



NHST

MEDIA GROUP

**QUARTERLY REPORT FOR
SECOND QUARTER 2020**

NHST GROUP'S DEVELOPMENT IN THE SECOND QUARTER OF 2020

NHST Media Group recorded progress in several areas in the second quarter of 2020, despite a continued demanding market situation due to Covid-19.

Demand for news services increased significantly in the first months of the year and remained high in the second quarter. Revenues from digital subscriptions rose, while revenues from print publications continued to fall, in line with the long-term trend. In total, user revenues were 1.7 per cent higher than for the same period last year. Advertising revenues were strongly affected by the pandemic and were almost halved compared to the second quarter of 2019.

- We work systematically and well in a demanding period. I am impressed by our organization's ability to develop important journalism and deliver good user experiences despite challenging working conditions. The cost measures implemented have started to deliver results. In addition, the rights issue completed this quarter has given us the headroom to ensure good operations and enable necessary investments to maintain and further develop important leadership positions in the market, says Hege Yli Melhus Ask, CEO of NHST Media Group.

Earlier this year, the NHST Group decided to launch extensive measures expected to reduce cost by more than NOK 100 million in 2020. The programme includes reductions in personnel costs through, among other things, postponement of new hires, permanent and temporary layoffs and voluntary reductions in salaries in a number of the Group's units, in addition to several other cost reducing measures. The measures have shown results as planned in the second quarter, causing the operating expenses for the period to be significantly lower than originally planned for the year, and lower than the level for the same period last year.

The Group's operating revenues for the second quarter of 2020 came in at NOK 270.1 million, down by 10.3 per cent compared to the second quarter of 2019. The decline was entirely due to the loss of advertising revenues. For the first six months of 2020, the Group recorded operating revenues of NOK 551.4 million, 7.0 per cent lower than for the corresponding period last year.

NHST Media Group's operating profit before depreciation and amortisation (EBITDA) amounted to NOK 23.4 million for the second quarter, compared to NOK 27.7 million for the second quarter of 2019. Operating profit was NOK 7.7 million, down from NOK 10.9 million for the same period last year. For the first half of the year, the Group's EBITDA amounted to NOK 27.1 million and the operating profit was minus NOK 86.3 million, compared to NOK 21.2 million and minus NOK 12.2 million respectively in the same period last year.

In the second quarter, the Group completed a rights issue of NOK 50 million. The issue was fully underwritten by a group of seven of the Group's largest shareholders. At the same time, the Group's NOK 250 million loan agreement with DNB was extended by one year to 31 December 2022.

In June, NHST Media Group signed an agreement to sell its shares in Morgenbladet to Mentor Medier. The agreement was completed as planned on 30 June and resulted in a small capital gain for the second quarter. The agreement ensured that Norway's oldest national newspaper was taken over by another good media house.

The transactions completed in the quarter provide the group with a solid liquidity position and a good foundation for meeting the future market conditions.

SECOND QUARTER 2020

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

- NHST Media Group's operating revenues were NOK 270.1 million for the second quarter (NOK 301.3 million) and NOK 551.4 million for the first half of 2020 (NOK 592.6 million)
 - User revenues, which accounted for 79.7 per cent of total revenues, were NOK 215.3 million for the quarter, up NOK 3.6 million from the same quarter of 2019
 - Advertising revenue amounted to NOK 40.2 million, a decrease of 48 per cent
 - Revenues from sale of goods and services were NOK 14.6 million, an increase of NOK 2.9 million from last year
- In March and April, the Group decided to launch comprehensive cost reducing measures
 - The measures have delivered results as planned and the Group's operating expenses were reduced by 9.8 per cent for the quarter compared to the second quarter last year
- The Group's EBITDA came in at NOK 23.4 million for the quarter (NOK 27.7 million) and NOK 27.1 million for the first half of 2020 (NOK 21.2 million)
 - One-off items included in the EBITDA for the period included gain on the sale of Morgenbladet (NOK 4.3 million) and severance costs in Mention Solutions (NOK 6.5 million)
- NHST Media Group's operating profit (EBIT) was NOK 7.7 million for the second quarter (NOK 10.9 million) and minus NOK 86.3 million for the first six months (minus NOK 12.2 million)
 - EBIT for the first six months included write-down of goodwill related to Mention Solutions of NOK 80.6 million in the first quarter
 - Ordinary depreciation of fixed assets was NOK 10.2 million for the quarter (NOK 9.6 million), while the amortisation of goodwill and excess values related to acquisitions was NOK 5.5 million (NOK 7.2 million)
- The Group continues to invest in development of products and services to strengthen its long-term competitiveness and has invested NOK 9.0 million this quarter (NOK 14.3 million) and a total of NOK 20.9 million this year (NOK 22.4 million)

