AS EKSPRESS GRUPP

CONSOLIDATED INTERIM REPORT

FOR THE FIRST QUARTER OF 2017

TABLE OF CONTENTS

GENERAL INFORMATION

Beginning of reporting period	1 January 2017
End of reporting period	31 March 2017
Company name	AS Ekspress Grupp
Registration number	10004677
Address	Parda 6, Tallinn 10151
Phone	669 8381
Fax	669 8081
E-mail	egrupp@egrupp.ee
Internet homepage	www.egrupp.ee
Main field of activity	Publishing and related service
Management Board	Mari-Liis Rüütsalu
	Andre Veskimeister
	Pirje Raidma
Supervisory Board	Gunnar Kobin (Chairman)
	Hans H. Luik
	Harri Helmer Roschier
	Indrek Kasela
	Marek Kiisa
	Peeter Saks
	Aleksandras Česnavičius
Auditor	AS Deloitte Audit Eesti

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

The Management Board confirms that the management report and interim consolidated financial statements of AS Ekspress Grupp disclosed on pages 5 to 43 present a true and fair view of the key events which have occurred during the reporting period and their effect on the Group's financial position, results and cash flows, and they include a description of major risks and related party transactions of great significance.

Mari-Liis Rüütsalu	Chairman of the Management Board	*signed digitally*	27.04.2017
Pirje Raidma	Member of the Management Board	*signed digitally*	27.04.2017
Andre Veskimeister	Member of the Management Board	*signed digitally*	27.04.2017

MANAGEMENT REPORT

The year 2017 began with major organisational changes, as managing directors of several Estonian subsidiaries rotated within the Group and started the year in the new position. While the first quarter was clearly a time for settling down, but despite many changes taking place both within and outside the Group, we are reasonably satisfied with the quarter.

Consolidated revenue of the first quarter grew 2% to EUR 14.7 million. At the same time the net profit increased 31% to EUR 410 thousand. Due to the growth in expenditure, EBITDA remained unchanged at EUR 1.2 million. Taking into account the difficult situation in the media market, it is assuring to note that while revenue was 3% below budget, efficient work helped to increase EBITDA by 25% as compared to the budget.

In terms of revenue the growth was particularly significant in online media where revenue was 18% higher than a year earlier, totalling EUR 4.2 million and now accounts for 30% of the Group's total revenues. Especially stand out Delfi Latvia and Delfi Lithuania that increased their online revenue by 16% and 31%, respectively. Also the slightly upward trend of print media revenues is a source of joy. We believe that in spite of the growing role of social media and, maybe just because of it, the need and interest for trustworthy news stories and analysis, whether consumed on paper or digitally, will increase again and the value of objective journalism will grow over time.

The printing services segment has been in recession for several years, accompanied by strong price competition, especially from printing houses in Latvia and Lithuania, that has reduced revenues and profitability. The revenue of Printall fell by 9% as compared to the same period a year earlier and amounted to EUR 5.8 million. EBITDA decreased by 24% and amounted to EUR 0.9 million.

The above figures include all our joint ventures (AS SL Õhtuleht, AS Ajakirjade Kirjastus, AS Express Post and OÜ Linna Ekraanid) consolidated 50% line-by-line.

In the first quarter the revenue of the **media segment** increased 9%, amounting to EUR 10 million. EBITDA doubled to EUR 0.5 million as compared to the period a year earlier. Both the revenue and EBITDA were above budget. This creates a strong position in competition for advertising revenue and employees. Innovation in developing various products and technical platforms continues to be the priority of the media segment. Most revenue growth comes from new products and technical possibilities. The share of traditional banner advertising in the product portfolio is decreasing. However the growth trend is seen in mobile advertising, video advertising and in sizeable content projects.

For the third quarter in a row, Delfi Latvia continued to surprise with its excellent financial results. In the first quarter, the revenue of Delfi Latvia increased 16% and amounted to EUR 0.9 million. EBITDA went from negative to positive and totalled almost EUR 100 thousand, despite the fact that the Latvian advertising market had almost no growth and that the staffing of the sales team that started in the autumn was completed only in March. In February, the changed methodology of Gemius and strong advertising in the local mail service provider Inbox.lv pushed Delfi again second in terms of number of online users, but Delfi remains the leader on the news market, having increased the gap with the nearest competitor to 8.5%. Delfi was the only one online media, that got two nominations in Excellence Award 2016 by Latvian Journalist Association. The second year in a row Delfi won Excellence Award for multimedia project "Chernobyl 30 years after the tragedy".

In the first quarter the revenue of Ekspress Meedia increased 7% and totalled EUR 4.5 million. EBITDA increased 11% and was in excess of EUR 200 thousand. Online and digital revenues of Delfi grew by the same margin, i.e. 7% and totalled EUR 1.5 million. Another positive result is 8% growth of print advertising and the successful first issue of quarterly magazine Targu Talita, formerly a supplement of Maaleht. The number of digital subscribers is growing modestly, but at a stable pace. Another important achievement was that seven our journalists won in their category in the press awards of the Estonian Newspaper Association.

Of our media enterprises, Delfi Lithuania posted the most remarkable revenue growth, whereas the growth of online revenue was 31%. First-quarter revenue of Delfi Lithuania was EUR 2 million. EBITDA was 150% higher as compared to the same period a year earlier and totalled EUR 50 thousand. Whereas print media continues stable growth in Estonia, the situation in Lithuania is different and magazine circulations and advertising revenue decline.

The revenue and profit growth of Ajakirjade Kirjastus of 9% and 79%, respectively, is mainly attributable to the expansion of the product portfolio last April and, as a result, the merger of two women's weekly magazines Naisteleht and Naised. In addition to publishing, Ajakirjade Kirjastus organises events of famous brands and courses that strengthens brands, offers added value to subscribers and helps to increase revenues. It was a difficult quarter in the magazine advertising market as well as in retail sale. As mentioned before new CEO started in the first quarter who has strongly started to build new sales team. Thus first quarter can be considered as a settling down period. In the first quarter, the revenue of Ajakirjade Kirjastus totalled EUR 2.3 million and EBIDTA amounted to EUR 166 thousand, 50% of which is included in the consolidated figures of Ekspress Grupp.

In the first quarter, SL Õhtuleht increased its revenue 7% to EUR 2.2 million. EBITDA remained at the level of the first quarter 2016 and totalled EUR 200 thousand. 50% of it is included in the consolidated figures of the Ekspress Group. SL Õhtuleht is one of the few publishers that is swimming against the tide and that increased advertising revenue, number of subscribers and advertising revenue in a year. For the half year there is a new leader in the newspaper market - Õhtuleht has overcome newspaper Postimees and has now the largest circulation in the market. The number of digital subscribers has increased 13% as compared to the end of the last year.

It was another difficult quarter in the **printing services segment**. The revenue of Printall decreased 9% as compared to the year before and amounted to EUR 5.8 million. EBITDA was 24% lower than a year earlier and totalled EUR 0.9 million. The amount of orders and work volume keeps increasing, but because of price pressure the revenue growth will be below last year's figure. To find new customers, we are expanding our geographical range and are looking towards farther markets outside Scandinavia.

The financial position of the Group has notably strengthened during the year. Since the end of the year, the ratio of total debt and EBITDA has been below 2.0 which means that according to the syndicate loan contract the interest margin will decrease since April, enabling us to invest more aggressively also with the help of loan capital.

Financially, in the next quarter we expect the media segment revenue and EBITDA to grow 3-4%, supported by acquisitions made in 2016. In the printing services segment we expect to keep the revenue on the level of last year in spite of price pressure, but EBITDA is expected to decrease. We believe that the rapid growth in revenue and profitability of the media segment will keep the Group's EBITDA at least at the last year's level and offset the decrease in the printing services segment.

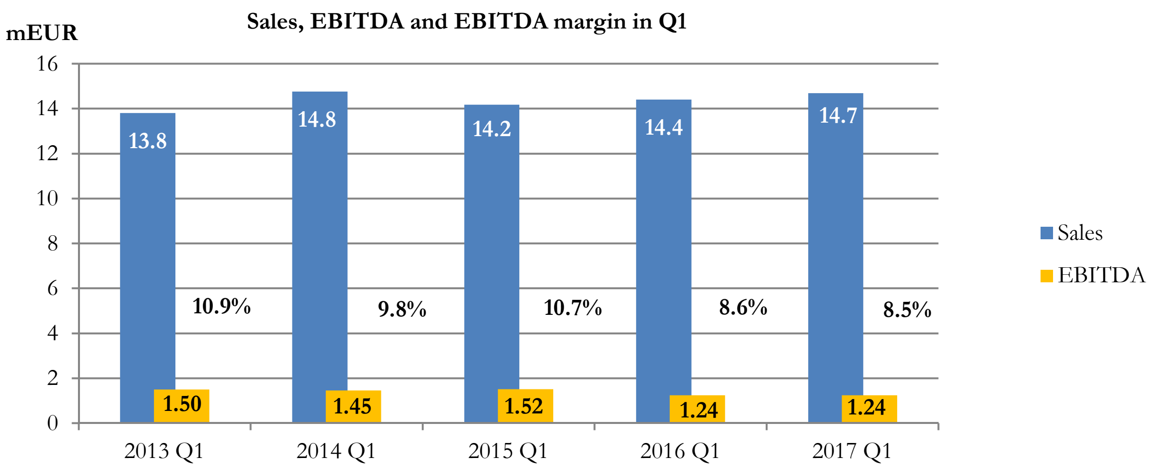
Our mission remains to offer new and interesting experiences both on paper and in digital media, without ever compromising on news quality, choice of topics an journalistic objectivity.

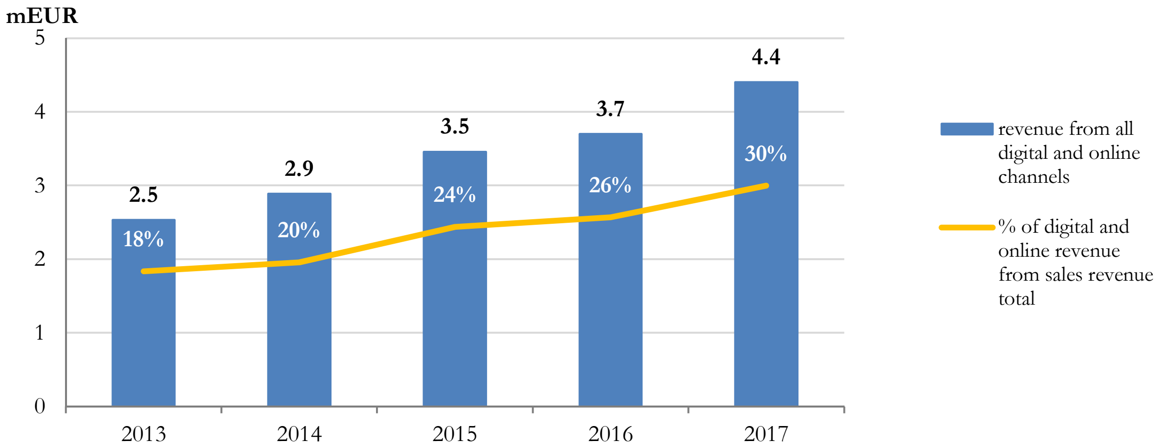
The Group's goal is to be a truly innovative media group with a strong foothold in all markets where actively present, with a leading position in online media.

