



NHST
MEDIA GROUP

QUARTERLY REPORT FOR
FIRST QUARTER 2020

NHST GROUP'S DEVELOPMENT IN THE FIRST QUARTER OF 2020

The corona outbreak (covid-19) had negative consequences for the NHST Media Group in the first quarter, as for many other businesses in Norway and around the world. The Group's publications experienced a strong growth in the demand for news and commentaries, resulting in increased traffic on the publications' websites and increased sale of digital subscriptions. At the same time, advertising income and revenues from sales of other commercial services declined significantly. Also, for the Norwegian publications and for several of the Group's global publications, the drop in oil price negatively affected the market development.

In March, the Group implemented a large number of efforts to limit the spread of the corona virus. Strong and consistent efforts by managers and employees made it possible to publish the publications without interruptions, both on paper and online.

- I am very pleased with our organisation's ability to deliver high-quality journalism and important products, despite demanding working conditions and market developments. The health and safety of our employees will always be our highest priority. We acted promptly, and initiated efforts to protect both our employees and customers. Revenues and results developed positively in January and February, but in the last month of the quarter, we experienced a significant reduction in revenues. Our sales in Asia were hit even earlier. All the units in the Group have implemented measures to cut cost. Total cost reductions amount to more than NOK 100 million this year. This will help us through this crisis situation, so that we can continue the development of our businesses, says Hege Yli Melhus Ask, CEO of NHST Media Group.

The Group's operating revenues amounted to NOK 281.2 million for the first quarter, down 3.5 per cent compared to the first quarter of 2019. The reduction is mainly explained by the lower advertising income, which was down by NOK 10 million. The operating profit before depreciation and amortisation (EBITDA) amounted to NOK 3.6 million, up from a negative EBITDA of minus NOK 6.5 million for the first quarter last year. The improvement was due to lower personnel cost and reduction in purchased services.

In March and April, the board of directors of the NHST Group approved comprehensive measures to reduce cost and improve the financial position of the operations. The measures will result in cost reductions amounting to more than NOK 100 million, with effect from the second quarter this year, and include reductions in personnel cost through voluntary salary cuts and temporary layoffs, in addition to reduced purchase of services and other administrative costs. In Mention, a manning reduction will be implemented as a result of the corona pandemic.

Changes in the market outlook as a result of the covid-19 pandemic, have resulted in a write-down of goodwill related to the acquisition of Mention (booked in 2018) of NOK 80.6 million in the first quarter. The Group remains confident in Mention's long-term competitiveness and income potential.

The operating loss (EBIT) for the NHST Group, including the write-down of goodwill (EBIT), amounted to NOK -94.1 million for the first quarter, compared to NOK -23.1 million for the first quarter last year. The result before taxes was NOK -83.5 million. Despite a difficult financial situation due to covid-19 and the oil price decline, leading to a negative result for the quarter, the board is of the opinion that the fair value of the Group's assets clearly exceeds the liabilities.

FIRST QUARTER 2020

(The figures in brackets are for the corresponding period last year)

- The NHST Media Group's operating revenues were NOK 281.2 million for the first quarter of 2020 (NOK 291.3 million)
 - Subscription income was NOK 222.0 million, an increase of NOK 1.3 million compared to the corresponding period of 2019
 - Advertising income amounted to NOK 49.6 million, down by NOK 10.1 million
 - Revenues from the sale of goods and services were NOK 9.6 million for the quarter (NOK 10.9 million)
- The Group's EBITDA ended at NOK 3.6 million for the quarter (NOK -6.5 million)
 - There were no material one-off items included in the EBITDA for the period
- The Group's operating profit (EBIT) was NOK -94.1 million for the quarter (NOK -23.1 million)
 - Ordinary depreciation of fixed assets was NOK 9.7 million for the quarter
 - Amortisation of goodwill and excess values related to acquisitions was NOK 7.4 million
 - Write-down of goodwill to reflect a decrease in the value of Mention Solutions S.A.S. amounted to NOK 80.6 million
- In March and April, the NHST Group decided to implement measures to reduce cost in the Group with more than NOK 100 million to compensate for the negative consequences of the corona pandemic and the fall in oil price
 - The measures will have effect from (and including) the second quarter of 2020
- The Group will continue to invest in development of products and services to strengthen its long-term competitiveness
 - Investments increased to NOK 11.8 million (NOK 8.1 million)

