKKm
Income tax in the income statement		
Current tax charges, incl financing charges	-1.9	-1.2
Changes in the deferred tax charge	-0.2	0.1
Total tax on profit/loss for the year, income	**-2.1**	**-1.1**

48 Intangible assets

2016 DKKm	Acquired rights	Software	Total
Cost at 1 January	8.0	4.3	**12.3**
Cost at 31 December	**8.0**	**4.3**	**12.3**
Amortisation and impairment losses at 1 January	8.0	4.1	**12.1**
Amortisation for the year	0.0	0.2	**0.2**
Amortisation and impairment losses at 31 December	**8.0**	**4.3**	**12.3**
Carrying amount at 31 December	**0.0**	**0.0**	**0.0**
Amortised over (years)	**5-10**	**3-5**	**-**

2015 DKKm	Acquired rights	Software	Total
Cost at 1 January	8.0	4.4	**12.4**
Disposals for the year	0.0	0.1	**0.1**
Cost at 31 December	**8.0**	**4.3**	**12.3**
Amortisation and impairment losses at 1 January	8.0	4.1	**12.1**
Amortisation for the year	0.0	0.1	**0.1**
Disposals for the year	0.0	0.1	**0.1**
Amortisation and impairment losses at 31 December	**8.0**	**4.1**	**12.1**
Carrying amount at 31 December	**0.0**	**0.2**	**0.2**
Amortised over (years)	**5-10**	**3-5**	

49 Property, plant and equipment

2016 DKKm	Operating equipment, fixtures and fittings	Total
Cost at 1 January	7.7	**7.7**
Additions for the year	0.3	**0.3**
Disposals for the year	0.6	**0.6**
Cost at 31 December	**7.4**	**7.4**
Depreciation and impairment losses at 1 January	6.0	**6.0**
Depreciation for the year	0.8	**0.8**
Disposals for the year	0.6	**0.6**
Depreciation and impairment losses at 31 December	**6.2**	**6.2**
Carrying amout at 31 December	**1.2**	**1.2**
Depreciated over (years)	**3-5**	

2015 DKKm	Operating equipment, fixtures and fittings	Total
Cost at 1 January	7.8	**7.8**
Additions for the year	1.0	**1.0**
Disposals for the year	1.1	**1.1**
Cost at 31 December	**7.7**	**7.7**
Depreciation and impairment losses at 1 January	5.7	**5.7**
Depreciation for the year	1.1	**1.1**
Disposals for the year	0.8	**0.8**
Depreciation and impairment losses at 31 December	**6.0**	**6.0**
Carrying amout at 31 December	**1.7**	**1.7**
Depreciated over (years)	**3-5**	

50 Investments in subsidiaries

	2016 DKKm	2015 DKKm
Cost		
Cost at 1 January	1,144.7	1,136.2
Additions for the year	183.3	26.0
Disposals for the year	575.6	17.5
Cost at 31 December	**752.4**	**1,144.7**
Net revaluation according to the equity method at 1 January	-755.2	-713.7
Translation adjustments	0.5	-0.2
Share of profit/loss for the year	-52.3	-10.2
Amortisation, goodwill	-2.0	-2.3
Dividend received	0.0	-47.0
Other adjustments	1.5	2.4
Disposals for the year	454.7	15.8
Net revaluation according to the equity method at 31 December	**-352.8**	**-755.2**
Carrying amount at 31 December	**399.6**	**389.5**
Of which, goodwill	**2.3**	**4.3**

Reference is made to the Group chart on page 111.

51 Investments in associates

	2016 DKKm	2015 DKKm
Cost		
Cost at 1 January	9.2	9.2
Disposals for the year	-9.2	0.0
Cost at 31 December	**0.0**	**9.2**
Net revaluation according to the equity method at 1 January	-5.8	-3.6
Share of profit/loss for the year	0.0	1.2
Dividend received	0.0	-3.4
Disposals for the year	5.8	0.0
Net revaluation according to the equity method at 31 December	**0.0**	**-5.8**
Carrying amount at 31 December	**0.0**	**3.4**
Of which, goodwill	**0.0**	**0.0**

Reference is made to the Group chart on page 111.

52 Deferred tax

	2016 DKKm	2015 DKKm
Deferred tax at 1 January	-0.1	-0.2
Deferred tax for the year included in net profit/loss for the year	-0.2	0.1
Deferred tax at 31 December, net	**-0.3**	**-0.2**

Specification of deferred tax

DKKm	Assets	Liabilities	Total 2016	Assets	Liabilities	Total 2015
Property, plant and equipment	0.6	0.0	**-0.6**	0.6	0.0	**-0.6**
Receivables	0.0	0.3	**0.3**	0.0	0.5	**0.5**
Total	**0.6**	**0.3**	**-0.3**	**0.6**	**0.5**	**-0.1**

The Company did not recognise negative deferred tax for tax loss carryforwards in 2016 in the total amount of DKK 1.4 million as the time of use of the tax asset is subject to uncertainty.

53 Income tax payable

	2016 DKKm	2015 DKKm
Income tax payable at 1 January	3.6	1.5
Current tax for the year	-1.9	-1.2
Prior year adjustments	0.2	0.0
Tax payable under the joint taxation arrangement	3.8	6.9
Income tax paid for the year	-11.6	-3.6
Income tax payable at 31 December	**-5.9**	**3.6**

54 Other payables

	2016 DKKm	2015 DKKm
A tax (PAYE) etc payable to public authorities	0.2	0.1
Holiday pay obligation	3.1	4.1
Other payables	8.1	8.9
Total other payables	**11.4**	**13.1**

55 Rental obligations

	2016 DKKm	2015 DKKm
Future total expenses related to rental obligations		
Due within 1 year	7.4	6.9
Due within 1 and 5 years	15.4	22.8
Total	**22.8**	**29.7**
With respect to rental obligations, the following amounts have been recognised in the income statement:	**7.2**	**7.7**

56 Contingent liabilities

Reference is made to Note 33 to the consolidated financial statements concerning contingent liabilities.