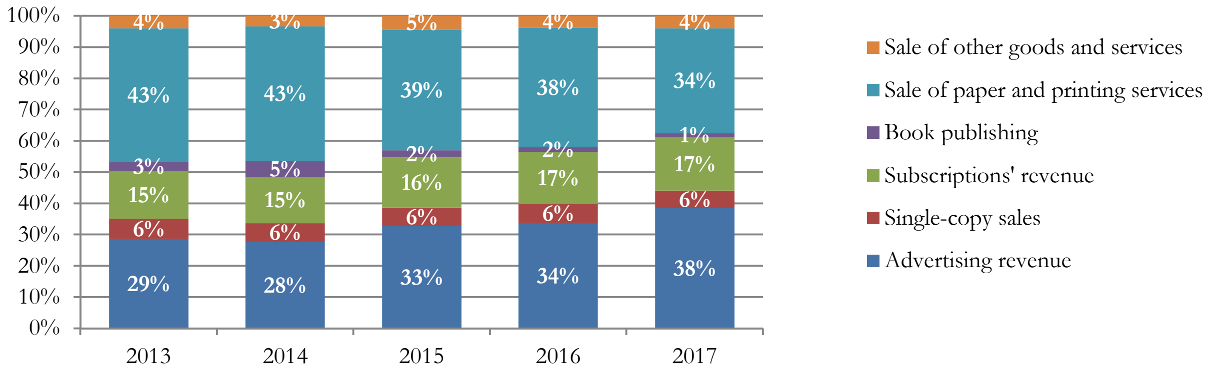
FINANCIAL INDICATORS AND RATIOS – joint ventures consolidated 50% line-by-line

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

Performance indicators – joint ventures 50% consolidated (EUR thousand)	Q1 2017	Q1 2016	Change %	Q1 2015	Q1 2014	Q1 2013
For the period						
Sales	14 697	14 402	2%	14 180	14 766	13 809
EBITDA	**1 242**	**1 242**	**0%**	**1 517**	**1 454**	**1 503**
EBITDA margin (%)	***8.5%***	***8.6%***		***10.7%***	***9.8%***	***10.9%***
Operating profit	488	477	2%	762	691	840
Operating margin (%)	*3.3%*	*3.3%*		*5.4%*	*4.7%*	*6.1%*
Interest expenses	(116)	(135)	14%	(174)	(176)	(197)
Net profit/(loss) for the period	**410**	**312**	**31%**	**556**	**503**	**638**
Net margin (%)	***2.8%***	***2.2%***		***3.9%***	***3.4%***	***4.6%***
Return on assets ROA (%)	*0.5%*	*0.4%*		*0.7%*	*0.7%*	*0.8%*
Return on equity ROE (%)	*0.8%*	*0.6%*		*1.2%*	*1.2%*	*1.5%*
Earnings per share (EPS)	**0.01**	**0.01**		**0.02**	**0.02**	**0.01**





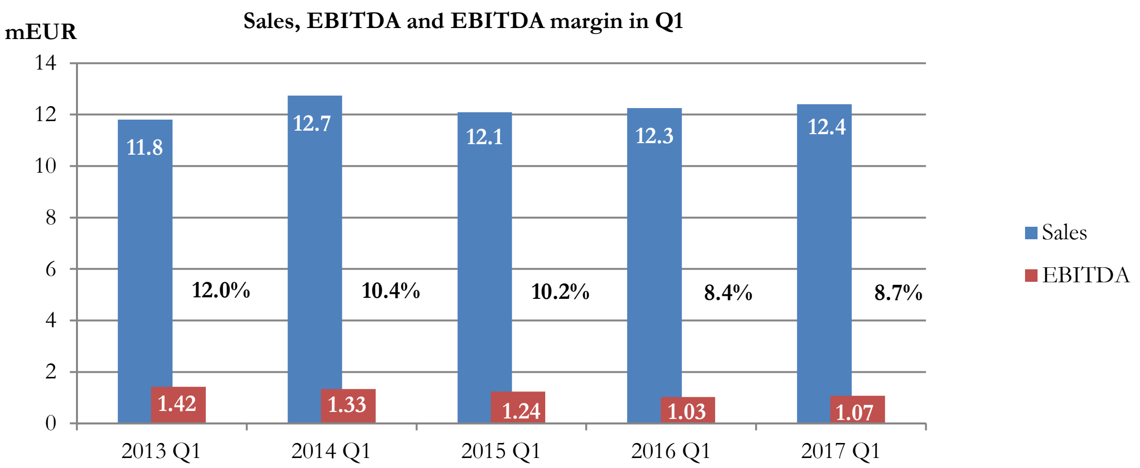


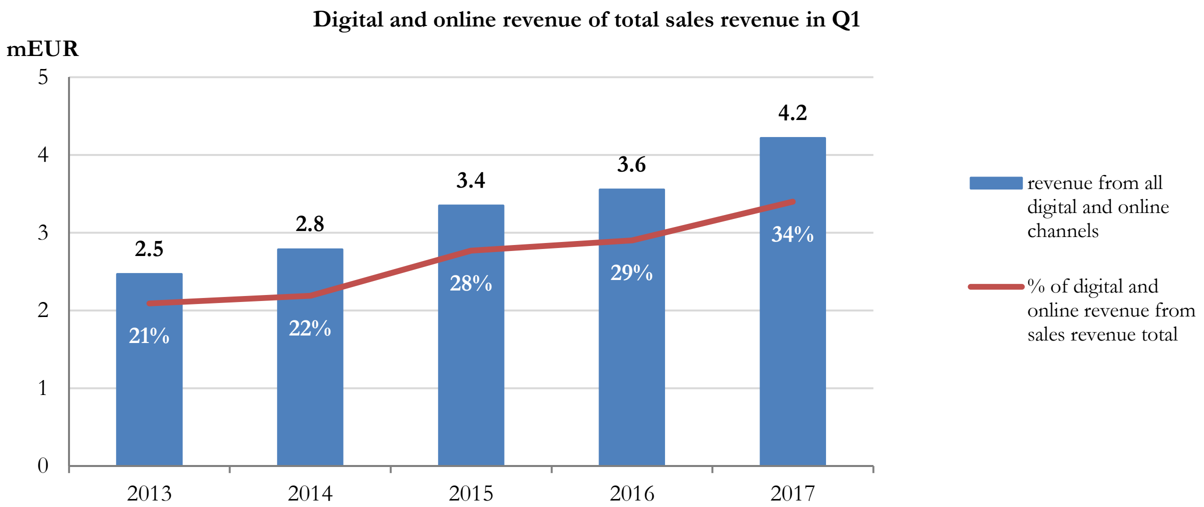
Balance sheet – joint ventures 50% consolidated (thousand EUR)	**31.03.2017**	**31.12.2016**	**Change %**
As of the end of the period			
Current assets	16 043	16 251	-1%
Non-current assets	61 076	61 506	-1%
Total assets	**77 119**	**77 757**	**-1%**
incl. cash and bank	*2 892*	*4 572*	*-37%*
incl. goodwill	*38 904*	*38 904*	*0%*
Current liabilities	11 856	12 222	-3%
Non-current liabilities	13 780	14 462	-5%
Total liabilities	**25 636**	**26 684**	**-4%**
incl. borrowing	*15 955*	*16 603*	*-4%*
Equity	**51 483**	**51 073**	**1%**

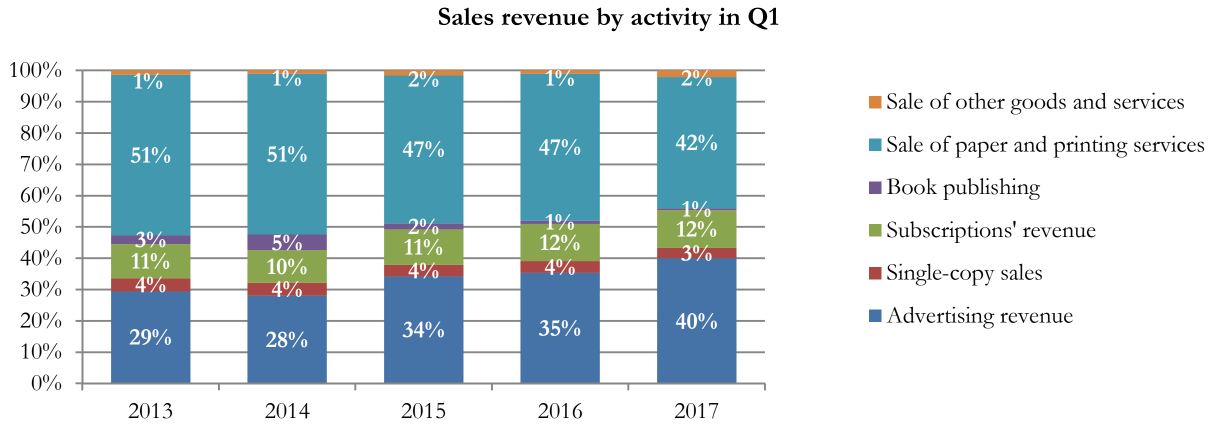
Financial ratios (%) – joint ventures consolidated 50%	**31.03.2017**	**31.12.2016**
Equity ratio (%)	67%	66%
Debt to equity ratio (%)	31%	33%
Debt to capital ratio (%)	20%	19%
Total debt/EBITDA ratio	1.88	1.96
Debt service coverage ratio	2.75	2.75
Liquidity ratio	1.35	1.33

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

Performance indicators – joint ventures under equity method (EUR thousand)	Q1 2017	Q1 2016	Change %	Q1 2015	Q1 2014	Q1 2013
For the period						
Sales (only subsidiaries)	12 409	12 255	1%	12 093	12 734	11 812
EBITDA (only subsidiaries)	**1 075**	**1 025**	**5%**	**1 238**	**1 330**	**1 417**
EBITDA margin (%)	***8.7%***	***8.4%***		***10.2%***	***10.4%***	***12.0%***
Operating profit (only subsidiaries)	409	324	26%	543	593	777
Operating margin (%)	*3.3%*	*2.6%*		*4.5%*	*4.7%*	*6.6%*
Interest expenses (only subsidiaries)	(108)	(120)	10%	(155)	(176)	(197)
Profit of joint ventures by equity method	68	132	-48%	194	98	63
Net profit for the period	**410**	**312**	**31%**	**556**	**503**	**638**
Net margin (%)	***3.3%***	***2.5%***		***4.6%***	***3.9%***	***5.4%***
Return on assets ROA (%)	*0.6%*	*0.4%*		*0.7%*	*0.7%*	*0.8%*
Return on equity ROE (%)	*0.8%*	*0.6%*		*1.2%*	*1.2%*	*1.5%*
Earnings per share (EPS)	**0.01**	**0.01**		**0.02**	**0.02**	**0.02**







Balance sheet – joint ventures under equity method (thousand EUR)	31.03.2017	31.12.2016	Change %
As of the end of the period			
Current assets	12 955	13 094	-1%
Non-current assets	60 739	61 074	-1%
Total assets	**73 694**	**74 168**	**-1%**
incl. cash and bank	*1 262*	*2 856*	*-56%*
incl. goodwill	*36 951*	*36 953*	*0%*
Current liabilities	9 311	9 591	-3%
Non-current liabilities	12 900	13 504	-4%
Total liabilities	**22 211**	**23 095**	**-4%**
incl. borrowings	*15 214*	*15 784*	*-4%*
Equity	**51 483**	**51 073**	**1%**

Financial ratios (%) – joint venture consolidated under equity method	31.03.2017	31.12.2016
Equity ratio (%)	70%	69%
Debt to equity ratio (%)	30%	31%
Debt to capital ratio (%)	21%	20%
Total debt/EBITDA ratio	2.08	2.17
Debt service coverage ratio	2.69	2.67
Liquidity ratio	1.39	1.37

