NORTH MEDIA A/S

Annual Report 2017

FK DISTRIBUTION

NORTH MEDIA ONLINE

NORTH MEDIA AVISER

BEKEY

CVR-no 66 59 01 19

Contents

The Annual Report 2017 has been prepared in Danish and English.

The Danish text shall be the governing text for all purposes, and in case of any discrepancy the Danish wording shall be applicable.

Preface

By Richard Bunck, Chairman of the Board of Directors

New market situation and strategic focus open up for earnings improvement

Our core business - FK Distribution, which we have operated and developed for more than 50 years - experienced a crucial change in the market in 2017. In the spring, PostNord, who is undoubtedly our largest competitor, announced that from 2018 they could no longer guarantee distribution on pre-defined weekdays. This de facto withdrawal from large parts of the market for distribution of retail leaflets and weekly newspapers opens up for growth potential and hence earnings improvement for North Media.

The National Postal Operator's announcement has resulted in a number of new contracts with issuers of weekly newspapers and customers in the retail trade - among them, Coop, with whom we have signed a contract again from 1 January 2018. From the autumn of 2017, we have worked intensively at a necessary and quite large expansion of our staff of distributors. So in future, we need to be able to distribute both mid-week and at week ends. This is a very large and demanding task that has the highest priority with FK Distribution, but also a task regrettably involving a heavy increase in costs.

After a number of years when competition with PostNord forced us to accept heavily declining, even destructively low prices, it was therefore both necessary and fair for us to increase our prices from 2018. We expect that the inflow of the many new customers will lead to a considerable earnings improvement in 2018.

Closer to our customers after an effective turn-around of North Media Aviser

We also spent 2017 proceeding with the execution of the metropolitan strategy for our newspapers that we launched in 2016. We have centralised our organisation and our geographical focus is now centred on the capital and North-East Zealand. This has also brought us closer to our customers and the local districts and communities we cover.

The sell-off of activities outside our new geographical focus area has resulted in an expected decline in revenue. On the other hand, the successful execution of the strategy has laid the grounds for a substantial improvement of results, and we expect further progress in the year ahead.

Divestment and new product launches at North Media Online

At North Media Online, two factors in particular left their mark on the year. The first is that we recovered a compensation of DKK 9 million because of the business partner Employ ApS' unwarranted termination of our exclusive agreement on the distribution of recruiting systems. The other is that, we intensified our strategic focus. This entailed, for example, that BoligPortal launched "The Digital Contract" and that håndværker.dk was divested. This measure are expected to lead to improved earnings in 2018.

Changed sales efforts at BEKEY

From the very beginning, we have had high hopes for BEKEY. And BEKEY has indeed succeeded in becoming market leader in both Denmark and Norway in the municipal market, but the number of new customers increases much too slowly. This is why BEKEY has now identified other customer groups who also need to access many doors every day and may so reap considerable value from using BEKEY's products. The development in earnings remains very unsatisfactory. However, we believe that the investment will produce positive returns in the long run.

New Chairman of the Board of North Media A/S

I have decided not to offer myself for re-election as Chairman of the Board of Directors of North Media A/S. Mads Dahl Andersen is nominated for the Board of Directors and recommended as its new Chairman. Mads Dahl Andersen's current role as Chief Executive Officer of FK Distribution A/S will be taken over by the current Sales Director, Lasse Ingemann Brodt. I stand as a candidate for Vice-Chairman of the new Board of Directors. In doing so, we will ensure continuity, vision and power of execution.

Investment in long-term value creation

We aim for long-term value creation, and this will remain the baseline for the strategic initiatives of the Group. Competition is intensive with large global players and new technologies that regularly set new standards. This is why it is imperative that we continue to invest in the development and innovation of our products. In this context, it is very important to us to maintain a solid capital structure that will ensure that we are buffered to meet as well as to actively drive developments.

We have been through some difficult years with unsatisfactory earnings, and this has called for unique support by our staff and considerable patience by our shareholders. Now we have stopped this negative development and laid the grounds for ensuring a turning point in earnings in 2018. Even though we have not yet produced the results, we would like to highlight the positive expectations by proposing distribution of dividend of DKK 1,50 per share for the financial year 2017. This is to mark our belief that we have now reached a turning point in value creation for our shareholders.

A political call from the Chairman

”The postman is delivering anyway”

With these words, a Minister of Transport motivated and dismissed FK Distribution’s complaint about PostNord’s very low prices for distributing retail leaflets.

For more than 50 years, FK Distribution has distributed unaddressed retail leaflets to Danish households in competition with “the Mail” as the state-owned PostNord is called colloquially. For many years, it has been FK's clear conviction that the Mail was subsidising the distribution of retail leaflets with resources from the distribution of letters subject to universal postal service.

The mind-set was that, for the Mail to comply with its universal postal service obligation to deliver letters from day to day to all Danish households, it had to maintain a comprehensive distribution capacity, and the related costs were naturally to be absorbed by income from what this universal postal service was about – the letters.

But this mind-set led to the view that since the postmen were delivering letters anyway, they might just as well bring retail leaflets along on their route. And the trucks and drivers transporting the letters might just as well bring along the retail leaflets since they were going anyway. And this was the mind-set in using all other resources that were necessary to distribute retail leaflets.

Well, were costs for postmen, trucks etc not allocated then on letters, parcels and retail leaflets etc? No, only marginally, because the Mail’s accounting mind-set and practice have always been that all of its delivery capacity was motivated indeed by the universal postal service. This is why this universal postal service should also incur the costs for maintaining the delivery capacity. Only identifiable additional costs for distributing retail leaflets were in the Mail's cost allocation base recorded as costs related to distribution of retail leaflets. In the last 5-6 years, the result of the allocation had become even more out of proportion as even fewer costs were attributed to distribution of retail leaflets.

The costs that the Mail had for distribu-tion of retail leaflets were thus considered marginal costs.

Was distribution of retail leaflets then only a small marginal business for the Mail? Yes, it was – purely revenue-wise, but not volume-wise. More than 50% of the post delivered by the Mail to Danish households were unaddressed retail leaflets and weekly newspapers, yet the costs recorded for distributing these volumes were quite modest.

So the Mail could present excellent positive financial statements for retail leaflet distribution and equally poor financial statements for letter distribution.

Thus the financial statements did not reflect in any way that the customer’s cost at the Mail was only DKK 0.40 for distribution of a retail leaflet against DKK 9 for a letter. Thus the cost for distribution of a retail leaflet was then only 5% of the cost for distributing of a letter.

This price difference was not in any way substantiated in the actual cost that the Mail had in connec-tion with distribution of the one or the other product having.

On the other hand, the price difference can only be explained by the Mail has a statutory monopoly on distribution of letters and by distribution of retail leaflets being subject to a market with competition – a market that the Mail would like to win.

The consequence of this accounting practice was, on the one hand, that more and more frequently the Mail had to ask the Finance Committee of the Danish parliament for permission to increase the letter postage prices, and, on the other hand, the Mail at the same time lowered the price for distributing retail leaflets to intensify competition with especially FK Distribution.

”The postman is delivering anyway” – and so he might just as well carry retail leaflets – implicitly at marginal costs. This was the ruling understanding between the Mail and the politicians, regardless of party.

But lo and behold! The volume of letters dropped, and the Mail had a new head appointed who was good at his arithmetic. He could see that the postmen were delivering anyway all right, but they no longer carried letters, together with mainly retail leaflets and weekly newspapers and mostly the latter!

And oops! What was previously considered marginal costs had in reality been transformed into ordinary costs. The Mail’s quite considerable distribution capacity could no longer be funded by high letter postage prices, because the letters no longer existed, but instead they were now to be funded by the retail leaflet and newspaper distribution prices that Mail itself had competed down.

The inevitable outcome was a loss running into hundreds of millions of Danish kroner.

So this is why the postman no longer delivers anyway

The moral is that it should be clear to politicians that you should not let a government-owned player with a monopoly carry out tasks subject to competition at marginal costs, but this is what they let the Mail do. Politicians should take a critical view on government players who in many other areas also act from the mind-set, “we exist anyway, so we might just as well do this or that job, and at prices based on marginal costs”. However, it should not be like this. For the benefit of our society in Denmark, private companies must be allowed to carry out these tasks.

Results in 2017

In 2017, total revenue of the North Media Group's companies went up by 2% on 2016. This growth is composed of a significant increase in revenue of FK Distribution, which won new market shares, and a planned decline in revenue of North Media Aviser, where the focus of activities has been on the Capital and North-East Zealand in 2017. Overall, 2017 has laid down a strong foundation for considerable improvement of earnings in 2018.

2017 financial highlights of the Group (vs. 2016), DKKm

Revenue and growth	EBITDA before special items *	EBIT before special items *
899.4	**28.4**	**-0.1**
(+2%)	(+17.5)	(+26.2)

Original earnings expectations for 2017, DKKm	Expectations for 2017 (18 Aug. 2017), DKKm
Revenue	Revenue
865-910	**860-890**
EBIT before special items	EBIT before special items
-30 to -5	**-20 to 0**

Better than expected

- Improved distribution market conditions resulted in FK Distribution signing many new customer contracts
- Reduction in revenue of North Media Aviser, but heavily improved performance because of a new strategy and cost reductions

As expected

- Combination of rental property activities and improved revenue and earnings base

Not as expected

- Job activities adversely affected by Emply ApS' unwarranted termination of the exclusive distribution right
- håndværker.dk continued its downturn and was divested
- Failing growth of BEKEY leads to refocussing of strategy

*Definition of "EDITDA before special items" and "EBIT before special items" is evident from the ratio definitions in Note 3.

Development in group business

	2017 (vs. 2016), DKKm
FK Distribution • Massive changes in the weekly newspaper and printed matter distribution market led to inflow of new customers • Increase in volume has resulted in investments in more production capacity, establishment of new mid-week distribution and rescheduling of newspaper routes, which have reduced performance in 2017 • Performance expected to improve considerably in 2018	**Revenue** **671** (+14%) **EBIT before special items** **37** (+2)
North Media Aviser • New metropolitan strategy improves earnings heavily and strengthens the market position in the Capital and North-East Zealand • Planned decline in revenue because of discontinuation of unprofitable editions and sell-off • Massive cost reductions completed, providing the basis for long-term improvement of earnings	**Revenue** **125** (-29%) **EBIT before special items** **-9** (+26)
North Media Online • Positive momentum for Lejebolig (Rental Property) but lower rev-enue due to downturn for Job. håndværker.dk sold off • Job activities combined, 14 jobs cut and recruiting system customers sold off. Compensation of DKK 9 million recovered from Emply ApS • Successful development in investments in minority interests in minor start-ups such as Lix Technologies and Lead Supply	**Revenue** **85** (-11%) **EBIT before special items** **-13** (-2)
BEKEY • Fewer Danish invitations to tender for contracts and delayed implementation of earlier won contracts reduced revenue growth • Strategic focus narrowed to municipal contracts and specific corporate customers • Continued operating loss as a result of very weak sales	**Revenue** **19** (-4%) **EBIT before special items** **-17** (+5)

Group expectations for 2018

In 2018, North Media expects revenue to grow heavily, primarily because of more activities at FK Distribution. Also, performance is expected to improve considerably as a result of headway at FK Distribution, North Media Aviser and North Media Online.

