

E K S P R E S S G R U P P

AS EKPRESS GRUPP

CONSOLIDATED INTERIM REPORT

FOR THE THIRD QUARTER AND NINE MONTHS OF 2020

(unaudited)

TABLE OF CONTENTS

TABLE OF CONTENTS	2
GENERAL INFORMATION	3
Management Board's confirmation of the Group's interim financial statements	4
STRATEGY AND GOALS OF THE GROUP	6
OUR MEDIA BRANDS	8
MANAGEMENT REPORT.....	9
BUSINESS OPERATIONS.....	12
FINANCIAL INDICATORS AND RATIOS	12
SEGMENT OVERVIEW	13
RESPONSIBILITY OF A MEDIA GROUP IN THE SOCIETY	18
MEDIA RECOGNITIONS AND AWARDS IN 2020	19
SHARES AND SHAREHOLDERS OF AS EKSPRESS GRUPP	20
CORPORATE GOVERNANCE	24
CORPORATE GOVERNANCE AND STRUCTURE	24
GROUP'S LEGAL STRUCTURE	24
GENERAL MEETING OF SHAREHOLDERS	25
SUPERVISORY BOARD.....	26
MANAGEMENT BOARD	28
SUPERVISORY AND MANAGEMENT BOARDS OF SUBSIDIARIES.....	29
CONSOLIDATED INTERIM FINANCIAL STATEMENTS	30
Consolidated balance sheet (unaudited).....	30
Consolidated statement of comprehensive income (unaudited).....	31
Consolidated statement of changes in equity (unaudited)	32
Consolidated cash flow statement (unaudited).....	33
SELECTED NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS.....	34
Note 1. General information.....	34
Note 2. Bases of preparation	35
Note 3. Financial risk management.....	38
Note 4. Property, plant and equipment, and intangible assets.....	41
Note 5. Intangible assets	42
Note 6. Bank loans and borrowings	42
Note 7. Segment reporting.....	42
Note 8. Earnings per share.....	44
Note 9. Share option plan.....	45
Note 10. Equity and dividends.....	45
Note 11. Related party transactions.....	46
Note 12. Contingent assets and liabilities	47

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	30 September 2020
Financial year	1 January - 31 December
Management Board	Mari-Liis Rüütsalu Signe Kukin Kaspar Hanni
Supervisory Board	Priit Rohumaa 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>	29.10.2020
Signe Kukin	member of the Management Board	<i>signed digitally</i>	29.10.2020
Kaspar Hanni	member of the Management Board	<i>signed digitally</i>	29.10.2020

BRIEF OVERVIEW OF THE GROUP

Ekspress Group with its 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 54.74%.

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.

STRATEGY AND GOALS OF THE GROUP

Mission

- To serve democracy

Our goals

- Produce award-winning content, appreciated by our readers and media experts alike
- Be leading digital publisher in Baltics (in terms of user time spent and number of real users)
- Maintain our quality paper-based media products for the audiences who value this format
- Increase the value of the company for our shareholders















Group strategy

Ekspress Grupp continues focusing on the organic growth of the existing digital business as well as finding opportunities to increase its business volumes through acquisitions. The Group's goal is to increase the company's value by creating a synergy between the new businesses acquired and current media operations. In addition to the development of the digital media segment, printed media as well as the quality and cost-efficiency of printing services are also vital for the Group.

The Group plans to strengthen its existing core business and facilitate digital transformation through increasing the share of the Group's digital revenue. In order to support growth, the goal of Ekspress Grupp is to ensure an optimal distribution of investments, repayment of loans and profit allocation both from the point of view of the Group and its investors.

To implement the Group's strategy, our objectives still include production of award-winning content valued both by our readers and media experts while being a leading digital publisher in the Baltic States both in terms of the time spent and the number of actual users. We wish to continue providing high-quality printed media products for those readers who value this format.

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 Bīļešu Paradīze / Latvia Bīļešu 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 Õhtuleht Kirjastus / Estonia Õhtuleht Kirjastus publishes Estonia's largest daily newspaper Õhtuleht, free newspaper Linnaleht and internet portal oh tuleht.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, Õhtuõpik, 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



MANAGEMENT REPORT

MANAGEMENT'S COMMENTS

In the third quarter of 2020, the revenue of AS Ekspress Grupp totalled EUR 15.2 million and net profit totalled EUR 1.08 million. The revenue for the first nine months of the year totalled EUR 44.8 million and net profit was EUR 0.92 million. At the end of September, the Group's digital revenue accounted for 48% of total revenue and 70% of media segment revenue (9 months of 2019: 44% of total revenue and 68% of media segment revenue, respectively).

In the 3rd quarter, the Group's revenue recovered well from the downturn caused by the state of emergency and was at the same level as the year before. The revenue for the first 9 months of the year was ca 6% lower than in 2019, primarily related to the state of emergency in the 2nd quarter. While the revenue drop in 2nd quarter was clearly attributable to cautiousness of customers, in the 3rd quarter we witnessed revenue recovery, especially relating to the data of online advertising.

In the 3rd quarter, the digital revenue of Ekspress Grupp increased and accounted for 70% of the Group's media segment revenue and 48% of the Group's total revenue. In the 3rd quarter, growth was propelled by the steadily increasing volume of digital subscriptions of periodicals of Ekspress Grupp and reached 71 thousand subscribers in the Baltic States, growing by more than 12% in a quarter and being 42% higher than at the year-end 2019. The growth in digital subscriptions has accelerated following the extraordinary events in the world, demonstrating clearly that readers appreciate edited content and they are willing to pay for it. Digital revenue increased in Estonia, Latvia and Lithuania. In Estonia, where we have offered paid content the longest in the Baltic States, the number of digital subscriptions of the periodicals of Ekspress Grupp accounted for 53% of the volume of the entire market at end of the 3rd quarter, as reported by the Estonian Association of Media Companies. Latvia and Lithuania are also improving their potential and the number of digital subscriptions is growing strongly.

Earnings before interest, tax, depreciation and amortisation (EBITDA) of Ekspress Grupp were EUR 2.23 million in the 3rd quarter which is EUR 0.91 million higher as compared to the 3rd quarter of 2019. The EBITDA in the 3rd quarter also includes one-off public government measures related to the corona crisis in the amount of EUR 0.41 million. The EBITDA for the first 9 months of the year totalled EUR 4.56 million (incl. EUR 0.73 million of government measures related to the corona crisis), increasing by 27% year-over-year.

The Group's net profit in the 3rd quarter totalled EUR 1.08 million, which is EUR 1.06 million higher than in the previous year. Third quarter results were positively impacted by ongoing cost savings and revenue recovery. In the first 9 months of the year, the Group's net profit totalled EUR 0.92 million which is EUR 1.16 higher as compared to 2019. The key effect over the nine-month period comes from the 3rd quarter.

The Group continued to operate in the cost-cutting mode and searched for ways to increase efficiency. In the crisis months, the Group immediately took action by cutting costs and the cost base has been reduced by ca EUR 3 million over the nine-month period, the as compared to the previous year. It is within the same range as revenue reduction over the first 9 months of the year. The state of emergency in the 2nd quarter when most of the employees worked remotely, provided an excellent opportunity to review organisation of work, reallocation of the office space and preservation of a lower cost base. However, in the media segment home delivery costs of Estonian paper periodicals pose a major risk in the future, as no agreements have been reached in respect of delivery prices and the state's participation in the maintenance of the delivery network. For Ekspress Grupp, the danger lies in the limited interest of the state as the home delivery organisation in the optimisation of the delivery network. The Group has repeatedly addressed the issue and is ready to search for more efficient methods for a long-term outcome.

The state of emergency related to COVID-19 has impacted the activities of the Latvian ticket sales network the most. The Latvian State has set a 50% limit on the occupancy rate of movie theatres and the company's activities are therefore considerably more restricted than the year before. At the same time, the ticket sales platform has been able to focus on the development of its web platform and launched a new and more modern solution for its end users. New technological opportunities, including requirements for the customer profile of the ticket platform set by the state where each customer can be identified and that we have successfully developed in our systems, have helped to almost double our market share. However, due to the government restrictions, the activities will still be significantly impaired in the coming months.