Cyclicality

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

Seasonality

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

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

CORPORATE STRUCTURE as of 31.03.2017

EKSPRESS GRUPP

Company	Share	Description
Ekspress Meedia	100%	The main activity of AS Ekspress Meedia is publishing of the biggest Estonian weekly newspapers - Eesti Ekspress and Maaleht, as well as the publishing of the daily newspaper Eesti Päevaleht. Ekspress Meedia also publishes Delfi - the largest internet portal whose websites are according to Gemius Audience visited by more than 600,000 people a month.
Delfi (Läti)	100%	In Latvia Delfi is the largest news portal whose websites are according to Gemius Audience visited by more than 800,000 people a month.
Delfi (Leedu)	100%	In Lithuania Delfi is the largest internet portal whose websites are according to Gemius Audience visited by more than 1,200,000 people a month. In addition, Delfi publishes several magazines that are the leading titles in their segments in Lithuania.
SL Õhtuleht	50%	AS SL Õhtuleht publishes daily newspaper Õhtuleht. The company is owned in equal parts by Ekspress Grupp and Suits Meedia.
Ajakirjade Kirjastus	50%	Ajakirjade Kirjastus publishes more than 20 magazine titles for more than 600,000 readers. The company is owned in equal parts by Ekspress Grupp and Suits Meedia.
Hea Lugu	100%	Hea Lugu is the Group's book publishing company. The company publishes fiction, history books, children's books, reference books, handbooks and various series.
Zave Media	100%	Zave is the portal of sales offers of the largest retailers that operates in all three Baltic countries.
Adnet Media	49%	Adnet is an advertising network operating in the Baltic countries that mediates Internet advertising to end-consumers and re-sells international advertising space.
Express Post	50%	Express Post specialises in early-morning home delivery of periodicals, advertising materials and letters in Estonia. The company is owned in equal parts by Ekspress Grupp and Eesti Meedia.
Medipresa (Leedu)	40%	Delfi has 40% shares in Lithuanian magazines and newspapers wholesales company Medipresa.
Ekspress Digital	100%	Ekspress Digital is an IT development and management company that supports Group companies in developing and managing their IT solutions.
Printall	100%	The most contemporary printing plant in the Baltic countries. Large part of the Estonian newspapers, magazines and advertising materials is printed in Printall. Significant part of the production is exported.
Babahh	49%	Babahh Media is a company that provides video production and streaming services.
Linna Ekraanid	50%	Linna Ekraanid is an outdoor media company that operates several interactive screens all over Estonia

SEGMENT OVERVIEW

The Group's activities are divided into two large segments - **media segment** and **printing services segment**. Last year, there was also an **entertainment segment**.

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

Key financial data of the segments Q1 2013-2017

(thousand EUR)	Sales Q1 2017	Sales Q1 2016	Change %	Sales Q1 2015	Sales Q1 2014	Sales Q1 2013
media segment (by equity method)	7 427	6 771	10%	6 581	6 414	5 923
incl. revenue from all digital and online channels	*4 218*	*3 558*	*19%*	*3 350*	*2 787*	*2 470*
printing services segment	5 767	6 341	-9%	6 318	7 062	6 617
entertainment segment	-	-	-	61	0	0
corporate functions	575	539	7%	471	421	355
intersegment eliminations	(1 360)	(1 395)	3%	(1 338)	(1 163)	(1 084)
TOTAL GROUP under equity method	**12 409**	**12 255**	**1%**	**12 093**	**12 734**	**11 812**
media segment (by proportional consolidation)	10 026	9 197	9%	8 963	8 637	8 106
incl. revenue from all digital and online channels	*4 402*	*3 699*	*19%*	*3 458*	*2 887*	*2 534*
printing services segment	5 767	6 341	-9%	6 318	7 062	6 617
entertainment segment	-	-	-	61	0	0
corporate functions	575	539	7%	471	421	355
intersegment eliminations	(1 671)	(1 675)		(1 633)	(1 354)	(1 269)
TOTAL GROUP by proportional consolidation	**14 697**	**14 402**	**2%**	**14 180**	**14 766**	**13 809**

(thousand EUR)	EBITDA Q1 2017	EBITDA Q1 2016	Change %	EBITDA Q1 2015	EBITDA Q1 2014	EBITDA Q1 2013
media segment by equity method	353	34	933%	279	338	207
media segment by proportional consolidation	*521*	*251*	*108%*	*558*	*466*	*294*
printing services segment	897	1 182	-24%	1 161	1 459	1 414
entertainment segment	0	(2)	89%	24	0	0
corporate functions	(176)	(189)	7%	(226)	(467)	(206)
intersegment eliminations	0	0	-	0	0	1
TOTAL GROUP under equity method	**1 075**	**1 025**	**5%**	**1 238**	**1 330**	**1 417**
TOTAL GROUP by proportional consolidation	**1 242**	**1 242**	**0%**	**1 517**	**1 454**	**1 503**

EBITDA margin	Q1 2017	Q1 2016	Q1 2015	Q1 2014	Q1 2013
media segment by equity method	5%	1%	4%	5%	3%
media segment by proportional consolidation	*5%*	*3%*	*6%*	*5%*	*4%*
printing services segment	16%	19%	18%	21%	21%
TOTAL GROUP under equity method	**9%**	**8%**	**10%**	**10%**	**12%**
TOTAL GROUP by proportional consolidation	**8%**	**9%**	**11%**	**10%**	**11%**

MEDIA SEGMENT

The media segment includes Delfi operations in wholly-owned subsidiaries in Estonia, Latvia and Lithuania, publishing of Estonian newspapers Maaleht, Eesti Ekspress and Eesti Päevaleht, book publishing in Estonia, magazine publishing in Lithuania, activities of the retail offer portal Zave and holding company Delfi Holding. This segment also includes 50% joint ventures AS SL Õhtuleht (publisher of Õhtuleht and Linnaleht), magazine publisher AS Ajakirjade Kirjastus, home delivery company AS Express Post and, since the summer 2016, OÜ Linna Ekraanid, engaged in sale of digital outdoor advertising.

News portals owned by the Group

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

(thousand EUR)	Sales			EBITDA		
	Q1 2017	Q1 2016	Change %	Q1 2017	Q1 2016	Change %
Ekspress Meedia	4 495	4 212	7%	221	199	11%
incl. Delfi Estonia online revenue	*1 536*	*1 436*	*7%*			
Delfi Latvia	854	734	16%	87	(4)	2275%
Delfi Lithuania	1 983	1 720	15%	51	(103)	150%
incl. Delfi Lithuania online revenue	*1 632*	*1 242*	*31%*			
Hea Lugu	95	104	-9%	(5)	(8)	38%
Zave Media	0	1	-100%	0	(50)	100%
Other companies	0	0	-	(1)	0	-
intersegment eliminations	0	0	-64%	0	0	-
TOTAL subsidiaries	**7 427**	**6 771**	**10%**	**353**	**34**	**939%**
SL Õhtuleht*	1 097	1 027	7%	97	97	0%
Ajakirjade Kirjastus*	1 131	1 041	9%	83	47	79%
Express Post*	586	641	-9%	(25)	73	-134%
Linna Ekraanid *	73	-	-	12	-	-
intersegment eliminations	(288)	(284)	-1%	0	0	-227%
TOTAL joint ventures	**2 599**	**2 426**	**7%**	**168**	**217**	**-23%**
TOTAL segment by proportional consolidation	**10 026**	**9 197**	**9%**	**521**	**251**	**108%**

* Proportional share of joint ventures

ONLINE MEDIA AND DELFI

As a market leader Delfi continues to invest into new technologies and IT solutions to improve user experience of its readers and advertisers.

This year the zlick innovation has been developed further that now enables to buy paid content with zero click in all our channels. Delfi Sport launched its mobile application. In digital newspapers the Android application of Eesti Ekspress now also includes an offline reading option. The family package that includes Estonian digital newspapers and magazines of our Group enables access from a separate Android application. Delfi Latvia is preparing transition of all verticals to the so-called responsive design. The transition of the first vertical to the new solution increased the number of the vertical's users by approximately 30%. Delfi Lithuania was the first local portal to launch an innovative voiceover solution that enables to hear news.

Starting from last year, in addition to online advertising in our own portals our advertising sales departments also offer the possibility to buy advertising in other local or international channels. We also offer our customers a full advertising service from the idea to execution and booking media space, and also offer programmatic advertising sales.

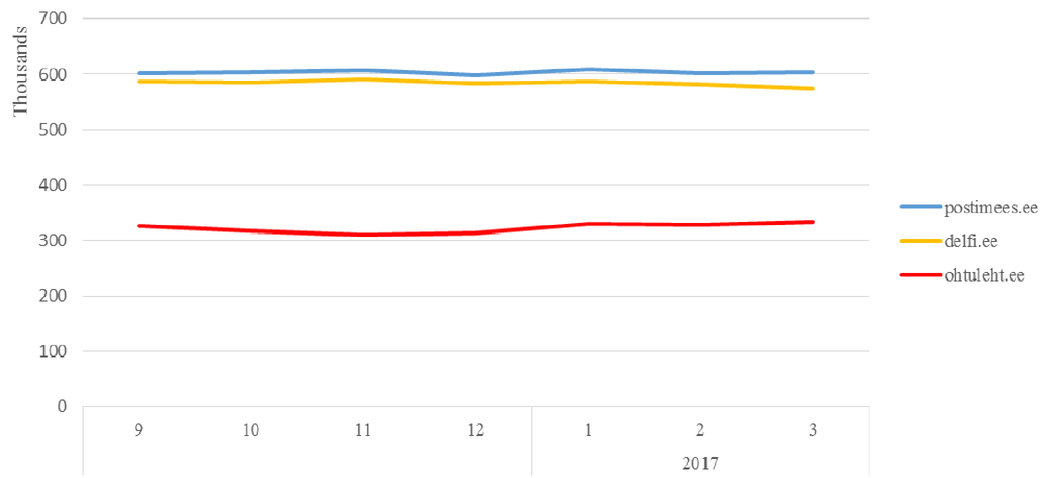
The range of vertical products continues to expand. Delfi Lithuania launched a new sub-site „Delfi Food". The National Basketball Association (NBA) and Delfi Lithuania started a multi-year cooperation project and launched NBA's first official Lithuanian online portal in the Delfi environment at www.delfi.lt/nba. To fight fake news, a separate disclose portal was set up at www.demaskuok.lt consisting of information that is distributed, but is not true.

In all three Baltic countries the focus is on writing more long-read analytical articles in order to increase the value of Delfi to users. In Estonia this is being provided in co-operation with editorial teams of our daily and weekly newspapers Eesti Päevaleht, Eesti Ekspress and Maaleht.

Testing of various e-commerce projects and development of classified portals in Latvia and Lithuania continues.

A lot of attention is being paid on socially responsible behaviour and to supporting various charity projects, cultural, sport, social and business events in all Baltic countries.