2018 financial highlights forecast for the Group (vs. 2017), DKKm

Revenue	EBIT before special items
1,090-1,155	**60-95**
(+21% to +28%)	(+60 to +95)

FK distribution

- Major increase in volume of local newspapers and printed matter resulting from inflow of new customers
- The increase in volume is challenging and calls for considerable adjustments of FK Distribution's production facilities and operations. This will affect the first months of 2018
- Revenue expected to be DKK 875-925 million and EBIT before special items to be between DKK 90-110 million

North Media Online

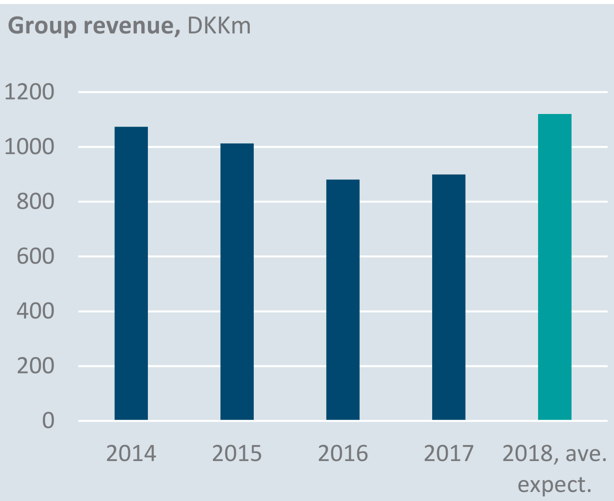
- Revenue growth in Lejebolig and stable development in Job
- Improved EBIT because of increased earnings from Job and sell-off of håndværker.dk
- Revenue expected to be DKK 78-83 million and EBIT before special items to be between DKK negative 10 million and negative 8 million

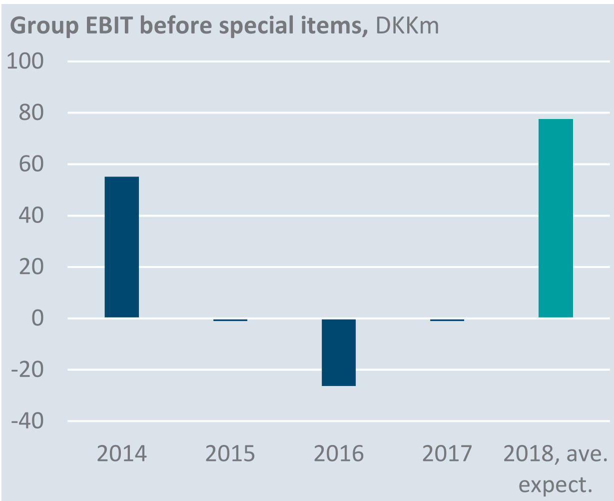
North Media Aviser

- Improvement of the position as the leading media house in the Capital and North-East Zealand and launching of digital strategy intended to cushion the adverse effect of market contraction
- Revenue expected to be DKK 118-124 million and EBIT before special items to be between DKK negative 5 million and DKK 5 million

BEKEY

- Implementation of new strategy focussing on municipal tenders and selected corporate segments through distribution agreements in Scandinavia
- Revenue expected to be DKK 19-23 million and EBIT before special items to be between DKK negative 15 million and negative 12 million





Group financial highlights (DKKm)

Income statement	2017	2016	2015	2014	2013
Revenue	899.4	881.1	1,012.4	1,073.7	1,077.1
Gross profit	409.8	417.7	496.7	533.4	487.7
EBITDA before special items	28.4	10.9	55.6	103.4	93.6
Amortisation and depreciation	28.5	37.2	56.3	48.2	36.0
EBIT before special items	-0.1	-26.3	-0.7	55.2	57.6
Special items, net	-0.4	-41.1	-19.4	-7.5	-20.0
EBIT	-0.5	-67.4	-20.1	47.7	37.6
Return on securities	34.7	-6.2	12.9	17.3	1.6
Financials, net	-3.2	-20.6	-7.8	-24.0	-10.0
Profit/loss continued operations before tax (EBT)	28.6	-69.7	-15.2	39.6	26.8
Tax for the year	0.6	-6.0	-3.3	16.9	11.1
Net profit for the year	28.0	-63.7	-11.9	22.7	15.7
Comprehensive income	30.2	-62.7	-9.9	18.7	20.4
Balance sheet, year end					
Total assets	784.7	765.7	850.3	888.6	922.0
Shareholders' equity incl. minorities	497.7	460.4	522.0	532.4	523.3
Net interest-bearing cash position	128.3	106.9	113.8	67.6	-11.6
Net working capital (NWC)	-36.2	-37.1	-38.2	-43.2	-37.1
Invested capital	369.4	353.5	408.2	464.8	534.9
Investments in property, plant and equipment	32.4	7.8	10.8	25.0	25.4
Free cash flow before special items	-4.0	3.2	40.2	83.3	65.0
Cash flow statement					
Cash flows from operating activities	23.0	-14.3	34.6	83.5	80.4
Cash flows from investing activities	-38.2	-14.9	8.4	-88.5	-42.6
Cash flows from financing activities	-1.0	-6.7	5.9	-9.5	-17.2
Total cash flows for the year	-16.2	-35.9	48.9	-14.5	20.6
Other information					
Average number of employees	560	548	610	615	606
Number of shares at year-end, in thousand in denominations of DKK 5.	20,055	20,055	20,055	20,055	20,055
Treasury shares, in thousand	1,205	1,485	1,485	1,485	1,485
Share price at year-end, DKK	35.2	13.2	14.1	18.2	16.0
Ratios					
Gross margin (%)	45.6	47.4	49.1	49.7	45.3
Profit margin (EBIT before special items) (%)	0.0	-3.0	-0.1	5.1	5.3
Equity ratio (%)	63.4	60.1	61.4	59.9	56.8
Return on equity (ROE) (%)	5.8	-13.0	-2.3	4.3	3.0
Return on capital employed (ROIC) (%)	0.0	-6.9	-0.2	11.0	12.1
Earnings per share (EPS)	1.5	-3.4	-0.5	1.1	0.5
Earnings per share (EPS) - Total	1.5	-3.4	-0.5	1.1	0.5
Price/Earnings (P/E)	23.5	-	-	16.5	32.0
Price/Book Value (P/BV)	1.4	0.6	0.5	0.7	0.6
Cash flow per share (CFPS)	1.2	-0.8	1.9	4.5	4.3
Dividend and cash remuneration per share, paid in the financial year	0.0	0.0	0.0	0.0	0.0

The consolidated highlights are shown for continued operations unless otherwise stated. Please refer to Note 3 for a definition of financial high lights.

North Media in brief

For more than 50 years, the focus of North Media has been on being an effective, intelligent and large-scale key player in the media market in the arrangement of offers and information between retailers and consumers. We provide customers to our customers. Whether their product, service or store is physical or digital.

Volume, expansion and profitability are the drivers of our business models

North Media’s activities are divided into four busines segments: FK Distribution, North Media Aviser, North Media Online and BEKEY. Whether we deliver offers to people's e-mail boxes or surface mail boxes, communicate local news from the capital area, help employers find the best qualified employees or link up housing seekers with housing providers, the underlying basis is the same: We create volume in all our businesses with key market positions that hold profitable potential for expansion.

We realise this potential partly through ambition, courage, will and assertiveness. Or as we call it: Positive aggressiveness. By continuously applying structure and new technology to our services and processes. Innovationwise, we need to be at the forefront to constantly play a decisive role for our customers in markets that are developing dramatically and rapidly. This requires sustained investments and effort – and that we work with equal shares of sense-of-urgency and patience. At North Media, we believe in the long haul and admit that the best way to learn is the hard way. The Group has grown large, strong and robust on this foundation, and it is with this approach we are heading for the next 50 years.

What do you get when you buy a share in North Media?

The North Media share exposes investors to a heavily changing media market with huge new potential. We have demonstrated for more than 50 years that we are robust and quite capable of handling change.

Our business units lead the way in the transformation process from analogue to data-driven digital business models in arranging services between retailers and consumers.

We focus on long-term value creation and stable returns on the capital invested that enable annual distributions of dividend while maintaining strong financial resources.

Consumers set the course

The media market is undergoing massive changes driven by consumers’ demand for on-demand solutions and new technologies. It unleashes individual real-time needs. This puts pressure on conventional media’s analogue business models and opens up opportunities for those who are able to develop and deliver new digital solutions – either as stand-alone solutions or as digital solutions in a symbiotic relationship with an analogue medium.

Those who have access to the consumer have a strong position in the market

North Media has with its media continuous access to more consumers than any other media in Denmark. We have this access both on paper as well as in digital form. In recent years, North Media has invested heavily in innovation and radical adaptation of our business models in order that physical products also include digital platforms. All according to the motto – those who have access to the consumer, has a strong position in the market.

Our strategy focuses on being a business-developing partner to our customers – not merely a supplier. This is why we work with a consumer perspective where the unique access we have to consumers is used to collect, enrich and analyse data. In doing so, we can deliver more and better customers to our customers.

Data, digital products and new supply platforms are the driving forces in innovative processes across our activities. Together with continued focus on effficiency and optimisation of our business models, this is the strategic key to improving the competitive advantages of the business segments in future.

We will develop good and useful products and services

The will to develop good and useful products and services are underlying ambitions in all we do. We want to be among the best in our field, based on use-value, high volumes and efficiency.

We have the will to go far in what we believe can be a success – and even further than most. We believe that you learn from making mistakes and trying again. Giving priority to long-term focus and substainable investments requires that we maintain strong financial resources to ensure manouvreability.

FK Distribution

FK Distribution provides offers and information to all Danish consumers. This is done primarily via minetilbud.dk and via distribution of retail leaflets and local newspapers to all households that want all or selected retail leaflets and local newspapers.

Distribution is handled by 10,000 paper boys/girls and men/women who between them run 16,000 routes twice a week. FK Distribution is also the leading provider of digital offers and retail leaflets through minetilbud.dk.

Customers range from small grocery stores to the largest retail chain stores. FK Distribution is leading in its field in Denmark.

Business concept

FK Distribution provides offers from retailers to the consumers. FK Distribution is to be the best-in-class measured on quality and efficiency in printed matter distribution and on developing synergies across print and online media. Continuous value creation will be driven by further digitalisation.

North Media Aviser

North Media Aviser issues eight mid-week local newspapers in the Capital, and six weekend editions. Digital positions include søndagsavisen.dk , minby.dk and forbyen.dk.

Helsingør Dagblad, Lokalavisen Nordsjælland and Søndagsavisen Øresund are issued In Elsinore and North-East Zealand.

These newspapers are ad-funded, and customers are leading brands, retailers, real estate agents and other advertisers located primarily in the Capital and North-East Zealand, where North Media Aviser is market leader.

Business concept

North Media Aviser is the local forum in the Capital and in North-East Zealand. We create value by arranging advertisements and conveying information that unifies and enlightens readers in the local community and assists small and large business owners in attracting customers.

North Media Online

North Media Online runs digital platforms that market and communicate information in two main areas:

- Lejebolig with BoligPortal.dk, BostadsPortal.se and LetLoop. We connect the lessor with the lessee.
- Job with Brandero.com, Ofir.dk and MatchWork.com. We connect the employer with the employee.

North Media Online also holds minority interests in the companies Lead Supply and Lix Technologies. In addition, North Media Online is majority shareholder in Mesto.ua. The customers count businesses and individuals in Denmark and increasingly abroad as well.

Business concept

North Media Online develops and invests in digital services and products and makes the most of competencies by working across platforms. All activities must be scalable, 100% digital and have an international perspective.

BEKEY

BEKEY sells electronic access systems based on digital keys that enable users to open and lock doors at businesses and private homes. These access systems are used by municipalities and businesses in primarily Denmark, Sweden and Norway.

BEKEY's technology is leader in its field and it is the leading player in Scandinavia.

Business concept

BEKEY develops and provides the process-optimised software NETKEY as well as lock hardware. Combined, these are the core product for effective and secure digital access distribution and management.


Frederiksberg
VÆLG SELV DINE REKLAMER
MED NEJTAK+
minetilbud·dk
FK

FK Distribution

”The market for provision of offers and information has undergone major changes in recent years. Digital dissemination of offers and information increases dramatically at the expense of physical distribution and today, we consider physical and digital dissemination as one market. The development has led to major changes in 2017 when PostNord announced that they would introduce a new production model from 1 January 2018. It was the starting signal for FK Distribution to enter into new contracts with a large number of customers.

We expect that these new contracts will boost revenue and earnings in 2018. We will also invest further in the development of minetilbud.dk and the NoAds+ scheme to strengthen relations between retailers and consumers”.