KEY FIGURES

Numbers in NOK million	Q1 2020	Q1 2019	YTD 2020	YTD 2019
Subscription income	222.0	220.7	222.0	220.7
Advertising revenues	49.6	59.7	49.6	59.7
Sale of goods and services	9.6	10.9	9.6	10.9
Total revenues	281.2	291.3	281.2	291.3
Operating expenses	277.7	297.8	277.7	297.8
EBITDA before one-off items	3.6	-4.9	3.6	-4.9
EBITDA	3.6	-6.5	3.6	-6.5
Depreciation	17.1	16.6	17.1	16.6
Amortisation	80.6	0	80.6	0
Operating result	-94.1	-23.1	-94.1	-23.1
CAPEX	11.8	8.1	11.8	8.1
EBITDA less CAPEX	-8.3	-14.6	-8.3	-14.6

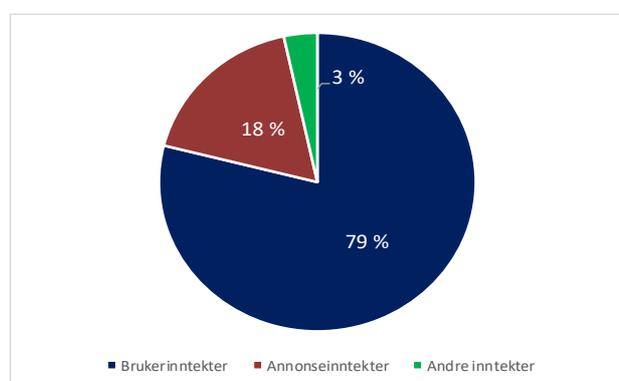


Figure 1: Percentage of total revenues accumulated for 2020

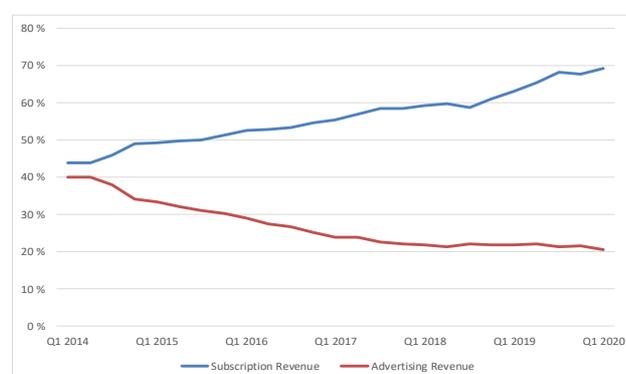


Figure 2: Percentage of total revenues rolling 4 quarters

NORWEGIAN PUBLICATIONS

The segment Norwegian publications includes Dagens Næringsliv and Morgenbladet.

Operating revenues for the segment Norwegian publications were NOK 146.9 million for the first quarter of 2020, down from NOK 156.9 million for the corresponding period last year. Subscriber income was stable compared to the corresponding period last year, while advertising income was down by approximately 20 per cent. The reduction came mainly in March, due to the corona virus.

Both Dagens Næringsliv and Morgenbladet experience a strong increase in the demand for news due to the corona situation and the decline in oil price. At Dagens Næringsliv, the sale of trials subscriptions rose more than 300 per cent from February to March this year, demonstrating the strong interest.

In March, the Group gave notification of temporary lay-off for a period of six weeks to a total of 19 employees in commercial positions. The lay-offs came into effect from 1 April 2020.

Operating revenues for Morgenbladet are mainly subscription-based and were therefore not significantly affected by the negative development in the advertising market.

Operating expenses totaled NOK 142.1 million for the quarter, down 9 per cent compared to the first quarter last year. The reduction can mainly be explained by lower personnel costs as a consequence of staff reductions in both publications through 2019.

EBITDA for the segment Norwegian publications was NOK 4.8 million for the first quarter of 2020, an increase of NOK 0.7 million from the same quarter last year.