Estonian online readership 2016-2017

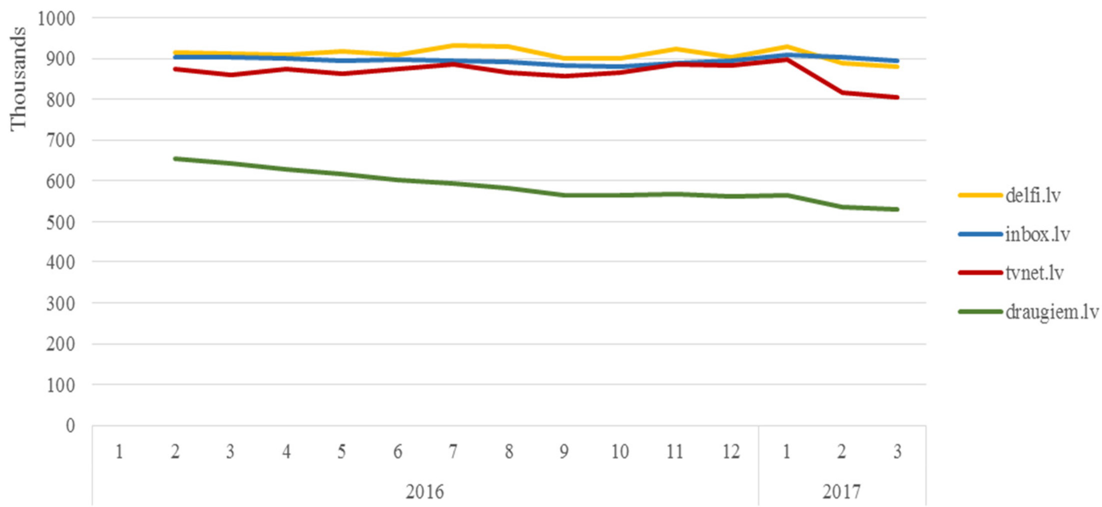


Gemius OPA monthly audience survey

In the third quarter 2016, Gemius changed the methodology of the online readership survey in Estonia, Latvia and Lithuania, as a result of which the readership of mobile devices and tablet PCs was added to the above readership of computer users. Comparable data from Estonia are available only from September 2016.

In the measurement period, the readership of Delfi and Postimees has been relatively stable. In the first quarter of 2016, Postimees merged classified portals www.kv.ee and www.osta.ee owned by Eesti Meedia into its postimees.ee domain. By adding the number of users of classified portals Postimees achieved a higher number of users than Delfi. Õhtuleht has increased its readership. In March 2017 the number of users of the real estate classified portal of postimees.ee decreased notably as a result of the exit of several real estate portals. This will have an impact in the number of users of postimees.ee in the next quarter.

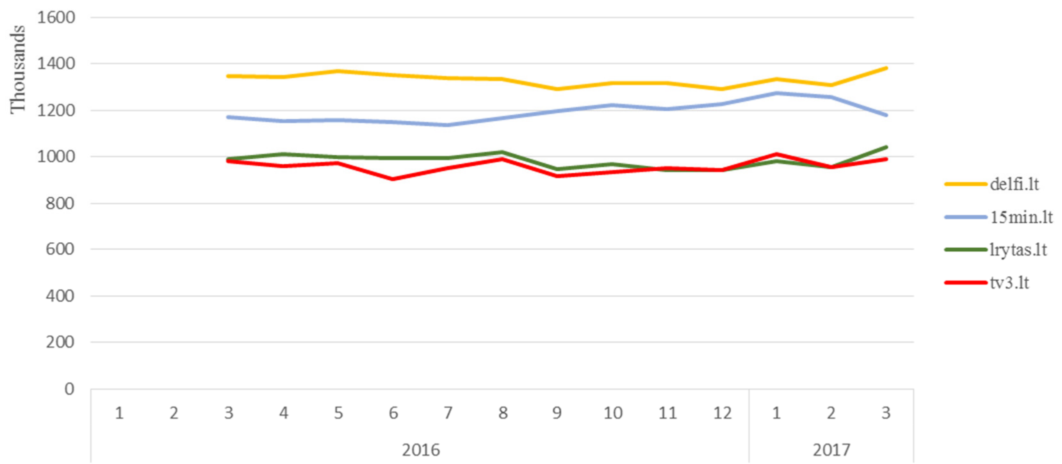
Latvian online readership 2016-2017



Gemius OPA monthly audience survey

At the beginning of 2016 research company Gemius changed its method of online surveys. These figures now show the number of users of Latvian Internet portals in computers, mobile devices and tablet PCs. Delfi remains stable and is the largest news portal in Latvia by online readership. Inbox that is slightly bigger than Delfi by the number of users is a mail environment and not a news portal. The number of users of Latvian portals has been relatively stable and is similar for all portals. In the first quarter, only TVnet lost relatively many users.

Lithuanian online readership 2016-2017

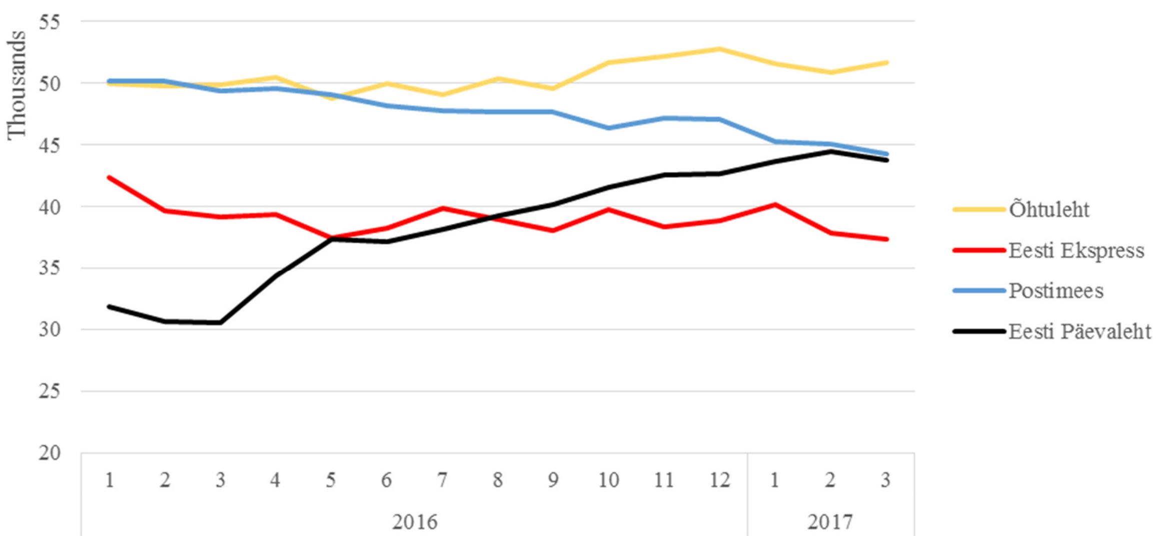


Gemius OPA monthly audience survey

At the beginning of 2016 research company Gemius changed its method of online survey. These figures now show the number of users of Lithuanian Internet portals in computers, mobile devices and tablet PCs.

Delfi.lt remains Lithuania's largest online portal. In the third quarter 2016, 15min.lt merged several portals that are not part of this media group and therefore, the number of users of 15min.lt domain increased in the fourth quarter 2016. This growth does not show the number of users of media services and therefore cannot be regarded as an improvement of the market situation of 15min.lt. In March 2017, the readership of such third portals is no longer considered part of 15min.lt and, as a result, readership of 15min.lt has decreased notably. Delfi increased its readership significantly thanks to new products and active marketing activities. TV3 and Lrytas.lt are battling for the third place.

NEWSPAPERS IN ESTONIA



Estonian Newspaper Association, Ekspress Grupp

To get a fair picture of the newspaper market, one must look at the circulation of newspapers together with the number of subscribers of digital newspaper. The newspaper with the largest circulation in Estonia is Õhtuleht whose number of users exceeded 51 thousand in March 2017. Päevaleht has about 44 thousand users and Eesti Ekspress has over 37 thousand users. The number of users of digital newspapers has notably increased in the recent year and exceeds the decrease in the readership of paper newspapers.

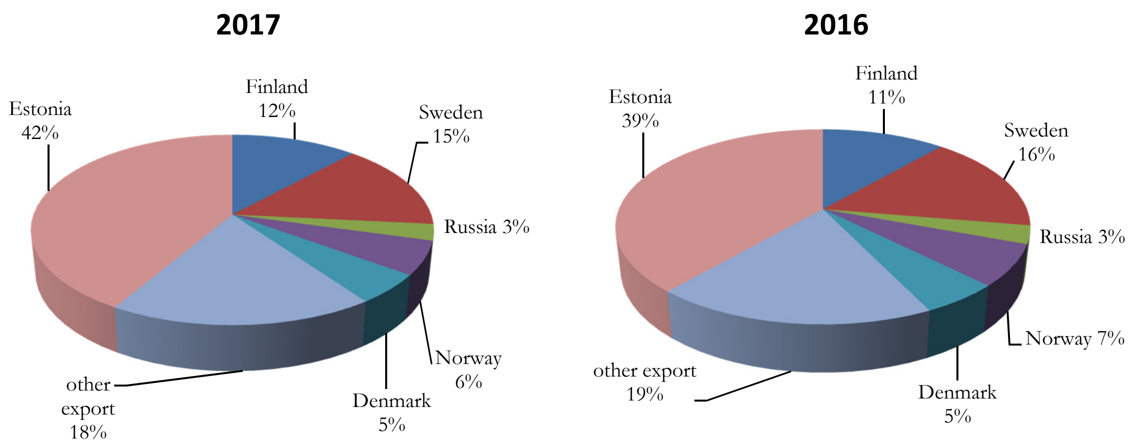
PRINTING SERVICES SEGMENT

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

(thousand EUR)	Sales			EBITDA		
	Q1 2017	Q1 2016	Change %	Q1 2017	Q1 2016	Change %
Printall	5 767	6 341	-9%	897	1 182	-24%

The printing services segment continues to be impacted by the economic recession which also has a negative impact on our printing plant. The production volume of Printall continues to increase, but the price pressure is still strong due to the production capacity which has become available in Scandinavia as well as the activities of competitors. A sheet-fed machine acquired two years ago has helped to prevent a steeper revenue decline, and has helped to expand the product range outside the normal media sector.

Geographical break-down of printing services



ENVIRONMENTAL PROTECTION

Environmental management

Among the companies of Ekspress Group, the company with the most significant environmental impact is printing house Printall. In addition to its business efficiency goals, Printall recognises its responsibility for preserving the natural environment and focuses on environmentally responsible production. The company has introduced an environmental policy to ensure that its business and development are sustainable.

The systematic approach of Printall in managing environmental impacts is proven by the following environmental certificates.

- FSC CoC (Chain of Custody) - this product supply chain tracking and compliance certificate is issued to businesses that comply with the FSC (Forest Stewardship Council) requirements. Companies that are granted a FSC certificate support in their operations environmentally friendly, socially fair and economically viable management of the global forest economy.
- PEFC CoC (Chain of Custody) - this product supply chain tracking and compliance certificate is issued to businesses that comply with PEFC (Programme for the endorsement of Forest Certification) requirements. Companies that are granted the PEFC certificate support through their operations environmentally friendly, socially fair and sustainable forest management.

- ISO 14001: 2015 - international environmental management standard.
- ISO 9001: 2015 - international quality management standard.
- Nordic Ecolabel - In 2010, Printall was awarded "The Nordic Ecolabel" as proof that Printall's manufacturing process and printing products meet the criteria of the environmental label. This means that Printall has the right to label all its print products with a European-wide environmental label as proof that it is an environmentally friendly printed matter.
- Green Choice certification confirms that Printall procures electricity generated by using 100% renewable energy sources.

In compliance with the requirements of the ISO 14001 environmental management system standard, the Company has described its environmental procedures and practices, and job responsibilities. The management system will help to ensure that its environmental policies and rules are sound and trackable.