Mads Dahl Andersen, CEO, FK Distribution

2017 financial highlights of FK Distribution (vs. 2016), DKKm

Revenue and growth	EBIT before special items
670.5	**36.7**
(+14%)	(+1.7)

Business highlights in 2017

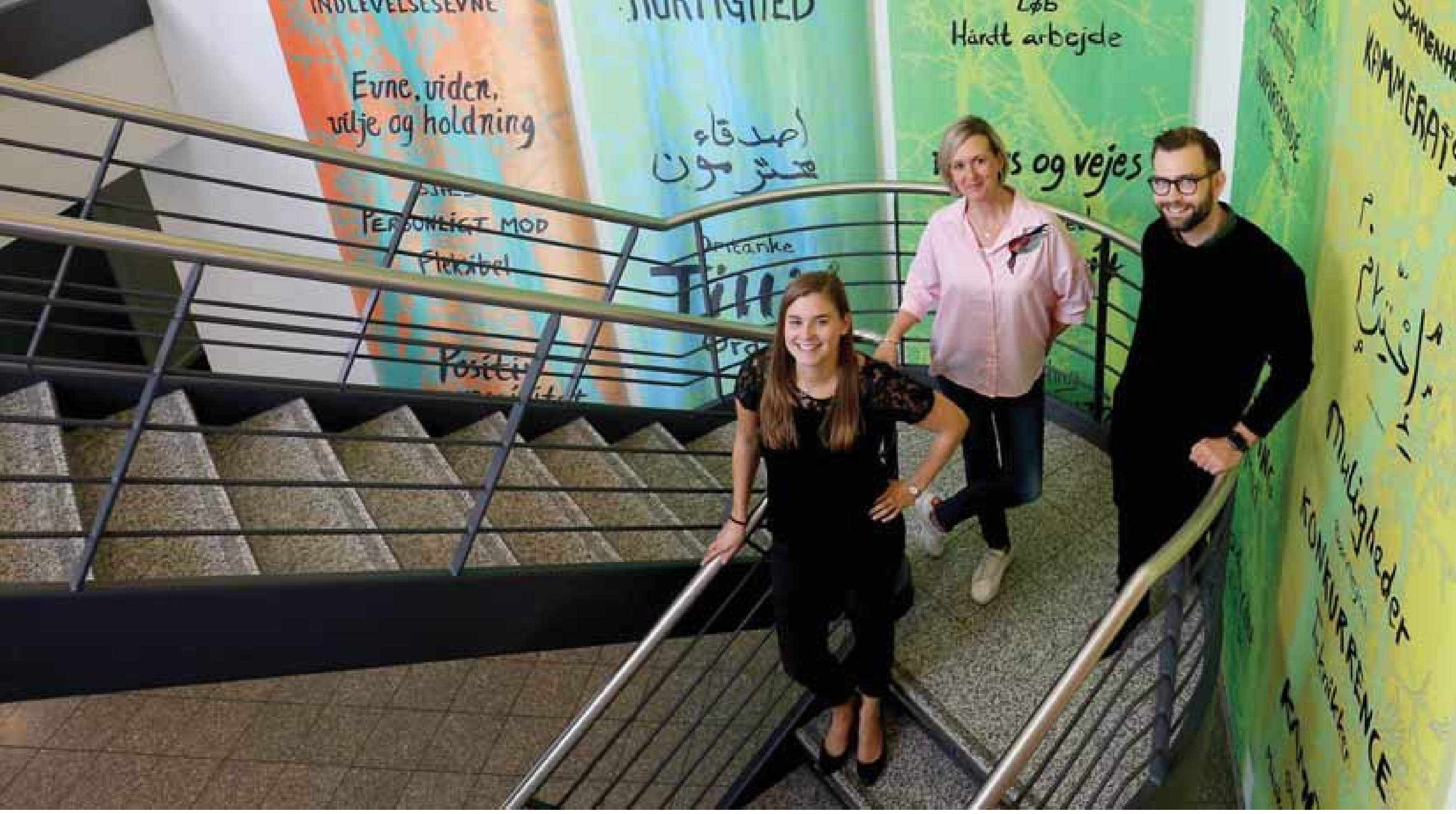
- Inflow of new customers as part of PostNord’s change of production model strengthens the business foundation for 2018 and onwards
- Establishment of mid-week routes because of new cooperation agreements with local newspapers
- Investment in and build-up of more capacity due to increase in volumes
- Enhancement of NoAds+ and minetilbud.dk

FK Distribution’s commercial conditions improved considerably in 2017

The weekly newspaper and printed matter distribution market has changed radically in 2017. This has affected FK Distribution’s strategic goals and focus areas. In March 2017, PostNord announced that they would change their production model from 1 January 2018. One of the results of this change is that PostNord can no longer distribute weekly newspapers and printed matter on few and predefined weekdays. Consequently, PostNord has withdrawn from large parts of the weekly newspaper and printed matter distribution market.

Based on this, FK Distribution has since Q2 2017 signed new customer and cooperation agreements with publishers of door-to-door distributed free newspapers as well as customers who want to receive printed matter. Among them is Coop for the distribution of retail leaflets for Kvickly, SuperBrugsen, Dagli’Brugsen, Irma and Fakta under a contract that will be effective from 1 January 2018 and cover 2018 and 2019.

Sales director at FK Distribution, Lasse Ingemann Brodt



New mid-week routes and investment in more capacity to prepare for the future

As a result of new cooperation agreements with publishers of door-to-door distributed free newspapers, focus has been on setting up new mid-week routes. Also, other newspaper editions have been combined and discontinued, which has led to lower volume. All in all, however, the net effect for FK Distribution has been a larger volume of free newspapers at the end of 2017 than at the beginning of the year.

The increase in volume of free newspapers, the inflow of printed matter customers and the many changes are challenging and call for considerable adjustments of FK Distribution's production facilities and operations. To be able to handle the new customers and the required increase in logistics capacity, major investments and adjustments were made in 2017 to enable FK Distribution to handle in future the considerable inflow of customers.

Yes, Please to All Retail Leaflets arrangement comprises 50% of all households. The other 50% say No Ads, Please

For many years, the number of households not wanting to receive all retail leaflets and thus having opted for the No Ads Please arrangement has gone up. The share of households having signed up for the No Ads Please arrangement has now reached approximately 50% of all Danish households.

NoAds+ is a powerful offer to consumers who want to choose what printed matter to receive – 595,000 signed-up households

In 2014, FK Distribution introduced the NoAds+ concept to fulfil a long-held wish by consumers to be able themselves to select the printed matter they want to receive. With NoAds+, consumers receive the printed matter they want by using an easy and simple opt-in regime. And retailers save the retail leaflets that some households do not want. At year-end 2017, the number of signed-up NoAds+ households was 595,000. These 595,000 are included in the statement of the number of No Ads, Please households.

FK Distribution distributes retails leaflets each week to 1,375,000 Yes, Please households and to 595,000 No Ads, Please households – a total of approx 1,970,000 households. Thus FK Distribution's distributed retail leaflets reach many more consumers than any other media including the digital media, TV etc.

Highlights for FK Distribution			
DKKm	**2017**	**2016**	**Var.**
Revenue	670.5	590.6	79.9/14%
EBITDA	48.4	49.5	-1.1
EBIT before special items	36.7	35.0	1.7
Special items, net	0.0	0.0	-
EBIT	36.7	35.0	1.7
EBITDA margin*	7%	8%	-
Profit margin*	5%	6%	-
Average number of employees	307	271	36
* Before special items			

> FK Distribution's distributed retail leaflets reach many more consumers than any other media…

minetilbud.dk increases the number of users

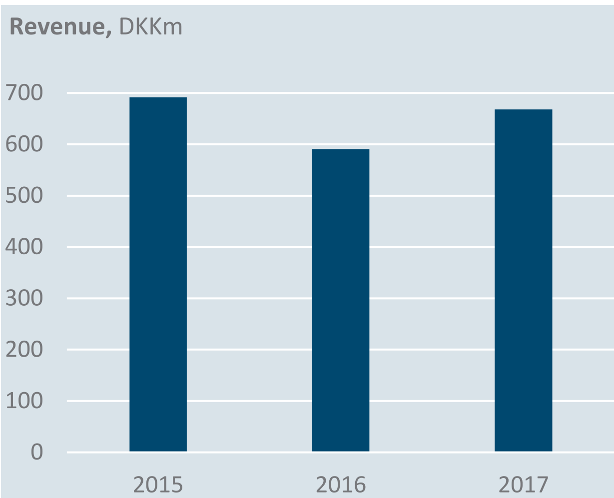
On minetilbud.dk, consumers can read retail leaflets online and search for daily offers on mobile phone, tablet or computer. This accommodates consumers' increasing demand for easy digital access to daily offers and increases synergies between Print and Online so that FK Distribution can boost the effect of customers' marketing efforts further.

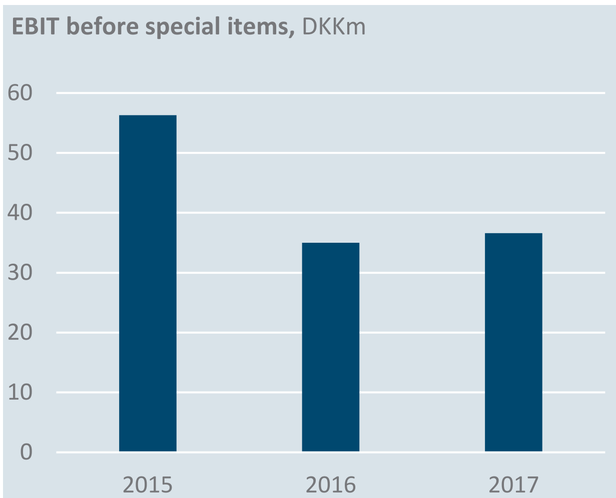
In 2017, FK Distribution has refined features to ensure that consumers receive information and relevant offers at just the time when demand is at its highest. Location-based services such as store opening concepts and digital coverage of holiday home areas have enhanced the relevance and use of minetilbud.dk for customers and consumers.

minetilbud.dk has also created more seasonal solutions in 2017 that support consumers' current needs. Black Friday on minetilbud.dk is an example of this.

minetilbud.dk is a good example of how North Media links digitale media with paper media for the benefit and pleasure of consumers and for retailers.

At the end of 2017, more then 1.3 million consumers have downloaded the minetilbud app and the number of monthly users exceeds 700,000.





New customer contracts boost volume and revenue, yet alignment to new market situation and continued lower prices reduce earnings impact

FK Distribution's revenue reached DKK 670.5 million in 2017, which is DKK 79.9 million, or 14%, up on last year. So revenue has improved compared to the revenue expectations of between DKK 635 million and DKK 650 million. The increase is a result of new customer contracts signed whereas the continued decline in prices of distributed unaddressed printed matter has reduced growth. However, this reduction is lower than in prior years.

Realised EBIT before special items stands at DKK 36.7 million for 2017, which is a little higher than last year, and at the upper end of the earnings expectations range of DKK 25 million to DKK 35 million. In 2017, FK Distribution has increased costs for adjusting and increasing capacity to accommodate the increase in volume in both 2017 and 2018.

Outlook for 2018

- Ongoing enhancement of NoAds+ and minetilbud.dk
- Extension of the customer-oriented services range, including development of features to build closer relations between stores and consumers
- Revenue and earnings for 2018 are expected to be much higher than in 2017 because of the new market situation and the customer contracts signed
- Revenue expected to be DKK 875-925 million and EBIT before special items to be between DKK 90-110 million

Focus on new market situation, development of minetilbud.dk and launching of new products

FK Distribution's Management and organisation will have their focus firmly directed at two things in 2018: The first is to adjust the organisation to enable it to receive, handle and distribute a much higher volume due to the heavy inflow of customers in 2017 and the shift to biweekly distribution to all households. The second is to ensure continuous development of FK Distribution's business, products and services to safeguard close interaction across products and media channels. By having more information about consumer behaviour, the intention is to develop new innovative solutions for the benefit of both consumers and FK Distribution's customers.

This is why FK Distribution intends to develop and introduce new products and services in 2018 that combine Print and Online in a way that will better tap the synergies existing across the media channels. Together with its customers, FK Distribution will concentrate on further developing and refining add-on solutions so as to be able to offer an even more efficient marketing channel with fewer retail leaflets and more readers. This will increase the value of the retail leaflet significantly as it will become more in demand among consumers. At the same time, retailers will achieve a higher return on their marketing costs.

New products and features will be implemented on minetilbud.dk in 2018 that are to help increase the use of the site even more in terms of both users and frequency.

In view of PostNord's new production model and the new customer contracts FK Distribution has signed, expectations are that both revenue and earnings for 2018 will increase considerably. Since this is an entirely new market situation, some uncertainty exists in this respect. Expectations are also that recent years' market contraction will continue in future. However, at what pace is difficult to predict. The growth in revenue and earnings allows an increase in costs for developing NoAds+, minetilbud.dk and other digital products.