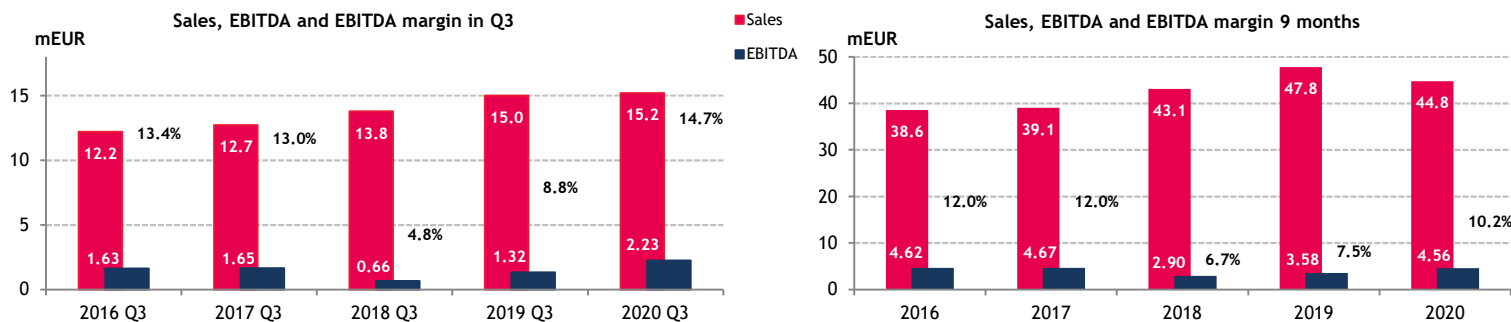
At the beginning of September, the new season of Delfi TV was launched in Lithuania, where more than 50 different programmes and more than six hours of daily live broadcasts will be broadcast. At the beginning of 2020, Delfi TV

was launched in Lithuania as a free-to-air Lithuania-wide TV station. Video content has become more popular among Delfi users. Delfi streaming services have already gained popularity on the Lithuanian market where Delfi is one of the most popular online television channels.

The Group's liquidity continues to be strong. As of 30 September 2020, the Group's available cash totalled EUR 5.8 million (30.09.2019: EUR 2.8 million). Liquidity was positively impacted by the grace periods granted by banks and the salary subsidy received from the Estonian Unemployment Insurance Fund. For the Group, it is important to maintain its liquidity position as the future scope of the crisis related to the coronavirus is still unknown.

SUMMARY OF THE RESULTS OF THE THIRD QUARTER AND NINE MONTHS

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 3rd quarter of 2020 totalled EUR 15.2 million (3rd quarter 2019: EUR 15.0 million). Revenue increased by 1% year-over-year in the 3rd quarter. The consolidated revenue for the first nine months of 2020 totalled EUR 44.8 million (9 months of 2019: EUR 47.8 million). At the end of the 3rd quarter, digital revenue accounted for 48% of total revenue and 70% of media segment revenue (3rd quarter 2019: 44% of total revenue and 68% of media segment revenue, respectively).

PROFITABILITY

In the 3rd quarter of 2020, the consolidated EBITDA totalled EUR 2.23 million (3rd quarter 2019: EUR 1.32 million) and in the first nine months of 2020, the consolidated EBITDA totalled EUR 4.56 million (first 9 months 2019: EUR 3.58 million). In the 3rd quarter of 2020, EBITDA grew by 69% year-over-year and the EBITDA margin was 14.7% (3rd quarter 2019: 8.8%) and in the first nine months of 2020, EBITDA increased by 27% as compared to the previous year and the EBITDA margin was 10.2% (first 9 months 2019: 7.5%). Profitability was positively impacted by cost savings implemented throughout the entire Group in the 2nd and 3rd quarters (incl. salary cuts) and the salary subsidy of the Estonian Unemployment Insurance Fund in the amount of EUR 1.14 million that was received in the 2nd quarter and that will be accrued as income in the second, third and fourth quarters. The salary subsidy accounted for EUR 0.41 million of the EBITDA in the 3rd quarter of 2020 and EUR 0.73 million of the EBITDA in the first nine months of 2020. The net profit for the 3rd quarter of 2020 totalled EUR 1.08 million which is EUR 1.06 million higher than in the same period of 2019.

CASH POSITION

At the end of the reporting period, the Group had available cash in the amount of EUR 5.8 million and equity in the amount of EUR 52.6 million (55% of total assets). The comparable data as of 30 September 2019 were EUR 2.8 million and EUR 50.0 million (55% of total assets), respectively. As of 30 September 2020, the Group's net debt totalled EUR 16.5 million (30 September 2019: EUR 16.7 million). Due to the state of emergency related to COVID-19, the Group concluded an agreement with AS SEB Pank to suspend loan payments in the period March-August 2020 (EUR 1.2 million) and with AS Citadele banka to suspend loan payments in the period June-November 2020 (EUR 0.3 million). The salary subsidy received from the Estonian Unemployment Insurance Fund (EUR 1.14 million) and the postponement of the payment of tax arrears (EUR 1.60 million) due to the state of emergency for the period of 24 months had an additional positive impact on the Group's cash position.

BUSINESS OPERATIONS

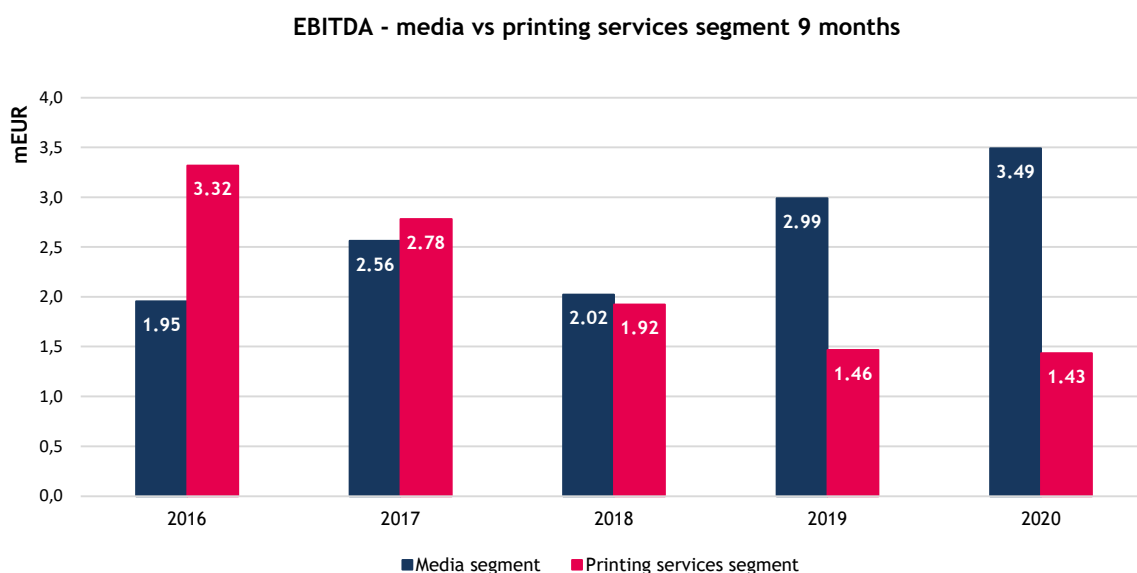
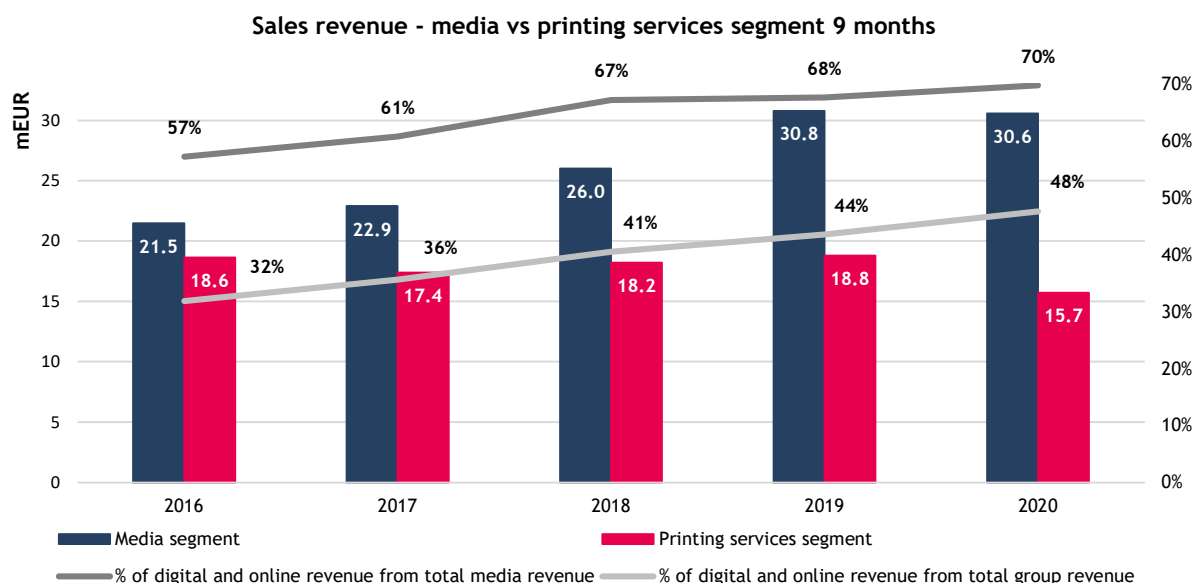
FINANCIAL INDICATORS AND RATIOS