Developments and investments for reducing environmental impact

Printall has invested in high-end printing technology, and constantly develops and enhances its equipment and technology to meet increasingly tougher environmental standards.

The main environmental impacts in the printing industry are reflected in use of resources, including consumption of energy and water and waste generation. In order to ensure the efficiency and reduce the environmental impact, Printall has implemented the following developments:

- For increasing production reliability and efficiency the company replaced printing plates in 2016. The investment helps to make workflow more resource-efficient and manages disruption risks.
- As a significant improvement in reducing the environmental impact of its operations, the company replaced the entire lighting system in its production floors. The use of lamps with lower power consumption increased light intensity, improved the work environment and achieved more efficient energy consumption.
- For increasing the efficiency of water consumption and for reuse of washing water the company built a new water purification system which enables to use washing water in production. The new system was launched in the first quarter of 2017.
- With the investments in the control of the ventilation system, gas consumption was reduced (8% less per thousand sheets printed in magazine print).
- In cooperation with Ajakirjade Kirjastus, new solutions were developed for the introduction of environmentally friendly materials. It was decided to end varnishing of magazine covers, as a result of which about 2.5 to 3 million magazine covers are not varnished in a calendar year. This makes recycling of magazines much easier. In addition, the activity has given a positive momentum to the entire market, and created a new pattern of behaviour that is showing the way also for other publishers.
- In a complex printing process, the company focuses not only on transition to more environmentally friendly materials, but also on minimising hazardous waste.

Procurement activities

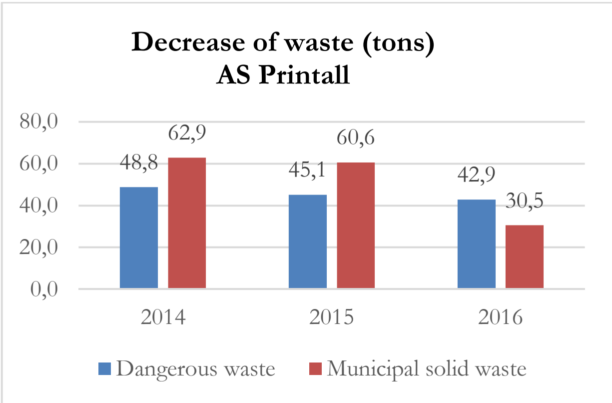
In Printall, procured materials account for almost all volume of procured goods. The Company uses annually almost 90 suppliers, including distributors and manufacturers. Local suppliers account for 7%. Raw material suppliers are selected on the basis of Printall's environmental principles and in the transport of raw materials it prefers environmentally greener shipping to trucking.

Waste reduction and recycling of materials

Being aware that its production process generates significant amount of waste, Printall pays great attention to waste reduction. For printing, the company mainly uses the most environmentally friendly raw materials. Without exception, all magazines produced in Printall are printed on FSC and PEFC certified paper. The company uses 95% of paper waste that is collected by recycling organisations.

For reducing waste, the Company's employees are trained to sort waste. Over the past three years the Company has upgraded its system of containers that is location-based according to where the waste is generated. Due to the more effective sorting of waste and more precise mapping of paper dust, the annual waste volume was been reduced year after year.

Estonian Minister of Environment and waste management company AS Ragn-Sells have recognised Printall with the Major Recycler of the Year Award since the company recycles 95% of the waste that it generates.



EMPLOYEES AND WORK ENVIRONMENT

Ekspress Group as an employer

As a good and caring employer, Ekspress Group is taking action to provide its employees with a motivating environment, exciting work, development opportunities and balance between work and private life. Group companies need employees who are professional, result-oriented and follow ethical standards in the media sector, because this is how you can provide the most modern and high-quality media service.

The Group's focus on sustainability of business activities includes long-term personnel planning, retention of existing employees and ensuring competent succession.

Creating a motivating work environment

The common objective of the companies of Ekspress Group is to offer their employees a developing and inspiring work environment.

In view of the rapid development of technology, the Group emphasises the importance of development and offers employees opportunities for personal fulfilment and a sense of perspective. Versatile and flexible workflow allows employees to get involved in various work areas. At the same time work in a media organisation is hectic and requires considerable stress-resistance from the staff. With its focus on results and balance between work and private life, Ekspress Group considers it important to prevent possible workload-related problems by providing flexible work time, and allows employees to take a leave also outside the agreed schedule or work from home.

For ensuring a safe, comfortable and result-oriented work environment, the Company pays attention to the ergonomics of office equipment and invests in modern tools and methods.

Ekspress Group pays close attention to the safety of the work environment. All employees of printing company Printall receive training in occupational safety. Each department and shift has selected job safety representatives and the company's workplaces are equipped with materials' safety cards, protective equipment, safety signage, emergency response plan, etc. Other Group companies are also constantly involved in occupational safety and improving the work environment.

To maintain the balance between work and private life and family values, Group companies organise employee events (summer days, Christmas parties, etc.) so that the staff can also spend time together outside the office environment). Attention is also paid to employees' children for whom an annual Christmas party is organised. Employees are also supported in family events (wedding, death of a relative, childbirth allowance, granting parents of a first grader a free day on September 1).

Filling of vacancies and succession

The hiring process is open and transparent. For promoting in-house succession, the Company informs employees about vacancies prior to the public announcement of the competition. Both in case of in-house and public hiring process, candidates are selected based on their professional competence, values, personal qualities, fit into the Company's culture and motivation. The Company treats all candidates fairly, honestly and courteously.

To ensure that orientation of new employees is smooth and efficient, the Company assigns a supervisor to support and teach the new employee, if necessary.

Ekspress Group wants ethical journalism traineeship to be sustainable and efficient also in the future. To ensure succession, the Company focuses on attracting the interest of young people towards a career in the media sector and has initiated various activities in Estonia, Latvia and Lithuania.

Development and acknowledgment of employees

For supplementing and developing knowledge of employees, Ekspress Group has developed and introduced a variety of study and training concepts. For supporting the development of managers and raising their competence, Ekspress Meedia has, among others, launched a strategic management development programme. The training model consisting of four modules is also a platform that helps to harmonise the quality of management, and introduce common governance after mergers.

Ekspress Group wishes to keep its employees informed about the best practices in the media sector. To this aim, the Company organises study tours for its media sector employees to foreign media organisations. For knowledge-building, employees have visited the largest media organisations in Scandinavia, England and Europe. Ekspress Group also enables the employees of its publications to participate in international training programs for journalists.

Internal training courses where training is provided by own staff have become routine. For example, Ekspress Meedia has been organising special evening events since 2015 the objective of which is to share experience and knowledge that employees have accumulated from conferences abroad, seminars and study tours. For instance, Delfi Latvia has within the internal training framework prepared its own Journalism Quality Book Manual as a valuable guide material and basis for conducting tests in editorial teams. In Printall qualifying system is in place according to which a new employee starts as a trainee in printing and after gaining experience and obtaining enough knowledge will move up and can obtain Master status.

In addition to training and continuing education programs, the company's personnel development programme includes a system of annual appraisals in which the manager and the employee once a year assess the attainment of personal goals and set new development targets. In addition to creating development prospects for the personnel, the company also motivates employees in all three markets through internal recognition. The criteria for recognition of the best employees are the impact of their reporting on the society and changes for the better

SOCIAL ACTIVITIES

Community relations and collaboration with educational institutions

Ekspress Group contributes to initiatives that create positive long-term value, in addition to its day-to-day work characterised as watchful, accurate, balanced, reasonable, varied, and inclusive. The priority in collaborative CSR projects is to make sure that they represent the interests and values of as many target groups as possible. The main areas supported in the three markets are the promotion of sports and culture and support of youth development.

- Ekspress Meedia has for three years been actively involved in the Opinion Festival, where the organisation's managers and editors have the opportunity to be in direct contact with the audience and discuss the most acute current issues in the society.
- Last year Eesti Päevaleht and Delfi started cooperation with the civic initiative Teomeeter set up at the Healthy Estonia Foundation.
- Delfi Lithuania and government agencies are managing the largest environmental website Grynas that is aimed at raising people's awareness of environmental issues. The project has been running for two years and clearly shows positive changes in people's behaviour patterns.

For ensuring that the succession is competent, responsible and has the right values, the company contributes to the development of young people with the following activities.

- Ekspress Group has taken the initiative in cooperation with educational institutions aimed at raising awareness of young people of media-related career choices and challenges. For diversification of teaching the Company's leaders are holding lectures at schools. Cooperation with educational institution in Estonia, Latvia and Lithuania is close.
- In the autumn of 2016, Ekspress Meedia and 16 schools launched a project of school newspapers. The idea behind the initiative is that for every school the editorial department offers a journalist who visits the school to give advice and guidance on how to make high-quality newspapers.
- Ekspress Meedia takes an active part in the Back to School project in the course of which students are visited in various schools all over Estonia to tell them about the journalist's profession and educating and inspiring young people.
- Each year, Ekspress Group receives student groups in all three countries with the aim of introducing the activities, policies and challenges of its affiliates.
- The involvement of summer trainees and participation in the job-shadowing project have become traditionally powerful activities.
- The annual project of Ekspress Group's Newspaper Boys and Girls are well accepted in public and become a popular way of acquiring work experience. The project aims to promote an entrepreneurial spirit among children and give them a real work habit.
- Printall provides regular trainee programme for students studying printing technology.

SHARES AND SHAREHOLDERS OF EKSPRESS GRUPP

As of 31.03.2017, the company's share capital is EUR 17 878 105 and it consists of 29 796 841 shares with the nominal value of EUR 0.60 per share. The share capital and the total number of shares have remained unchanged since 31.12.2011

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

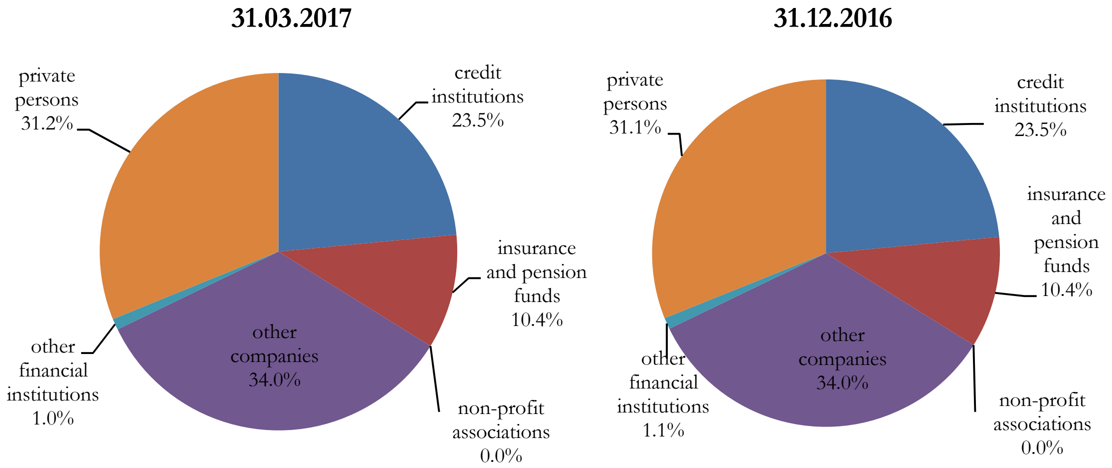
Structure of shareholders as of 31.03.2017 according to the Estonian Central Register of Securities

Name	Number of shares	%
Hans Luik	17 257 932	57.92%
Hans Luik	*7 963 307*	*26.73%*
Hans Luik, OÜ HHL Rühm	*9 287 725*	*31.17%*
Hans Luik, OÜ Minigert	*6 900*	*0.02%*
ING Luxembourg S.A.	4 002 052	13.43%
LHV Bank and funds managed by LHV Varahaldus	2 551 908	8.56%
SEB S.A. CLIENT ASSETS UCITS	1 273 394	4.27%
Members of the Management and Supervisory Boards and their close relatives	1 900	0.01%
Pirje Raidma, OÜ Aniston Trade	*1 900*	*0.01%*
Other minority shareholders	4 692 128	15.75%
Treasury shares	17 527	0.06%
Total	**29 796 841**	**100.0%**

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

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

Category	31.03.2017		31.12.2016	
	Number of shareholders	Number of shares	Number of shareholders	Number of shares
Private persons	2 700	9 282 979	2 731	9 268 573
Other companies	233	10 125 595	231	10 119 455
Other financial institutions	45	302 210	44	318 078
Credit institutions	14	7 001 211	14	7 005 889
Insurance and retirement funds	10	3 084 427	10	3 084 427
Non-profit organisations	2	419	2	419
Total	**3 004**	**29 796 841**	**3 032**	**29 796 841**



AS Ekspress Grupp share information and dividend policy

Share information

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

Payment **of dividends** is decided annually and it depends on the Group's results of operations, fulfilment of conditions laid down in the syndicated loan contract and potential investment needs. The company expects to continue with regular dividend payments to its investors.