57 Related parties

Reference is made to Note 35 to the consolidated financial statements for a description of related party transactions.

Group addresses

Parent

North Media A/S
Gladsaxe Møllevej 28
DK-2860 Søborg
CVR-no. 66 59 01 19
Telephone: +45 39 57 70 00
www.northmedia.dk

Subsidiaries

Forbruger-Kontakt A/S
FK Distribution A/S
Bredebjergvej 6
DK-2630 Taastrup
CVR-no. 26 89 97 37
Telephone: +45 43 43 99 00
www.fk.dk

Tryksagsomdelingen Fyn P/S
FK Distribution Fyn P/S
Ryttermarken 17 B
DK-5700 Svendborg
CVR-no. 27 16 77 80
Telephone: +45 62 22 22 22
www.fk.dk

Søndagsavisen A/S
Gladsaxe Møllevej 28
DK-2860 Søborg
CVR-no. 32 88 36 99
Telephone: +45 39 57 75 00
www.sondagsavisen.dk
www.minby.dk

Lokalaviserne Østerbro og Amager A/S
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Telephone: +45 35 42 25 15
www.minby.dk

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www.helsingordagblad.dk
www.nsnet.dk

BoligPortal.dk ApS
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www.boligportal.dk

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www.bostadsportal.se

Ofir A/S
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Telephone: +45 39 57 77 66
www.ofir.dk

MatchWork World Wide A/S
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www.matchwork.com

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www.håndværker.dk
www.henttilbud.dk

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www.leadsupply.dk

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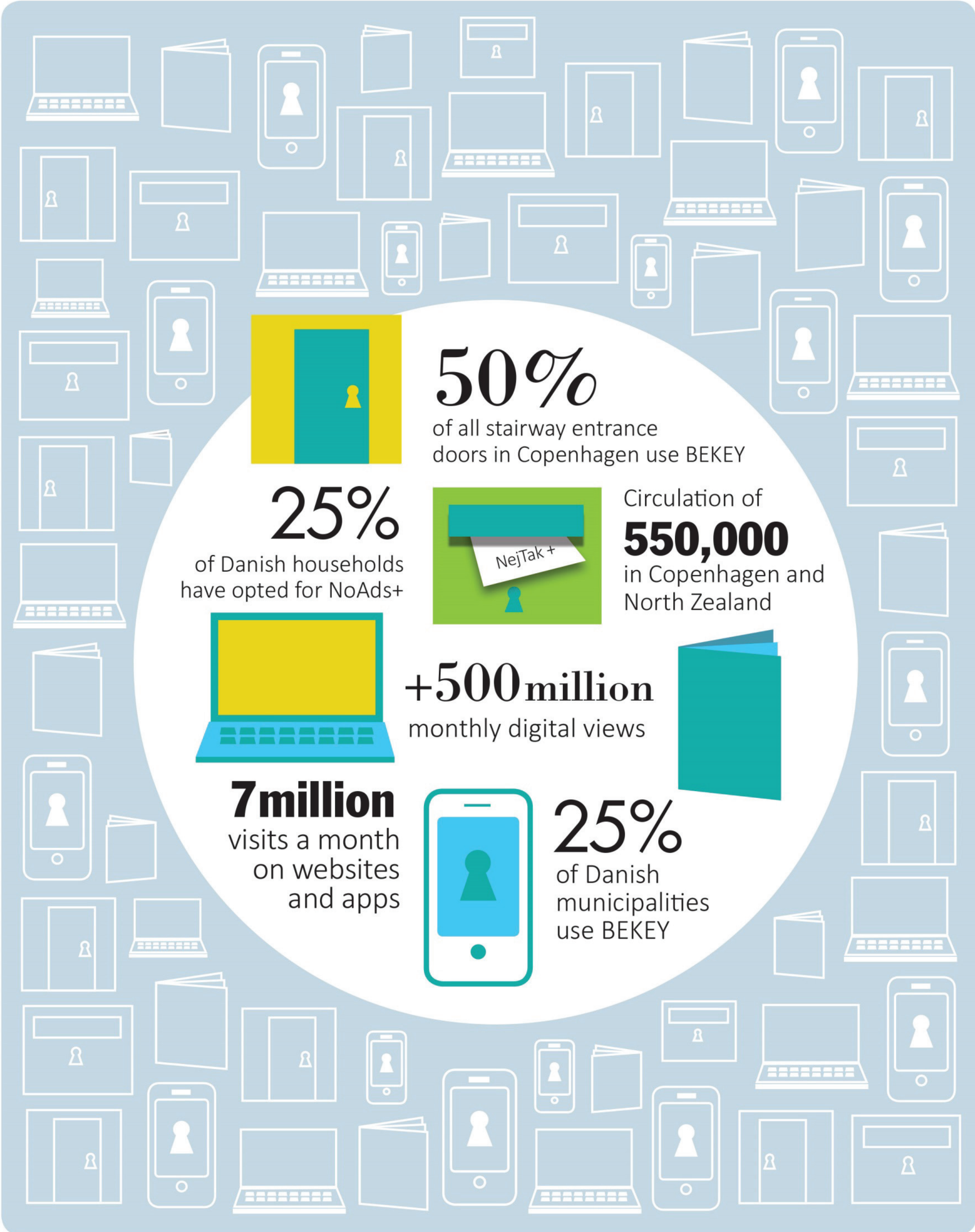
Vinnica, 21050
Ukraine
www.mesto.ua



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