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)	Q3 2020	Q3 2019	Change %	9 months 2020	9 months 2019	Change %	12 months 2019
For the period							
Sales revenue	15 179	14 985	1%	44 771	47 771	-6%	67 456
EBITDA	2 231	1 317	69%	4 556	3 576	27%	6 772
EBITDA marginal (%)	14.7%	8.8%		10.2%	7.5%		10.0%
Operating profit /(loss)	1 274	339	275%	1 593	603	164%	2 722
<i>Operating margin (%)</i>	<i>8.4%</i>	<i>2.3%</i>		<i>3.6%</i>	<i>1.3%</i>		<i>4.0%</i>
Interest expenses	(217)	(239)	9%	(658)	(555)	-18%	(784)
Profit /(loss) of joint ventures under the equity method	99	(16)	705%	107	(17)	738%	(38)
Net profit /(loss) for the period	1 081	20	5340%	921	(238)	487%	1 407
Net margin (%)	7.1%	0.1%		2.1%	-0.5%		2.1%
<i>Return on assets (ROA) (%)</i>	<i>1.1%</i>	<i>0.0%</i>		<i>1.0%</i>	<i>-0.3%</i>		<i>1.6%</i>
<i>Return on equity (ROE) (%)</i>	<i>2.1%</i>	<i>0.0%</i>		<i>1.8%</i>	<i>-0.5%</i>		<i>2.8%</i>
Basic earnings per share	0.04	0.00		0.03	(0.01)		0.05
Diluted earnings per share	0.03	0.00		0.03	(0.01)		0.05

Balance sheet (EUR thousand)	30.09.2020	31.12.2019	Change %
As of the end of the period			
Current assets	19 585	19 472	1%
Non-current assets	75 915	75 935	0%
Total assets	95 499	95 407	0%
<i>incl. cash and cash equivalents</i>	<i>5 760</i>	<i>3 647</i>	<i>58%</i>
<i>incl. goodwill</i>	<i>43 085</i>	<i>42 628</i>	<i>1%</i>
Current liabilities	21 091	21 647	-3%
Non-current liabilities	21 855	22 137	-1%
Total liabilities	42 947	43 784	-2%
<i>incl. borrowings</i>	<i>22 301</i>	<i>24 342</i>	<i>-8%</i>
Equity	52 552	51 622	2%

Financial ratios (%)	30.09.2020	31.12.2019
Equity ratio (%)	55%	54%
Debt to equity ratio (%)	42%	47%
Debt to capital ratio (%)	24%	29%
Total debt/EBITDA ratio	2.88	3.59
Liquidity ratio	0.93	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						
	Q3 2020	Q3 2019	Change %	9 months 2020	9 months 2019	Change %	12 months 2019
Media segment	10 709	9 908	8%	30 572	30 777	-1%	44 218
<i>incl. revenue from all digital and online channels</i>	7 812	6 987	12%	21 338	20 815	3%	30 534
<i>incl. % of revenue from all digital and online channels</i>	73%	71%		70%	68%		69%
Printing services segment	4 901	5 608	-13%	15 714	18 789	-16%	25 695
Corporate functions	693	512	35%	1 728	1 558	11%	2 076
Inter-segment eliminations	(1 125)	(1 043)		(3 243)	(3 353)		(4 533)
TOTAL GROUP	15 179	14 985	1%	44 771	47 771	-6%	67 456
<i>incl. % of revenue from all digital and online channels</i>	51%	47%		48%	44%		45%

(EUR thousand)	EBITDA						
	Q3 2020	Q3 2019	Change %	9 months 2020	9 months 2019	Change %	12 months 2019
Media segment	1 729	1 188	45%	3 491	2 988	17%	5 966
Printing services segment	603	357	69%	1 434	1 465	-2%	2 032
Corporate functions	(90)	(219)	59%	(325)	(854)	62%	(1 150)
Inter-segment eliminations	(11)	(10)		(43)	(23)		(75)
TOTAL GROUP	2 231	1 317	69%	4 556	3 576	27%	6 772

EBITDA margin	Q3 2020	Q3 2019	9 months 2020	9 months 2019	12 months 2019
Media segment	16%	12%	11%	10%	13%
Printing services segment	12%	6%	9%	8%	8%
TOTAL GROUP	15%	9%	10%	7%	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
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

- Delfi continued its successful social campaign "Don't Read While Driving" as well as with Delfi's series of lake runs.
- Noteworthy multimedia solutions of Ekspress Meedia included [Hitchhiking across Estonia in Eesti Ekspress](#), [Tenet in Eesti Ekspress](#), [Truth and Justice Test in LP](#), [Ukuaru Waltz in Maaleht](#), [Tallinn Quiz in LP](#).
- Ekspress Meedia organised several successful events, such as RUJA concert "Stainless World", Maria Faust's concern in St John's Church and Eesti Päevaleht's "Corona Conference".
- A large-scale project of Eesti Päevaleht "[Dirty Money](#)" was published, receiving widespread attention.
- Õhtuleht Kirjastus launched several portal and digital magazine design innovations.
- Õhtuleht Kirjastus attained a new digital subscriptions record and the new revenue record of its digital products portfolio.

Latvia

- DELFI was the main media partner for: "Avārijas brigāde" Amusement theme park, "Lampa" conversation festival, "Carnival youth" Latvian band, "Mans mīļākais karš" Latvian movie, "Hattrick" sports TV show, "Latvijas gada auto" National Auto Award, "Ceļa maize" University of Latvia Foundation charity campaign, "World RX" rallycross, Baltic Brand forum & Awards.
- DELFI significantly increased the volume and quality of paid content during the summertime, that helped in September to overreach the level of 7 000 active monthly subscribers.
- [www.mvp.lv](#) - a new sport vertical with subscription option was launched.
- [www.finhack.lv](#) - a new vertical about private money advisory was launched.
- DELFI was awarded as [the most loved media brand in Latvia and in Baltics](#)
- [Latvian Journalists Association awarded Ingus Berziņš as "The chief editor of 2019" and Rus.DELFI for the "Best content on minority language in 2019"](#).
- [Special video series of pre-election debates with Janis Domburs was launched in August.](#)
- From 2nd till 5th September DELFI TV studio became a part of talk festival "Lampa" online discussion.