KEY FIGURES

Numbers in NOK million	Q2 2020	Q2 2019	YTD 2020	YTD 2019
User revenues	215.3	211.7	437.3	432.4
Advertising revenues	40.2	77.9	89.9	137.6
Sale of goods and services	14.6	11.6	24.2	22.6
Total revenues	270.1	301.3	551.4	592.6
Operating expenses	246.7	273.6	524.3	571.4
EBITDA before one-off items	25.6	30.9	29.2	26.0
EBITDA	23.4	27.7	27.1	21.2
Depreciation	15.7	16.8	32.8	33.4
Amortisation	0	0	80.6	0
Operating result	7.7	10.9	-86.3	-12.2
CAPEX	9.0	14.3	20.9	22.4
EBITDA less CAPEX	14.4	13.4	6.2	-1.2

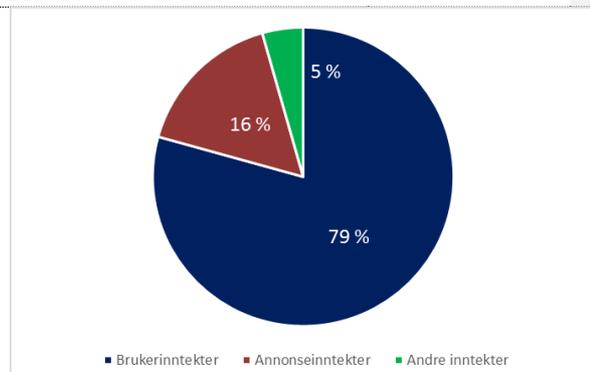


Figure 1: Percentage of total revenues accumulated for 2020

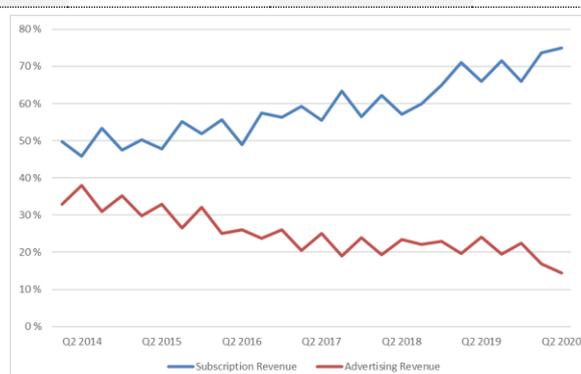


Figure 2: Percentage of total revenues per quarter

NORWEGIAN PUBLICATIONS

For the second quarter of 2020, the segment Norwegian publications included Dagens Næringsliv and Morgenbladet. Morgenbladet was divested on 30 June 2020, after which the segment will consist of only Dagens Næringsliv.

Operating revenues for the segment Norwegian publications were NOK 1316 million for the second quarter of 2020, compared to NOK 156.3 million for the second quarter of 2019. Subscriber income was stable compared to last year, while advertising income was down by 51 per cent.

The low activity in the advertising market resulted in temporary layoffs of 13 positions in commercial functions in Dagens Næringsliv from the beginning of April. Other cost reducing measures were also implemented, including reduced purchase of services, fewer marketing activities and cancellations of conferences.

Operating expenses for the segment came in at NOK 118.5 million for the quarter, compared to NOK 137.4 million for the second quarter of 2019. The decrease was mainly explained by lower personnel costs.

EBITDA for Norwegian publications amounted to NOK 13.1 million, compared to NOK 18.9 million for the second quarter of last year.

On 5 June, an agreement was signed with Mentor Medier on the sale of the NHST Group's shareholding of 90.8 per cent in Morgenbladet. Following the transaction, which was completed as planned on 30 June, the Norwegian publications segment consists of only Dagens Næringsliv.

