



AS EKSPRESS GRUPP
CONSOLIDATED INTERIM REPORT
FOR THE FIRST QUARTER OF 2020
(unaudited)

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GENERAL INFORMATION

Company name	AS Ekspress Grupp
Registration number	10004677
Address	Parda 6, Tallinn 10151
Phone	669 8381
E-mail	egrupp@egrupp.ee
Internet homepage	www.egrupp.ee
Main field of activity	Media and related activities
Beginning of reporting period	1 January 2020
End of reporting period	31 March 2020
Financial year	1 January - 31 December
Management Board	Mari-Liis Rüütsalu Signe Kukin Kaspar Hanni
Supervisory Board	Hans H. Luik Indrek Kasela Peeter Saks Aleksandras Česnavičius
Auditor	KPMG Baltics OÜ

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

The Management Board confirms that the management report and interim consolidated financial statements of AS Ekspress Grupp disclosed on pages 5 to 47 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	<i>signed digitally</i>	29.04.2020
Signe Kukin	member of the Management Board	<i>signed digitally</i>	29.04.2020
Kaspar Hanni	member of the Management Board	<i>signed digitally</i>	29.04.2020

BRIEF OVERVIEW OF THE GROUP

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

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

- **Key activity:** creation of journalistic content, editing of news portals, publishing of newspapers, magazines and books throughout the Baltic States.
- **Development of digital lines of business:** The share of digital revenue is constantly rising, and it made up 69% of the media segment revenue and 45% of Group's total revenue at the end of 2019.
- **We provide printing services** to Estonian and foreign customers, as well as to all of our own periodicals.
- **The key activities are supported by** information technology development, audio-visual production solutions, renting of advertising space, home delivery of paper periodicals.
- Management of the **real estate portal** in Estonia.
- Organisation of an increasing number of **entertainment and other events**.
- Since 2019, the **operation of the electronic ticket platform and box offices in Latvia**.















The shares of AS Ekspress Grupp have been listed on NASDAQ Tallinn Stock Exchange since 5 April 2007. The key shareholder is Hans H. Luik, whose ownership interest as the final beneficiary through various entities is 54.48%.

Ekspress Grupp in figures (2019)



*The number of digital subscriptions, periodicals, online media platforms, companies and employees also includes the data of joint ventures and associates.

GROUP'S KEY BUSINESSES

	AS Ekspress Meedia / Estonia Ekspress Meedia publishes the internet portal Delfi with over 600 thousand monthly visitors, newspapers Eesti Ekspress, Eesti Päevaleht and Maaleht, and magazine Maakodu. From 1 June 2018, seven magazines were transferred from Ajakirjade Kirjastus with over 43 000 subscribers.
	A/S Delfi / Latvia Delfi Latvia, an internet portal with over 800 thousand monthly users, was recognised in 2017 as the most trustworthy news channel in Latvia.
	Delfi UAB / Lithuania Delfi Lithuania has almost 1.3 million monthly users and it is recognised as the premier media partner for high profile business and sports events in Lithuania.
	SIA Bīlešu Paradīze / Latvia Bīlešu Paradīze operates the electronic ticket platform (bilesuparadize.lv) and box offices to organise the sale of tickets to various entertainment events on behalf of event organisers. The company has provided online ticket distribution for more than 15 years and is one of the two leading ticket service providers in Latvia.
	AS Öhtuleht Kirjastus / Estonia Öhtuleht Kirjastus publishes Estonia's largest daily newspaper Öhtuleht, free newspaper Linnaleht and internet portal ohtuleht.ee with over 300 thousand monthly users. On 1 June 2018, it merged with Ajakirjade Kirjastus and more than 10 magazines with 47 000 subscribers were transferred to it.
	Adnet Media UAB / Estonia, Latvia, Lithuania Adnet Media is the largest online advertising network in the Baltic States that offers modern programmatic advertising, audience and campaign optimisation.
	SIA Altero / Latvia, Lithuania Financial comparison and brokerage platform in Latvia and starting from spring 2019 also in Lithuania. More than 90,000 Altero clients have compared financial offers for consumer loans, car loans and other products since the launch in June 2016. The company is a leading financial comparison service provider in Latvia and Lithuania.
	Babahh Media OÜ / Estonia Babahh Media provides a full range of professional video production, real-time and recorded video streaming, automation and video archive solutions.
	Kinnisvarakeskkond OÜ / Estonia Kinnisvarakeskkond develops a modern real estate portal kinnisvara24.ee in co-operation with local real estate agencies and it has over 23 thousand advertisements.
	Linna Ekraanid OÜ / Estonia Linna Ekraanid is a fast-growing outdoor media company that builds and operates well-positioned digital outdoor screens in several cities across Estonia.
	D Screens / Latvia D Screens is a fast-growing outdoor media company that builds and operates well-positioned digital outdoor screens in several locations across Latvia.
	OÜ Hea Lugu / Estonia Hea Lugu is a book publishing company. Hea Lugu publishes fiction, history books, autobiographies and memoirs, books for children, reference books and practical handbooks. Hea Lugu operates trademarks Maailm ja Mõnda, 100 Rooga, Öhtuõpik, Eesti Ekspressi Raamat, Eesti Päevaleht, Maalehe Raamat and Raamat24.
	AS Printall / Estonia One of the most modern printing companies in the Baltic States, Printall prints the majority of periodicals and advertising materials in Estonia. It also exports many of its products abroad.
	AS Express Post / Estonia Express Post is currently the only early-morning newspaper delivery company in Estonia that is also engaged in direct mail and home delivery of letters.

A detailed list of the group companies is disclosed in Note 1 to the financial statements.

OUR MEDIA BRANDS

Our web media portals:

DELFI

Our weekly and daily newspapers
with a strong digital outlet:

Õhtuleht **Maalet**
EESTI EKSPRESS **LP** **Linnaleht**
●●● **EestiPäevaleht**

Original and thorough treatment
of hot topics.

**EKSPRESS
GRUPP**

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

Always high-quality and reliable.

Magazines with a strong
web outlet

PEREKODU **Kalale!**
Kodukiri *anne & õel* **Tervis!**
Naisteleht **Kroonika** **Nipiraamat**
NAINE käsitöö **Tiiu**
OmaMaitse **Eesti Ajalugu**

New ideas about hobbies and
lifestyle of interest to you.

Our books:

**HEA
LUGU**
Maalet **EESTI EKSPRESS**
●●● **EestiPäevaleht**

Adventures on your favourite topics.

Our other brands:

KINNISVARA  **BIŁEŠU
PARADİZE** 

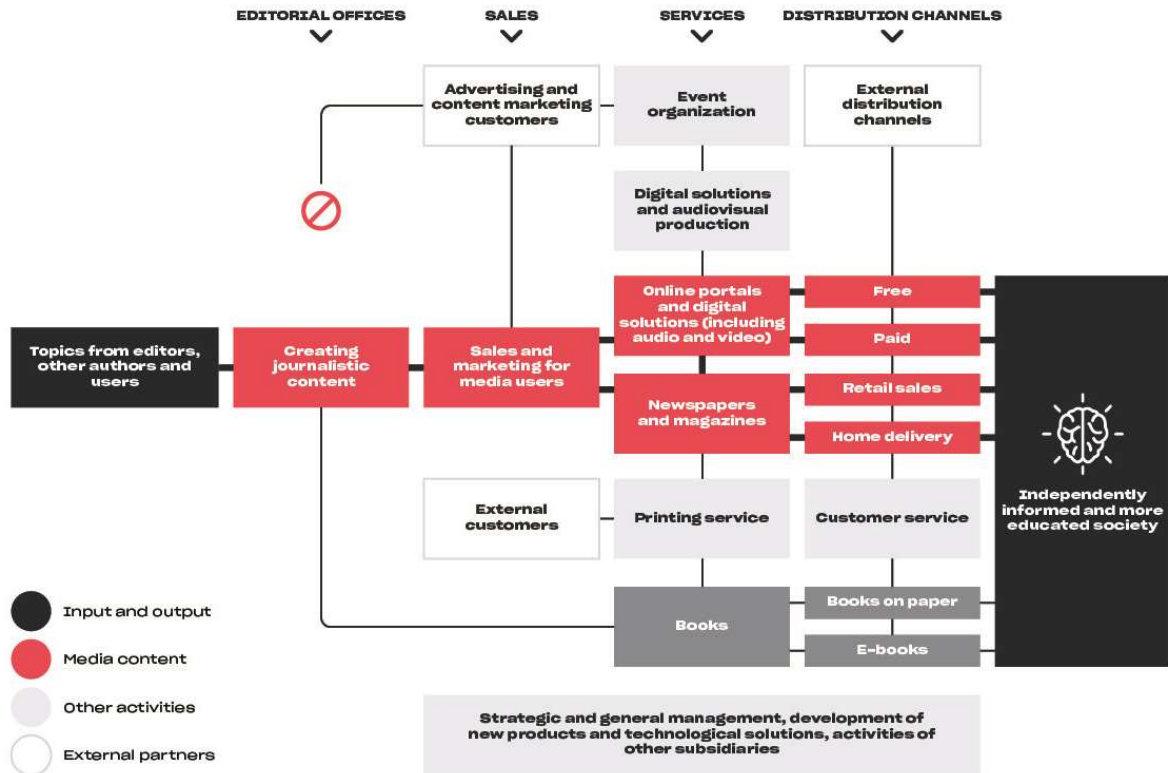
 **altero** **LOGIN**

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

OUR CHAIN OF ACTIVITY

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

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



MANAGEMENT REPORT

MANAGEMENT'S COMMENTS

The revenue of Ekspress Grupp totalled EUR 15.7 million in the first quarter of 2020 which is EUR 0.4 million or 2 percent higher than in the same period last year. The Group's earnings before interest, tax, depreciation and amortisation (EBITDA) totalled EUR 0.67 million, increasing by EUR 0.06 million or 9 per cent year-over-year. The Group consistently meets its long-term goal of growing its digital revenue: at the end of the 1st quarter, digital revenue accounted for 65 per cent the Group's media segment revenue and it increased by 7 per cent as compared to the previous year.