Lithuania

- The [Delfi Plus platform](#) of exclusive content and independent authors is renewed.
- [The newest public survey about Delfi was published](#). Delfi portal is named by most users as its main news portal, and is considered to be the most reliable, objective and reflective of the widest variety of opinions.
- 4 years in a row Delfi published the [lists of most influential people in Lithuania](#).
- Delfi achieved new record in digital subscribers of the [Delfi Plus](#) service.
- In September, the technology and innovation conference "[LogIn](#)" took place.

In the 3rd quarter of 2020, media segment revenue totalled EUR 10.7 million (3rd quarter 2019: EUR 9.9 million) and in the first nine months of 2020, revenue totalled EUR 30.6 million (first 9 months 2019: EUR 30.8 million). In the 3rd quarter, advertising revenue demonstrated decent recovery. After the 2nd quarter, it is evident that advertising customers prefer the Internet and this has put paper products in a more complicated situation. The state of emergency related to COVID-19 still has the most profound impact on the Latvian ticket sales platform, where the Latvian State has imposed a 50% limit on the occupancy rate of movie theatres and the Company's activities are significantly more restricted than last year.

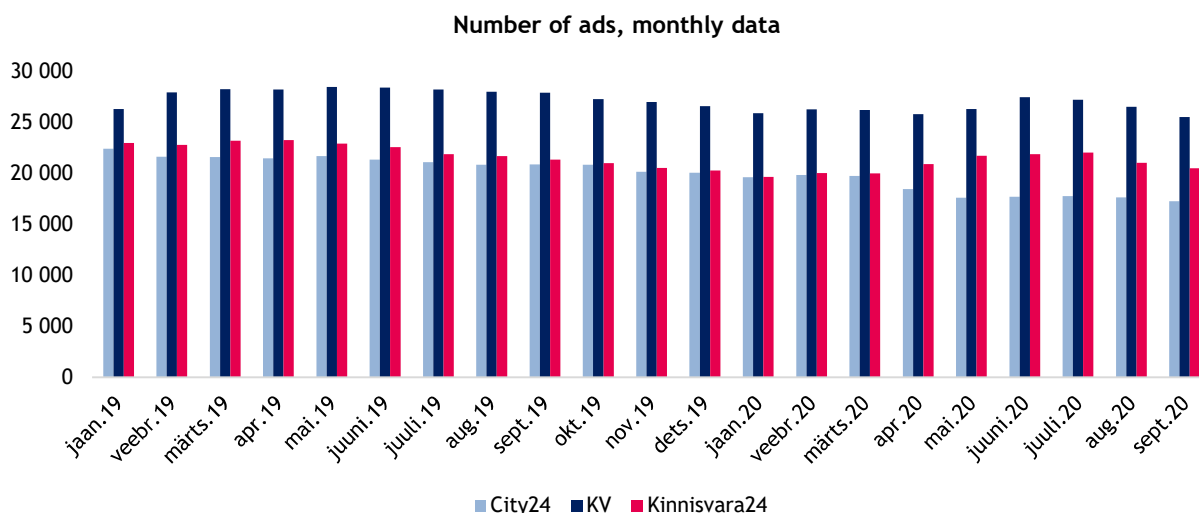
Digital media is growing as expected. At the end of the 3rd quarter of 2020, the Group's digital revenue accounted for 48% of total revenue and 70% of media segment revenue.

By the end of the 3rd quarter of 2020, the number of digital subscriptions reached EUR 71 thousand subscribers in the Baltic States (incl. subscribers of Õhtuleht Kirjastus AS: 100%), increasing by 42% as compared to the year-end 2019 when there were about 50 thousand digital subscriptions. At the end of the 3rd quarter of 2020, the Group's digital subscriptions accounted for 53% of the total market in Estonia.

The EBITDA of the media segment in the 3rd quarter of 2020 totalled EUR 1.7 million (3rd quarter 2019: EUR 1.2 million) and in the first nine months of 2020, EBITDA was EUR 3.5 million (first 9 months 2019: EUR 3.0 million). As compared to the 3rd quarter of the previous year, EBITDA increased by 45% and by 17% in nine-month period. This was positively impacted by cost savings carried out throughout the Group and employee salary cuts as well as the salary subsidy received from the Estonian Unemployment Insurance Fund (during 2nd - 4th quarters) that was accrued as income in the amount of EUR 0.3 million in the 3rd quarter and EUR 0.5 million in the nine-month period.

The joint venture Õhtuleht Kirjastus AS, a key media company on the Estonian market is recognised under the equity method and included as one line item within finance income in the Group's results. In the 3rd quarter of 2020, the revenue of Õhtuleht Kirjastus AS totalled EUR 3.2 million (3rd quarter 2019: EUR 3.2 million) and in the first nine months of 2020, revenue totalled EUR 9.9 million (first 9 months 2019: EUR 10.3 million). Despite the state of emergency, the advertising and distribution revenue of Õhtuleht Kirjastus AS has remained stable.

REAL ESTATE PORTAL



In the third quarter of 2020, Kinnisvara24.ee portal was affected by the deterioration of the business environment as a result of the state of emergency related to COVID-19. In the second quarter, Kinnisvara24.ee portal became the second largest portal in Estonia. The portal has maintained this position in the third quarter as well. At the beginning of the third quarter, the number of advertisements in the portal was high, as people's readiness to buy and sell real estate was lower than usual. In August and September, the real estate market became more active and the sales became more active as well. The number of loyal customers in the portal has increased, the average time spent in the portal reached over 4 and a half minutes in September.

PRINTING SERVICES SEGMENT

In the 3rd quarter of 2020, the revenue of AS Printall totalled EUR 4.9 million (3rd quarter 2019: EUR 5.6 million) and in the first nine months of 2020, revenue totalled EUR 15.7 million (first 9 months 2019: EUR 18.8 million). The 2nd and 3rd quarters were primarily impacted by the state of emergency related to COVID-19. Although revenue partly recovered in the 3rd quarter, but it was still 13% lower and 16% lower in the nine-month period as compared to the previous year. The revenue of printing services has declined in Estonia also 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 3rd quarter of 2020, EBITDA totalled EUR 0.60 million, including accrual of the salary subsidy in the amount of EUR 0.13 million (EBITDA in the 3rd quarter 2019: EUR 0.36 million) and in the first nine months of 2020, EBITDA totalled EUR 1.4 million, including accrual of the salary subsidy in the amount of EUR 0.21 million (first 9 months 2019: EUR 1.5 million).

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 has led to higher printing costs. In addition, appreciation of input prices (incl. labour, paper and electricity) is another major challenge.

In the first 9 months of 2020, the share of revenue of AS Printall in other countries was 62% (first 9 months of 2019: 62%).

In the 1st quarter, AS Printall 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 that is the largest investment over the last several years and that was launched 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 about 25 people who were 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.

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**.



Eero Epner

- 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**"



Anna Pihl (ERR) and Sulev Vedler (Eesti Ekspress)

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.



Preet Simson

- The award for the feature photo was given to **Preet 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.

Latvia

- Latvian Journalists Association awarded **Ingus Berziņš** as "**The chief editor of 2019**" and Rus.DELFI for the "**Best content on minority language in 2019**".