<i>NOK million</i>	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	YTD 2019	YTD 2020
User revenues	104.4	115.4	111.5	111.1	104.6	217.3	215.7
Advertising revenues	46.3	37.9	51.9	31.6	22.6	86.1	54.2
Sales of goods and services	5.6	3.8	10.3	4.2	4.3	9.8	8.6
Total revenues	156.3	157.2	173.7	146.9	131.6	313.2	278.5
Operating expenses	137.4	150.6	171.1	142.1	118.5	293.7	260.6
EBITDA	18.9	6.6	2.6	4.8	13.1	19.5	17.9
CAPEX	2.4	0.9	-0.5	0.1	0.0	4.5	0.2
EBITDA less CAPEX	16.4	5.7	3.1	4.7	13.0	15.0	17.7

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 Global publications segment ended at NOK 69.3 million for the second quarter, compared to NOK 83.2 million for the second quarter of 2019. Subscriber revenues were on a par with last year, while advertising revenues fell by 44 per cent. The Covid-19 pandemic has led to a significant decline in ordinary advertisement sales and to a complete halt in the market for international conferences.

The businesses in the segment compensated for the loss of advertising revenues through extensive cost measures, including personnel costs, purchase of services, travel costs and marketing. Total operating expenses ended at NOK 58.8 million, down from NOK 73.3 million for the second quarter of 2019.

EBITDA for the segment amounted to NOK 10.5 million, an improvement of NOK 0.7 million from the second quarter of 2019. Adjusted for currency effects, EBITDA for the segment would have been somewhat weaker than last year.

<i>NOK million</i>	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	YTD 2019	YTD 2020
User revenues	48.8	47.3	49.2	49.1	48.6	96.6	97.7
Advertising revenues	31.7	21.4	25.4	18.0	17.6	51.6	35.6
Sales of goods and services	2.6	2.4	1.8	2.6	3.1	5.4	5.7
Total revenues	83.2	71.1	76.4	69.7	69.3	153.6	139.0
Operating expenses	73.3	66.0	75.7	70.4	58.8	148.1	129.2
EBITDA	9.8	5.1	0.6	-0.6	10.5	5.5	9.8
CAPEX	1.9	1.9	4.2	0.2	0.3	3.4	0.4
EBITDA less CAPEX	7.9	3.3	-3.6	-0.8	10.2	2.1	9.4

SOFTWARE-AS-A-SERVICE

The segment Software-as-a-Service (SaaS) includes the companies Mynewsdesk and Mention Solutions. Mynewsdesk, headquartered in Stockholm, Sweden, is offering its customers a PR and communication platform with associated services. The company's main markets are the Nordic area and the DACH area (Germany Austria, Switzerland). Mention Solutions is offering services within media surveillance, mainly focusing on social media. Mention Solutions has its head office in Paris, France, and has a global market focus.

Operating revenues for the SaaS segment were NOK 64.6 million for the second quarter, compared to NOK 64.8 million for the same quarter last year.

Revenues from Mynewsdesk were somewhat lower in functional currency (SEK) than for the second quarter of 2019, which was mainly due to strong competition in the Nordic home market and relatively weak demand due to the Covid-19 pandemic. Also, Mention Solutions had somewhat lower revenues in functional currency (EUR), mainly due to the consequences of the pandemic.

Both companies continued to invest in the development of products and services during the quarter. In parallel, extensive cost reducing measures have also been implemented in this segment, including postponement of planned new hires, reduced travel activity and marketing. In addition, permanent lay-off of 17 positions has also been completed in Mention.

Operating expenses for the segment ended at NOK 65.4 million, up from NOK 56.6 million for the same period last year. In local currencies, expenses are lower than last year, but the operating expenses in Norwegian kroner for the period are affected both by one-off costs related to downsizing in Mention and by currency effects.

EBITDA for the segment ended at minus NOK 0.9 million for the second quarter, compared to NOK 8.3 million for the second quarter of 2019.