The net loss of the 1st quarter totalled EUR 0.74 million which is EUR 0.13 million or 21 per cent higher than in the same period of 2019. The loss incurred in the 1st quarter is typical of a media group due to seasonality, but the increase in the loss was additionally caused by a higher interest cost as compared to the previous year.

The economy of the Baltic States was strong for the most part of the first quarter, evident in strong advertising sales of media companies. The growth of digital subscriptions also continued strongly in all three countries. Delfi Latvia achieved a situation in the local advertising market where the model of digital subscriptions launched on the market last year has yielded more subscribers today than most Latvia newspapers.

In February, Delfi Lithuania celebrated its 20th anniversary. Together with the launch of the linear TV station in the Lithuanian market, Delfi introduced its new visual identity to be adopted by both Delfi Estonia and Delfi Latvia.

In March, the Group received a major setback when the Baltic States declared a state of emergency to curb the spread of the coronavirus. This in turn led to dramatic changes in the economic environment. The Management Board is aware that the effects of the economic crisis accompanying the virus will be significant for the Group in the second and third quarters, and will depend on the duration and restrictions of the state of emergency. The Group's media companies are the most vulnerable to the effects arising from the restrictions, especially outdoor media and the ticket sales platform in Latvia.

To react to the crisis, the Group's management significantly cut its cost base already in March. We are still analysing various scenarios and opportunities to cut costs and other measures to manage the economic effect. The Group is of opinion that after the end of the state of emergency, the expected economic recovery will depend on the duration of the state of emergency. We are applying for various national aid measures to alleviate the effect of the state of emergency on group companies in the second quarter which is expected to be difficult.

In the 1st quarter of 2020, the number of digital subscriptions of the periodicals of Ekspress Grupp increased strongly, reaching 54 thousand subscribers. A greater number of the readers of periodicals are willing to pay for the digital web content. The digital subscriptions in Estonia and Latvia increased the most, by 11% and 61%, respectively. The growth of digital subscriptions has also continued in the state of emergency which clearly demonstrates that we provide reliable journalism to our readers.

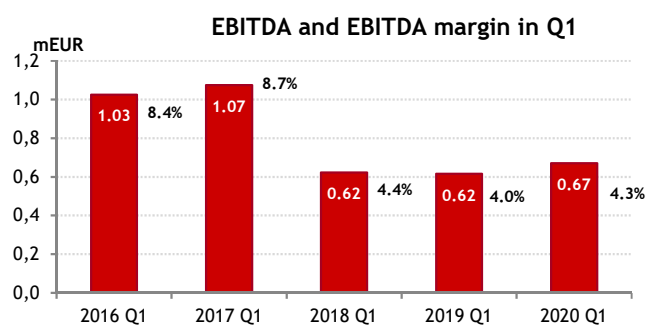
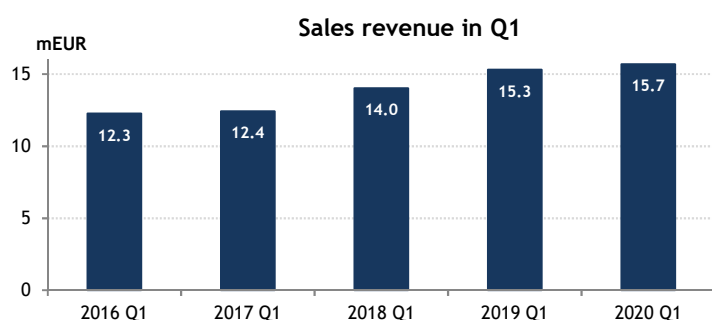
The journalists of Ekspress Grupp received a large number of nominations for journalism awards and won six awards in Estonia. The journalist of Eesti Ekspress, Sulev Vedler, received the Bonnier prize which is the most prestigious prize in Estonia.

The survey conducted by Kantar Emor on the state of emergency as well as the accelerating growth of digital subscriptions demonstrate a high level of trust of media consumers in local journalism.

For the purpose of providing a clearer and uniform view to the investors and readers of the financial statements, as well as for establishing a better link between the management report and the financial statements, from the 1st quarter of 2020, the Group discloses all figures and ratios in the management report according to International Financial Reporting Standards (IFRS). According to the IFRS, the Group's joint ventures are shown in the management report under the equity method and no longer by proportionate consolidation.

SUMMARY OF THE RESULTS OF THE FIRST QUARTER

In accordance with International Financial Reporting Standards (IFRS), 50% joint venture should be recognised under the equity method in the consolidated financial statements. To provide a clearer uniform overview of the financial statements to the readers of the financial statements, from the 1st quarter of 2020, only the information relating to the joint ventures recognised under the equity method is presented in the financial statements and their results are shown as one line in the finance income.



REVENUE

The consolidated revenue for the 1st quarter of 2020 totalled EUR 15.7 million (1st quarter 2019: EUR 15.3 million). The revenue for the 1st quarter increased by 2% year-over-year. Revenue growth is primarily attributable to the growth in digital revenue. At the end of the 1st quarter, digital revenue accounted for 41% of total revenue and 65% of the media segment revenue. The Group's digital revenue for the 1st quarter increased by 7% year-over-year. The consolidated revenue for the 1st quarter of 2020 where joint ventures have been 50% consolidated line-by-line, totalled EUR 17.6 million (1st quarter 2019: EUR 17.3 million).

PROFITABILITY

In the 1st quarter of 2020, the consolidated EBITDA totalled EUR 0.67 million (1st quarter 2019: EUR 0.62 million). EBITDA grew by 9% year-over-year and EBITDA margin was 4.3% (1st quarter 2019: 4.0%). The net loss for the 1st quarter was EUR 0.74 million, which is EUR 0.13 million or 21 per cent higher as compared to the same period in 2019. The loss incurred in the 1st quarter is typical of a media group due to seasonality, but the increase in the loss was caused by a higher interest cost as compared to the previous year.

CASH POSITION

At the end of the reporting period, the Group had available cash in the amount of EUR 3.5 million and equity in the amount of EUR 50.9 million (54% of total assets). The comparable figures as of 31 March 2019 were EUR 0.8 million and EUR 49.6 million (62% of total assets), respectively. As of 31 March 2020, the Group's net debt totalled EUR 20.4 million (31 March 2019: EUR 17.0 million). Due to the emergency state related to COVID-19, the Group has an agreement with AS SEB Pank to suspend loan repayments in the period March - May 2020.

BUSINESS OPERATIONS

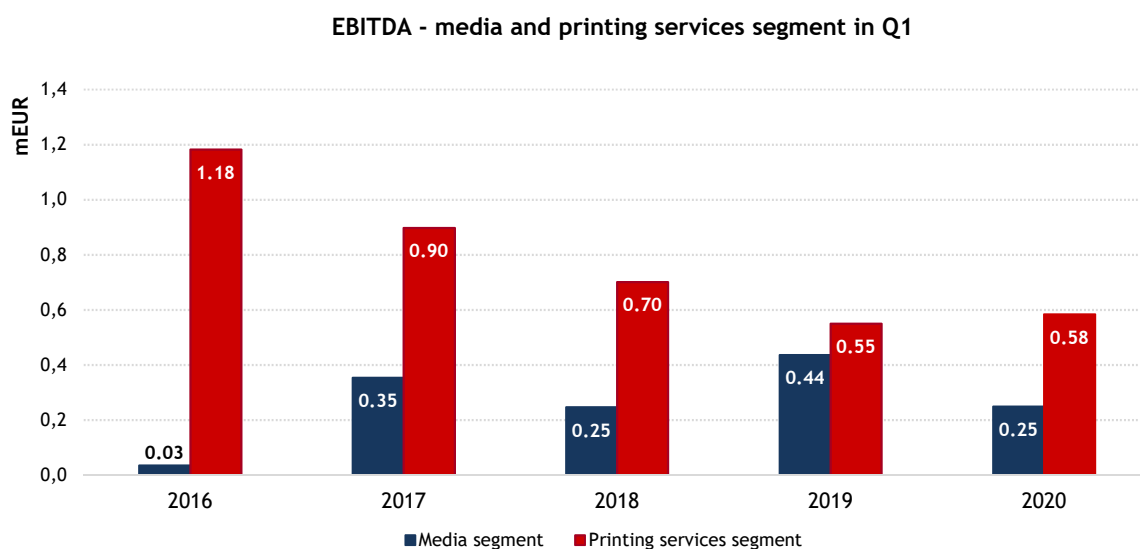
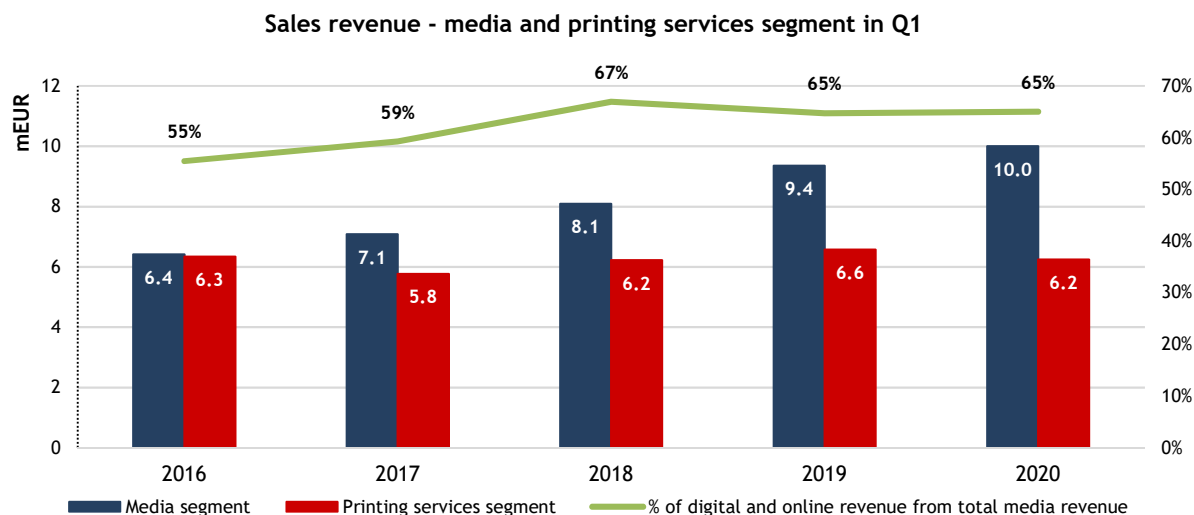
FINANCIAL INDICATORS AND RATIOS