SHARES AND SHAREHOLDERS OF AS EKSPRESS GRUPP

As of 30 September 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 30 September 2020 according to the Estonian Central Register of Securities

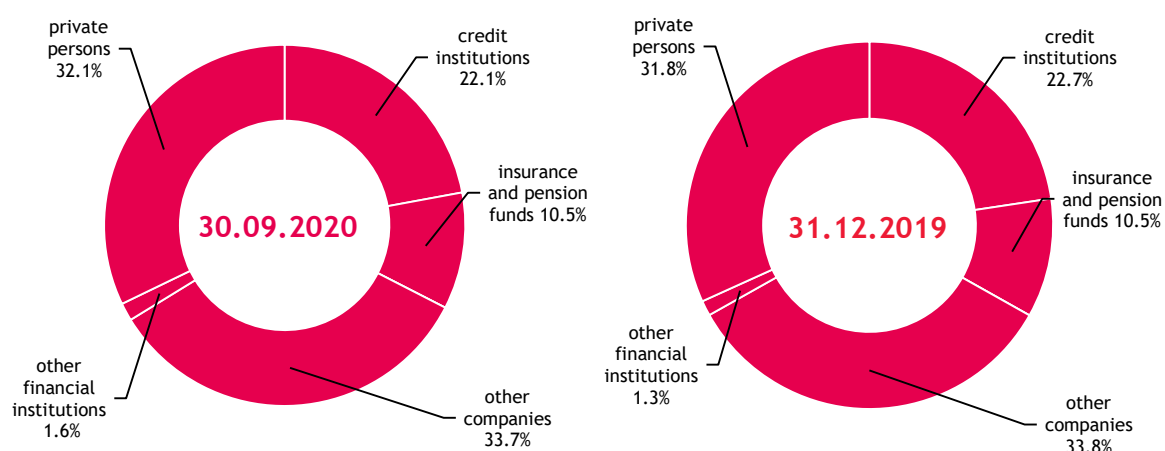
Name	Number of shares	%
Hans H. Luik and companies under his control	17 449 597	58.56%
<i>Hans H. Luik</i>	7 963 307	26.73%
<i>OÜ HHL Rühm</i>	9 486 290	31.84%
ING Luxembourg S.A.	4 002 052	13.43%
LHV Bank and funds managed by LHV Varahaldus	2 541 583	8.53%
SEB S.A. CLIENT ASSETS UCITS	1 225 829	4.11%
Other minority shareholders	4 560 253	15.30%
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 30 September 2020, the ownership interest of Hans H. Luik as the ultimate beneficiary of AS Ekspress Grupp is 54.74% (16 311 242 shares).

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

Category	30.09.2020		31.12.2019	
	Number of shareholders	Number of shares	Number of shareholders	Number of shares
Private persons	2 864	9 577 098	2 613	9 473 567
Other companies	200	10 044 587	190	10 057 842
Other financial institutions	40	479 502	40	390 590
Credit institutions	11	6 577 061	11	6 756 249
Insurance and pension funds	7	3 118 174	8	3 118 174
Non-profit organisations	2	419	2	419
TOTAL	3 124	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. Over the last two years (incl. in 2020), the Group has not paid any dividends 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.

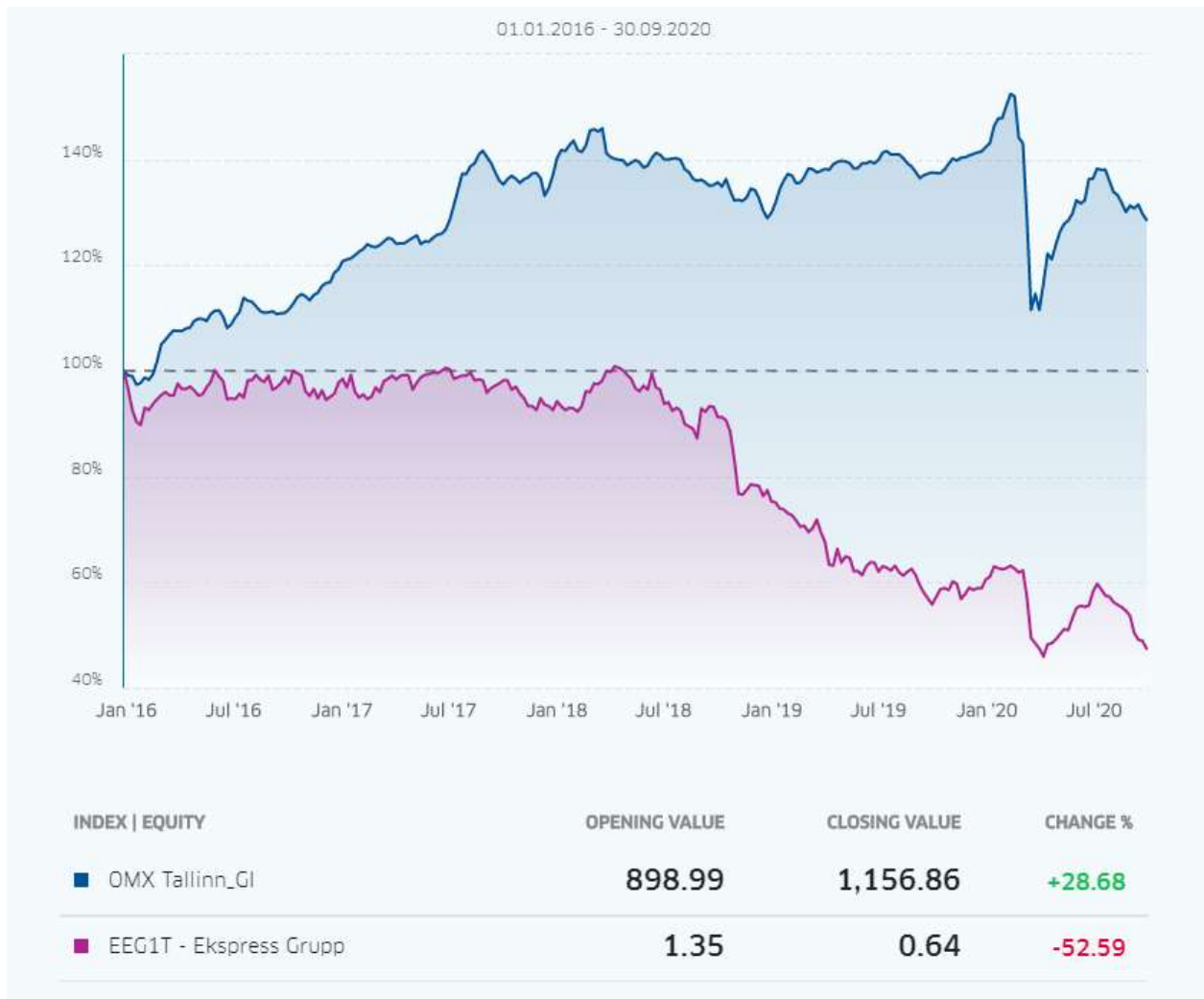
Securities trading history 2016-2020

Price (EUR)	9 months 2020	9 months 2019	9 months 2018	9 months 2017	9 months 2016
Opening price	0.83	1.03	1.26	1.32	1.35
Closing price	0.64	0.79	1.26	1.33	1.34
High	0.86	1.03	1.38	1.37	1.37
Low	0.59	0.73	1.16	1.26	1.18
Average	0.71	0.89	1.28	1.32	1.27
Traded shares, pieces	1 020 883	555 606	489 746	352 658	636 487
Sales, EUR million	0.72	0.49	0.63	0.47	0.81
Capitalisation at balance sheet date, EUR million	19.07	23.54	37.54	39.61	39.93

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 30 September 2020.



The share price comparison (%) with Nasdaq Tallinn Stock Exchange index from 1 January 2016 until 30 September 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 30 September 2020, the Group consists of 22 companies (31.12.2019: 24). A detailed list of 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 decided to merge UAB Login Conferences with UAB Delfi (the entry in the Commercial Registry was made on 4 May 2020) and dissolve UAB Sport Media. In Latvia, SIA Delfi Entertainment was dissolved (the entry in the Commercial Registry was made on 28 February 2020). The dissolved companies were dormant. In Estonia, a new wholly-owned subsidiary OÜ Ekspress Finants was set up through a spin-off from AS Printall (the entry in the Commercial Registry was made on 27 March 2020) and the Group's financial unit will be combined with it. The new company will provide corporate finance 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 Bīlešu 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 continues with its current three members: Andrus Takkin (Chairman of the Management Board), Evali Mültis 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 of AS Printall. The Supervisory Board of Printall will also continue with its four members: Hans H. Luik (Chairman), Mari-Liis Rüütsalu, Signe Kukin and Kaspar Hanni.