North Media Aviser

”In 2017, North Media Aviser has strengthened its presence and position considerably in the Capital and North-East Zealand. A new strategy, empowering of Management and massive focus on cost reductions, combined with capitalisation on the business potential, have solidified the commercial foundation and reduced losses substantially. The preconditions for improving performance even more in 2018 are in place”.

Gorm Wesing Flyvholm, CEO, North Media Aviser

2017 financial highlights of North Media Aviser (vs. 2016), DKKm

Revenue and growth	EBIT before special items
124.8	**-8.9**
(-29%)	(+26.3)

Business highlights in 2017

- Market position in the Capital strengthened through acquisitions and physical presence
- 27% reduction in level of costs, or DKK 31.1 million
- Integration of five local newspapers that were acquired from 1 January 2017 and additional acquisition of Lokalavisen Amager in the end of 2017
- Formulation of a new strategy centring on product development, digital transformation and local focus

Foundation solidified for the newspapers in 2017

2016 saw the initiation of a thorough clean-up of, commercial focus on and consolidation of activities. This process continued even more vigorously in 2017 and entailed primarily that all editions are now centred in the Capital and North-East Zealand. Here, products and services can be targeted better at advertisers' local needs and so create a basis for a long-term competitive advantage and for profitability.

Acquisition and integration lay the foundation for a stronger market position

On 1 January 2017, North Media Aviser acquired five local newspapers in the Capital (Lokalavisen Frederiksberg, Lokalavisen Østerbro, Lokalavisen Vesterbro, Lokalavisen Valby and Lokalavisen Vanløse) and also acquired Lokalavisen Amager at the end of 2017. The integration processes were completed successfully during the year, for example, in that the five newspapers acquired have been fully integrated into the weekend concept together with Søndagsavisen and that the organisation is now in place.

From 1 January 2018, 100% ownership of Lokalavisen Østerbro and Lokalavisen Amager is obtained, as the acquisition of the last 15% has been brought forward by one year. This provides a strong launch pad for implementing the strategic plan, professionalising operations and focusing on the consolidated market in the Capital.

Adjustment of costs to revised strategy

As planned, North Media Aviser has carried through a number of efficiency improvements and cost-reducing measures in 2017 to restore profitability.

The headcount was cut considerably in 2017, causing the number of staff at year-end to stand at 90.

By combining the Capital activities at two locations, we are now closer to our readers, advertisers and other stakeholders. We have adjusted our cost base and so provided a basis for expecting that earnings will improve further in 2018.

Revenue expected to go down, but earnings to improve considiably

In 2017, EBIT before special items was realised at a negative DKK 8.9 million. So this performance has improved considerably compared to last year when the loss was DKK 35.2 million. Fixed costs have been reduced by DKK 31.1

Highlights for North Media Aviser

DKKm	2017	2016	Var.
Revenue	124.8	174.6	-49.8/-29%
EBITDA	-2.2	-22.7	20.5
EBIT before special items	-8.9	-35.2	26.3
Special items, net	-8.7	-41.1	32.4
EBIT	-17.6	-76.3	58.7
EBITDA margin*	-2%	-13%	-
Profit margin *	-7%	-20%	-
Average number of employees	106	129	-23

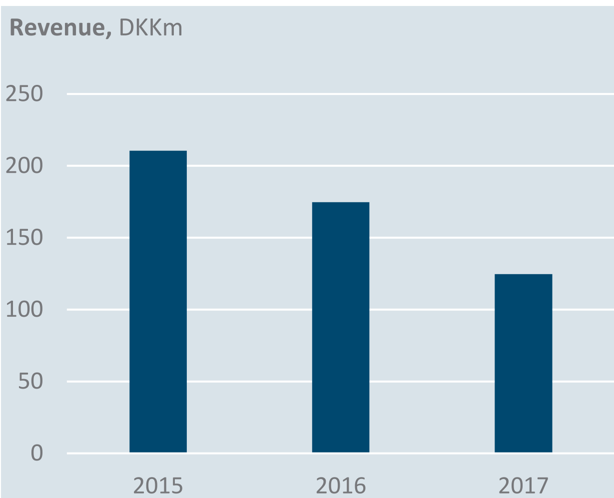
* Before special items

New strategy centring on product development, digital transformation and local focus

million in 2017 compared to 2016, and DKK 15 million thereof relates to lower staff costs. And depreciation has declined as well. So the newspaper activities have strengthened their commercial environment and conditions for profitable operations.

As a result, the operating loss for 2017 is also a little better than a loss between DKK 9 million and DKK 12 million as announced in latest expectations, and much better than the expected loss of between DKK 15 million and DKK 20 million announced at the beginning of the year.

Revenue for 2017 amounted to DKK 124.8 million, which was up to expectations. Compared to 2016, advertisement sales had dropped by approx 29%, which, according to plan, was due to the reduction in the number of editions from 37 at the beginning of 2017 to 17 at year-end. The reduction is to a minor degree influenced by market contraction and migration to other media platforms and digital transfor-



mation. Management believes that North Media Aviser is less affected by the market contraction than the rest of the Danish weekly newspaper market. Not least because the primary business activities are now centred around the Capital which has generally seen growth in the use of advertising.

Special restructuring costs total DKK 8.7 million in 2017, most of which are termination benefits related to the dismissal of a large number employees in March 2017.

New strategy centring on product development, digital transformation and local focus

Management has worked intensively in 2017 on laying down the strategy for North Media Aviser. The intensified local focus on the Capital area and North-East Zealand provides is to the setting for being a profitable and undisputed leading media publisher in the region. The strategy involves the following focus areas:

- Drive and develop attractive market positions in the distribution areas
- Continued focus on costs and process optimisation
- Product development of existing print editions and expansion through new niche products for readers and advertisers
- Focus on customers and stakeholders through a structured approach to local stakeholders
- Implementation of an aggressive sales strategy
- New digital niches are adjusted to the relevant geographical areas

In 2018, focus on the digital area will be shifted to digital transformation. Here, the business must currently reinvent itself towards adapting to an increasingly digital agenda. In 2017, a web-first strategy was launched in North-East Zealand where digital media are the first to be written for, and the Capital area will follow in 2018. More new digital products and initiatives will be launched in 2018.

In early 2018, North Media Aviser launched a new Capital eco-newspaper which will be issued monthly in around 270,000 copies. In addition, a new business newspaper will be launched in March 2018 for businesses in the Capital. Multiple other initiatives and niche products are on the drawing board, with expected launch date later in 2018.

To avoid an expected decline in income from advertisements of approx 5% on the general weekly newspaper market, which has been caused primarily by a heavy decline in usage by real estate agents, North Media is determinedly addressing other segments, among them the service industry and retailers. WinWin is the name of a new newbiz

In November 2017, Frederiksberg Bladet was very successful in arranging one of Denmark's largest pre-election meetings at Frederiksberg Town Hall. This is a tradition that usually attracts an audience of around 400 people, but this time more than 800 readers braved the rain to listen to the politicians' visions for the city and to have a chat with the candidates and Frederiksberg Bladet during the interval.

project that is presented to new customers within the SME-segment in the first quarter of 2018. The ambition is to win back customers who left the business for Google and Facebook. The objective is to ensure a strong subscription-based ad revenue.

minby.dk will be relaunched in Q2 2018 and will create a new platform for the digital work ahead directed at the users in the Capital. In North-East Zealand, innovative digital products are being worked on that will be rolled out at the beginning of the year. forbyen.dk was launched on 9 February 2018.

Outlook for 2018

- Expansion of the product range to strengthen the basis for growth
- Prioritisation of digital transformation with a web-first strategy and launching of new digital initiatives
- Intensification of commercial sales activities to gain a larger share of the advertisement market

Revenue expected to be DKK 118-124 million and EBIT before special items to be between DKK negative 5 million and DKK 5 million

Further earnings improvements in 2018

North Media Aviser expects product development, local focus and new tactical sales initiatives to ensure that revenue for 2018 will be on a par with 2017 even though the weekly newspaper market is expected to decline due to a continued fall in income from advertisements from real estate agents and general market contraction.

The full-year effect of the cost-cutting and restructuring measures implemented in 2017, combined with local focus on the Capital and North-East Zealand and an optimised product mix generating higher contribution margins, will improve our financial performance in 2018.

North Media Online

"In 2016, we combined the online activites in North Media Online and created the foundation of a strong digital business unit. We have launched new business concepts in 2017 in both Lejebolig and Job, reduced the Job cost base and sold off håndværker.dk in the pursuit for growth and profitability.

In 2018, focus is intensified on profitability and growth. We want to boost revenue, accelerate international roll-out and continue to invest in new digital products and concepts ".

Henrik Løvig, CEO, North Media Online

2017 financial highlights of North Media Online (vs. 2016), DKKm

Revenue and growth	EBIT before special items
85.0	**-13.3**
(-11%)	(-1.8)

Business highlights in 2017

- New products: The Digital Lease Contract and the employer branding-module, Brandero
- The gathering of BoligPortal and BostadsPortal and Ofir and MatchWork in to two new entities: Lejebolig and Job
- Compensation of DKK 9 million recovered from Emply ApS' unwarranted termination of Ofir's exclusive distribution agreement
- Sell-off of håndværker.dk following ongoing unsatisfactory development

Cooperation across activities

North Media Online is organised in three main areas:

- Lejebolig with BoligPortal.dk and BostadsPortal.se
- Job with Brandero.com, Ofir.dk and MatchWork.com
- Investments comprising part ownership of Lead Supply, Lix Technologies and Mesto

By establishing a structure of cooperation, we will harness our competencies across activities and so create a basis for rolling out agile, international and entirely digitally-oriented business models.

Clear focus on rental properties

In 2017, Lejebolig activities were gathered under one joint management body to optimise the use of resources, ensure a better foundation for international expansion and intensify the development of services for lessors and housing seekers. Total revenue for 2017 has gone up because of a higher market share and growth in Sweden whereas revenue from the Danish activities did not increase until in the last half of the year.

The establishment of one joint management body and the gathering of Lejebolig activities in one unit also entailed a change of strategy. Initiatives within the fields of owner-occupied housing and cooperative housing were stopped, and the focus is now entirely on rental properties. The change in focus has resulted in the products at both BoligPortal and BostadsPortal being improved significantly already in 2017.

Combination of Job activities and conflict with Emply ApS

In early 2017, Job activities too were gathered under one management body. Also, Brandero.com was launched - an employer-branding-module for business websites and a future key product in the Job strategy, which together with Ofir's jobuniverse assists businesses in acquiring and converting candidates into job seekers.
Furthermore, print sales to Job were discontinued.

Highlights for North Media Online			
DKKm	**2017**	**2016**	**Var.**
Revenue	85.0	96.0	-11.0/-11%
EBITDA	-12.0	-10.4	-1.6
EBIT before special items	-13.3	-11.5	-1.8
Special items, net	8.3	0.0	8.3
EBIT	-5.0	-11.5	6.5
EBITDA margin*	-14%	-11%	-
Profit margin *	-16%	-12%	-
Average number of employees	106	91	15
* Before special items			

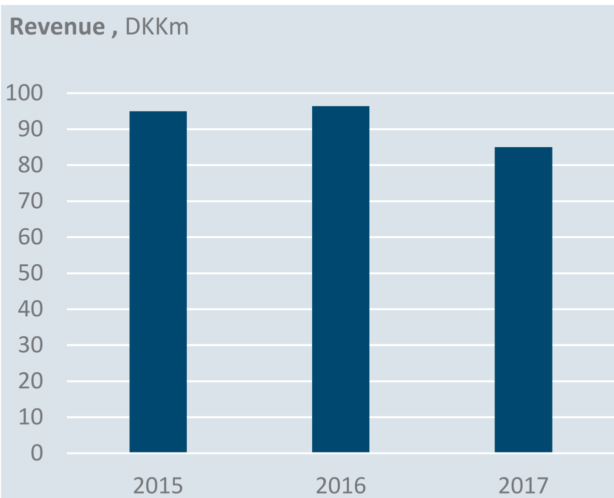
All e-recruiting system customers were divested after a conflict arose with the provider of the Emply Hire system, who at the end of 2016 unwarrentedly terminated the exclusive distribution right that Ofir had to the Emply Hire system. In December 2017, Ofir was given judgement by an arbitration court entitling it to a compensation of DKK 9 million as a result of the unwarranted termination. Ofir has spent considerable management and financial resources on the case throughout the year. Net of costs, the compensation is a net income of DKK 5.1 million which has been classified as a special item.

