QUARTERLY REPORT FOR
THIRD QUARTER 2019
NHST GROUP’S DEVELOPMENT IN THE THIRD QUARTER 2019

The restructuring of NHST Media Group continued in the third quarter of 2019 to secure higher digital content revenues, improved profitability and an increased growth rate going forward. The Q3 results were affected by this process.

The Group reported total revenues of NOK 288.4 million for the third quarter and an operating loss of NOK 15.0 million, compared to revenues of NOK 318.0 million and an operating loss of NOK 0.7 million for the corresponding period last year. One-off costs related to restructuring amounted to NOK 16.2 million for the third quarter.

“- We continue to see growth in revenues from digital subscriptions, which is crucial to secure the future growth and competitiveness of NHST in a market characterized by substantial changes. Facing a challenging advertising market, we need to reduce costs to secure acceptable profitability. These measures will enable technology investments, competence development, and further development of products and services throughout the Group, providing the foundation for future growth, says Group CEO Hege Yli Melhus Ask.

To secure more cost efficient production processes for both printed and digital publications, the Group is consolidating production and distribution to one shared digital platform for the media segments. This work will continue into 2020.

Dagens Næringsliv experienced a significant reduction in advertising revenues in the second and third quarter of 2019. The financial development of Morgenbladet was weak as a result of lower advertising revenues and higher operating expenses compared to the corresponding period last year.

“- The development in Dagens Næringsliv and Morgenbladet have triggered the need for cost reductions in both publications. We aim to secure that each publication has sufficient financial strength to further develop its products, high quality journalism and its market position. The financial position must be robust enough to absorb fluctuations in the revenues, says Ask.

The number of full-time equivalents (FTEs) is expected to be reduced by a total of approximately 30 in Dagens Næringsliv and Morgenbladet. This is an important part of a cost reduction program which is expected to reduce the cost base for these units by approximately NOK 38 million in 2020 compared to 2019.
THIRD QUARTER 2019

(numbers in brackets refers to the corresponding period last year)

- The NHST Media Group reports operating revenues of NOK 288.4 million for the third quarter 2019 (NOK 318.0 million) and NOK 880.9 million for the first nine months (962.5), a reduction of 9 and 8 percent respectively
  - Adjusted for the the sale of Nautisk Forlag and the purchase of Mention, the reduction in operating revenues was 6 percent and 4 percent, respectively
  - The main reason for the reduction was lower advertising revenues from the segments Norwegian publications and Global publications.
- Earnings before depreciation, interest and tax (EBITDA) were NOK 2.2 million (11.6) for the quarter and NOK 23.3 million (33.1) for the first nine months
  - Adjusted for one-off costs related to organizational changes, EBITDA was NOK 18.4 million (11.6) for the third quarter and NOK 44.4 million (45.4) for the first nine months
- The operating result (EBIT) for the Group was NOK –15.0 million (-0.7) for the third quarter and NOK –27.2 million (-4.0) for the first nine months
  - Total depreciations for the Group were NOK 17.2 million (12.3) and NOK 50.6 million (37.1) for the third quarter and the first nine months respectively. The increase compared to last year mainly can be explained by depreciation of intangible assets related to the purchase of Mention in 2018

KEY FIGURES

<table>
<thead>
<tr>
<th>Numbers in NOK million</th>
<th>Q3 2019</th>
<th>Q3 2018</th>
<th>YTD 2019</th>
<th>YTD 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Subscription income</td>
<td>221.0</td>
<td>211.6</td>
<td>653.4</td>
<td>635.3</td>
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<tr>
<td>Advertising revenues</td>
<td>59.2</td>
<td>75.2</td>
<td>196.8</td>
<td>222.3</td>
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<tr>
<td>Sale of goods and services</td>
<td>8.2</td>
<td>31.3</td>
<td>30.8</td>
<td>104.9</td>
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<tr>
<td>Total revenues</td>
<td>288.38</td>
<td>318.0</td>
<td>880.9</td>
<td>962.5</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>286.2</td>
<td>306.4</td>
<td>857.6</td>
<td>929.3</td>
</tr>
<tr>
<td>EBITDA before one-off items</td>
<td>18.4</td>
<td>11.6</td>
<td>44.4</td>
<td>45.4</td>
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<tr>
<td>EBITDA</td>
<td>2.2</td>
<td>11.6</td>
<td>23.3</td>
<td>33.1</td>
</tr>
<tr>
<td>Depreciation &amp; Amortization</td>
<td>17.2</td>
<td>12.3</td>
<td>50.6</td>
<td>37.1</td>
</tr>
<tr>
<td>Operating result</td>
<td>-15.0</td>
<td>-0.7</td>
<td>-27.2</td>
<td>-4.0</td>
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<tr>
<td>CAPEX</td>
<td>10.0</td>
<td>8.6</td>
<td>32.3</td>
<td>32.6</td>
</tr>
<tr>
<td>EBITDA less CAPEX</td>
<td>-7.8</td>
<td>3.0</td>
<td>-9.0</td>
<td>0.5</td>
</tr>
</tbody>
</table>