On 5 June 2020, the Supervisory Board of AS Ekspress Grupp decided to extend the authority of Tarvo Ulejev until 10 June 2023 and the authority of the member of the Management Board Erle Laak-Sepp until 12 July 2023. The company's Management will continue with its current five members: Argo Virkebau (Chairman of the Management Board), Urmo Soonvald, Tarvo Ulejev, Erle Laak-Sepp and Karin Vene.

GENERAL MEETING OF SHAREHOLDERS

The general meeting is the highest governing body of AS Ekspress Grupp. Regular general meetings are held once a year not later than six months after the end of the financial year at the seat of the company. Extraordinary general meetings are allowed to be convened in cases prescribed by law.

The regular meeting of the shareholders of AS Ekspress Grupp was held on 17 June 2020 in the seat of the public limited company. All members of the Management Board participated in the meeting. The general meeting:

- approved the consolidated annual report and profit allocation proposal of AS Ekspress Grupp for 2019. Of the net profit for 2019 in the amount of EUR 1 394 thousand, the statutory capital reserve was increased by EUR 70 thousand and the remaining amount of EUR 1 324 thousand was taken to retained earnings.
- Priit Rohumaa was elected as member of the Supervisory Board of AS Ekspress Grupp for the term of five years until 16.06.2025.
- A decision was made to pay monthly remuneration of EUR 1 000 to member of the Supervisory Board of AS Ekspress Grupp Priit Rohumaa.
- OÜ KPMG Baltics was elected as the auditor of AS Ekspress Grupp for the period of 01.01.2020-31.12.2023.
- Proposals to amend the articles of association were approved.

The extraordinary meeting of the shareholders of AS Ekspress Grupp was held on 29 September 2020 in the seat of the public limited company. All members of the Management Board participated in the meeting. The general meeting:

- The implementation of the share option program approved on 13.06.2017 was decided and the shareholders' general meeting resolution adopted on 13.06.2017 was amended.
- Decided to exclude the shareholders' preferential right to subscribe shares which are issued for the implementation of the share option program approved on 13.06.2017.
- The articles of association was amended.
- New share option program of AS Ekspress Grupp for the period 2021-2023 was approved.

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 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 17 June 2020, the Supervisory Board of Ekspress Group has five members. At the general meeting of shareholders held on 17 June 2020, Priit Rohumaa was elected as a new member of the Supervisory Board and it was decided to change the procedure for paying remuneration to the members of the Supervisory Board. Since 17 June 2020, monthly remuneration paid to member of the Supervisory Board Priit Rohumaa is EUR 1 000. The other members of the Supervisory Board do not receive any remuneration. The Supervisory Board of AS Ekspress elected Priit Rohumaa as the new chairman and member of the Audit Committee beginning with 19 June 2020.

Priit Rohumaa (appointed until 16.06.2025)

- Chairman of the Supervisory Board and member of the Audit Committee, in the Supervisory Board since 17.06.2020.
- Viru Keemia Grupp AS, Chairman of the Management Board in 2009-2015
- Chairman of the Council of Arenguseire Keskus
- Member of the Supervisory Board of Tallinna Vesi AS, the alumnae association of Tallinn University of Technology, the European Business Angel Network in Brussels, the Estonian Business Angel Network, Nutshell Invest OÜ
- Bachelor's degree in energy and Master's degree from Tallinn University of Technology and Master's degree in international business management from the Estonian Business School.
- Number of shares of AS Ekspress Grupp: -.

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: 16 311 242 (54.74%)

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 Vilniaus Universitetas in Lithuania with a PhD in Media in 2010
- Number of shares of AS Ekspress Grupp: -.

The Chairman of the Supervisory Board of AS Ekspress Grupp Ahto Päril who was member of the Supervisory Board and the Audit Committee of AS Ekspress Grupp since 22 November 2018, 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 on 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 (appointed until 31.12.2022)



- Chairman of the Management Board and Chief Executive Officer of the Group since 01.01.2017, since 01.01.2020 the mandate has been extended for the next three 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 (appointed until 18.12.2020)



- 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 (appointed until 31.07.2021)



- 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 30 September 2020 is shown below:

COMPANY*	SUPERVISORY BOARD	MANAGEMENT BOARD
Printall AS (10 624 697)	Hans Luik (chairman), Kaspar Hanni, Signe Kukin, Mari-Liis Rüütsalu	Andrus Takkin (chairman), Evali Mülts, Tõnis Peebo
Ekspress Meedia AS (14 456 275)	Hans Luik (chairman), Mari-Liis Rüütsalu, Kaspar Hanni, Signe Kukin	Argo Virkebau (chairman) Urmo Soonvald, Tarvo Ulejev, Erle Laak-Sepp, Karin Vene
Delfi UAB (3 642 153)	Mari-Liis Rüütsalu (chairman), Kaspar Hanni, Signe Kukin	Vytautas Benokraitis
SIA Biļešu Paradīze (490 385)	Mari-Liis Rüütsalu (chairman), Ēriks Naļivaiko, Signe Kukin, Konstantins Kuzikovs	Jānis Ķuzulis (chairman), Jānis Daube
Delfi A/S (Läti) (2 970 429)	Mari-Liis Rüütsalu (chairman), Kaspar Hanni, Signe Kukin	Konstantins Kuzikovs (chairman), 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 30 September 2020 is shown in parentheses.

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Consolidated balance sheet (unaudited)

(EUR thousand)	30.09.2020	31.12.2019
ASSETS		
Current assets		
Cash and cash equivalents	5 760	3 647
Trade and other receivables	10 871	12 705
Corporate income tax prepayment	48	0
Inventories	2 906	3 120
Total current assets	19 585	19 472
Non-current assets		
Other receivables and investments	1 041	975
Deferred tax asset	38	38
Investments in joint ventures	1 629	1 254
Investments in associates	2 276	2 356
Property, plant and equipment (Note 4)	14 348	14 943
Intangible assets (Note 4)	56 583	56 369
Total non-current assets	75 915	75 935
TOTAL ASSETS	95 499	95 407
LIABILITIES		
Current liabilities		
Borrowings (Note 6)	3 368	5 100
Trade and other payables	17 699	16 483
Corporate income tax payable	24	65
Total current liabilities	21 091	21 647
Non-current liabilities		
Long-term borrowings (Note 6)	18 933	19 242
Other long-term liabilities	2 922	2 895
Total non-current liabilities	21 855	22 137
TOTAL LIABILITIES	42 947	43 784
EQUITY		
Minority shareholding	115	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)	1 758	1 688
Retained earnings	18 546	17 701
Total capital and reserves attributable to equity holders of parent company	52 437	51 522
TOTAL EQUITY	52 552	51 622
TOTAL LIABILITIES AND EQUITY	95 499	95 407

The Notes presented on pages 34-47 form an integral part of the consolidated interim report.