<i>NOK million</i>	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	YTD 2019	YTD 2020
User revenues	61.8	60.4	66.1	61.8	62.1	124.9	124.0
Sale of services	3.1	2.3	3.0	2.6	2.4	6.6	5.0
Total revenues	64.8	62.8	69.1	64.4	64.6	131.5	129.0
Operating expenses	56.6	56.6	63.3	59.2	65.4	120.3	124.7
EBITDA	8.3	6.2	5.9	5.2	-0.9	11.2	4.3
CAPEX	9.5	6.7	4.4	10.2	7.3	13.9	17.5
EBITDA less CAPEX	-1.2	-0.5	1.5	-5.0	-8.1	-2.6	-13.2

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, 9 July 2020

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

KEY FIGURES NHST MEDIA GROUP

INCOME STATEMENT

(MNOK)	Q2 2020	Q2 2019	YTD 2020	YTD 2019
Revenues	270.1	301.3	551.4	592.6
Operating expenses	246.7	273.6	524.3	571.4
EBITDA*	23.4	27.7	27.1	21.2
Ordinary depreciation	15.7	16.8	32.8	33.4
Extraordinary write-down	0	0	80.6	0
Operating profit / loss	7.7	10.9	-86.3	-12.2
Net financial items	-6.2	-3.3	4.4	-15.5
Profit/loss before tax	1.5	7.5	-82.0	-27.7
Profit/loss after tax	0.2	4.2	-84.7	-24.2
Minority interests	0.1	0.4	0.3	0.5
Profit/loss after tax majority interests	0.1	3.8	-85.0	-24.7
Number of shares ex own shares	1.243.173	1.243.173	1.243.173	1.243.173
Profit/loss per share in NOK	0.2	3.4	-68.1	-19.4
Number of employees average	625	697	623	705

* EBITDA includes non-recurring items

BALANCE SHEET

	30.06.2020	31.12.2019
Intangible assets	211.1	287.3
Other fixed assets	159.6	165.7
Total fixed assets	370.7	453.0
Accounts receivable	58.0	109.5
Other short-term receivables	43.5	29.6
Cash and cash equivalents	251.9	183.1
Total short-term assets	353.5	322.2
Total assets	724.2	775.2
Shareholders' equity	20.1	55.3
Minority	0.0	2.6
Total shareholders' equity	20.1	57.8
Long term debt	217.1	212.9
Accounts payable	15.7	31.9
Prepayments	330.8	321.3
Other short-term debt	140.4	151.3
Total liabilities	704.1	717.4
Total shareholders' equity and liabilities	724.2	775.2

NOTE 1 ACCOUNTING PRINCIPLES

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

NOTE 2 SPECIFICATIONS	Q2 2020		YTD 2020	
	Operating revenues	EBIT	Operating revenues	EBIT
Norwegian Publications	131.6	11.3	278.5	14.2
Global Publications	69.3	9.1	139.0	7.0
SaaS	64.6	-6.6	129.0	-6.5
Other group companies	22.9	-4.9	48.6	-12.1
Amortisation of excess values		-5.4		-93.4
Eliminations	-22.5		-48.0	
SUM	270.1	7.7	551.4	-86.3

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 Covid-19 virus and the decline in oil prices, 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.

Based on developments in the first quarter of 2020, an impairment test was prepared based on a revised business plan. The impairment test concluded that the recoverable amount was lower than the recognised values from the Mention business. Based on this, goodwill was written down by NOK 80.6 million in the first quarter of 2020.

NOTE 4 DIVESTMENT OF MORGENBLADET

NHST Media Group AS sold its shares in Morgenbladet AS to Mentor Medier AS, effective from 30 June 2020. The purchase price of the Group's shareholding in Morgenbladet AS was NOK 40 million. The purchase price was settled in cash on the transaction date. The gain from the sale was NOK 4.3 million and is included in the Income Statement as *Other income*.

NOTE 5 NON-REGISTERED CAPITAL INCREASE

At the general meeting of NHST Media Group AS on 5 June 2020, a rights issue of NOK 50 million was approved, by the issuance of up to 312,500 shares, at a subscription price of NOK 160 per share. The proceeds were paid in on 30 June 2020 and booked as a non-registered capital increase with a deduction for 2 per cent guarantee commission and other expenses related to the capital increase. Following registration of the share issue, the Group's share capital will be NOK 16,004,250 divided into 1,600,425 shares with a par value of NOK 10. The number of shares excluding treasury shares will be 1,555,673.