Figure 1: Percentage of total revenues YTD 2019
Figure 2: Percentage of total revenues rolling 4 quarters
**NORWEGIAN PUBLICATIONS**

*The segment Norwegian publications includes Dagens Næringsliv and Morgenbladet.*

**Operating revenues** for the segment were NOK 157.2 million for the third quarter, down from NOK 164.8 million for the corresponding quarter last year. Subscriber income was NOK 115.4 million, which was in line with last year. Included in subscriber income was a substantial growth in revenues from digital subscriptions, while revenues from sales of printed products declined. Also advertising revenues showed a decline in the quarter, from NOK 45.7 million in 2018 to NOK 37.9 million this year. The main reduction was in paper based advertising, but also the unit for content marketing and conferences showed some reduction in revenues compared to last year.

**Operating expenses** for the quarter were NOK 150.6 million, down from NOK 157.4 million for the corresponding quarter last year. The reduction was mainly related to print and distribution expenses, external services and personnel expenses.

**EBITDA** for the segment was NOK 6.6 million, down from NOK 7.4 million last year. EBITDA adjusted for one-off costs related to restructuring was NOK 11.3 million for the quarter.

<table>
<thead>
<tr>
<th>NOK million</th>
<th>Q3 2018</th>
<th>Q4 2018</th>
<th>Q1 2019</th>
<th>Q2 2019</th>
<th>Q3 2019</th>
<th>YTD 2018</th>
<th>YTD 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Subscriber income</td>
<td>115.2</td>
<td>114.1</td>
<td>113.0</td>
<td>104.4</td>
<td>115.4</td>
<td>336.8</td>
<td>332.8</td>
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<tr>
<td>Advertising income</td>
<td>45.7</td>
<td>59.3</td>
<td>39.8</td>
<td>46.3</td>
<td>37.9</td>
<td>143.4</td>
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<tr>
<td>Sales of goods and services</td>
<td>3.9</td>
<td>3.4</td>
<td>4.1</td>
<td>5.6</td>
<td>3.8</td>
<td>10.0</td>
<td>13.6</td>
</tr>
<tr>
<td><strong>Total revenues</strong></td>
<td>164.8</td>
<td>176.8</td>
<td>156.9</td>
<td>156.3</td>
<td>157.2</td>
<td>490.2</td>
<td>470.4</td>
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</table>

**GLOBAL PUBLICATIONS**

*The segment Global publications includes the international trade publications Tradewinds, Upstream, Intrafish and Recharge, as well as the Norwegian publications Fiskeribladet and Europower.*

**Operating revenues** for the segment were NOK 71.1 million for the quarter, down from NOK 78.8 million for the third quarter 2018. Subscription income increased by 3 percent this quarter, from NOK 46.1 million last year to NOK 47.3 million this year, while advertising revenues declined by 27 percent, from NOK 29.4 million to NOK 21.4 million. Revenues from sale of paper based advertising fell by 7 percent, but also sales of digital advertising was somewhat lower than last year.

**Operating expenses** for the segment were NOK 66.0 million for the third quarter, down from NOK 69.1 million for the corresponding quarter last year.

**EBITDA** for Global publications was NOK 5.1 million for the quarter, down from NOK 9.6 million for the third quarter last year. TradeWinds and Fiskeribladet made the most significant contributions to the segment EBITDA in this quarter.