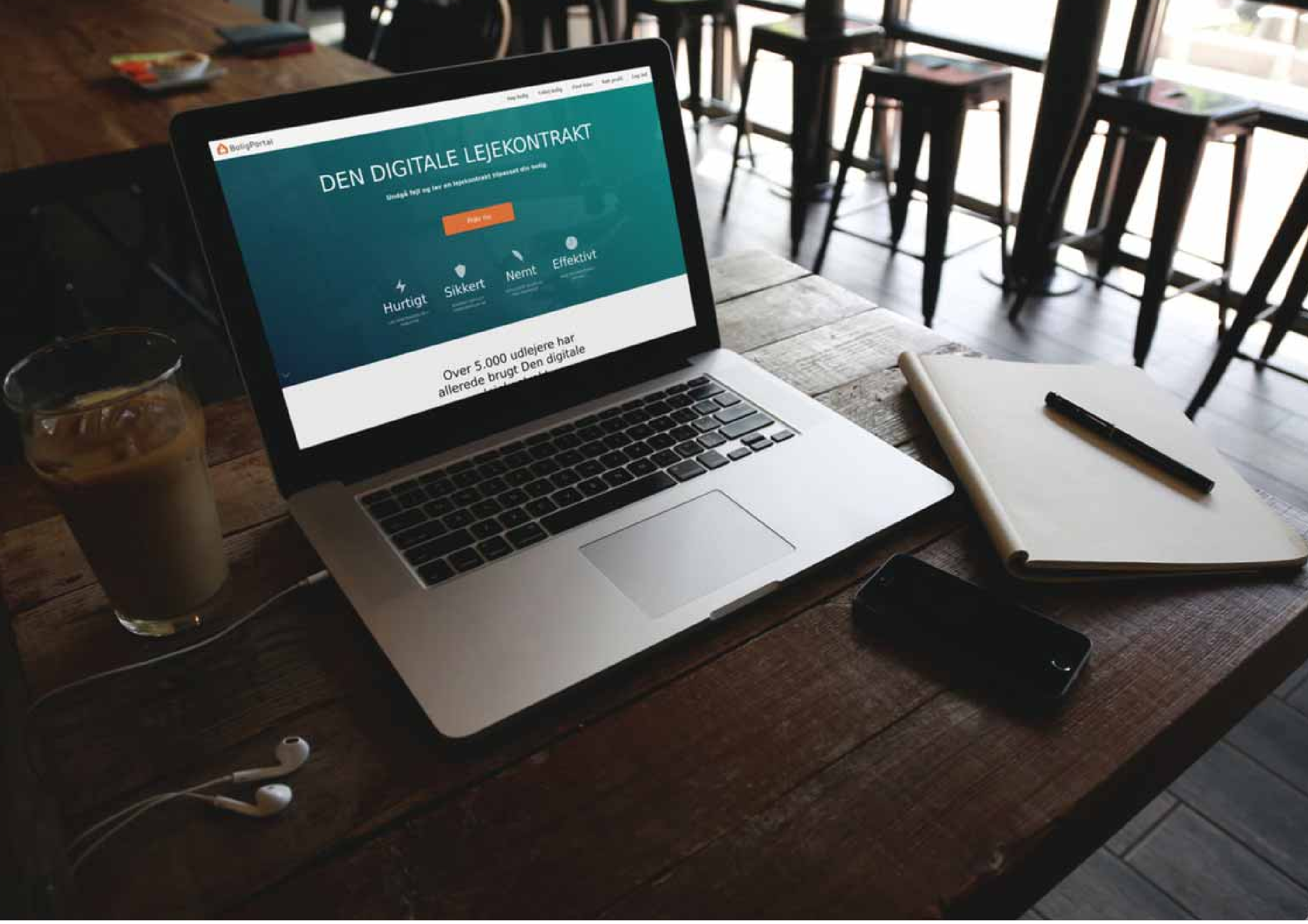
håndværker.dk sold off

In 2012, North Media acquired the activities that were later combined in håndværker.dk. After some years of having worked intensively on the development of growth and restructuring activities, Management decided in 2017 to sell off the company as the creation of a successful business concept had failed. So Imentor A/S acquired all of the shares in håndværker.dk from 1 October 2017. This resulted in an income of DKK 6.8 million that has been classified as a special item.

Active investments in new technology increased in 2017

A key element in North Media Online's strategy is to increase digital business and improve the business foundation through active investments in new technologies, plat-





forms and companies, primarily in the fields of Lejebolig, Job, Lead Generation and Education. The investment opportunities are assessed based on criteria of maturity, including business concept, scalability, international potential and synergy with activities in these fields. North Media Online has not invested in any new companies in 2017 but has instead contributed more capital to Lix Technologies and Mesto as well as added resources to develop new business concepts in both Lejebolig and Job.

North Media Online holds a 50% stake in Lead Supply ApS, which helps European consumers find the right loan and, against commission, acquire customers for banks and lenders. 2017 has developed extremely well with high growth.

Lix Technologies ApS addresses students in offering a user-friendly, interactive study-platform as well as publishing houses selling digital titles through Lix' platform. In June 2016, North Media Online invested in a 12.2% stake in Lix Technologies ApS, and in the summer of 2017 it was contributor in a new round of funding when Lix' capital base was strengthened as the group of owners was enlarged as well with more strong and active co-owners. North Media Onlines today holds 11.7% of the shares of Lix. North Media Online holds 66% of the Ukrainian housing portal Mesto after more capital was contributed in the summer of 2017. Since it was established, the company has built a good position in the local market, but has not yet achieved as high a revenue as expected. Mesto has introduced a new business model and new products in 2017 to its key customers, the real estate agents.

Decline in revenue due to sell-off and Emply ApS' unwarranted termination of the exclusive distribution agreement

In 2017, North Media Online's revenue totalled DKK 85.0 million, down 11%. This is lower than the latest announcement of revenue between DKK 87 million and DKK 90 million. The decline in revenue has been caused partly by the setback in Job resulting from the Emply Hire case, partly the sell-off of håndværker.dk A/S at the end of Q3 2017.

EBIT before special items was a loss of DKK 13.3 million against a loss of DKK 11.5 million last year, which is a little better than in the latest announcement of a loss ranging between negative DKK 15 million and negative DKK 17 million.

Outlook for 2018

- Lejebolig: Growth in all markets and new product launches
- Job: Improved performance because of less costs and new business from Brandero
- Revenue expected to be DKK 78-83 million and EBIT before special items to be between DKK negative 10 million and negative 8 million

Strategic agenda to be maintained in 2018

By establishing North Media Online, the strategic focus was intensified based on three overarching themes:

- Development of scaleable business models
- Complete digitalisation
- Strengthening of international perspectives

This strategic focus is now embedded in all online activities, and in 2018 it is to create new momentum and improve earnings considerably.

Thus in 2018, the focus of North Media Online's Management will be on the following main areas:

- Focus on viable business concepts, profitability and attraction/retention of key employees
- Lejebolig: Growth through a strategy of synergy between rental property portals and services for lessors and launches on new markets
- Job: Improved earnings based on a growth strategy with Brandero to serve as an anchor point for new business
- Possible investments in new companies and activities to ensure continued addition of technology and products and to support North Media Online's vision of being a leading digital media house

BEKEY

”Fewer invitations to tender for contracts than expected in the Danish market, and regrettably several of the large projects won were postponed even further. Overall, developments in 2017 have been disappointing.

We do, however, have some unique products and still see an interesting potential. This is why we will simplify and narrow down our sales approach in the year ahead and work hard to generate growth in a narrower field of customers”.

Søren Holmblad, CEO BEKEY

2017 financial highlights of BEKEY (vs. 2016), DKKm

Revenue and growth	EBIT before special items
19.1	**-16.6**
(-4%)	(+4.5)

Business highlights in 2017

- Few Danish invitations to tender and a generally lower level of activity than expected result in unsatisfactory revenue and earnings
- Postponement of the implementation of projects and tenders lost in Sweden reduce growth
- Positive development in the Norwegian municipal market
- Strategy reconsidered and business focus narrowed

Declining activity in several main markets

In 2017, BEKEY maintained its leading position in the market for electronic lock systems for municipalities in Denmark. There has only been few new invitations to tender for contracts and fewer than anticipated, which has reduced this year’s signing-on of new business.

In Sweden, customers’ postponement of the implementation of orders signed has deferred revenue. Momentum in Norway has been reasonable with increasing activity in the municipal market and the building of a strong network of distributors.

Revenue and earnings lower than originally expected

BEKEY’s revenue for 2017 amounted to DKK 19.1 million, which is on a par with 2016 and the latest expectations announced. However, revenue has not reached the original target of DKK 25 million to DKK 30 million. One of the reasons is that the expansion in Sweden failed to materialise, and in particular that the implementation in Malmö was postponed, and the Danish municipal invitations to tender for contracts have been fewer than expected.

In 2017, EBIT before special items was realised at a negative DKK 16.6 million. Despite lower revenue, this was as expected at both the beginning of the financial year and in the latest expectations announced in August 2017.

Strategic focus on fewer customer groups

As a consequence of the disappointing development, BEKEY carried through a strategic process in 2017. In future, focus will be on municipalities and corporate customers who experience great challenges with physical keys. Here, BEKEY’s solution and advanced management module, NETKEY, creates high value.

Geographically, BEKEY will primarily address the markets in Scandinavia and Finland where the development of a network of distributors has gained reasonable momentum. Here it is possible to consolidate the position as the leading provider of electronic lock systems.

Highlights for BEKEY			
DKKm	**2017**	**2016**	**Var.**
Revenue	19.1	19.9	-0.8/4%
EBITDA	-16.3	-20.9	4.6
EBIT before special items	-16.6	-21.1	4.5
Special items, net	0.0	0.0	-
EBIT	-16.6	-21.1	4.5
EBITDA margin*	-75%	-95%	-
Profit margin*	-77%	-96%	-
Average number of employees	25	25	-
* Before special items			

Outlook for 2018

- Focus on expanding business in selected customer segments on current geographical markets
- Continued development of the network of distributors and strengthening of cooperation with existing distributors
- Building of additional services provided to generate more business with new and current customers
- Revenue expected to be DKK 19-23 million and EBIT before special items to be between DKK negative 15 million and negative 12 million

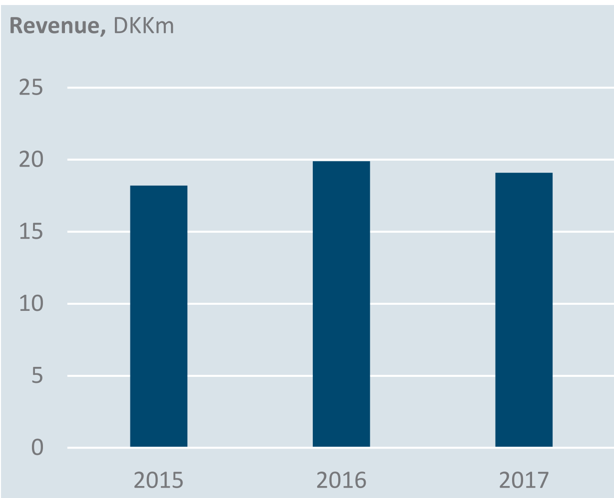
In 2018, focus will still be to create growth opportunities

In 2018, the focus of BEKEY's activities will be to expand in our current markets and segments.

In particular, BEKEY intends to expand the network of distributors and ensure even closer cooperation with current distributors.

In 2018, considerable resources will be allocated to creating a stronger foundation for future growth, which will include enhancing the level of quality in our training programmes for both our paper boys/girls and our end users.

This focus on optimising the existing basis for growth and addressing BEKEY's core segments means that revenue is not expected to grow much in 2018. This is why EBIT is expected to be a little higher than in 2017.