Consolidated statement of comprehensive income (unaudited)

(EUR thousand)	Q3 2020	Q3 2019	9 months 2020	9 months 2019	12 months 2019
Sales	15 179	14 985	44 771	47 771	67 456
Cost of sales	(12 255)	(12 161)	(37 325)	(39 384)	(54 044)
Gross profit	2 924	2 824	7 446	8 387	13 412
Other income	693	161	1 352	450	607
Marketing expenses	(661)	(685)	(1 949)	(2 311)	(3 124)
Administrative expenses	(1 658)	(1 962)	(5 153)	(5 868)	(8 024)
Other expenses	(24)	1	(104)	(54)	(148)
Operating profit /(loss)	1 274	339	1 593	603	2 722
Interest income	7	6	19	18	22
Interest expenses	(217)	(239)	(658)	(555)	(784)
Other finance income/(costs)	(33)	7	(61)	(37)	(61)
Net finance cost	(243)	(226)	(700)	(574)	(823)
Profit/(loss) on shares of joint ventures	99	(16)	107	(17)	(38)
Profit/(loss) on shares of associates	(48)	(22)	(75)	(97)	(114)
Profit /(loss) before income tax	1 082	75	924	(85)	1 746
Income tax expense	(1)	(55)	(3)	(153)	(339)
Net profit /(loss) for the reporting period	1 081	20	921	(238)	1 407
Net profit /(loss) for the reporting period attributable to					
Equity holders of the parent company	1 074	20	906	(243)	1 394
Minority shareholders	7	0	15	5	13
Total comprehensive income /(loss)	1 081	20	921	(238)	1 407
Comprehensive income /(loss) for the reporting period attributable to					
Equity holders of the parent company	1 074	20	906	(243)	1 394
Minority shareholders	7	0	15	5	13
Basic earnings per share (Note 8)	0.04	0.00	0.03	(0.01)	0.05
Diluted earnings per share (Note 8)	0.03	0.00	0.03	(0.01)	0.05

The Notes presented on pages 34-47 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	(243)	(243)	5	(238)
<i>Total comprehensive income / (loss) for the reporting period</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>(243)</i>	<i>(243)</i>	<i>5</i>	<i>(238)</i>
Balance on 30.09.2019	17 878	14 277	(22)	1 688	16 064	49 885	92	49 977
Balance on 31.12.2019	17 878	14 277	(22)	1 688	17 701	51 522	100	51 622
Increase of statutory reserve capital	0	0	0	70	(70)	0	0	0
<i>Total transactions with owners</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>70</i>	<i>(70)</i>	<i>0</i>	<i>0</i>	<i>0</i>
Other changes	0	0	0	0	9	9	0	9
Net profit / (loss) for the reporting period	0	0	0	0	906	906	15	921
<i>Total comprehensive income / (loss) for the reporting period</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>906</i>	<i>906</i>	<i>15</i>	<i>921</i>
Balance on 30.09.2020	17 878	14 277	(22)	1 758	18 546	52 437	115	52 552

The Notes presented on pages 34-47 form an integral part of the consolidated interim report.

Consolidated cash flow statement (unaudited)

(EUR thousand)	9 months 2020	9 months 2019
Cash flows from operating activities		
Operating profit for the reporting year	1 593	603
<u>Adjustments for:</u>		
Depreciation, amortisation and impairment (Note 4)	2 974	2 989
(Gain)/loss on sale and write-down of property, plant and equipment	(1)	(17)
Cash flows from operating activities:		
Trade and other receivables	1 880	(1 463)
Inventories	214	130
Trade and other payables	327	3 347
Cash generated from operations		
Income tax paid	(91)	(220)
Interest paid	(453)	(428)
Net cash generated from operating activities	6 443	4 940
Cash flows from investing activities		
Acquisition of subsidiaries/ associates (less cash acquired) and other investments / cash paid-in equity-accounted investees	(203)	(4 858)
Proceeds from other investments	84	323
Interest received	1	18
Dividends received	150	0
Purchase of property, plant and equipment and intangible assets (Note 4)	(1 623)	(2 111)
Proceeds from sale of property, plant and equipment and intangible assets	29	18
Loans granted	(187)	(93)
Loan repayments received	0	303
Net cash used in investing activities	(1 750)	(6 400)
Cash flows from financing activities		
Payment of lease liabilities	(693)	(669)
Change in overdraft	(1 018)	(267)
Loans received / Repayments of bank loans (Note 6)	(868)	3 899
Net cash used in financing activities	(2 579)	2 963
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		
Cash and cash equivalents at the beginning of the year	3 647	1 268
Cash and cash equivalents at the end of the year	5 760	2 771

The Notes presented on pages 34-47 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 October 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 30.09.2020	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%	Organisation of technology and innovation conference (merged with Delfi UAB in May 2020)	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
Babah 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 3rd quarter and 9 months ended on 30 September 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 3rd quarter and 9 months 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.

Corporate income tax and deferred income tax

Deferred income tax is recognised on all temporary differences arising between the carrying amounts and tax bases of the Group's assets and liabilities (the tax base of an asset or liability is the amount attributed to that asset or liability for tax purposes).

Due to the nature of the taxation system, neither deferred income assets nor liabilities arise for the companies registered in Estonia, other than the potential income tax liability on their investments in subsidiaries, associates, and joint ventures.

The Group's deferred income tax liability arises in relation to the companies in the countries where the profit for the financial year is taxable.

The Group's deferred income tax liability also arises on investments in Estonian (and Latvian) subsidiaries, associates and joint ventures except where the timing of the reversal of taxable temporary differences can be controlled by the Group and it is probable that the temporary differences will not reverse in the foreseeable future. The examples of the reversal of taxable temporary differences are payment of dividends, sale or liquidation of an investment, and other transactions.

Since the Group controls the dividend policy of its subsidiaries, it is also able to control the timing of the reversal of temporary differences related to this investment. When the parent company has made a decision not to distribute the subsidiary's profit in the foreseeable future, it shall not recognise the deferred income tax liability. If the parent company expects to pay out dividends in the foreseeable future, the deferred income tax liability shall be measured to the extent of the planned dividend payment under the assumption that as of the reporting date there will be sufficient funds and equity available for the payment of dividends from which to distribute profits in the foreseeable future.

If necessary, the Group can block the profit allocation decisions of its joint ventures and therefore it can control the timing of the reversal of temporary differences related to this investment. When the parent company has decided not to distribute the joint venture's profit in the foreseeable future, it shall not recognise the deferred income tax liability. If the parent company expects to pay out dividends in the foreseeable future, the deferred income tax liability shall be measured to the extent of the planned dividend payment under the assumption that as of the reporting date there will be sufficient funds and equity for the payment of dividends from which to distribute profits in the foreseeable future.

Since the Group generally does not control the dividend policy of its associates, it does not control the timing of the reversal of taxable temporary differences. Thus, the Group recognises the deferred income tax liability related to its investment in the associate.

For measuring the deferred income tax liability, the Group uses the tax rates that are expected to be applied on the basis of the tax rates effective on the reporting date to taxable temporary differences in the period in which they are expected to reverse.

Previously, the Group used the accounting policy for recognition of the deferred income tax liability on investments in subsidiaries, associates and joint ventures, under which, the deferred income tax liability is always zero in countries where corporate income tax is payable on distributable profits (e.g. Estonia and Latvia) because according to paragraph 52A of IAS 12, the deferred income tax liability that arises on investments in such countries is measured at the tax rate of 0% that is applicable to retained earnings.

The maximum income tax liability that would arise in case all available equity is paid out as dividends is disclosed in Note 10 to the financial statements.

Note 3. Financial risk management

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

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

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

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

Credit risk

Credit risk is expressed as a loss which may be incurred by the Group and is caused by the counterparty if the latter fails to perform its contractual financial obligations. Credit risk arises from cash and bank, trade receivables, other short-term receivables and loans granted.