The process to streamline production and distribution through consolidation on shared production platforms and in shared organizational units, continues.
Mention was acquired with effect from 1 September 2018. The increase is due to the inclusion of Mention. The main reason for the improved profitability program implemented in Mynewsdesk in 2019 is the main reason for the EBITDA for the segment was NOK 62.8 million for the quarter, an increase from NOK 51.9 million for the corresponding period last year. The increase is explained by the consolidation of revenues from Mention, which was acquired with effect from the fourth quarter of 2018. The main revenue component for the SaaS segment is subscriber income. These revenues were NOK 60.4 million for the quarter, up from NOK 49.2 million for the corresponding quarter last year.

Mention is in a growth phase and the company has gone through a major organizational change to strengthen its sales and marketing. Product development is going on continuously. Mynewsdesk implemented a major profitability program in the first half year of 2019 and has concentrated its sales and marketing efforts to the Nordic area and the DACH countries.

Operating expenses for the segment were NOK 56.6 million for the third quarter, an increase from NOK 49.6 million last year. The increase is due to the inclusion of Mention.

EBITDA for the segment was NOK 6.2 million, an increase from NOK 2.2 million for the third quarter last year. The profitability program implemented in Mynewsdesk in 2019 is the main reason for the improved profitability for the segment. EBITDA adjusted for one-off expenses related to restructuring was NOK 10.3 million for the quarter.

**SOFTWARE-AS-A-SERVICE**

The segment Software-as-a-Service (SaaS) includes the companies Mynewsdesk and Mention. Mynewsdesk is offering its customers a PR and communication platform with associated services. The company is headquartered in Stockholm and the market focus is mainly the Nordic area and the DACH area (Germany, Austria, Switzerland). Mention is offering services in media surveillance and social media management. The company is based in Paris and has a global market focus.

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# Key Figures NHST Media Group

## Income Statement

<table>
<thead>
<tr>
<th></th>
<th>Q3 2019</th>
<th>Q3 2018</th>
<th>YTD 2019</th>
<th>YTD 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues (NOK million)</td>
<td>288.4</td>
<td>318.0</td>
<td>880.9</td>
<td>962.5</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>286.2</td>
<td>306.4</td>
<td>857.6</td>
<td>929.3</td>
</tr>
<tr>
<td>Ordinary depreciation</td>
<td>2.2</td>
<td>11.6</td>
<td>23.3</td>
<td>33.1</td>
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<tr>
<td>EBITDA</td>
<td>17.2</td>
<td>12.3</td>
<td>50.6</td>
<td>37.1</td>
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<tr>
<td>Operating profit / loss</td>
<td>-15.0</td>
<td>-0.7</td>
<td>-27.2</td>
<td>-4.0</td>
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<tr>
<td>Net financial items</td>
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<tr>
<td>Profit / loss before tax</td>
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<td>-43.7</td>
<td>-3.6</td>
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<tr>
<td>Profit / loss after tax</td>
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<td>-1.1</td>
<td>-38.1</td>
<td>-4.8</td>
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<tr>
<td>Minority interests</td>
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<td>0.5</td>
<td>0.2</td>
<td>0.9</td>
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<tr>
<td>Profit / loss after tax majority interests</td>
<td>-13.6</td>
<td>-1.6</td>
<td>-38.3</td>
<td>-5.6</td>
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</table>

<table>
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<th>Number of shares ex own shares</th>
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<th>1 243 173</th>
<th>1 243 173</th>
<th>1 243 173</th>
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</thead>
<tbody>
<tr>
<td>Profit / loss per share in NOK</td>
<td>-11.1</td>
<td>-0.9</td>
<td>-30.6</td>
<td>-3.8</td>
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<tr>
<td>Number of employees average</td>
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<td>742</td>
<td>694</td>
<td>746</td>
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## Balance Sheet