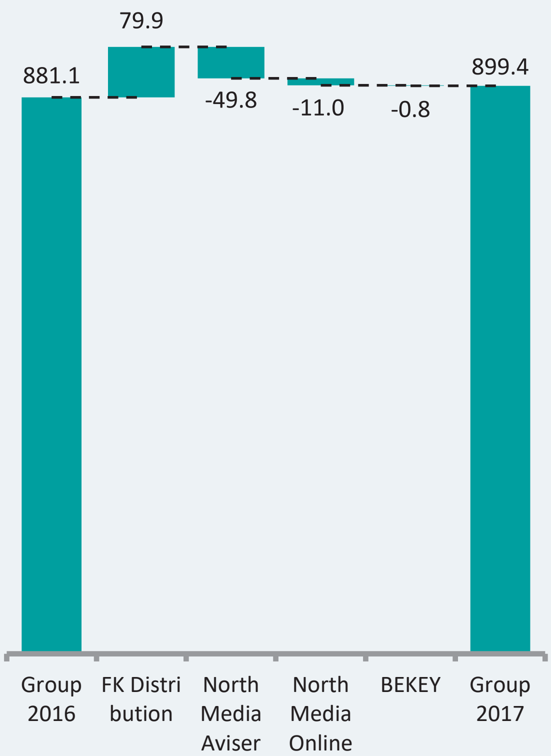
Group financial review

2017 performed DKK 92 million better than 2016. The improvement has been caused primarily by impairment losses on goodwill and intangible assets in 2016 but also higher returns on securities and higher operating profit at North Media Aviser. The Group's capital resources stood at DKK 281 million at year-end 2017 and are considered strong.

Revenue

Group revenue for the year went up from DKK 881.1 million in 2016 to DKK 899.4 million in 2017. This is an increase of DKK 18.3 million, or 2%, and is primarily the result of FK Distribution having signed new customer contracts whereas revenue of North Media Aviser developed adversely due to the divestment, transfer and closure of a number of Søndagsavisen editions in 2016. North Media Online and BEKEY have experienced a relatively flat revenue development.

Group development in revenue, DKKm



Contribution margin

In 2017, the contribution margin for the Group totalled DKK 409.8 million, which is DKK 7.9 million down on 2016. This is equivalent to a contribution ratio of 45.6% in 2017 while in 2016 it was 47.4%. The decline in contribution ratio is primarily attributable to a lower contribution ratio for FK Distribution, whereas the contribution ratios for North Media Aviser and BEKEY have gone up.

Please also refer to Notes 6 and 21.

Staff costs

Staff costs for 2017 came to DKK 261.6 million, a decrease of DKK 5.4 million compared to 2016. This decrease has been caused by a reduction in the number of salaried employees.

In 2017, the average headcount was 560 (salaried and hourly employees at the terminals), which is 12 more than in 2016.

At the end of 2017, the actual number of employees was 542 which is 15 more than at the end of 2016. FK Distribution has increased the staffing while both North Media Aviser and North Media Online have reduced the number of employees due to dismissals and divestments.

Please also refer to Notes 6 and 7.

Other expenses

Other expenses primarily include marketing costs, costs of premises, IT costs, fees and administrative expenses. Other expenses totalled DKK 124.2 million in 2017 compared to DKK 144.1 million in 2016. The decline is primarily a result of lower marketing costs for NoAds+ and generally lower costs, particularly IT costs.

Please also refer to Note 8.

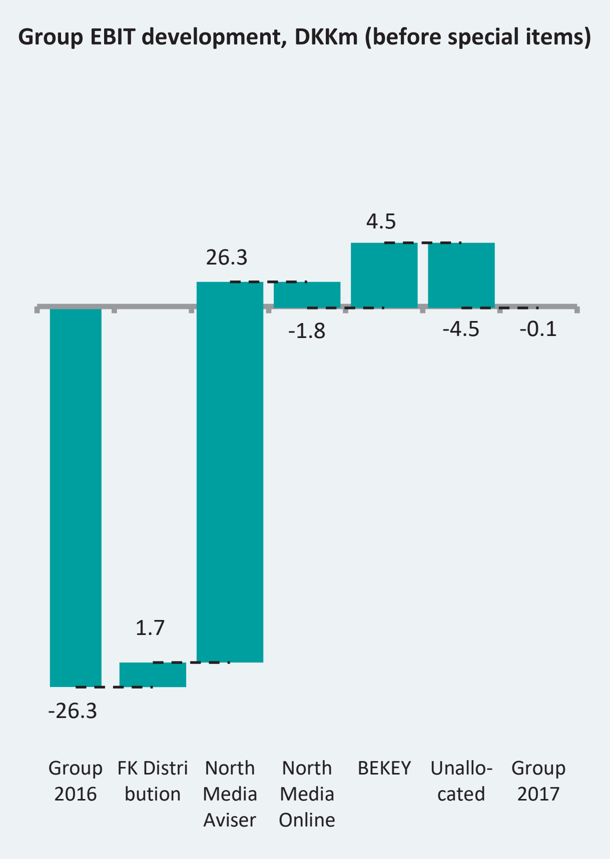
Amortisation and deprecation

Amortisation and depreciation for the year came to DKK 28.5 million for 2017, which is DKK 8.7 million down on 2016. The decline mainly results from reduced amortisation of intangible assets of North Media Aviser following the write-down in 2016.

Please also refer to Notes 9, 17 and 18.

EBIT before special items

Group EBIT before special items went up from a negative DKK 26.3 million in 2016 to a negative DKK 0.1 million in 2017. Despite a DKK 49.8 million decline in revenue of North Media Aviser, EBIT before special items has improved by DKK 26.3 million, which is the main reason for the improvement at group level. The line item "Non-allocated costs" primarily relates to expenses of group-related functions that are not passed on to the operating companies and to net income from the lease-out of the Group's buildings.



Special items
Special items represent total net expenses of DKK 0.4 million in 2017 against DKK 41.1 million in 2016.

In 2017, costs from the dismissal of a large group of staff at North Media Aviser in March as well as purchase price adjustment of the remaining 15% of the shares in Lokalaviserne Østerbro og Amager A/S totalled DKK 8.7 million.

Furthermore, goodwill of the Ukranian housing site Mesto.ua was written down by DKK 3.6 million in 2017.

2017 also saw special items in the form of income. A net income of DKK 5.1 million from the compensation from Emply ApS and a net profit of DKK 6.8 million from the sell-off of håndværker.dk.

In 2016, goodwill and intangible assets were written down by a total of DKK 45.9 million, which related to the eight local newspapers acquired in 2013. In addition, there was DKK 11.0 million in severance payment costs arising from restructuring measures at North Media Aviser in 2016.

2016 also saw an income of DKK 14.6 million in the form of a profit from the divestment of a number of Søndagsavisen editions and an income of DKK 1.2 million in the form of partial reversal of the acquisition price payable for Lokalaviserne Østerbro og Amager A/S.

Please also refer to Note 13.

EBIT
Group EBIT is negative by DKK 0.5 million for 2017. In 2016, group EBIT was negative by DKK 67.4 million which was attributable to negative special items of DKK 41.1 in total and negative EBIT before special items of DKK 26.3 million.

Share of profit/loss from associates
The Group's share of net profit/loss from associates was negative by DKK 2.4 million in 2017 and positive by DKK 24.5 million in 2016.

The Group's equity interest in Mesto.ua was 34.6% until June 2017, for which reason this was classified as an associate. The Group's share in profit/loss for the period is therefore included in this line item. As part of increasing the equity interest in Mesto.ua to 66.0%, the value of the original interest was written down by DKK 3.0 million, based on the new and much lower valuation of the company. This write-down is also included in the share of profit/loss from associates for the period.

Effective from 1 July 2017, Mesto.ua is recognised as a subsidiary.

The Group also holds 50% of the shares in Lead Supply ApS, which is classified as an associate, with the related share of profit.

In 2016, this figure was primarily composed of profit earned from the divestment of the Group's equity interest in A/S Vestsjællandske Distriktsblade.
Please also refer to Note 10.

Return on securities
In 2017, the Group had a positive net return on securities of DKK 34.7 million, or 15.7%, whereas for 2016 it was a negative DKK 6.2 million, or 4.1%.

Quarterly returns are evident from the table below:

In January 2018, income from securities was positive by DKK 16.8 million, or 7.0%.

Please also refer to Note 11.

Financial income
In 2017, the Group had financial income of DKK 4.6 million, whereas it was DKK 0.3 million in 2016. This income is primarily related to the fair value adjustment of the equity interest in Lix Technologies, which was revalued when investors contributed DKK 35 million in July 2017. North Media decided to defend its equity interest by co-investing DKK 3.9 million. North Media's equity interest is 11.7%.

Please also refer to Note 12.

Financial expenses
Financial expenses for 2017 totalled DKK 7.8 million against DKK 20.9 million for 2016. Financial expenses comprise interest on mortgage loans, the discounting effect of acquisition price payable and foreign exchange losses. In 2016, financial expenses comprised fair value adjustment of investments in minority interests in Lix Technologies ApS and Emply ApS.

Please also refer to Note 12.

Profit/loss before tax
The consolidated pre-tax profit for the year amounts to DKK 28.6 million for 2017 against a loss of DKK 69.7 million for 2016. The primary reason for financial performance having improved by almost DKK 100 million is impairment losses on goodwill and other intangible assets, but also higher earnings from operations and higher returns on the securities portfolio in 2017.

Income tax
Tax on profit for the year amounts to DKK 0.6 million. The reason for the small amount of tax paid, in spite of a pre-tax operating profit of DKK 28.6 million, is that a not previously recognised tax loss carry-forward at a tax-based value of DKK 8.3 million has been used.

Please also refer to Note 14.

Profit/loss for the year
Profit for the year of the Group was DKK 28.0 million for 2017. This is a DKK 91,7 million improvement on 2016 when loss for the year stood at DKK 63.7 million. As mentioned, the primary reason for financial performance having improved is impairment losses on goodwill and other intangible assets in 2016, but also higher earnings from operations and higher returns on the securities portfolio in 2017.

Intangible assets
At year-end 2017, goodwill amounts to DKK 39.1 million and relates to FK Distribution and BoligPortal. The other intangible assets, amounting to DKK 16.1 million, primarily arise from BoligPortal.

Please also refer to Note 17.

Property, plant and equipment
Property, plant and equipment are mainly composed of land and buildings. The Group owns office facilities and production terminals in Taastrup near Copenhagen and in Tilst near Aarhus. These facilities are used by FK Distribution. The Group also owns an office building in Søborg near Copenhagen. BEKEY, sections of North Media Online operations and of group functions occupy this building. The Group also owns the former printing house used by Helsingør Dagblad and a small property in Esbjerg used by FK Distribution. The Group's properties have a total carrying amount of DKK 258.9 million and are mortgaged for a total of DKK 145.2 million in the form of primarily long-term mortgage loans.

In 2016, the total carrying amount of the Group's properties was DKK 266.6 million.

Please also refer to Note 18.

Investments in associates

Investments in associates are composed of investments in Lead Supply ApS at year-end 2017. Intangible assets and share of profit from the company account for DKK 10.2 million.

At the end of 2016, the investment in Lead Supply ApS was recognised at DKK 9.1 million.

The Group's equity interest in Mesto.ua was 34.6% until June 2017, for which reason this was classified as an associate. After the investment in Mesto.ua having been increased to 66.0% on 1 July 2017, Mesto.ua is recognised as a subsidiary.

Please also refer to Note 20.

Other investments

At year-end 2017, other investments total DKK 11.0 million related to the 11.7% interest in Lix Technologies ApS. A number of investors contributed DKK 35.0 million to the company in July 2017. North Media decided to defend its equity interest by co-investing DKK 3.9 million, and at the end of 2017, the value is recognised by DKK 9.4 million.

At year-end 2016, the value of the equity interest in Lix Technologies ApS was DKK 1.2 million.

Please also refer to Note 12.

Investments

The Group's total investments in property, plant and equipment amounted to DKK 32.4 million in 2017 against DKK 7.8 million in 2016. The increase is due to significant investments in FK Distribution's package terminals as a result of increasing quantities in 2018.

Working capital

At 31 December 2017, the Group's trade receivables amounted to DKK 80.9 million. This is equivalent to a debtor days ratio of 26.8 days. Compared to 2016, the Group's receivables have increased by DKK 1.3 million, and the debtor days ratio has decreased by 0.1 day from 26.9 days.

At year-end 2017, short-term trade payables stood at DKK 43.6 million compared to DKK 38.9 million at year-end 2016. In days payable outstanding, this is equivalent to 32.1 days in 2017 compared to 27.2 days in 2016.

At 31 December 2017, other payables amounted to DKK 82.0 million which is DKK 7.2 million down on 2016. Other payables primarily relate to holiday pay payable, VAT payable and costs payable.