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	Baa3	-
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 Kredidiinfo 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 thirteen 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	30.09.2020 (EUR thousand)	<= 1 year	>1 year and <=5 years	> 5 years	Carrying amount
Fixed and floating interest rate	0%+2.15%-3.90%	Loan	2 664	10 898	0	13 562
	6.00%	Notes	0	0	5 000	5 000
	6-kuu Euribor + 1.78-2.50%	Lease liability	704	3 035	0	3 740
	1-kuu Euribor + 1.9%	Overdraft	0	0	0	0

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 30 September 2020, the Group's foreign currency risk related to USD was EUR 155 thousand and to other currencies (SEK, NOK), EUR 71 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)	30.09.2020	31.12.2019
Interest-bearing debt	22 301	24 342
Cash and bank accounts	5 760	3 647
Net debt	16 541	20 695
Equity	52 552	51 622
Total capital	69 094	72 318
Debt to capital ratio	24%	29%
Total assets	95 499	95 407
Equity ratio	55%	54%

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

(EUR thousand)	Property, plant and equipment		Intangible assets	
	9 months 2020	9 months 2019	9 months 2020	9 months 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	2 990	0	0
Restated carrying amount	14 943	14 911	56 369	46 691
Acquisitions and improvements	1 316	1 160	845	951
Disposals (at carrying amount)	0	(22)	0	0
Write-down and write-off of non-current assets	(2)	(2)	(25)	0
Reclassification	0	(2)	0	1
Acquired through business combinations	1	813	457	9 729
Depreciation and amortisation	(1 911)	(2 156)	(1 063)	(832)
Balance at end of the period				
Cost	42 799	40 894	77 118	76 886
Accumulated depreciation and amortisation	(28 452)	(26 191)	(20 535)	(20 346)
Carrying amount	14 348	14 703	56 583	56 540

Note 5. Intangible assets

Intangible assets by type

(EUR thousand)	30.09.2020	31.12.2019
Goodwill	43 085	42 628
Trademarks	8 845	9 218
Other intangible assets	4 652	4 523
Total intangible assets	56 583	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 30.09.2020				
Overdraft	0	0	0	0
Long-term bank loans	13 562	2 664	10 898	0
Notes	5 000	0	0	5 000
Lease liability	3 740	704	3 035	0
Total	22 301	3 368	13 933	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 an amendment to the loan agreement of AS SEB Pank and AS Printall, which suspended the principal repayments between March and August 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) and an amendment to the loan agreement of AS Citadele banka and SIA Biļešu Paradīze, which suspended the principal repayments between June and November 2020 (the principal repayments of the loan for these periods will be divided equally between the remaining repayments).

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; from

May 2020 merged with Delfi UAB), 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.

Q3 2020 (EUR thousand)	Media	Printing services	Corporate functions	Eliminations	Total Group
Sales to external customers (subsidiaries)	10 695	4 331	152	0	15 179
Inter-segment sales	13	570	542	(1 125)	0
Total segment sales	10 709	4 901	693	(1 125)	15 179
EBITDA (subsidiaries)	1 729	603	(90)	(11)	2 231
EBITDA margin (subsidiaries)	16%	14%			15%
Depreciation (subsidiaries) (Note 4)					963
Operating profit /(loss) (subsidiaries)					1 274
Investments (subsidiaries) (Note 4)					597

9 months 2020 (EUR thousand)	Media	Printing services	Corporate functions	Eliminations	Total Group
Sales to external customers (subsidiaries)	30 525	13 941	306	0	44 771
Inter-segment sales	47	1 773	1 423	(3 243)	0
Total segment sales	30 572	15 714	1 728	(3 243)	44 771
EBITDA (subsidiaries)	3 491	1 434	(325)	(43)	4 556
EBITDA margin (subsidiaries)	11%	10%			10%
Depreciation (subsidiaries) (Note 4)					2 974
Operating profit /(loss) (subsidiaries)					1 593
Investments (subsidiaries) (Note 4)					2 162

Q3 2019 (EUR thousand)	Media	Printing services	Corporate functions	Eliminations	Total Group
Sales to external customers (subsidiaries)	9 908	5 004	73	0	14 985
Inter-segment sales	0	604	439	(1 043)	0
Total segment sales	9 908	5 608	512	(1 043)	14 985
EBITDA (subsidiaries)	1 188	357	(219)	(10)	1 317
EBITDA margin (subsidiaries)	12%	7%			9%
Depreciation (subsidiaries) (Note 4)					1 010
Operating profit /(loss) (subsidiaries)					339
Investments (subsidiaries) (Note 4)					733

9 months 2019 (EUR thousand)	Media	Printing services	Corporate functions	Eliminations	Total Group
Sales to external customers (subsidiaries)	30 773	16 745	252	0	47 771
Inter-segment sales	4	2 043	1 306	(3 353)	0
Total segment sales	30 777	18 789	1 558	(3 353)	47 771
EBITDA (subsidiaries)	2 988	1 465	(854)	(23)	3 576
EBITDA margin (subsidiaries)	10%	9%			7%
Depreciation (subsidiaries) (Note 4)					2 989
Operating profit /(loss) (subsidiaries)					603
Investments (subsidiaries) (Note 4)					2 111

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.

Diluted 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, taking into account the number of shares potentially issued. Treasury shares owned by the Parent Company are not taken into account as shares outstanding.

EUR	Q3 2020	Q3 2019	9 months 2020	9 months 2019
Profit attributable to equity holders	1 074 137	20 005	906 180	(243 201)
Average number of ordinary shares	29 779 314	29 779 314	29 779 314	29 779 314
Number of ordinary shares potentially issued	2 853 966	0	2 853 966	0
Basic earnings per share	0.04	0.00	0.03	(0.01)
Diluted earnings per share	0.03	0.00	0.03	(0.01)

Note 9. Share option plan

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

As of 30 September 2020, 781 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 30 September 2020, the liability of the mentioned stock option amounted to EUR 713 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.

At the extraordinary general meeting of shareholders held on 29.09.2020, a new share option program for the period 2021-2023 was approved. The total number of the shares to be issued within the framework of the option program will not exceed 5% of the total number of the Group's shares. The list of persons entitled to participate in the option program will be determined by the group's supervisory board. At the time of preparation of this report such list of participants and number of options to be issued was not approved.

Note 10. Equity and dividends

Share capital and share premium

As of 30 September 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 30 September 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 June 2020, due to the company's liquidity position, the Annual General Meeting of Shareholders decided not to pay dividends in 2020. As of 30 September 2020, it is possible to distribute dividends without income tax payment in the total amount of EUR 25.5 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	
	30.09.2020	31.12.2019
Statutory reserve capital	1 119	1 049
Additional cash contribution from shareholder	639	639
Total reserves	1 758	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)	9 months 2020	9 months 2019
Sales of goods		
Members of Supervisory Board and companies related to them	4	68
Associated	121	119
Joint ventures	983	1 077
Total sale of goods	1 107	1 264

PURCHASES (EUR thousand)	9 months 2020	9 months 2019
Purchase of services		
Members of Management Board and companies related to them	16	15
Members of Supervisory Board and companies related to them	298	405
Associates	24	66
Joint ventures	834	980
Total purchases of services	1 172	1 466

RECEIVABLES (EUR thousand)	30.09.2020	31.12.2019
Short-term receivables		
Members of Supervisory Board and companies related to them	2	9
Associates	62	67
Joint ventures	219	107
Total short-term receivables	283	183
Long-term receivables		
Associates	99	115
Joint ventures	60	0
Total long-term receivables	159	115
Total receivables	442	297

LIABILITIES (EUR thousand)	30.09.2020	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	22	10
Associates	2	0
Joint ventures	185	116
Total liabilities	211	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 first 9 months 2020, a payment of EUR 41 thousand (9 months 2019: EUR 45 thousand) was paid for the personal guarantee and there are no outstanding liabilities as of 30 September 2020 and 31 December 2019.

Remuneration of members of the Management Boards of the consolidation group

(EUR thousand)	9 months 2020	9 months 2019
Salaries and other benefits (without social tax)	1 268	1 253
Termination benefits (without social tax)	0	16
Share option	24	61
Total (without social tax)	1 292	1 330

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 30 September 2020, the maximum gross amount of potential Key Management termination benefits was EUR 703 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 April 2020, Harju County Court forwarded a statement of claim of AS MM Grupp to AS Ekspress Meedia, in which AS MM Grupp demands EUR 2.0 million from AS Ekspress Meedia for compensation of non-patrimonial or alternatively future patrimonial damages caused by the publication of allegedly false factual allegations. AS Ekspress Meedia considers the claim to be without perspective.