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

The table below shows the stock trading history 2013-2017

Price (EUR)	Q1 2017	Q1 2016	Q1 2015	Q1 2014	Q1 2013
Opening price	1.32	1.35	1.15	1.12	1.06
Closing price	1.31	1.31	1.28	1.02	1.19
High	1.35	1.32	1.30	1.13	1.22
Low	1.26	1.18	1.07	0.99	1.03
Average	1.31	1.26	1.21	1.03	1.09
Traded shares, pieces	81 129	142 723	227 383	479 302	369 352
Sales, millions	0.11	0.18	0.27	0.49	0.40
Capitalisation at balance sheet date in millions	39.03	39.03	38.1	30.4	35.5

The price of the share of Ekspress Group (EEG1T) in euros and the trading statistics on OMX Tallinn Stock Exchange from 1 January 2012 until 31 March 2017.

The share price comparison (%) with OMX Tallinn Stock Exchange index from 1 January 2012 – 31 March 2017.

SUPERVISORY AND MANAGEMENT BOARDS OF AS EKSPRESS GRUPP

From 1 January 2017, the **Supervisory Board** has seven members.

Gunnar Kobin (appointed until 01.01.2022)
- Chairman of the Supervisory Board and member of the Audit Committee since 2017
- Has been the chairman of the board of AS Ekspress Grupp since 2009 until 31 December 2016
- The board member of the companies Griffen Management OÜ, Griffen Invest OÜ, Jolanthe OÜ, Griffen Holding OÜ and Feedback wizards

Hans H. Luik (appointed until 20.05.2019)
- Member of the Supervisory Board since 2004 and member of the Audit Committee since 2017
- Member of the Management Board of OÜ HHL Rühm
- Member of the Management Board of OÜ Minigert
- Graduated from University of Tartu in 1984 with a degree in journalism

Harri Helmer Roschier (appointed until 20.05.2019) – independent Supervisory Board member
- Member of the Supervisory Board since 2007
- Chairman of the Board of (Directors) Avaus Marketing Innovations OY
- Chairman of the Board of (Directors) Rostek OY
- Member of the Board of (Directors) Futurice OY
- HRC Invest OY Chairman of the Management Board
- Completed graduate studies in economics

Indrek Kasela (appointed until 20.05.2019) - independent supervisory board member
- Member of the Supervisory Board since 2014
- Partner of the private equity fund Amber Trust
- Chairman of the Management Board of AS PRFoods
- Member of the Supervisory Board of AS Toode, ELKE Grupi AS, EPhaG AS and Salva Kindlustuse AS
- Graduated from New York University in 1996 with a Master's degree in law. Bachelor's degree from Tartu University in 1994, has a certificate in EU law from Uppsala University.

Marek Kiisa (appointed until 26.10.2021) – independent supervisory board member
- Member of the Supervisory Board since 2016
- Member of the Management Board of telecommunication infrastructure company Astrec Baltic OÜ
- Member of the Management Board of Miss Mary of Sweden OÜ
- Member of the Management Board of Dynaplay Estonia OÜ
- Member of the Management Board of Fitek AS which provides solutions for financial process automation
- Founding member and a board member of a Nordic Business Angels Network NordicBAN
- Graduated from Swedish KTH Royal Institute of Technology with a master's degree in engineering in 1995 and Estonian Business School with a degree in Business Administration in 2004.

Peeter Saks (appointed until 26.10.2021) – independent supervisory board member
- Member of the Supervisory Board since 2016
- Managing partner of Baltics private equity and venture capital company AS BaltCap
- Member of the Management Board of BC EKT HoldCo OÜ and Surroundings OÜ
- Member of the Supervisory Board of AS Epler & Lorez, AS Adam Bd, Intrac Eesti AS, Magnetic MRO AS, BPT Real Estate AS, Fitek AS, Eesti Keskkonnateenused AS, Radix Hoolduse OÜ, OÜ Kudjape Ümberlaadimisjaam and Radix Rent OÜ
- Graduated from Tallinn University of Technology in 1993, specialising in economics.

Aleksandras Česnavičius (appointed until 26.10.2021)
- Member of the Supervisory Board since 2016
- General Manager of Central European Media Enterprises Ltd. Romanian region
- Managing Director of Delfi Lithuania between 2011-2013
- Graduated from Vilniaus Universitetas in Lithuania with a PhD in Media in 2010

Management Board

The Management Board of AS Ekspress Grupp has three members: Chairman of the Management Board Mari-Liis Rüütsalu, members of the Management Board Pirje Raidma and Andre Veskimeister.

Mari-Liis Rüütsalu (term of contract from 01.01.2017 until 01.01.2022)
- Chairman of the Management board and CEO of the Group since 2017
- Managing director of AS Ekspress Meedia 2015-2016
- Managing director of AS Delfi 2012-2015
- Marketing and development director of AS Estravel 1998-2012
- Graduated from Eesti Majandusjuhtide Instituut in 1998 specializing in business administration
and University of Tartu Pärnu College in 1995 specializing in entrepreneurship and business management

Andre Veskimeister (term of contract until 16.12.2017)
- Member of the Management Board since 2009
- Chief Innovation Officer of the Group
- Head of development of AS Ülemiste City in 2006-2009
- Director of Finance and Support Services of Enterprise Estonia in 2003-2006
- Graduated from Estonian Business School in 2004, specialising in business management

Pirje Raidma (term of contract until 16.12.2017)
- Member of the Management Board since 2010
- Chief Financial Officer of the Group
- Finance and Administrative Director of the investment bank GILD Bankers in 2006 - 2010
- Finance and Administrative Director of LHV Group in 2005 - 2006
- Auditor at auditing company PwC (worked in Estonia and the Channel Islands) in 1997 - 2005
- Graduated from University of Tartu in 1996 with a degree in international economy
- Certified Auditor and fellow of the Association of Chartered Certified Accountants, FCCA

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Consolidated balance sheet (unaudited)

(thousand EUR)	31.03.2017	31.12.2016
ASSETS		
Current assets		
Cash and cash equivalents	1 221	2 805
Term deposits	41	51
Trade and other receivables	9 048	7 468
Corporate income tax prepayment	55	0
Inventories	2 590	2 770
Total current assets	**12 955**	**13 094**
Non-current assets		
Trade and other receivables	1 016	982
Deferred tax asset	34	34
Investments in joint ventures	2 503	2 435
Investments in associates	589	591
Property, plant and equipment (Note 5)	12 343	12 722
Intangible assets (Note 5)	44 254	44 310
Total non-current assets	**60 739**	**61 074**
TOTAL ASSETS	**73 694**	**74 168**
LIABILITIES		
Current liabilities		
Borrowings (Note 7)	2 347	2 313
Trade and other payables	6 873	7 170
Corporate income tax payable	91	108
Total current liabilities	**9 311**	**9 591**
Non-current liabilities		
Long-term borrowings (Note 7)	12 867	13 471
Deferred tax liability	33	33
Total non-current liabilities	**12 900**	**13 504**
TOTAL LIABILITIES	**22 211**	**23 095**
EQUITY		
Share capital (Note 11)	17 878	17 878
Share premium	14 277	14 277
Treasury shares (Note 11)	(22)	(863)
Reserves (Note 11)	1 311	2 058
Retained earnings	18 039	17 723
TOTAL EQUITY	**51 483**	**51 073**
TOTAL LIABILITIES AND EQUITY	**73 694**	**74 168**

The Notes presented on pages 32-43 form an integral part of the consolidated interim report.

Consolidated statement of comprehensive income (unaudited)

(thousand EUR)	Q1 2017	Q1 2016
Sales revenue	12 409	12 255
Cost of sales	(10 075)	(10 199)
Gross profit	**2 334**	**2 056**
Other income	178	113
Marketing expenses	(716)	(517)
Administrative expenses	(1 362)	(1 309)
Other expenses	(25)	(19)
Operating profit	**409**	**324**
Interest income	59	10
Interest expense	(108)	(120)
Other finance costs	(15)	(16)
Net finance cost	**(64)**	**(126)**
Profit on shares of joint ventures	68	132
Profit/(loss) from shares of associates	(2)	(18)
Profit before income tax	**411**	**312**
Income tax expense	1	0
Net profit for the reporting period	**410**	**312**
Net profit for the reporting period attributable to:		
Equity holders of the parent company	410	312
Other comprehensive income	0	0
Total comprehensive income	**410**	**312**
Attributable to equity holders of the parent company	410	312
Basic and diluted earnings per share (Note 9)	0.01	0.01

The Notes presented on pages 32-43 form an integral part of the consolidated interim report.

Consolidated statement of changes in equity (unaudited)

(thousand EUR)	Share capital	Share premium	Treasury shares	Reserves	Retained earnings	Total equity
Balance on 31.12.2015	**17 878**	**14 277**	**(176)**	**1 787**	**14 908**	**48 674**
Purchase of treasury shares	0	0	(29)	0	0	**(29)**
Share option	0	0	0	34	0	**34**
Total transactions with owners	*0*	*0*	*(29)*	*34*	*0*	***5***
Net profit for the reporting period	0	0	0	0	312	**312**
Total comprehensive income for the reporting period	*0*	*0*	*0*	*0*	*312*	***312***
Balance on 31.03.2016	**17 787**	**14 277**	**(205)**	**1 821**	**15 220**	**48 991**
Balance on 31.12.2016	**17 878**	**14 277**	**(863)**	**2 058**	**17 723**	**51 073**
Share option	0	0	841	(747)	(94)	**0**
Total transactions with owners	*0*	*0*	*841*	*(747)*	*(94)*	***0***
Net profit for the reporting period	0	0	0	0	410	**410**
Total comprehensive income for the reporting period	*0*	*0*		*0*	*410*	***410***
Balance on 31.03.2017	**17 878**	**14 277**	**(22)**	**1 311**	**18 039**	**51 483**

The Notes presented on pages 32-43 form an integral part of the consolidated interim report.