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

Performance indicators (EUR thousand)	Q1 2020	Q1 2019	Change %	12 months 2019
For the period				
Sales revenue	15 680	15 310	2%	67 456
EBITDA	671	616	9%	6 772
EBITDA marginal (%)	4.3%	4.0%		10.0%
Operating profit /(loss)	(359)	(357)	-1%	2 722
<i>Operating margin (%)</i>	-2.3%	-2.3%		4.0%
Interest expenses	(224)	(134)	-67%	(784)
Profit /(loss) of joint ventures under the equity method	(127)	(51)	-148%	(38)
Net profit /(loss) for the period	(742)	(615)	-21%	1 407
Net margin (%)	-4.7%	-4.0%		2.1%
<i>Return on assets (ROA) (%)</i>	-0.8%	-0.8%		1.6%
<i>Return on equity (ROE) (%)</i>	-1.5%	-1.2%		2.8%
Earnings per share (EPS)	(0.02)	(0.02)		0.05

Balance sheet (EUR thousand)	31.03.2020	31.12.2019	Change %
As of the end of the period			
Current assets	18 116	19 472	-7%
Non-current assets	75 896	75 935	0%
Total assets	94 011	95 407	-1%
<i>incl. cash and cash equivalents</i>	3 524	3 647	-3%
<i>incl. goodwill</i>	42 628	42 628	0%
Current liabilities	21 341	21 647	-1%
Non-current liabilities	21 791	22 137	-2%
Total liabilities	43 132	43 784	-1%
<i>incl. borrowings</i>	23 924	24 342	-2%
Equity	50 880	51 622	-1%

Financial ratios (%)	31.03.2020	31.12.2019
Equity ratio (%)	54%	54%
Debt to equity ratio (%)	47%	47%
Debt to capital ratio (%)	29%	29%
Total debt/EBITDA ratio	3.50	3.59
Liquidity ratio	0.85	0.90



SEGMENT OVERVIEW

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

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

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

Key financial indicators for segments

(EUR thousand)	Sales			12 months 2019
	Q1 2020	Q1 2019	Change %	
Media segment	10 003	9 357	7%	44 218
<i>incl. revenue from all digital and online channels</i>	6 505	6 054	7%	30 534
<i>incl. % of revenue from all digital and online channels</i>	65%	65%		69%
Printing services segment	6 243	6 570	-5%	25 695
Corporate functions	515	539	-4%	2 076
Inter-segment eliminations	(1 082)	(1 155)		(4 533)
TOTAL GROUP	15 680	15 310	2%	67 456

(EUR thousand)	EBITDA			12 months 2019
	Q1 2020	Q1 2019	Change %	
Media segment	248	436	-43%	5 966
Printing services segment	584	550	6%	2 032
Corporate functions	(143)	(363)	61%	(1 150)
Inter-segment eliminations	(17)	(7)		(75)
TOTAL GROUP	671	616	9%	6 772

EBITDA margin	Q1 2020	Q1 2019	12 months 2019
Media segment	2%	5%	13%
Printing services segment	9%	8%	8%
TOTAL GROUP	4%	4%	10%

Formulas used to calculate the financial ratios

EBITDA	Earnings before interest, tax, depreciation and amortisation. EBITDA does not include any impairment losses recognised during the period or result from restructuring.
EBITDA margin (%)	EBITDA/sales x 100
Operating margin* (%)	Operating profit*/sales x100
Net margin (%)	Net profit in financial statements/sales x100
Earnings per share	Net profit / average number of shares
Equity ratio (%)	Equity/ (liabilities + equity) x100
Dividend pay-out-ratio (%)	Total amount of dividends paid / Net profit
Debt to equity ratio (%)	Interest bearing liabilities / equity x 100
Debt to capital ratio (%)	Interest bearing liabilities - cash and cash equivalents (net debt) / (net debt + equity) x 100
Total debt/EBITDA ratio	Interest bearing borrowings / EBITDA
Debt-Service Coverage Ratio (DSCR)	EBITDA/(interest payments + principal repayments)
Liquidity ratio	Current assets / current liabilities
Return on assets ROA (%)	Net profit / average assets x 100
Return on equity ROE (%)	Net profit / average equity x 100

MEDIA SEGMENT

ONLINE MEDIA

Important progress and significant accomplishments per country are listed below.

Estonia

- Ekspress Meedia launched the revamped design and user experience of digital subscribers.
- Delfi in collaboration with the Estonian E-Commerce Association launched the campaign Best promotions.
- Ekspress Meedia organised several successful events, including the concert of Arvo Pärt's children songs to the full house in Alexela concert hall, Baltic E-commerce Forum 2020 and ice-hockey competitions of HC Jokerit.
- Ekspress Meedia effectively launched a social campaign "I'll stay at home".
- Delfi launched special designs and elements to cover the COVID-19 outbreak.
- The major multi-media solutions included [Tartu Peace Treaty](#), [Australia is Burning!](#), [Virtual tour of the President's reception](#), [National costumes in Anne & Stiil](#), [The most stylish guests of the presidential ball In Anne & Stiil](#), [The journey of the shrips in Oma Maitse](#), [The wardrobe planner in Anne & Stiil](#), [Estonian animals in Eesti Ekspress](#), [The Last Relic in Eesti Päevaleht](#), [Benefits from social distancing in Eesti Ekspress](#), and constantly upgraded [coronavirus world map](#) in Fonte.
- Õhtuleht Kirjastus attained the new revenue record of its digital products portfolio.

Läti

- Delfi served as the main media partner for Pilsēta pie upes (Latvian movie), "Neklusē" bullying social campaign, "Mesa" Latvian singer, "Lielā mūzikas balva" great music award, "#paliecmājās" Covid-19 volunteer social platform.
- DELFI plus product was updated with better original and exclusive content, as well with "less ads" feature for subscribers.
- Delfi with WeAreVery organised the second public speech conference UZ:Runa. This year's conference achieved almost 400 attendees.
- Atverskapi launched paid subscription business model.
- Several big editorial projects have been launched: article series about the price of "[perfect body](#)", article series about a new [territorial reorganization in Latvia](#), historical article series about [Mark Twain travel around Europe](#), article series about a [genealogical tree](#).

Leedu

- DELFI TV was launched on free-to-air frequency as national TV channel.
- Delfi celebrated it's 20 years anniversary with "[Delfi Titans](#)" event that was broadcasted to all Lithuanian TV viewers
- Delfi launched [new visual identity](#)
- [Promotion campaigns](#) of Delfi TV and Delfi+ were launched
- [Debunk EU project](#) got extensive coverage by Google
- Delfi launched a social campaign "[map of clean](#)" to fight with businesses and people who are contaminating environment

In the 1st quarter of 2020, the media segment revenue totalled EUR 10.0 million (1st quarter 2019: EUR 9.4 million). Sales increased by 7% as compared to the previous year. Revenue growth was primarily related to the growth of digital revenue of the ticket sales platform in Latvia and the growth of digital media consumption in Delfi portals.

Digital media keeps growing and despite strong competition, the Group has not lost its market share and the revenue is increasing. In the 1st quarter of 2020, the Group's digital revenue accounted for 41% of the total and 65% of the media segment revenue. The Group's digital revenue increased by 7% in the 1st quarter of 2020 as compared to the same period last year.

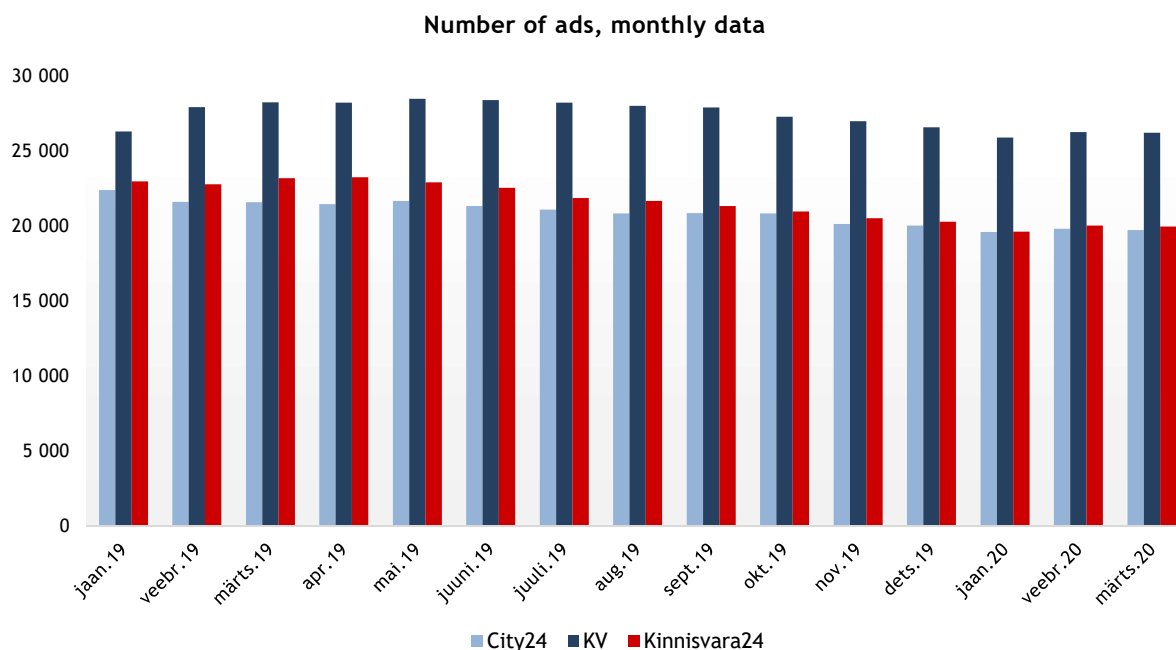
From the middle of March, COVID-19 did not significantly impact the Group's advertising revenue. However, revenue growth stalled on the ticket sales platform in Latvia and by the time of preparation of the financial statements, it is not known when they would recover.