<i>NOK million</i>	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	YTD 2019	YTD 2020
Subscriber income	113.0	104.4	115.4	111.5	111.1	113.0	111.1
Advertising revenues	39.8	46.3	37.9	51.9	31.6	39.8	31.6
Sales of goods and services	4.1	5.6	3.8	10.3	4.2	4.1	4.2
Total revenues	156.9	156.3	157.2	173.7	146.9	156.9	146.9
Operating expenses	156.3	137.4	150.6	171.1	142.1	156.3	142.1
EBITDA	0.7	18.9	6.6	2.6	4.8	0.7	4.8
CAPEX	2.1	2.4	0.9	-0.5	0.1	2.1	0.1
EBITDA less CAPEX	-1.4	16.4	5.7	3.1	4.7	-1.4	4.7

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 Global Publications were NOK 69.7 million for the quarter, compared to NOK 70.4 million reported for the same quarter last year. The segment experienced an increase in the subscriber income of approximately 3 per cent and a reduction in the advertising income of 10 per cent. The lower revenues from the advertising market are in line with the long-term development for these publications. However, the corona pandemic further strengthened this development in the first quarter, negatively affecting both advertising income and revenues from conferences. In Asia the consequences materialized already from January.

Operating expenses for the segment amounted to NOK 70.7 for the first quarter this year, down by 5.6 per cent compared to the corresponding quarter last year.

A large portion of the segment's operating revenues and expenses are in foreign currencies, mainly USD, EUR and GBP. Adjusted for the effects from the changes in exchange rates, the segment had approximately 5 per cent lower revenues compared to the same period last year, while the expenses were down by 9 percent.

EBITDA for the segment Global Publications ended at NOK -0.7 for the quarter, an improvement of NOK 3.6 million from the first quarter last year. The EBITDA was not materially affected by changes in currencies compared to last year.

<i>NOK million</i>	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	YTD 2019	YTD 2020
Subscriber income	47.8	48.8	47.3	49.2	49.1	47.8	49.1
Advertising revenues	19.9	31.7	21.4	25.4	18.0	19.9	18.0
Sales of goods and services	2.8	2.6	2.4	1.8	2.6	2.8	2.6
Total revenues	70.4	83.2	71.1	76.4	69.7	70.4	69.7
Operating expenses	74.7	73.4	66.0	75.7	70.4	74.7	70.4
EBITDA	-4.3	9.8	5.1	0.6	-0.7	-4.3	-0.7
CAPEX	1.5	1.9	1.9	4.2	0.2	1.5	0.2
EBITDA less CAPEX	-5.8	7.9	3.2	-3.6	-0.9	-5.8	-0.9

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.

Operating revenues for the SaaS segment were NOK 64.4 million for the first quarter compared to NOK 66.7 million for the same period last year. Revenues from Mynewsdesk were slightly down as a result of the decision to concentrate the business around the key markets in the Nordics, as well as Germany, Austria and Switzerland (DACH countries).

Mynewsdesk experienced a satisfactory development in the acquisition of new customers in key markets. Efforts are ongoing to improve the user experience and retention of existing customers. For Mention, revenues for the first quarter were affected by a low level of sales of new subscriptions in the second half of 2019.

Operating expenses for the segment were NOK 59.2 million for the first quarter this year, compared to NOK 63.8 million for the first quarter of 2018. The reduction can mainly be explained by the cost reduction program initiated in Mynewsdesk early 2019.

EBITDA for the segment ended at NOK 5.2 million for the quarter, compared to NOK 2.9 million for the first quarter of 2019.

Due to changes in the market outlook for Mention, the Group has decided to implement significant measures to reduce costs. Restructuring costs will be reflected in the accounts for the second quarter this year.

<i>NOK million</i>	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	YTD 2019	YTD 2020
Subscriber income	63.2	61.8	60.4	66.1	61.8	63.2	61.8
Sale of services	3.5	3.1	2.3	3.0	2.6	3.5	2.6
Total revenues	66.7	64.8	62.8	69.1	64.4	66.7	64.4
Operating expenses	63.8	56.6	56.6	63.3	59.2	63.8	59.2
EBITDA	2.9	8.3	6.2	5.9	5.2	2.9	5.2
CAPEX	4.4	9.5	6.7	4.4	10.2	4.4	10.2
EBITDA less CAPEX	-1.5	-1.2	-0.5	1.5	-5.1	-1.5	-5.1

Mention was acquired with effect from 1 September 2018. The effects of the added values are not included in the segment figures but are explained in note 3.