Consolidated cash flow statement (unaudited)

(thousand EUR)	Q1 2017	Q1 2016
Cash flows from operating activities		
Operating profit for the reporting year	409	324
Adjustments for:		
Depreciation, amortisation and impairment (Note 5)	666	700
(Gain)/loss on sale and write-down of property, plant and equipment	(3)	(5)
Change in value of share option (Note 10)	0	34
Cash flows from operating activities:		
Trade and other receivables	472	20
Inventories	180	(55)
Trade and other payables	(311)	45
Cash generated from operations	**1 413**	**1 062**
Income tax paid	(73)	(28)
Interest paid	(108)	(120)
Net cash generated from operating activities	**1 232**	**914**
Cash flows from investing activities		
Interest received	6	10
Purchase and receipts of other investments	(35)	0
Purchase of property, plant and equipment (Note 5)	(242)	(205)
Proceeds from sale of property, plant and equipment	13	9
Loans granted	(2 000)	0
Loan repayments received	3	0
Net cash used in investing activities	**(2 255)**	**(186)**
Cash flows from financing activities		
Finance lease repayments	(17)	(21)
Loan received (Note 7)	0	11
Repayments of bank loans (Note 7)	(552)	(542)
Purchase of treasury shares (Note 11)	0	(29)
Net cash used in financing activities	**(569)**	**(581)**
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	**(1 593)**	**148**
Cash and cash equivalents at the beginning of the year	2 856	2 927
Cash and cash equivalents at the end of the year	1 262	3 075

The Notes presented on pages 32-43 form an integral part of the consolidated interim report.

SELECTED NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Note 1. General information

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

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

These interim financial statements were approved and signed by the Management Board on 27 April 2017.

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

Company name	Status	Ownership interest 31.03.2017	Ownership interest 31.12.2016	Main field of activity	Domicile
Operating segment: corporate functions					
Ekspress Grupp AS	Parent company			Holding company and support services	Estonia
Ekspress Digital OÜ	Subsidiary	100%	100%	Provision of IT services	Estonia
Ekspress Finance OÜ	Subsidiary	100%	100%	Provision of financing for the Group	Estonia
Operating segment: media (online and print media)					
Ekspress Meedia AS (former Delfi AS)	Subsidiary	100%	100%	Online media, publishing of daily and weekly newspapers (from 1 July 2015 merged with AS Eesti Ajalehed)	Estonia
Delfi A/S	Subsidiary	100%	100%	Online media	Latvia
Delfi UAB	Subsidiary	100%	100%	Online media and magazine publishing	Lithuania
Sport Media UAB	Subsidiary	51%	51%	Currently dormant	Lithuania
Medipreza UAB	Associate	40%	40%	Wholesale of magazines and books	Lithuania
Delfi Holding SIA	Subsidiary	100%	100%	Holding company (previously parent company to Delfi companies in different countries)	Latvia
Zave Media OÜ	Subsidiary	100%	100%	Developer of portal incorporating retailers' sales offers throughout Baltics (operations moved to Delfi local companies)	Estonia
Hea Lugu OÜ	Subsidiary	100%	100%	Book publishing	Estonia
Ajakirjade Kirjastus AS	Joint venture	50%	50%	Magazine publishing	Estonia
SL Õhtuleht AS	Joint venture	50%	50%	Newspaper publishing	Estonia
Express Post AS	Joint venture	50%	50%	Home delivery of periodicals	Estonia
Linna Ekraanid OÜ	Joint venture	50%	50%	Sale of digital outdoor advertising (acquired in July 2016)	Estonia
Babahh Productions OÜ	Associate	49%	49%	Sale of video production (being merged with parent company Babahh Media OÜ)	Estonia
Adnet Media UAB	Associate	49%	49%	Online advertising solutions and network	Lithuania
Adnet Media OÜ	Associate	49%	49%	Online advertising solutions and network	Estonia
Adnet Media SIA	Associate	49%	49%	Online advertising solutions and network	Latvia
Operating segment: printing services					
Printall AS	Subsidiary	100%	100%	Printing services	Estonia
Operating segment: entertainment					
Delfi Entertainment SIA	Subsidiary	100%	100%	Arrangement of exhibitions (currently dormant)	Latvia

Note 2. Bases of preparation

The consolidated interim financial statements of AS Ekspress Grupp for the 1st quarter of 2017 ended on 31.03.2017 have been prepared in accordance with IAS 34 "Interim Financial Reporting". The condensed interim consolidated financial statements should be read together to the annual report for the financial year ended 31 December 2016.

The Management Board estimates that the interim consolidated financial statements for the 1st quarter of 2017 present a true and fair view of the Group's operating results, and all group companies are going concerns. These interim financial statements have neither been audited nor reviewed in any other way by auditors. These consolidated interim financial statements are presented in thousands of euros, unless otherwise indicated.

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

Note 3. Financial risk management

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

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

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

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

Credit risk

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

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

Bank name	Moody`s	Standard & Poor`s	31.03.2017	31.12.2016
SEB	Aa3	A+	715	2 153
Swedbank	Aa3	AA-	355	330
Nordea/Danske	Aa3/A2	AA-/A	179	359
Total			**1 249**	**2 842**

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

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

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

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

Liquidity risk

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

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

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

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

Interest rate risk

Interest rate risk means that a change in interest rates results in a change in the cash flow and profit of the Group. The interest rates of loans granted and taken by the Group are all tied to Euribor.

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

Type of interest	Interest rate	31.03.2017 (thousand EUR)	<= 1 year	>1 year and <=5 years	Carrying amount
Floating interest	3-month Euribor + 2.5%	Syndicated loan (*Parent Company*)	1 576	7 491	9 067
	3-month Euribor + 2.5%	Syndicated loan *(Printall)*	701	5 126	5 827
	1-month Euribor + 2.3%	Finance lease *(Printall)*	70	250	320
	1-month Euribor + 1.9%	Overdraft	0	0	0

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

Foreign exchange risk

The Group's operating activities have an international dimension and therefore, the Group is to some extent exposed to foreign exchange risk. Foreign exchange risk arises when future business transactions or recognised assets or liabilities are fixed in a currency which is not the functional currency of the Group. Group companies are required to manage their foreign exchange risk with regard to the functional currency. The Group's income is primarily fixed in local currencies, i.e. the euros in Estonia, Latvia and Lithuanian. The Group also pays most of its suppliers and employees in local currencies. The subsidiaries are typically required to use the euro as the currency in foreign contracts. The subsidiary Printall exports outside of euro-zone and it also issues invoices denominated in Norwegian kroner and Swedish kronor. In the 1st quarter of 2017, such foreign exchange risk was on a level of ca 2% of Group's revenue (in Q1 2016: ca 4%). The Russian clients pay also in Russian roubles, although the invoices issued have been denominated in euros and hence carry no exchange risk. The amounts received in foreign currencies are converted into euros immediately after their receipt in order to reduce open foreign currency positions. No other means are used for hedging foreign exchange risk.

As of 31.03.2017, the Group had foreign currency risk related to the Swedish krona in the amount of EUR 81 thousand and other currencies (NOK, USD) in the amount of EUR 94 thousand. As of 31.12.2016, the Group had foreign currency risk related to the Swedish krona in the amount of EUR 141 thousand and other currencies (NOK, USD, RUB) in the amount of EUR 96 thousand.

Price risk

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

Operational risk

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

The involvement of employees in the risk assessment process improves the general risk culture. For performing transactions different limits are used to minimise possible losses. The four-eye principle in use, under which the confirmation of at least two employees independent of each other or that of a unit is necessary for the performance of a transaction or a procedure, reduces the possible occurrence of human errors and mistakes. The four-eye principle is also applied during negotiations related to purchase and sales as well as other transactions. Drafts of important agreements prepared by law offices are reviewed by the management and in-house lawyers. The management considers the legal protection of the Group to be good.

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

Capital risk

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

According to the common industry practice, the Group uses the debt to capital ratio to monitor its capital. The debt to capital ratio is calculated as the ratio of net debt to total capital. Net debt is calculated by deducting cash and bank accounts from total debt (short and long-term interest bearing liabilities recognised in the consolidated balance sheet). Total capital is recognised as the aggregate of equity and net debt. The ratio of equity to total assets (one of criteria measured quarterly according to the syndicated loan contract) is also monitored. As of the balance sheet date, the equity ratio of the Group has been in compliance with conditions set in the syndicate loan contract.

Equity ratios of the Group

(thousand EUR)	31.03.2017	31.12.2016
Interest-bearing debt	15 214	15 784
Cash and bank accounts	1 262	2 856
Net debt	13 952	12 928
Equity	51 483	51 073
Total capital	65 435	64 001
Debt to capital ratio	**21%**	**20%**
Total assets	73 694	74 168
Equity ratio	**70%**	**69%**

Note 4. Business combinations

On 22 July 2016, AS Ekspress Grupp acquired a 50% ownership interest in **Linna Ekraanid OÜ** engaged in digital outdoor advertising in Estonia. A payment of EUR 868 thousand was made for the ownership interest. In the 2nd quarter of 2019, AS Ekspress Grupp will also acquire the remaining 50% of the shares of Linna Ekraanid OÜ and will thus become the sole shareholder of the company. The acquisition price of the remaining 50% of the ownership interest is tied to the company's actual target results which will become known at the beginning of 2019.

The purpose of the acquisition is to create preconditions for launching a new line of business at AS Ekspress Grupp and thereby to expand the portfolio of the Group's fields of activity. The objective of AS Ekspress Grupp is to develop a line of business of digital outdoor advertising in all Baltic States and assume a market leadership position in this business.

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

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

The table below gives an overview of the acquired identifiable assets and liabilities at the time of acquisitions. The purchase analysis has been prepared using the balance sheet of Linna Ekraanid OÜ as of 31.07.2016 and Babahh Media OÜ as of 31.12.2016.

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

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

(thousand EUR)	Property, plant and equipment		Intangible assets	
	Q1 2017	Q1 2016	Q1 2017	Q1 2016
Balance at beginning of the period				
Cost	33 166	32 542	64 329	63 834
Accumulated depreciation and amortisation	(20 446)	(18 752)	(20 018)	(19 244)
Carrying amount	**12 722**	**13 791**	**44 310**	**44 590**
Acquisitions and improvements	161	147	81	58
Disposals (at carrying amount)	(10)	(4)	0	0
Write-offs and write-downs of PPE	0	(1)	0	0
Depreciation and amortisation	(529)	(507)	(137)	(193)
Balance at end of the period				
Cost	33 283	32 651	64 410	63 892
Accumulated depreciation and amortisation	(20 940)	(19 224)	(20 155)	(19 437)
Carrying amount	**12 343**	**13 427**	**44 254**	**44 455**

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

Note 6. Intangible assets

Intangible assets by type

(in thousands)	EUR	
	31.03.2017	31.12.2016
Goodwill	36 953	36 953
Trademarks	6 444	6 505
Other intangible assets	857	852
Total intangible assets	**44 254**	**44 310**

Goodwill by cash-generating units and segments

(in thousands)	EUR	
	31.03.2017	31.12.2016
Delfi Estonia	15 281	15 281
Delfi Latvia	7 007	7 007
Delfi Lithuania	12 848	12 848
Maaleht	1 816	1 816
Total goodwill	**36 953**	**36 953**

Note 7. Bank loans and borrowings

(thousand EUR)	Total amount	Repayment term	
		Up to 1 year	During 1-5 years
Balance as of 31.03.2017			
Long-term bank loans	**14 894**	2 277	12 617
incl. syndicated loan (AS Ekspress Grupp)	**9 067**	1 576	7 491
incl. syndicated and mortgage loan (AS Printall)	**5 827**	701	5 126
Finance lease	**320**	70	250
Total	**15 214**	**2 347**	**12 867**
Balance as of 31.12.2016			
Long-term bank loans	**15 446**	2 243	13 203
incl. syndicated loan (AS Ekspress Grupp)	**9 448**	1 546	7 902
incl. syndicated and mortgage loan (AS Printall)	**5 998**	697	5 301
Finance lease	**338**	70	268
Total	**15 784**	**2 313**	**13 471**

The effective interest rates are very close to the nominal interest rates. The fair value of the loan liabilities is close to its book value as the interest rate is floating and related to Euribor and the margin has been negotiated based on market terms. The loan liabilities are within level 3 of the fair value hierarchy.