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<th></th>
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<tbody>
<tr>
<td>Intangible assets</td>
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<tr>
<td>Other fixed assets</td>
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<td>145.9</td>
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<tr>
<td>Total fixed assets</td>
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<td>Inventory</td>
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<td>Accounts receivable</td>
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<tr>
<td>Other short term receivables</td>
<td>35.5</td>
<td>37.7</td>
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<tr>
<td>Cash and cash equivalents</td>
<td>180.9</td>
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<tr>
<td>Total short term assets</td>
<td>302.2</td>
<td>387.6</td>
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<tr>
<td><strong>Total assets</strong></td>
<td><strong>759.2</strong></td>
<td><strong>844.4</strong></td>
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<tr>
<td>Shareholders’ equity</td>
<td>68.1</td>
<td>94.1</td>
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<tr>
<td>Minority</td>
<td>2.3</td>
<td>16.7</td>
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<tr>
<td><strong>Total shareholders’ equity</strong></td>
<td><strong>70.4</strong></td>
<td><strong>110.8</strong></td>
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<tr>
<td>Long term debt</td>
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<tr>
<td>Accounts payable</td>
<td>19.7</td>
<td>32.0</td>
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<td>Prepayments</td>
<td>312.3</td>
<td>323.5</td>
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<td>Other short term debt</td>
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<tr>
<td><strong>Total liabilities</strong></td>
<td><strong>688.8</strong></td>
<td><strong>733.6</strong></td>
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<tr>
<td><strong>Total shareholders’ equity and liabilities</strong></td>
<td><strong>759.2</strong></td>
<td><strong>844.4</strong></td>
</tr>
</tbody>
</table>
NOTE 1 ACCOUNTING PRINCIPLES
A tax rate of 22 percent has been used when calculating the quarterly figures.
The business of Nautisk was transferred to StormGeo as of 1 October 2018. This was a sale of assets, meaning that assets and liabilities that were related to going concern were included in the transaction.
Calculation of gain/loss was included in the result for the fourth quarter 2018.

NOTE 2 SPECIFICATIONS

<table>
<thead>
<tr>
<th>NOK million</th>
<th>Operating revenues</th>
<th>EBIT</th>
<th>Operating revenues</th>
<th>EBIT</th>
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<tbody>
<tr>
<td>Norwegian Publications</td>
<td>157.2</td>
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<td>Global Publications</td>
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<td>4.2</td>
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<td>8.1</td>
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<tr>
<td>Mynewsdesk</td>
<td>62.8</td>
<td>1.4</td>
<td>194.3</td>
<td>3.6</td>
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<tr>
<td>Nautisk Forlag</td>
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<td>-0.1</td>
<td>0.0</td>
<td>-0.4</td>
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<td>Other group companies</td>
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<td>Amortisation of customer excess values</td>
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<td>-8.7</td>
<td>-8.7</td>
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<tr>
<td>Amortisation of other excess values</td>
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<td>-7.1</td>
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<td>-21.3</td>
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<td>Eliminations</td>
<td>-19.9</td>
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<td>-61.7</td>
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<tr>
<td>SUM</td>
<td><strong>288.4</strong></td>
<td><strong>-15.0</strong></td>
<td><strong>880.9</strong></td>
<td><strong>-27.2</strong></td>
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</table>

NOTE 3 EFFECTS OF MENTION ACQUISITION
Mention was acquired with effect from 1 September 2018. The consolidated accounts for the fourth quarter 2018 include four months of operations.
The consolidation and the Purchase Price Allocation (PPA analysis was based on the assumption that Mynewsdesk control 100 percent of the company through a put/call option with an exercise date in 2021. The actual ownership was 85 percent.
This means that the calculated purchase price includes the value of the remaining 15 percent, calculated to MEUR 2.5 and booked as a long-term debt. This amount is adjusted continuously against the pricing model for the last 15%, which is based on a sales multiple in 2020.
The PPA identified values in excess of book value of assets of MEUR 18.2. The PPA and excess values are calculated in EUR and will be currency adjusted throughout the life span.
The PPAs identified values associated with customers, technology, trademark and customer contracts in addition to a residual goodwill value. All these elements are shown as intangible assets and are amortized over their lifespan.
The identified value associated with the customer contracts have negatively impacted revenues over a 12 months period from the acquisition date, which means 4 months in 2018 and 8 months in 2019 with TEUR 112.1 per month, while the other intangible assets are amortized with TEUR 172.5 per month.
For 2018 the net effects on the EBIT from adjustments to revenues and amortisation of excess values were MNOK 11,1. For the full year 2019 the effects will be MNOK 30,0.