By the 1st quarter of 2020, the number of digital subscriptions reached EUR 54 thousand subscribers in the Baltic States (incl. subscribers of Õhtuleht Kirjastus AS: 100%), increasing by 11% as compared to the end of 2019 when there were about 50 thousand digital subscriptions.

The EBITDA of the media segment in the 1st quarter of 2020 totalled EUR 0.2 million in the Baltic States (1st quarter 2019: EUR 0.4 million). As compared to the previous year, EBITDA decreased by 43%, primarily related to the additional one-off investments made in linear television in Delfi Lithuania.

The joint venture Õhtuleht Kirjastus AS, a key media company on the Estonian market is recognised under the equity method and included as a line item within finance income in the Group's results. In the 1st quarter of 2020, the revenue of Õhtuleht Kirjastus AS was EUR 3.5 million (1st quarter 2019: EUR 3.5 million). In the 1st quarter of 2020, the media segment revenue, where joint ventures have been 50% consolidated line-by-line, was EUR 12.1 million (1st quarter 2019: EUR 11.5 million).

REAL ESTATE PORTAL



In the 1st quarter of 2020, Kinnisvara24.ee broke its one-month visitor record when in January people visited the portal for more than one million times during the month and the number of visitors was more than 400 thousand, which is also another record.

As of the end of March, the portal Kinnisvara24.ee had 560 active real estate companies and 1,788 brokers who had joined the portal.

In the 1st quarter of 2020, Kinnisvara24.ee launched collaboration with Rendin.co, a company that provides rental services, as a result of which people who advertise their properties can rent them without requiring a deposit, and the real estate seekers can select deposit-free rentals. The service exempts the tenants from paying the deposit while guaranteeing the owners' rental and utilities payments of up to 10 months. The damage caused to the property by the tenant will be covered to the extent of a 100-month rental payment. Of the real estate portals, this additional option is provided only by Kinnisvara24.ee.

The portal offers new additional services that are convenient both to regular users as well as brokers - one can advertise the property in social media and in various banner advertising sites of other portals. In the 1st quarter of 2020, great emphasis was placed on customer visits to promote new services and functionalities available in the portal to brokers.

PRINTING SERVICES SEGMENT

In the 1st quarter of 2020, the revenue of AS Printall totalled EUR 6.2 million (1st quarter 2019: EUR 6.6 million). Revenue decreased by 5% as compared to the previous year. The revenue of printing services has declined in Estonia due to the decline of the share of print media and advertising brochures of large store chains as well as stronger competition which put negative pressure on sales margins. In the 1st quarter of 2020, the EBITDA totalled EUR 0.58 million (1st quarter 2019: EUR 0.55 million). EBITDA grew by 6% as compared to the previous year.

For several consecutive years, the printing services segment has been under pressure due to continued digitalisation of regular journalism and increasing popularity of the Internet as compared to printed products. Competition concerning sales prices continues to be intense. The sales volumes of print circulations have declined which in turn leads to higher printing costs. In addition, appreciation of input prices (incl. labour, paper and electricity) is another major challenge.

In the 1st quarter of 2020, the share of revenue of AS Printall in other countries was 64% (1st quarter 2019: 62%).

In the 1st quarter, AS Printall has completed the installation of semi-finished product collection systems for magazine web press and flow-feed systems for binding machines with loading equipment for semi-finished product, which started in 2019. As a result of the investment, the production process of the printing house has been significantly automated. After the installation of the equipment, AS Printall has automated the work of an estimated 25 people who have been laid off during the 1st quarter of 2020.

RESPONSIBILITY OF A MEDIA GROUP IN THE SOCIETY

Ekspress Group is the leading media group in the Baltic States. As a large publicly listed media company, the Group has a major impact in the society; therefore the credibility and integrity of all companies of Ekspress Group need to be safeguarded at all times. As the main creator of the open information space in the Baltic States and a large employer, the group companies need to be managed in a responsible manner, the employees valued and motivated, customer relations well maintained and the journalistic content reliable and independent.

Ekspress Group's responsibility manifests itself primarily in the following aspects:

- impact, role and responsibility of media's daily functioning,
- raising important issues from the social perspective,
- ensuring customer experience and satisfaction,
- being an employer to almost 1 700 people,
- additional contribution to the development of the society and the sector,
- conscious environmental management.

In its daily operations, the company follows the following principles:

- **Group companies are managed in an honest, law-abiding and ethical manner.** The parties related to Ekspress Group and the society at large expect that.
- **We raise the topics of importance to the society, draw attention to them, talk honestly and openly about them.** We draw attention to the initiatives that are important in the society both in the content of media coverage as well as through additional cooperation projects.

Public impact, role and responsibility of media companies

The main public impact, responsibility and opportunity to make a positive contribution come from the Group's media businesses - creation of a journalistic content, i.e. coverage of the viewpoints of various parties and comprehensive articles help fill the information space with valuable content. The society and readers expect independence, quality and credibility from Ekspress Group media companies.

Similarly to other media companies, Ekspress Group also has a task to take into account current social trends and media sector's developments when creating journalistic content:

- The society is becoming more polarised, there are widespread perceptions that deliberately try to disrupt both media and the society, and that are also vehemently oppose to which in turn increases readability of news in all channels;
- An increasingly greater variety of devices are used for media consumption, there is a trend from the computer screen to the mobile phone screen that sets requirements for technical solutions - the content of all periodicals needs to be consumable in different devices;
- The trend of media companies to enter new areas that support the media business: real estate and ticket sales portal, content marketing, event organisation.

Journalistic ethics starts with independence

The work of journalists and periodicals should not be influenced by business interests, political links, personal relations and gains, bribes or other benefits. The Group adheres to the principles of balanced journalism, various parties are allowed to express themselves and counter-arguments are permitted; source information is always verified and if necessary, each journalist needs to ensure source protection and confidentiality. In covering sensitive topics, it is important to recognise a line, the crossing of which is not ethical.

DIGITAL MEDIA COMPANY

The media business is becoming increasingly digital. The prerequisite for success are the Group's digital capabilities - creating innovative and customer-centric solutions and adapting to customers' changing information and media consumption habits. Ekspress Group is committed to developing digital businesses primarily in the media segment, but is also expanding rapidly into other related activities (event marketing, management of real estate ad portal and ticketing platform) where it sees opportunities to create synergies with the Group's media portals and leverage businesses. This creates an opportunity to add even more value to our customers and enhances the Group's capabilities.

The share of digital business in the Group continues to increase. Delfi portals in Latvia and Lithuania are focused on digital media. In addition to producing a digital-only content, most of the content of the newspapers and magazines of Ekspress Meedia that are printed on paper is available in a digital format, and all publications of Õhtuleht Kirjastus can be read also in a digital format. Hea Lugu also sells e-books and operates Raamat24 e-store. Adnet Media, Babahh Media, Kinnisvara24 and Biļešu Paradīze are 100% digital businesses. Linna Ekraanid and D Screens operate digital outdoor advertising screens. The development of mobile-friendly platforms and digital solutions for smart devices is constant work. Today, we have become a leader in digital subscriptions across all of our home markets.

Technological advances present new challenges

Ekspress Group's development unit has consistently brought new innovative solutions to the market that provide added value particularly to readers. The long-term strategy of the Group foresees strong growth in the share of digital business which presents greater challenges to technological innovation, internal processes, and to the skills and competences of its employees. The Group uses world-class technological equipment. During the last two years, the Group deployed technologies that are only beginning to enter the Estonian market. This has created a situation where there may be a shortage of employees in handling these technologies because the region does not have the necessary skills. Across the Group, this is an opportunity for the specialised training and professional development of highly skilled workers.



Web leveraging for magazines

2019 saw the completion of the restructuring of Ajakirjade Kirjastus, the aim of which was to give paper publications a better outlet on the Internet and to support cooperation with the Group's other strong online platforms. Today, magazine articles are also first published online and only then in print.



Podcasts and longread

As for podcasts, the Group's Estonian publications are the leaders in this field. Their popularity grew in 2019 at a high speed. For the Group, this is a new world and has proven to be significantly more successful than initially estimated. There were millions of podcasts during the year while the average number of podcasts 545,000 a month in 2019.

Longread as a versatile technical format created an opportunity in 2019 to present major important events to readers - general elections, 150 years from the first song festival and the Song and Dance Festival, the 25th anniversary of the M/S Estonia disaster and the completion of the monumental movie "Truth and Justice".

"Podcasts seem to have ushered in a new era. First came the web world, then videos and now it is podcast time. This is a pure journalistic victory in 2019!" Urmo Soonvald, Editor-in-Chief of Delfi and Eesti Päevaleht.