Long term bank loan

In September 2015, the joint syndicated loan of AS Ekspress Grupp and AS Printall was refinanced. As a result of the transaction, the new maturity date of the loan is October 2020. The main changes relate to the annual principal loan repayment and the applied interest rate. The annual loan repayment is approximately EUR 2 million and from 25 September 2015, the interest rate is 3-month EURIBOR (capped to zero if in minus) plus margin. Upon the expiration of the loan contract, the total loan balance will be ca EUR 7 million. In June 2016, SEB assumed the full ownership in the syndicate, remaining the only creditor.

The syndicated loan is still guaranteed by the shares of the subsidiaries, the guarantees of Estonian subsidiaries in the amount of EUR 37 million, the commercial pledge on the assets of AS Printall in the amount of EUR 19 million, the trademarks of Delfi, Eesti Ekspress, Maaleht, Eesti Päevaleht and Eesti Ekspressi Kirjastus in the amount of EUR 5 million, the value of all of which is included within the net assets of the Group. In addition, a mortgage has been set on the registered immovable and production facilities of AS Printall. As of 31.03.2017, the carrying amount of the building was EUR 3.2 million and that of the registered immovable was EUR 0.4 million. The ultimate controlling shareholder has also given a personal guarantee in the amount of EUR 4 million to cover the syndicated loan and overdraft agreements.

According to the conditions of the loan agreement, the borrower must comply with certain loan covenants, such as the equity ratio (equity/total assets), total debt/EBITDA ratio and the debt-service coverage ratio. As of the end of quarter, all financial ratios were in compliance with the loan covenants set in the loan contract.

Overdraft facilities

As of 31.03.2017, the Group had entered into a long-term overdraft facility with SEB Bank in the amount of EUR 3 million with the due date of 25.10.2020, which had not been used as of the balance sheet date or 31.12.2016.

Note 8. Segment reporting

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

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

This segment includes subsidiaries AS Ekspress Meedia (former AS Delfi and AS Eesti Ajalehed in Estonia), AS Delfi (Latvia), UAB Delfi (Lithuania), Delfi Holding SIA (Latvia), OÜ Hea Lugu (Estonia) and OÜ Zave Media (Estonia).

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

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

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

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

Entertainment segment: organisation of exhibitions and other events. At present this segment includes Latvian company SIA Delfi Entertainment. Income and expenses related to the entertainment segment but recognised at the parent company for which no separate subsidiary has been established yet, are also allocated to this segment. The segment revenue comes from exhibition's tickets sales and from sale of other services related to the organized events.

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

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

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

Q1 2017 (thousand EUR)	Media	Printing services	Enter-tainment	Corporate functions	Elimi-nations	Total Group
Sales to external customers (subsidiaries)	**7 427**	**5 256**	**-**	**71**	**(346)**	**12 409**
Effect of joint ventures	2 599	(261)	-	(34)	(16)	2 288
Inter-segment sales	0	772	-	538	(1 310)	0
Total segment sales, incl. joint ventures	10 026	5 767	-	575	(1 672)	14 697
EBITDA (subsidiaries)	**353**	**897**	**-**	**(176)**	**0**	**1 075**
EBITDA margin (subsidiaries)	**5%**	**16%**	**-**			**9%**
EBITDA incl. joint ventures	*521*	*897*	-	*(176)*	*0*	*1 242*
EBITDA margin incl. joint ventures	*5%*	*16%*	-			*8%*
Depreciation (subsidiaries) (Note 5)						665
Operating profit (subsidiaries)						409
Investments (subsidiaries) (Note 5)						243

Q1 2016 (thousand EUR)	Media	Printing services	Enter-tainment	Corporate functions	Elimi-nations	Total Group
Sales to external customers (subsidiaries)	**6 771**	**5 813**	**0**	**27**	**(356)**	**12 255**
Effect of joint ventures	2 426	(253)	0	(12)	(14)	2 147
Inter-segment sales	0	781	0	524	(1 305)	0
Total segment sales, incl. joint ventures	9 197	6 341	0	539	(1 675)	14 402
EBITDA (subsidiaries)	**34**	**1 182**	**(2)**	**(189)**	**0**	**1 025**
EBITDA margin (subsidiaries)	**1%**	**19%**	**-**			**8%**
EBITDA incl. joint ventures	*251*	*1 182*	*(2)*	*(189)*	*0*	*1 242*
EBITDA margin incl. joint ventures	*3%*	*19%*	-			*9%*
Depreciation (subsidiaries) (Note 5)						700
Operating profit (subsidiaries)						324
Investments (subsidiaries) (Note 5)						205

Note 9. Earnings per share

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

EUR	Q1 2017	Q1 2016
Profit attributable to equity holders	410 027	312 461
Average number of ordinary shares	29 779 314	29 632 946
Basic and diluted earnings per share	0.01	0.01

As the Group had no instruments diluting earnings per share as of 31.03.2017 and 31.12.2016, **diluted net profit per share** was equal to regular net profit per share.

Note 10. Management Board's share option plan

In November 2013, the General Meeting of Shareholders approved a share option plan for the Management Board. Under the plan, Gunnar Kobin who was the Chairman of the Management Board until 31.12.2016 was transferred 660 400 shares of AS Ekspress Grupp in the first quarter of 2017. The company acquired these treasury shares between April 2014 until May 2016 through SEB Bank from the Tallinn Stock Exchange and as an OTC buyback transaction in May 2016. The average purchase price was EUR 1.27 per share.

The cost related to the share option was recognised in the Company's income statement from the date of the launch of the share option in 2013. As of 31.12.2016, the amount of this reserve was EUR 747 thousand. The option was exercised on 3 January 2017 and there were no additional costs related to it in 2017.

Note 11. Equity and dividends

Share capital and share premium

As of 31 March 2017 and 31 December 2016, the share capital of AS Ekspress Grupp was EUR 17 878 105 and it consisted of 29 796 841 shares with the nominal value of EUR 0.60 per share. The maximum amount of share capital as stipulated by the articles of association is EUR 25 564 656.

Treasury shares

Within the framework of the Management Board's share option plan, the company has purchased treasury shares through SEB Bank between April 2014 and May 2016 and in an OTC buyback transaction in May 2016. As of 31.12.2016 , AS Ekspress Grupp had purchased ca 678 thousand treasury shares at the average price of EUR 1.27 per share for the total of EUR 863 thousand. The option was exercised on 3 January 2017 and the option owner was transferred 660 400 shares. As a result, the balance of treasury shares decreased by EUR 841 thousand, of which EUR 747 thousand was covered from the option reserve and the retained earnings were reduced by EUR 94 thousand.

Dividends

At the Ordinary General Meeting of Shareholders held on 13 June 2016, it was decided to pay dividends to shareholders in the amount of five euro cents per share in the total amount of EUR 1 456 thousand. Dividends were paid out on 6 July 2016. There will be no accompanying income tax liability because the Company will pay out dividends it has received from its joint ventures and subsidiaries that have already paid corporate income tax on dividends or the profit which has already been taxed in its domicile. Therefore, there will be no additional tax to be paid on distribution of dividends from the Parent Company.

Reserves

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

(thousand EUR)	EUR	
	31.03.2017	31.12.2016
Statutory reserve capital	672	672
Additional cash contribution from shareholder	639	639
Share option reserve	0	747
Total reserves	**1 311**	**2 058**

Note 12. Related party transactions

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

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

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

SALES (thousand EUR)	Q1 2017	Q1 2016
Sales of goods		
Associates	55	105
Total sale of goods	**55**	**105**
Sale of services		
Members of Supervisory Board and companies related to them	4	2
Associates	10	0
Joint ventures	620	549
Total sale of services	**634**	**551**
Total sales	**689**	**656**

PURCHASES (thousand EUR)	Q1 2017	Q1 2016
Purchase of services		
Members of Management Board and companies related to them	2	10
Members of Supervisory Board and companies related to them	76	74
Associates	24	0
Joint ventures	220	221
Total purchases of services	**322**	**305**

RECEIVABLES (thousand EUR)	31.03.2017	31.12.2016
Short-term receivables		
Members of Management Board and companies related to them	0	1
Members of Supervisory Board and companies related to them	2	2
Associates	276	338
Joint ventures	275	391
Total short-term receivables	**553**	**732**
Long-term receivables		
Joint ventures	898	898
Total long-term receivables	**898**	**898**
Total receivables	**1 451**	**1 630**

LIABILITIES (thousand EUR)	31.03.2017	31.12.2016
Current liabilities		
Members of Management Board and companies related to them	1	2
Members of Supervisory Board and companies related to them	11	13
Associates	5	6
Joint ventures	89	96
Total liabilities	**106**	**117**

According to the decision of the General Meeting held on 2 June 2009 and 4 May 2012, Hans H. Luik will be paid a guarantee fee of 1.5% per annum on the guarantee amount for the personal guarantee of EUR 4 million on the syndicated loan and overdraft agreements until the guarantee expires. In the 1st quarter of 2017, a payment of EUR 15 thousand was made (2016: EUR 15 thousand) and there are no outstanding liabilities as of 31 March 2017 and 31 December 2016.

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

Remuneration of members of the Management Boards of the consolidation group

(thousand EUR)	Q1 2017	Q1 2016
Salaries and other benefits (without social tax)	298	315
Termination benefits (without social tax)	0	0
Share option	0	34
Total (without social tax)	**298**	**349**

The members of all management boards of the group companies (incl. key management of foreign subsidiaries if these companies do not have management board as per Estonian Commercial Code) (hereinafter Key Management) are entitled to receive compensation upon expiry or termination of their contracts in accordance with the terms laid down in their employment contracts. The Key Management terminations benefits are payable only in case the termination of contracts is originated by the company. If a member of the Key Management is recalled without a substantial reason, a notice thereof shall be given up to 3 months in advance and the member shall be paid compensation for termination of the contract in the amount of up to 7 months' salary. Upon termination of an employment relationship, no compensation shall be usually paid if a member of the Key Management leaves at his or her initiative or if a member of the Key Management is removed by the Supervisory Board with a valid reason. As of 31.03.2017, the maximum gross amount of potential Key Management termination benefits was EUR 516 thousand (31 December 2016: EUR 463 thousand). No remuneration is paid separately or in addition to the members of the Supervisory Boards of the Group companies and no compensation is paid if they are recalled.

Note 13. Contingent assets and liabilities

Contingent assets and liabilities arising from pending court cases

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

The Management Board of AS Ekspress Grupp and its independent auditors are of an opinion that the financial statements for all the years, present fairly, in all material respects, the financial position and the financial performance of the company in accordance with the International Financial Reporting Standards as adopted by the European Commission.

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

Contingent assets and liabilities arising from guarantees given

The Parent Company has given a guarantee in amount of EUR 1.6 million on 50% bank borrowings received by its joint ventures AS Ajakirjade Kirjastus and AS SL Õhtuleht. The other 50% of the loan is guaranteed by other co-owner of these joint ventures.