The Group's net working capital (NWC) was negative by DKK 36.2 million at the end of 2017, which is DKK 0.9 million less than at the same time last year, when the Group's NWC was a negative DKK 37.1 million.

Cash flows from operating, investing and financing activities

Cash flows from operating activities for 2017 were positive by DKK 23.0 million and so DKK 37.3 million better than in 2016. The primary reason for the increase is the improvement of the operating profit., but also lower payment of tax.

Cash flows from investing activities were negative by DKK 38.2 million in 2017 compared to a negative DKK 14.9 million in 2016. Cash flows from investing activities are significantly affected by the purchase and sale of securities, and in 2016 also by the divestment of the equity interest in A/S Vestsjællandske Distriktsblade and some editions of Søndagsavisen.

2016 also saw investments of DKK 12.1 million in associates, Lead Supply ApS and Mesto.ua, and DKK 10.0 million in Lix Technologies ApS. DKK 27.0 million has in 2017 been invested in plant for FK Distribution in particular in connection with the expansion of production capacity. Furthermore, DKK 12.9 million was paid in 2017 for the acquisition of local newspapers in the Capital and for the investment in Lead Supply ApS.

Cash flows from financing activities in 2017 are negative by DKK 1.0 million and are attributable to payments on mortgage loans and income from the sale of treasury shares as part of a share option programme. In 2016, cash flows from financing activities were negative by DKK 6.7 million.

Total cash flows for 2017 were negative by DKK 16.2 million compared to a negative DKK 35.9 million in 2016.

Capital resources

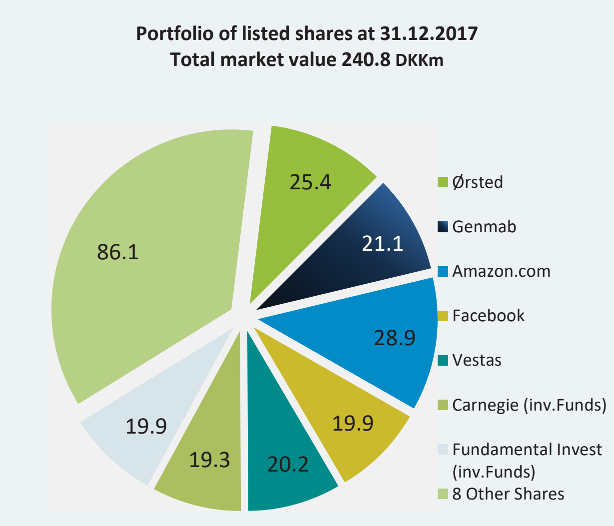
The Group's capital resources remain strong. At 31 December 2017, the Group's net interest-bearing cash position was DKK 128.3 million. This is DKK 21.4 million up on the amount at 31 December 2016 when it was DKK 106.9 million.

The net interest-bearing cash position consists of cash of DKK 40.3 million, ultra-liquid shares and investment funds in the amount of DKK 240.8 million, mortgage debt and interest rate swaps totalling DKK 145.2 million and a total acquisition price of DKK 7.6 million payable to Lokalavisen Østerbro og Amager A/S. The acquisition payable was settled on 1 January 2018 when acquiring the 15% of the shares in Lokalavisen Østerbro og Amager A/S, which is now wholly-owned by North Media Aviser A/S.

So at 31 December 2017, the Group's cash resources (exclusive of overdraft facility) stood at DKK 281.1 million while at year-end 2016 they were DKK 271.3 million.

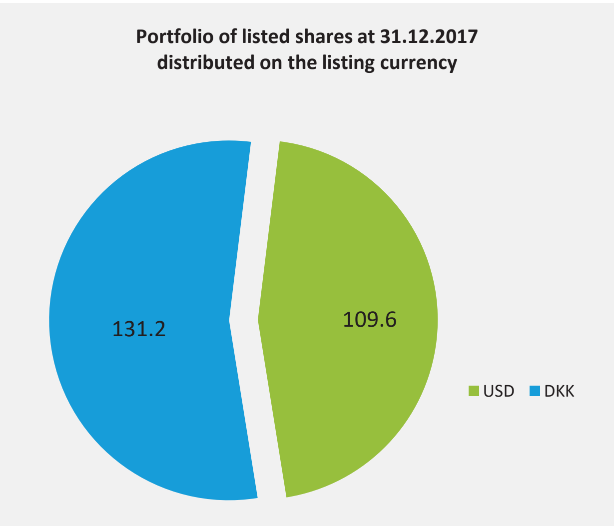
The Group has invested a large portion of its cash resources in 18 different shares and share-based investment funds at year-end 2017. The portfolio consists of listed shares and investment funds with high transferability such as OMXC25 shares or shares in similar international indexes. At 31

December 2017, the portfolio consisted of the following shares with accompanying market values, see figure below:



At 31 December 2017, the Group's portfolio of shares totalled DKK 240.8 million, whereas it came to DKK 214.8 million at the same date in 2016.

Risk has been calculated at 13.4% at 31 December 2017. Risk has been calculated as the annualised standard deviation measured over the past 90 days of trading. "Value at risk", which reflects the maximum loss over a three-month period with a probability of 95%, was DKK 27.3 million.



The value of the portfolio of shares was DKK 257.3 million at 31 January 2018. Risk has been calculated at 14.1% and value at risk was DKK 31.5 million.

The Board of Directors recommends that DKK 1.50 in dividend per share be paid for the financial year 2017.

Strong financial resources are considered an important strategic strength in the present market for achieving the goal of a group relying on several profitable pillars and generating high earnings. As in previous years, the Board of Director's objective is to achieve business stability that establishes distribution of dividend as an annually recurring event.

Based on the Group's strong capital resources and an expected profit for 2018, the Board of Directors recommends to the Annual General Meeting to be held on 13 April 2018 that a dividend of DKK 1.50 per share be paid for the financial year 2017.

Equity and holding of treasury shares

At 31 December 2017, the Group's equity was DKK 497.4 million, which is DKK 37.0 million up on equity at year-end 2016. The increase in equity has been caused by the profit for the year and the treasury shares sold.

280,000 treasury shares were sold during the year as part of the exercise of part of the Group's share option programme.

At 31 December 2017, the Group had 1,205,000 treasury shares, corresponding to 6.0% of share capital and votes in North Media A/S. The average buying price was DKK 27.7 per share.

QUARTERLY HIGHLIGHTS

DKKm	Year 2017	2016	Q4 2017	Q3 2017	Revenue Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016
FK Distribution	670.5	590.6	207.0	153.5	164.1	145.9	174.4	141.7	137.2	137.3
Index cp. same period last year	*113.5*	*85.4*	*118.7*	*108.3*	*119.6*	*106.3*	*89.7*	*90.6*	*78.1*	*83.3*
North Media Aviser	124.8	174.6	34.2	26.8	31.5	32.3	40.3	36.7	48.1	49.5
Index cp. same period last year	*71.5*	*83.9*	*84.9*	*73.0*	*65.5*	*65.3*	*76.5*	*84.0*	*87.0*	*87.8*
North Media Online	85.0	96.0	17.9	23.6	22.3	21.2	22.4	25.4	24.0	24.2
Index cp. same period last year	*88.5*	*101.4*	*79.9*	*92.9*	*92.9*	*87.6*	*101.8*	*105.8*	*99.6*	*98.4*
BEKEY	19.1	19.9	4.4	4.7	4.2	5.8	5.1	4.2	5.3	5.3
Index cp. same period last year	*96.0*	*109.3*	*86.3*	*111.9*	*79.2*	*109.4*	*141.7*	*107.7*	*86.9*	*115.2*
Group revenue	**899.4**	**881.1**	**263.5**	**208.6**	**222.1**	**205.2**	**242.2**	**208.0**	**214.6**	**216.3**
Index cp. same period last year	*102.1*	*87.0*	*108.8*	*100.3*	*103.5*	*94.9*	*88.8*	*91.2*	*82.2*	*86.3*

DKKm	Year 2017	2016	Q4 2017	Q3 2017	EBIT Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016
FK Distribution	36.7	35.0	24.3	-1.5	8.9	5.0	25.3	5.5	0.6	3.6
Profit margin	*5.5%*	*5.9%*	*11.7%*	*-1.0%*	*5.4%*	*3.4%*	*14.5%*	*3.9%*	*0.4%*	*2.6%*
North Media Aviser	-8.9	-35.2	0.8	-4.3	-3.2	-2.2	-5.2	-11.1	-10.1	-8.8
Profit margin	*-7.1%*	*-20.2%*	*2.3%*	*-16.0%*	*-10.2%*	*-6.8%*	*-12.9%*	*-30.2%*	*-21.0%*	*-17.8%*
North Media Online	-13.3	-11.5	-2.4	-2.2	-4.5	-4.2	-5.2	-1.3	-2.7	-2.3
Profit margin	*-15.6%*	*-12.0%*	*-13.4%*	*-9.3%*	*-20.2%*	*-19.8%*	*-23.2%*	*-5.1%*	*-11.3%*	*-9.5%*
BEKEY	-16.6	-21.1	-5.2	-3.8	-4.7	-2.9	-5.9	-6.5	-4.9	-3.8
Profit margin	*-86.9%*	*-106.0%*	*-118.2%*	*-80.9%*	*-111.9%*	*-50.0%*	*-115.7%*	*-154.8%*	*-92.5%*	*-71.7%*
Unallocated income/costs	2.0	6.5	1.1	-0.7	1.4	0.2	1.5	1.6	2.0	1.4
Group EBIT before special items	**-0.1**	**-26.3**	**18.6**	**-12.5**	**-2.1**	**-4.1**	**10.5**	**-11.8**	**-15.1**	**-9.9**
Profit margin	*0.0%*	*-3.0%*	*7.1%*	*-6.0%*	*-0.9%*	*-2.0%*	*4.3%*	*-5.7%*	*-7.0%*	*-4.6%*
Special items	-0.4	-41.1	4.9	0.0	-0.2	-5.1	-48.1	0.0	7.0	0.0
Group EBIT	**-0.5**	**-67.4**	**23.5**	**-12.5**	**-2.3**	**-9.2**	**-37.6**	**-11.8**	**-8.1**	**-9.9**

Shareholder information

The Group and NASDAQ OMX Copenhagen
North Media A/S was the first Danish media Group to be listed on the then Copenhagen Stock Exchange. This took place in May 1996.

Company information

Address:	North Media A/S Gladsaxe Møllevej 28 DK - 2860 Søborg
Internet:	www.northmedia.dk
Telephone:	(+45) 39 57 70 00
E-mail:	investor@northmedia.dk
CVR-no.:	66 59 01 19
Securities ID:	DK001027034-7
Auditors:	Deloitte Statsautoriseret Revisionspartnerselskab
Banker:	Danske Bank A/S

Financial year
The Group's financial year follows the calendar year, and this Annual Report covers the period 1 January to 31 December 2017, the Company's 37th financial year.

General Meeting
The Annual General Meeting will be held on 13 April 2018 at 3.00 pm at Ingeniørforeningens Mødecenter A/S, Kalvebod Brygge 31-33, 1780 Copenhagen V, Denmark.

Share capital
The Company's share capital is DKK 100.3 million, distributed on 20,055,000 shares of DKK 5.00 nominal, which has been fully paid up. All shares are listed on NASDAQ OMX Copenhagen. No shares carry special rights, and the negotiability of shares is not limited in any way. Any amendment to the Articles of Association must be presented to the General Meeting and must be adopted by at least two-thirds of the votes cast as well as of the voting share capital represented at the General Meeting. If no proposal has been made or adopted by the Board of Directors, at least half of the voting share capital must be represented at the General Meeting.

Authorisation
The Board of Directors is authorised to increase the share capital once or several times by up to DKK 25 million.

Increases may take place by way of cash contributions or otherwise. Increases may take place without any pre-emptive right for the Company's existing shareholders if the increase is effected at market price, or as consideration for the Company's acquisition of an existing business, or specified assets at a price equivalent to the value of the shares issued. Other than in the cases described in the previous sentence, the shareholders have a pre-emptive right to subscribe for new shares on a proportionate basis. The authorisation is given for a period up to 31 March 2022.

Treasury shares
The Board of Directors is authorised to allow North Media A/S to acquire treasury shares up to an aggregate amount of 15% of the share capital in accordance with applicable law provided that the acquisition is made at the market price in force at the time of purchase with a variance of plus or minus 5%. The authorisation has been granted for a five-year period ending on 26 March 2020.