Video and TV shows

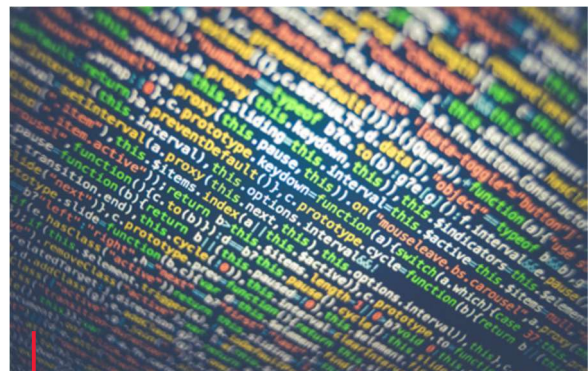
Audio-visual journalistic content is becoming increasingly important. In 2019, Delfi in Lithuania took a major step and launched its own linear television channel in cooperation with Telia, which was very well received on the market. According to Telia's ratings, the Delfi TV channel immediately outperformed some of the earlier commercial channels. During the year, Delfi TV LIVE broadcast live concerts, seminars and sports events. For example, live broadcasts were available from the e-sports and lifestyle festival HyperTown TLL, robotics fair Robotex, the international dog show, the 11th Song and Dance Celebration for People with Special Needs, the Duck Rally, among others concerts of Svjata Vatra and Anne Veski, and several other important sports events.

The awareness of Delfi.tv among Lithuanian residents increased from 5-7% in the year before to significant 33% in 2019.



Digital and mobile versions

The Group's aim is to regularly update the digital outputs of all products. Several updates were made across the Group: Ekspress Meedia launched the updated site ekspressmeedia.ee, Delfi launched an iOS application, a new Eesti Päevaleht online platform and large-scale magazine platform Delfi Stories. Õhtuleht Kirjastus launched new mobile applications, updated the vertical content display and updated online platform kalale.ee, Delfi Latvia launched a new mobile version of the portal. Both Delfi Latvia and Delfi Lithuania launched a paid digital subscription service on the market. Media products are increasingly sold as a complete online access package, rather than as separate publications, and in addition, the digital subscriber has access to content for multiple users, sharing access rights, for instance, with family members.



Demo days

In 2019, Ekspress Media organised quarterly digital technology and ideas demo days, where people working on a new project or implementing technology talked about the content of their specific project, how it will change internal processes and what the new solution will bring to readers. Innovative ideas need to be turned into specific products and assigned commercial targets.

MEDIA RECOGNITIONS AND AWARDS IN 2020

Estonia

In March 2020, the winners of the competition of the **Estonian Newspaper Association "Newspaper awards 2019"** were announced. They include several employees and periodicals of Ekspress Group:

- The winner in the multimedia category was the article published in Delfi on 28 March 2019 "This is how films are made: take a look how the effect magic of "Truth and Justice" was born", whose authors are Ra Ragnar Novod, Heleri Kuris, Ats Nukki, Mart Nigola, Madis Veltman, Kristi Helme and Mihkel Ulk.



- In the feature article category, the winner was **Eero Epner** from Eesti Ekspress with his article published in Eesti Ekspress on 8 May 2019 "Because They Can". This article was also noticed and received recognition outside the media sector. Pärnu Women's Asylum handed out the prize Okas for the first time to recognise the people who help to prevent domestic violence. The prize Okas was awarded to Eesti Ekspress journalist **Eero Epner** who this year wrote the article "Because They Can" dealing with domestic violence that received a lot of media attention.
- In the news category, the winner was **Mikk Salu** for his article published in Eesti Ekspress on 13 February 2019 "The great lie: Rainer Vakra's thesis is plagiarism".
- The winners of the design award for the feature articles of national newspapers were **Ants Nukki** and **Tarmo Rajamets** for the article published in Eesti Ekspress on 8 May 2019 "Because they can".

- The winners in the category of the visual communication of national newspapers were **Eiko Ojala** and **Tarmo Rajamets** for the illustration of Eesti Ekspress on 11 December 2019 "Silencing of officials"



In February 2020, the journalists of Eesti Ekspress and the Estonian Broadcasting Company were awarded the 2019 **Bonnier prize** for investigative journalism. **Sulev Vedler** from Eesti Ekspress and **Anna Pihl** from the Estonian Broadcasting Company won the award for covering the topic of the listeria bacteria.

At the beginning of 2020, the winners of the press photo of the **Estonian Association of Press Photographers** were announced.



- The award for the feature photo was given to **Priit Simson** from Ekspress Meedia for his photo series "Different kinds of neighbours". The photo series was made of the houses seemingly "glued" to each other in Pelgulinna.

SHARES AND SHAREHOLDERS OF AS EKSPRESS GRUPP

As of 31 March 2020, 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 December 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 March 2020 according to the Estonian Central Register of Securities

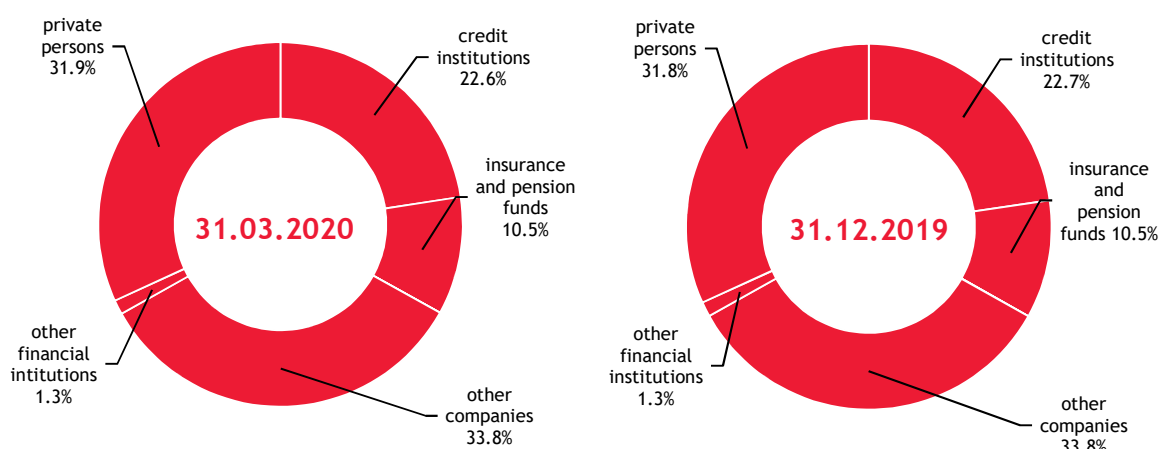
Name	Number of shares	%
Hans H. Luik and companies under his control	17 360 597	58.26%
Hans H. Luik	7 963 307	26.73%
OÜ HHL Rühm	9 397 290	31.54%
ING Luxembourg S.A.	4 002 052	13.43%
LHV Bank and funds managed by LHV Varahaldus	2 561 212	8.60%
SEB S.A. CLIENT ASSETS UCITS	1 273 394	4.27%
Other minority shareholders	4 582 059	15.38%
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.

As of 31 March 2020, the ownership interest of Hans H. Luik as the ultimate beneficiary of AS Ekspress Grupp is 54.48% (16 232 922 shares).

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

Category	31.03.2020		31.12.2019	
	Number of shareholders	Number of shares	Number of shareholders	Number of shares
Private persons	2 705	9 493 958	2 613	9 473 567
Other companies	197	10 077 171	190	10 057 842
Other financial institutions	37	378 550	40	390 590
Credit institutions	12	6 728 569	11	6 756 249
Insurance and pension funds	8	3 118 174	8	3 118 174
Non-profit organisations	2	419	2	419
TOTAL	2 961	29 796 841	2 864	29 796 841



AS Ekspress Grupp share information and dividend policy

Share information

ISIN	EE3100016965
Ticker symbol	EEG1T
List/segment	BALTIC MAIN LIST
Issuer	Ekspress Grupp (EEG)
Nominal value	EUR 0.60
Issued shares	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 loan contract and potential investment needs. In 2020, the Management Board made a proposal not to pay dividends out of the profit for 2019 as the Group's goal is to continue with its investments in growing its digital business line. The long-term strategy of Ekspress Grupp foresees adoption of a primarily digital business model. As a result of the activities implemented over the last five years, the company depends less and less on the printing services.

Securities trading history 2016-2020

Price (EUR)	Q1 2020	Q1 2019	Q1 2018	Q1 2017	Q1 2016
Opening price	0.83	1.03	1.26	1.32	1.35
Closing price	0.67	0.95	1.35	1.31	1.31
High	0.86	1.03	1.35	1.35	1.32
Low	0.61	0.90	1.22	1.26	1.18
Average	0.76	0.97	1.28	1.31	1.26
Traded shares, pieces	289 893	225 730	184 796	81 129	142 723
Sales, EUR million	0.22	0.22	0.24	0.11	0.18
Capitalisation at balance sheet date, EUR million	19.96	28.31	40.23	39.03	39.03

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



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



CORPORATE GOVERNANCE

CORPORATE GOVERNANCE AND STRUCTURE

As a media group favouring independent and transparent journalism, keeping its trustworthy reputation is of great importance to Ekspress Group. This requires impeccable adherence to journalism ethics and general rules of conduct as well as laws.

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

Estonian media companies follow the code of ethics of the Estonian Newspaper Association and the Estonian Magazine Association; company-based ethics and behaviour codes are available at Delfi Latvia and Delfi Lithuania. In addition to ethical norms, Ekspress Group companies follow the local market's data protection, public information and other relevant laws in their media work. In unregulated situations, companies proceed from the public interest and integrity principle when making decisions. This is described in more detail in the financial statements' chapter "Responsibility of a media group in the society".

Corruption, ethics and various compliance risks are generally managed at the subsidiary level. To ensure uniform conduct, new employees of group companies are taught the company's business philosophy, journalism ethics, source protection, sales and marketing issues, staff principles and other necessary topics.

As honest conduct starts from the communication in one's organisation, several group companies have recently started to pay more targeted attention to making team cooperation, employee dialogue, information movement and assumption of personal responsibility more efficient.

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

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

GROUP'S LEGAL STRUCTURE

As of 31 March 2020, the Group consists of 23 companies (31.12.2019: 24). A detailed list of the group companies is disclosed in Note 1 to the financial statements.