Oslo, 21 April 2020

The Board of Directors and Group CEO of NHST Media Group AS

KEY FIGURES NHST MEDIA GROUP

INCOME STATEMENT

(MNOK)	Q1 2020	Q1 2019	YTD 2020	YTD 2019
Revenues	281.2	291.3	281.2	291.3
Operating expenses	277.7	297.8	277.7	297.8
EBITDA*	3.6	-6.5	3.6	-6.5
Ordinary depreciation	17.1	16.6	17.1	16.6
Extraordinary write-down	80.6	0	80.6	0
Operating profit / loss	-94.1	-23.1	-94.1	-23.1
Net financial items	10.6	-12.2	10.6	-12.2
Profit/loss before tax	-83.5	-35.2	-83.5	-35.2
Profit/loss after tax	-85.0	-28.4	-85.0	-28.4
Minority interests	0.1	0.1	0.1	0.1
Profit/loss after tax majority interests	-85.2	-28.5	-85.2	-28.5
Number of shares ex own shares	1,243,173	1,243,173	1,243,173	1,243,173
Profit/loss per share in NOK	-68.4	-22.9	-68.4	-22.9
Number of employees average	633	713	633	713

* EBITDA includes non-recurring items

BALANCE SHEET

	31.03.2020	31.12.2019
Intangible assets	234.7	287.3
Other fixed assets	169.3	165.7
Total fixed assets	404.0	453.0
Inventory	0.0	0.0
Accounts receivable	68.9	109.5
Other short term receivables	35.3	29.6
Cash and cash equivalents	221.4	183.1
Total short term assets	325.6	322.2
Total assets	729.6	775.2
Shareholders' equity	-22.6	55.3
Minority	2.7	2.6
Total shareholders' equity	-19.8	57.8
Long term debt	218.0	212.9
Accounts payable	25.2	31.9
Prepayments	367.5	321.3
Other short term debt	138.8	151.3
Total liabilities	749.5	717.4
Total shareholders' equity and liabilities	729.6	775.2

NOTE 1 ACCOUNTING PRINCIPLES

A tax rate of 22 percent has been used when calculating the quarterly figures.

NOTE 2 SPECIFICATIONS

	Q1 2020		YTD 2020	
	Operating revenues	EBIT	Operating revenues	EBIT
Norwegian Publications	146.9	2.9	146.9	2.9
Global Publications	69.7	-2.1	69.7	-2.1
Mynewsdesk	64.4	0.1	64.4	0.1
Other group companies	25.7	-7.2	25.7	-7.2
Amortisation of excess values		-88.0		-88.0
Eliminations	-25.5		-25.5	
SUM	281.2	-94.1	281.2	-94.1

NOTE 3 WRITE-DOWN OF GOODWILL

Since the discovery of the corona virus in January 2020, the authorities in several countries have put in place significant measures to reduce the spread of the virus. In addition to China, the virus has especially spread widely in countries in Central Europe and has gradually shown a dramatic development in the United States. Implemented measures will, for a period, lead to reduced economic activity, especially where the virus is most widely spread.

Upon the acquisition of Mention 1 September 2018, excess values related to customers, technology and brand were identified as well as a residual goodwill. Mention's business plan was based on an aggressive growth strategy which, as of 31 December 2019, showed that recognised values from the Mention acquisition were retained. However, as a result of the recent development of the corona virus and the decline in oil prices, it is clear that the market outlook and growth prospects for Mention in the short term are significantly weakened. There is high uncertainty associated with revenue growth, which was planned to take place in countries that are severely affected by the corona pandemic. At the same time, the Group must prioritise its investments more strictly than previously assumed.

Based on developments in the first quarter of 2020, an impairment test has been prepared based on a revised business plan. The impairment test concludes that the recoverable amount is lower than the recognised values from the Mention business and goodwill has therefore been written down by NOK 80.6 million. Although the write-down results in a negative book equity for the Group, the Board of Directors finds that the basis for going concern is present and, in the view of the Board, the fair value of the Group's assets clearly exceed the liabilities.