Changes in the Group's legal structure

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

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

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

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

On **31 March 2020**, OÜ Hea Lugu, the 100% subsidiary of AS Ekspress Grupp, established with other publishers Eesti Audioraamatute Keskus OÜ, in which the ownership interest of OÜ Hea Lugu is 33.33%. The key activity of the company is publishing and sale of audio books.

Changes in the management of the Group's subsidiaries

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

On 16 April 2020, the Chairman of the Supervisory Board of AS Ekspress Grupp Ahto Päril stepped down from the position of the member of the Supervisory Board and member of the Audit Committee of Ekspress Grupp as well as the member of the Supervisory Board of AS Printall. The Supervisory Board of AS Ekspress Grupp will continue with four members: Hans H. Luik, Indrek Kasela, Peeter Saks and Aleksandras Česnavičius. The Supervisory Board of Printall still has four members: Hans H. Luik (chairman), Mari-Liis Rüütsalu, Signe Kukin and Kaspar Hanni.

SUPERVISORY BOARD

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

According to the articles of association, the number of the members of the Supervisory Board is between three and seven. The number of the members shall be determined by the General Meeting. The members of the Supervisory Board shall be elected by the General Meeting for a term of five years. Since 16 April 2020, the Supervisory Board of Ekspress Group has four members instead of the former five members. The members of the Supervisory Board are not separately remunerated.

Hans H. Luik (appointed until 20.05.2024)

- Member of the Supervisory Board since 1.06.2004
- Member of the Management Board of OÜ HHL Rühm
- Member of the Management Board of OÜ Minigert
- Graduated from University of Tartu in 1984 with a degree in journalism
- Number of shares of AS Ekspress Grupp: 16 232 922 (54.48%)

Indrek Kasela (appointed until 20.05.2024) - independent Supervisory Board member

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

Peeter Saks (appointed until 26.10.2021) - independent Supervisory Board member

- Member of the Supervisory Board since 26.10.2016
- 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, BPT Real Estate AS, Fitek AS, Eesti Keskkonnateenused AS, Radix Hoolduse OÜ, OÜ Kudjape Ümberlaadimisjaam and Radix Rent OÜ
- Graduated from Tallinn University of Technology in 1993, specialising in economics
- Number of shares of AS Ekspress Grupp: -.

Aleksandras Česnavičius (appointed until 26.10.2021) - independent Supervisory Board member

- Member of the Supervisory Board since 26.10.2016
- General Manager of Central European Media Enterprises Ltd. Romanian region
- Managing Director of Delfi Lithuania between 2011-2013
- Graduated from Vilnius Universitetas in Lithuania with a PhD in Media in 2010
- Number of shares of AS Ekspress Grupp: -.

Ahto Päril (appointed until 16.04.2020)

- Chairman of the Supervisory Board and member of the Audit Committee, in the Supervisory Board since 22.11.2018
- AS Nordic Aviation Group, CFO in 2015-2018
- Supervisory Board member of AS Baltic Workboats
- Management Board member of OÜ NA Advisory and OÜ OREA
- Graduated from University of Tartu in 2003, Faculty of Economics, bachelor's degree, and from New York University in 2007, Master of Business Administration
- Number of shares of AS Ekspress Grupp: -.

The Chairman of the Supervisory Board of AS Ekspress Grupp Ahto Päril submitted his resignation as a member of the Supervisory Board and Audit Committee of AS Ekspress Grupp and as a member of the Supervisory Board of AS Printall from 16 April 2020.

MANAGEMENT BOARD

The authorities of the Management Board of the Company are specified in the Commercial Code and they are limited to the extent determined in the articles of association of the company. The Management Board has to act in the most economically purposeful manner, taking into consideration the best interests of all shareholders and ensures the company's sustainable development in accordance with set objectives and strategy. To ensure that the company's interests are met in the best way possible, the Management and Supervisory Boards shall extensively collaborate.

The members of the Management Board are elected for a period of up to five years. In order to elect and remove the members of the Management Board, a simple majority of the votes of the Supervisory Board is required. In order to resign from the position of a member of the Management Board, the member shall give one month's notice to the Supervisory Board. There are no agreements between Ekspress Group and the members of the Management Board which would deal with the benefits regarding a takeover of a public limited company provided for in Chapter 19 of the Securities Market Act. According to the articles of association, the Management Board of Ekspress Group has between one and five members. The Management Board of Ekspress Group has three members.

Mari-Liis Rüütsalu



- Chairman of the Management Board and Chief Executive Officer of the Group since 01.01.2017 with the term of office of up to 5 years
- Managing director of AS Ekspress Meedia 2015-2016
- Managing director of AS Delfi 2012-2015
- Marketing and development director of AS Estravel 1998-2012
- Graduated from Eesti Majandusjuhtide Instituut in 1998 specializing in business administration and University of Tartu Pärnu College in 1995 specializing in entrepreneurship and business management
- Number of shares of AS Ekspress Grupp: -.

Kaspar Hanni



- Member of the Management Board since 18.12.2017, with the term of office of up to 3 years, Development Director of the Group
- Member of the board of the Estonian Business Angles Association since 2017
- Software Asset Management and Compliance Lead of Microsoft in Baltics 2015-2016
- Enterprise and Partner Group Lead of Microsoft in Baltics 2011-2015
- Graduated from Estonian Business School in 2002 with a degree in Business Administration and studied Information Technology at Tallinn University of Technology
- Number of shares of AS Ekspress Grupp: -.

Signe Kukin



- Member of the Management Board since 01.08.2018, the term of office of up to 3 years, Chief Financial Officer of the Group
- Chief Financial Officer of AS Merko Ehitus 2012 - 2017
- In various positions of United Utilities International Ltd in Estonia, Great Britain and the Arab United Emirates 2001-2011
- 1997-2001 Deloitte, auditor
- Graduated from Tallinn University of Technology 1999 (diploma studies)
- Association of Chartered Certified Accountants - ACCA, Fellow Member - FCCA 2004
- Number of shares of AS Ekspress Grupp: -.

SUPERVISORY AND MANAGEMENT BOARDS OF SUBSIDIARIES

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

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

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

COMPANY*	SUPERVISORY BOARD	MANAGEMENT BOARD
Printall AS (28 249 721)	Hans Luik (chairman), Kaspar Hanni, Signe Kukin, Mari-Liis Rüütsalu, Ahto Päril	Andrus Takkin (chairman), Evali Mültis, Tõnis Peebo
Ekspress Meedia AS (13 636 850)	Hans Luik (chairman), Mari-Liis Rüütsalu, Kaspar Hanni, Signe Kukin	Argo Virkebau (chairman) Urmo Soonvald, Tarvo Ulejev, Erle Laak-Sepp, Karin Vene
Delfi UAB (3 986 985)	Mari-Liis Rüütsalu (chairman), Kaspar Hanni, Signe Kukin	Vytautas Benokraitis
SIA Biļešu Paradīze (1 086 923)	Ēriks Naļivaiko, Mari-Liis Rüütsalu, Signe Kukin, Konstantīns Kuzikovs	Jānis Daube, Jānis Kuzulis
Delfi A/S (Latvia) (2 712 596)	Mari-Liis Rüütsalu, Kaspar Hanni, Signe Kukin	Konstantīns Kuzikovs, Ingus Bērziņš, Anatolijs Golubovs

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

The Chairman of the Supervisory Board of AS Ekspress Grupp Ahto Päril submitted his resignation as a member of the Supervisory Board and Audit Committee of AS Ekspress Grupp and as a member of the Supervisory Board of AS Printall from 16 of April 2020.

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Consolidated balance sheet (unaudited)

(EUR thousand)	31.03.2020	31.12.2019
ASSETS		
Current assets		
Cash and cash equivalents	3 524	3 647
Trade and other receivables	11 193	12 705
Corporate income tax prepayment	66	0
Inventories	3 334	3 120
Total current assets	18 116	19 472
Non-current assets		
Other receivables and investments	984	975
Deferred tax asset	38	38
Investments in joint ventures	1 170	1 254
Investments in associates	2 387	2 356
Property, plant and equipment (Note 4)	15 012	14 943
Intangible assets (Note 4)	56 305	56 369
Total non-current assets	75 896	75 935
TOTAL ASSETS	94 011	95 407
LIABILITIES		
Current liabilities		
Borrowings (Note 6)	5 016	5 100
Trade and other payables	16 285	16 483
Corporate income tax payable	40	65
Total current liabilities	21 341	21 647
Non-current liabilities		
Long-term borrowings (Note 6)	18 908	19 242
Other long-term liabilities	2 884	2 895
Total non-current liabilities	21 791	22 137
TOTAL LIABILITIES	43 132	43 784
EQUITY		
Minority shareholding	101	100
Capital and reserves attributable to equity holders of parent company:		
Share capital (Note 10)	17 878	17 878
Share premium	14 277	14 277
Treasury shares (Note 10)	(22)	(22)
Reserves (Note 10)	1 688	1 688
Retained earnings	16 958	17 701
Total capital and reserves attributable to equity holders of parent company	50 779	51 522
TOTAL EQUITY	50 880	51 622
TOTAL LIABILITIES AND EQUITY	94 011	95 407

The Notes presented on pages 35-47 form an integral part of the consolidated interim report.

Consolidated statement of comprehensive income (unaudited)

(EUR thousand)	Q1 2020	Q1 2019	12 months 2019
Sales	15 680	15 310	67 456
Cost of sales	(13 472)	(13 097)	(54 044)
Gross profit	2 208	2 214	13 412
Other income	107	119	607
Marketing expenses	(757)	(731)	(3 124)
Administrative expenses	(1 893)	(1 938)	(8 024)
Other expenses	(24)	(21)	(148)
Operating profit /(loss)	(359)	(357)	2 722
Interest income	6	6	22
Interest expenses	(224)	(134)	(784)
Other finance income/(costs)	(16)	(19)	(61)
Net finance cost	(234)	(147)	(823)
Profit/(loss) on shares of joint ventures	(127)	(51)	(38)
Profit/(loss) on shares of associates	(20)	(59)	(114)
Profit /(loss) before income tax	(740)	(614)	1 746
Income tax expense	(2)	(1)	(339)
Net profit /(loss) for the reporting period	(742)	(615)	1 407
Net profit /(loss) for the reporting period attributable to			
Equity holders of the parent company	(743)	(618)	1 394
Minority shareholders	1	3	13
Total comprehensive income /(loss)	(742)	(615)	1 407
Comprehensive income /(loss) for the reporting period attributable to			
Equity holders of the parent company	(743)	(618)	1 394
Minority shareholders	1	3	13
Basic and diluted earnings per share (Note 8)	(0.02)	(0.02)	0.05

The Notes presented on pages 35-47 form an integral part of the consolidated interim report.

Consolidated statement of changes in equity (unaudited)

(EUR thousand)	Attributable to equity holders of parent company					Total	Minority interest	Total equity
	Share capital	Share premium	Treasury shares	Reserves	Retained earnings			
Balance on 31.12.2018	17 878	14 277	(22)	1 688	16 526	50 347	87	50 434
Adjustment on initial application of IFRS 16 (Note 2)	0	0	0	0	(219)	(219)	0	(219)
Restated balance on 01.01.2019	17 878	14 277	(22)	1 688	16 307	50 128	87	50 215
Net profit / (loss) for the reporting period	0	0	0	0	(618)	(618)	3	(615)
<i>Total comprehensive income / (loss) for the reporting period</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>(618)</i>	<i>(618)</i>	<i>3</i>	<i>(615)</i>
Balance on 31.03.2019	17 878	14 277	(22)	1 688	15 689	49 510	90	49 600
Balance on 31.12.2019	17 878	14 277	(22)	1 688	17 701	51 522	100	51 622
Net profit / (loss) for the reporting period	0	0	0	0	(743)	(743)	1	(742)
<i>Total comprehensive income / (loss) for the reporting period</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>(743)</i>	<i>(743)</i>	<i>1</i>	<i>(742)</i>
Balance on 31.03.2020	17 878	14 277	(22)	1 688	16 958	50 779	101	50 880

The Notes presented on pages 35-47 form an integral part of the consolidated interim report.

Consolidated cash flow statement (unaudited)

(EUR thousand)	Q1 2020	Q1 2019
Cash flows from operating activities		
Operating profit for the reporting year	(359)	(357)
<u>Adjustments for:</u>		
Depreciation, amortisation and impairment (Note 4)	1 039	962
(Gain)/loss on sale and write-down of property, plant and equipment	0	(1)
Cash flows from operating activities:		
Trade and other receivables	1 588	(16)
Inventories	(213)	(217)
Trade and other payables	(308)	993
Cash generated from operations		
Income tax paid	(93)	(73)
Interest paid	(127)	(134)
Net cash generated from operating activities	1 526	1 158
Cash flows from investing activities		
Acquisition of subsidiaries/ associates (less cash acquired) and other investments / cash paid-in equity-accounted investees	(84)	(459)
Interest received	1	6
Purchase of property, plant and equipment and intangible assets (Note 4)	(610)	(597)
Proceeds from sale of property, plant and equipment and intangible assets	1	3
Loans granted	(59)	(49)
Loan repayments received	0	199
Net cash used in investing activities	(752)	(897)
Cash flows from financing activities		
Payment of lease liabilities	(310)	(196)
Change in overdraft	(25)	(665)
Loans received / Repayments of bank loans (Note 6)	(562)	138
Net cash used in financing activities	(897)	(723)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(123)	(462)
Cash and cash equivalents at the beginning of the year	3 647	1 268
Cash and cash equivalents at the end of the year	3 524	805

The Notes presented on pages 35-47 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.

The Management Board approved and signed these financial statements on 29 April 2020. The interim 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 31.03.2020	Ownership interest 31.12.2019	Main field of activity	Domicile
Operating segment: corporate functions					
Ekspress Grupp AS	Parent company			Holding company and support services	Estonia
Ekspress Finants OÜ	Subsidiary	100%	-	Financing and book-keeping services (established in March 2020)	Estonia
Operating segment: media (online and print media)					
Ekspress Meedia AS	Subsidiary	100%	100%	Online media, publishing of daily and weekly newspapers	Estonia
Delfi A/S	Subsidiary	100%	100%	Online media	Latvia
D Screens SIA	Subsidiary	100%	100%	Sale of outdoor advertising	Latvia
Delfi Ticket Service SIA	Subsidiary	100%	100%	Holding company	Latvia
Delfi Tickets SIA	Subsidiary	-	100%	Holding company (merged with SIA Biļešu Paradīze in February 2020)	Latvia
Biļešu Paradīze SIA	Subsidiary	100%	100%	Operation of the electronic ticket platform and box offices	Latvia
Altero SIA	Associate	25,48%	25,48%	Financial comparison and brokerage platform	Latvia
Delfi UAB	Subsidiary	100%	100%	Online media	Lithuania
UAB Login Conferences	Subsidiary	100%	100%	Organisation of technology and innovation conference	Lithuania
Sport Media UAB	Subsidiary	51%	51%	Currently dormant	Lithuania
Hea Lugu OÜ	Subsidiary	83%	83%	Book publishing	Estonia
Eesti Audioraamatute Keskus OÜ	Associate	33.33%	-	Production and sale of audio books (established In March 2020)	Estonia
Adnet Media UAB	Subsidiary	100%	100%	Online advertising solutions and network	Lithuania
Adnet Media OÜ	Subsidiary	-	100%	Online advertising solutions and network. Dissolved on 27 February 2020.	Estonia
Adnet Media SIA	Subsidiary	100%	100%	Online advertising solutions and network	Latvia
Videotinklas UAB	Subsidiary	100%	100%	Production studio for content creation	Lithuania
Õhtuleht Kirjastus AS	Joint venture	50%	50%	Newspaper and magazine publishing	Estonia
Express Post AS	Joint venture	50%	50%	Home delivery of periodicals	Estonia
Linna Ekraanid OÜ	Subsidiary	100%	100%	Sale of digital outdoor advertising	Estonia
Centra Ekрани SIA	Subsidiary	100%	100%	Currently dormant	Latvia
Babahh Media OÜ	Associate	49%	49%	Sale of video production, media and infrastructure solutions	Estonia
Kinnisvarakeskkond OÜ	Associate	49%	49%	Development of a real estate portal	Estonia
Operating segment: printing services					
Printall AS	Subsidiary	100%	100%	Printing services	Estonia
Operating segment: entertainment					
Delfi Entertainment SIA	Subsidiary	-	100%	Dissolved on 28 February 2020	Latvia

Note 2. Bases of preparation

The consolidated interim financial statements of AS Ekspress Grupp for the 1stquarter ended on 31 March 2020 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 on 31 December 2019.

The Management Board estimates that the interim consolidated financial statements for the 1stquarter of 2020 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.

The accounting policies used for preparation of these financial statements are the same as those used for preparation of the Group's consolidated annual report for the year ended 31 December 2019.

From 1 January 2019, the Group applied IFRS 16 "Leases" for the first time, using the modified retrospective method according to which the cumulative effect of the first-time application is recognised in retained earnings on 1 January 2019. The changes in lease accounting are described below.

Leases

On transition to IFRS 16, the Group recognised additional right-of-use assets and additional lease liabilities, and their difference was recognised in retained earnings.

(EUR thousand)	1 January 2019
Right-of-use assets	3 077
Lease liabilities	3 296
Retained earnings	(219)

When measuring the lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using its incremental borrowing rate at 1 January 2019. The weighted-average rate applied is 2.15%.

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

This policy is applied to contracts entered into on or after 1 January 2019.

The Group as a lessee

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

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

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

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

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

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

- fixed payments, including in-substance fixed payments;
- the purchase price (when the purchase of the asset is sufficiently certain);
- amounts expected to be payable under a residual value guarantee;
- lease payments dependent on index or rate.

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

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

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

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.

The Group deposits its funds (incl. term deposits) in the following banks in the Baltic States:

Bank	Moody`s	Standard & Poor`s
SEB	Aa2	A+
Swedbank	Aa3	A+
Citadele	Ba1	-
Luminor/LHV	Baa1/Baa1	-/-

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

The payment discipline of clients is continuously monitored to reduce credit risk. A credit policy has been established to ensure the sale of 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. The largest 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 Krediidinfo 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, particularly 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 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 interest rate is fixed and the margin is zero.

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.

Type of interest	Interest rate	31.03.2020 (EUR thousand)	<= 1 year	>1 year and <=5 years	> 5 years	Carrying amount
Fixed and floating interest rate	0%+2.15%-3.90%	Loan	3 021	10 847	0	13 868
	6.00%	Notes	0	0	5 000	5 000
	6-kuu Euribor + 1.78-2.50%	Lease liability	1 002	3 061	0	4 063
	1-kuu Euribor + 1.9%	Overdraft	993	0	0	993

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

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 Lithuania. 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 their foreign contracts. The subsidiary Printall exports outside of the euro-zone and it also issues invoices denominated in Norwegian kroner and Swedish kronor. In 2020, ca 1% (2019: ca 1%) of revenue was exposed to foreign exchange risk. 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 to 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 March 2020, the Group's foreign currency risk related to USD was EUR 193 thousand and to other currencies (SEK, NOK), EUR 84 thousand.

As of 31 December 2019, the Group's foreign currency risk related to USD was EUR 349 thousand and to other currencies (SEK, GBP, NOK), EUR 44 thousand.

Price risk

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

Operational risk

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

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

Equity ratios of the Group

(EUR thousand)	31.03.2020	31.12.2019
Interest-bearing debt	23 924	24 342
Cash and bank accounts	3 524	3 647
Net debt	20 400	20 695
Equity	50 880	51 622
Total capital	71 279	72 318
Debt to capital ratio	29%	29%
Total assets	94 011	95 407
Equity ratio	54%	54%

Note 4. Property, plant and equipment, and intangible assets

(EUR thousand)	Property, plant and equipment		Intangible assets	
	Q1 2020	Q1 2019	Q1 2020	Q1 2019
Balance at beginning of the period				
Cost	41 551	35 422	75 854	65 854
Accumulated depreciation and amortisation	(26 608)	(23 501)	(19 485)	(19 163)
Carrying amount	14 943	11 921	56 369	46 691
First-time adoption of IFRS 16 (Note 2)	0	3 089	0	0
Restated carrying amount	14 943	15 010	56 369	46 691
Acquisitions and improvements	726	317	319	281
Disposals (at carrying amount)	0	(2)	0	0
Write-down and write-off of non-current assets	0	(1)	0	0
Reclassification	(1)	(1)	0	1
Acquired through business combinations	0	546	0	1 341
Depreciation and amortisation	(656)	(735)	(383)	(227)
Balance at end of the period				
Cost	42 260	39 524	76 290	67 475
Accumulated depreciation and amortisation	(27 248)	(24 391)	(19 985)	(19 389)
Carrying amount	15 012	15 133	56 305	48 087

Note 5. Intangible assets

Intangible assets by type

(in EUR thousand)	EUR	
	31.03.2020	31.12.2019
Goodwill	42 628	42 628
Trademarks	9 089	9 218
Other intangible assets	4 588	4 523
Total intangible assets	56 305	56 369

Note 6. Bank loans and borrowings

(EUR thousand)	Total amount	Repayment term		
		Up to 1 year	Between 1-5 years	More than 5 years
Balance as of 31.03.2020				
Overdraft	993	993	0	0
Long-term bank loans	13 868	3 021	10 847	0
Notes	5 000	0	0	5 000
Lease liability	4 063	1 002	3 061	0
Total	23 924	5 016	13 908	5 000
Balance as of 31.12.2019				
Overdraft	1 018	1 018	0	0
Long-term bank loans	14 429	3 071	11 359	0
Notes	5 000	0	0	5 000
Lease liability	3 894	1 011	2 884	0
Total	24 342	5 100	14 242	5 000

Due to the state of emergency related to COVID-19, the Group concluded in March 2020 an amendment to the loan agreement of AS SEB Pank and AS Printall, which suspended the principal repayments between March and May 2020. The principal repayments of the loan for these periods will be paid at the end of the payment schedule together with the final payment.

Note 7. Segment reporting

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

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

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

This segment also includes the joint ventures AS Ajakirjade Kirjastus (until its reorganisation on 1 June 2018), AS Õhtuleht Kirjastus, Linna Ekraanid OÜ (until acquisition of an additional ownership interest on 1 March 2019) and AS Express Post engaged in home delivery of periodicals. 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, sale of advertising space in newspapers and magazines, revenue from subscriptions and single copy sales of newspapers and magazines, sale of books and miscellaneous book series, services fees for preparation of customer fliers and other projects as well as sale of digital outdoor advertising in Estonia, Latvia and Lithuania.

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

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

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

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

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

Q1 2020 (EUR thousand)	Media	Printing services	Corporate functions	Eliminations	Total Group
Sales to external customers (subsidiaries)	9 982	5 613	85	0	15 680
Inter-segment sales	21	630	431	(1 082)	0
Total segment sales	10 003	6 243	515	(1 082)	15 680
EBITDA (subsidiaries)	248	584	(143)	(17)	671
EBITDA margin (subsidiaries)	2%	10%			4%
Depreciation (subsidiaries) (Note 4)					1 039
Operating profit /(loss) (subsidiaries)					(359)
Investments (subsidiaries) (Note 4)					1 045

Q1 2019 (EUR thousand)	Media	Printing services	Corporate functions	Eliminations	Total Group
Sales to external customers (subsidiaries)	9 353	5 873	84	0	15 310
Inter-segment sales	3	697	455	(1 155)	0
Total segment sales	9 357	6 570	539	(1 155)	15 310
EBITDA (subsidiaries)	436	550	(363)	(7)	616
EBITDA margin (subsidiaries)	5%	9%			4%
Depreciation (subsidiaries) (Note 4)					962
Operating profit /(loss) (subsidiaries)					(357)
Investments (subsidiaries) (Note 4)					597

Note 8. 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 2020	Q1 2019
Profit attributable to equity holders	(743 284)	(617 551)
Average number of ordinary shares	29 779 314	29 779 314
Basic and diluted earnings per share	(0.02)	(0.02)

As the Group had no instruments diluting earnings per share as of 31 March 2020 and 31 December 2019 **diluted net profit per share** was equal to regular net profit per share.

Note 9. Share option plan

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

As of 31 March 2020, 767 thousand options have been issued in the framework of this stock option plan (as of 31.12.2019: 775 thousand options), each of which grants the right to receive one share of the company free of charge. As a rule, 1/3 of the options can be earned in each calendar year. Equity options can be used from December 2020.

Equity options are cash-settled share-based payments. When entering into contracts, options were accounted for at their fair value and reported on the one hand in the profit or loss statement as labour costs and, on the other hand, as a liability. As of 31 March 2020, the liability of the mentioned stock option amounted to EUR 673 thousand (31.12.2019: EUR 685 thousand).

The fair value of the equity option is found by using the Black-Scholes-Merton model. Assumptions used in the model: the price of the share upon issue of the option: EUR 0.67-1.35, dividend rate: EUR 0.00-0.07 per share, risk-free interest rate: 0.69%, option term: 3 years, standard deviation: 2.43%.

In order to meet the obligations related to the options, the company will buy shares from the market. Key employees have the right to sell their shares within two to three months after the sale of the options to the company and the company is required to repurchase these shares. Shares are redeemed based on their current market value.

Note 10. Equity and dividends

Share capital and share premium

As of 31 March 2020 and 31 December 2019, the share capital of AS Ekspress Grupp is EUR 17 878 105 and it consists of 29 796 841 shares with the nominal value of EUR 0.60 per share. The maximum amount of share capital as stipulated by the articles of association is EUR 25 564 656.

Treasury shares

Within the framework of the CEO's share option plan which was in place in 2013-2016, the company purchased treasury shares. As of 31 March 2020, the Company had 17 527 treasury shares in the total amount of EUR 22 thousand to be used for the current share option plan.

Dividends

In May 2019, due to the company's liquidity position, the Annual General Meeting of Shareholders decided not to pay dividends in 2019. As of 31 March 2020, it is possible to distribute dividends without income tax payment in the total amount of EUR 24.3 million.

Reserves

The reserves include statutory reserve capital required by the Commercial Code and a general-purpose equity contribution by a founding shareholder.

(EUR thousand)	EUR	
	31.03.2020	31.12.2019
Statutory reserve capital	1 049	1 049
Additional cash contribution from shareholder	639	639
Total reserves	1 688	1 688

Note 11. Related party transactions

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

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

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

SALES (EUR thousand)	Q1 2020	Q1 2019
Sales of goods		
Members of Supervisory Board and companies related to them	1	4
Associated	41	25
Joint ventures	307	361
Total sale of goods	349	390

PURCHASES (EUR thousand)	Q1 2020	Q1 2019
Purchase of services		
Members of Management Board and companies related to them	5	4
Members of Supervisory Board and companies related to them	104	61
Associates	11	24
Joint ventures	255	344
Total purchases of services	375	433

RECEIVABLES (EUR thousand)	31.03.2020	31.12.2019
Short-term receivables		
Members of Supervisory Board and companies related to them	0	9
Associates	60	67
Joint ventures	218	107
Total short-term receivables	278	183
Long-term receivables		
Associates	123	115
Total long-term receivables	123	115
Total receivables	401	297

LIABILITIES (EUR thousand)	31.03.2020	31.12.2019
Current liabilities		
Members of Management Board and companies related to them	2	2
Members of Supervisory Board and companies related to them	10	10
Associates	5	0
Joint ventures	154	116
Total liabilities	171	128

According to the decision of the General Meeting held on 2 June 2009 and 4 May 2012, Hans H. Luik will be paid a guarantee fee of 1.5% per annum on the guarantee amount for the personal guarantee of EUR 4 million on the loan and overdraft agreements until the guarantee expires. In the 1st quarter of 2020, a payment of EUR 15 thousand (2018: EUR 15 thousand) was paid for the personal guarantee and there are no outstanding liabilities as of 31 March 2020 and 31 December 2019.

Remuneration of members of the Management Boards of the consolidation group

(EUR thousand)	Q1 2020	Q1 2019
Salaries and other benefits (without social tax)	542	494
Termination benefits (without social tax)	0	16
Share option	-10	26
Total (without social tax)	532	536

The members of all management boards of the group companies (incl. key management of foreign subsidiaries if these companies do not have management board as per Estonian Commercial Code) (hereinafter Key Management) are entitled to receive compensation upon expiry or termination of their contracts in accordance with the terms laid down in their employment contracts. The Key Management terminations benefits are payable only in case the termination of contracts is originated by the company. If a member of the Key Management is recalled without a substantial reason, a notice thereof shall be given up to 3 months in advance and the member shall be paid compensation for termination of the contract in the amount of up to 8 months' salary. Upon termination of an employment relationship, no compensation shall be usually paid if a member of the Key Management leaves at his or her initiative or if a member of the Key Management is removed by the Supervisory Board with a valid reason. As of 31 March 2020, the maximum gross amount of potential Key Management termination benefits was EUR 697 thousand (31.12.2019: EUR 699 thousand). No remuneration is paid separately or in addition to the members of the Supervisory Boards of the Group companies and no compensation is paid if they are recalled.

Note 12. Contingent assets and liabilities

On 28.04.2020, Harju County Court forwarded a statement of claim of AS MM Grupp to AS Ekspress Meedia, in which AS MM Grupp demands from AS Ekspress Meedia EUR 2.0 million for compensation for non-patrimonial or alternatively future patrimonial damages caused by the publication of allegedly false statements of fact. AS Ekspress Meedia considers the claim to be perspectiveless.