The Company's holding of treasury shares at 31 December 2017 was 1,205,000 shares (2016: 1,485,000 shares), or 6.01% of the share capital.

Dividend
The Board of Directors recommends to the Annual General Meeting on 13 April 2018 that ordinary dividend of DKK 1.50 per share be distributed corresponding to a total dividend of DKK 30.1 million.

The Parent's income statement shows a profit of DKK 28.0 million. The Board of Directors recommends the following appropriation of profit/loss:

Appropriation of profit/loss, DKKm	
Retained earnings at 1 January 2017	315.5
Profit for the year	28.0
Share-based payment	0.3
Adjustments, investments in subsidiaries and associates	2.1
Disposals treasury shares	5.9
Other equity items	0.1
Available for distribution	**351.9**
The Board of Directors submits the following appropriation of profit for approval by the Annual General Meeting:	
Dividend to the shareholders	30.1
Retained earnings at 31 December 2017	321.8

Shareholders

The register of shareholders holding at least 5% of the share capital, which the Company keeps in accordance with the Danish Companies Act, includes the following shareholders:

Olav W. Hansen A/S
Holmboes Alle 1
8700 Horsens
including related parties owning 2,011,832 shares, equivalent to an equity interest of 10.03 %.

Baunegård ApS
Fredensborg Kongevej 49
2980 Kokkedal

The principal shareholder is Richard Bunck, founder of the Company, who through a wholly-owned and controlled holding company, Baunegård ApS, holds 55.75% of the share capital.

Baunegård ApS prepares consolidated financial statements including North Media A/S.

The Board of Directors' and the Executive Board's shareholdings in North Media A/S at 31 December 2017

Board of Directors	Shares
Richard Bunck (incl Baunegård ApS)	11,179,832
Peter Rasztar	0
Steen Gede	1,170
Ulrik Holsted-Sandgreen	0
Total	**11,181,002**

Executive Board	Shares
Kåre Stausø Wigh	80,000
Mads Dahl Andersen	171,418
Gorm Wesing Flyvholm	6,000
Henrik Løvig Jensen	0
Søren Jacob Frederik Holmblad	6,486
Total	**263,904**

Management

At year-end 2017, the Company's Board of Directors and Executive Board, excluding Richard Bunck, controlled 265,074 shares, or 1.32% of the share capital.

Share price

At 31 December 2017, the market capitalisation of the Company's shares was DKK 705.9 million.

Contact with investors

North Media A/S has an open and consistent dialogue with investors and analysts so as to provide the stock market with optimum and adequate information about the Company.

Meetings with shareholders, investors, financial analysts and other stakeholders are held.

Corporate site

North Media A/S' corporate site, www.northmedia.dk, provides information about the Company, the Board of Directors, the Executive Board, shareholders, etc.

Contact to investors

Kåre Stausø Wigh, Group Executive Director & CFO:

Telephone: (+45) 39 57 70 00
E-mail: investor@northmedia.dk

Company announcements 2017	
9 February 2017:	Annual Report 2016
1 March 2017:	Notice convening the Annual General Meeting of North Media A/S
8 March 2017:	PostNord to introduce new production method
31 March 2017:	Annual General Meeting of North Media A/S held Friday, 31 March 2017 - Summary
31 March 2017:	North Media A/S - Articles of Association
17 August 2017:	North Media A/S specifies and increases earnings expectations for 2017 and expects earnings to improve considerably in 2018
18 August 2017:	Interim Report 2017
29 September 2017:	FK Distribution enters into a distribution contract with Coop for 2018 and 2019. This supports the Group's expectations of considerably improved earnings in 2018 even further.
1 December 2017:	The arbitration court has today awarded Ofir A/S compensation from Emply ApS
22 December 2017:	Financial Calendar 2018

Financial calendar for 2018	
22 February 2018:	Annual Report 2017
2 March 2018:	Term for submission of items for the agenda of the Annual General Meeting
13 April 2018:	Annual General Meeting
16 August 2018:	Interim Report 2018

Board of Directors meeting calendar for 2018
Thursday, 25 January 2018
Wednesday, 14 February 2018
Wednesday, 21 February/Thursday, 22 February 2018
Friday, 13 April 2018
Tuesday, 1 May 2018
Wednesday, 15 August/Thursday, 16 August 2018
Tuesday, 30 October 2018
Wednesday, 5 December 2018

Statutory report on Corporate Governance

Board of Directors and Executive Board

The general meeting of North Media A/S has the ultimate authority to elect members to the Company's Board of Directors and is responsible for its overall management. The Board of Directors supervises the Company's activities and safeguards the proper management of the Company in accordance with the Articles of Association, the Danish Companies Act and other regulations of relevance to the Company. The primary duties of the Board of Directors are to lay down the overall goals and strategies, define clear guidelines for the division of responsibilities, planning and risk management and appoint a competent executive board and serve as its easy-to-reach and active sounding board. The Board of Directors is made up of four members with Richard Bunck, principal shareholder, serving as chairman.

The Executive Board is responsible for the day-to-day management of the Company. In compliance with the guidelines and directions prepared by the Board of Directors, the Executive Board prepares action plans and forecasts that support the Company's strategy and reports earnings performance, risks and other significant data to the Board of Directors on a regular basis.

The Executive Board consists of five Chief Executive Officers: Kåre Stausø Wigh, Group Executive Director & CFO, and four Chief Executive Officers in charge of their own segment and reporting directly to a separate board of directors.

The Group's activities are divided into four segments:

- FK Distribution - CEO Mads Dahl Møberg Andersen
- North Media Aviser - CEO Gorm Wesing Flyholm
- North Media Online – CEO Henrik Løvig Jensen
- BEKEY – CEO Søren Jacob Frederik Holmblad.

North Media A/S' Board of Directors and the Chief Executive Officer of each of the four business segments and the Group Executive Officer & CFO are the Chief Operating Decision Makers (CODM) focusing on and being responsible for the Group's four business segments. The Executive Board is in charge of cross-disciplinary product and business development and for joint HR guidelines and values.

In 2017, the Board of Directors held 9 meetings against 14 in 2016.

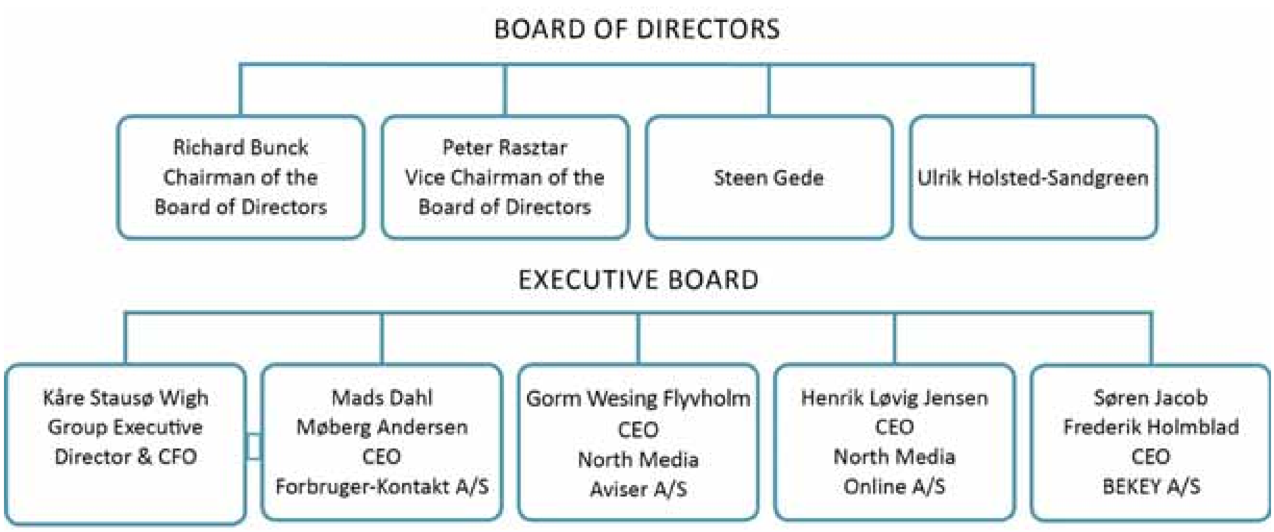
Audit Committee

The Board of Directors is responsible for the overall management of the Company. The Board of Directors has set up an audit committee to supervise financial reporting, among other procedures. The Audit Committee is made up of two members of North Media's Board of Directors. The members are appointed by the Board of Directors for a term of two year at a time. In 2017, the Audit Committee consisted of Peter Rasztar, Vice Chairman of the Company's Board of Directors, who chairs the Audit Committee, and Steen Gede.

Audit Committee members are to have accounting or auditing insight into as well as experience in listed companies. The Board of Directors appoints the chairman of the Audit Committee.

The Audit Committee convenes at least twice a year in connection with the external auditor's issuance of audit book comments on interim audits and their year-end audit of the consolidated and parent financial statements, respectively. Other than that, the Audit Committee convenes as necessary.

The primary tasks of the Audit Committee are to monitor and check the financial information of external financial



reports or other material financial reports on behalf of the Board of Directors as well as to ensure compliance with applicable law, standards and other requirements applicable to financial reporting. At least once a year, the Audit Committee also reviews and considers internal control procedures in order to evaluate the appropriateness of controls and/or any weaknesses. Furthermore, the Audit Committee considers the external auditor's audit plan and reviews the related audit engagement letter and audit fee as well as the auditor's management letters and audit book comments.

In 2017, the Committee held four meetings, and two meetings were held in 2016.

Day-to-day management

Separate strategy and action plans as well as budgets and estimates have been prepared for the individual subsidiaries and activities. The plans and the budgets are checked against monthly reporting. Strategy and action plans as well as budgets are prepared annually on the basis of a detailed and standardised process. Material risks are identified during this process, and decisions are made about their handling.

North Media applies a number of systems across the Group regarding day-to-day management, including advertisement booking, invoicing, user payment, route planning, financial reporting and consolidation. The systems have been integrated to the extent possible in order to avoid duplication of data and to reduce the risk of errors as well as to enhance efficiency. Procedures for internal control and reconciliation have been introduced to ensure the consistency of data obtained from different sources. The control procedures consist of monthly reconciliations, among other processes, performed as part of financial reporting.

The finance departments have been centralised into two large groups to ensure enhanced efficiency, an efficient control environment and appropriate segregation of duties. In addition, the use of the subsidiaries' and activi-ties' local finance systems is regularly upgraded and aligned.

Based on the Board of Directors' instructions, including values for corporate governance, guidelines on Corporate Governance and in cooperation with the Audit Committee, Group Finance has developed systems for detailed financial reporting with integrated control procedures. The systems will not eliminate the risk of errors and do not guarantee detection and correction of all errors, but they help ensure identification and management of risk as well as correction of material errors and deficiencies.

The key processes are as follows:

1 Reporting instructions and time schedules for monthly financial reporting by subsidiaries and for operations are circularised before the beginning of the financial year. Also, more detailed instructions are circularised in October as part of the preparation of the financial statements. The accounting and reporting instructions are supported by the Group's accounting policies, which for selected areas describe more detailed reporting requirements.

2 Significant accounting estimates, documentation thereof and any changes in accounting policies possibly resulting from changes in accounting rules are reviewed by Group Finance before reporting instructions are circularised.

3 Monthly reporting is carried out in the Group's reporting system by the subsidiaries and for the operations. The system, which is a standard reporting and consolidation system, ensures full transparency of reporting by the individual subsidiaries and the full consolidated financial statements. Reporting by the individual companies corresponds to the bookkeeping, which in turn is fully consistent with the financial statements of the subsidiaries. Any differences between bookkeeping/accounting policies and the Group's IFRS financial statements are handled centrally by Group Finance to ensure full understanding and ownership of those adjustments.

4 As part of each month-end closing, all subsidiaries' key income statement and balance sheet items are reconciled. Reconciliations and controls are performed using checklists, and specifications and documentation thereof are kept on file. Reconciliations and controls comply with the guidelines to the effect that the risk of misstatements in each subsidiary's monthly financial statements are minimised.

5 A number of controls are performed centrally by Group Finance to ensure that the reported figures are correct. In addition, a number of points are checked to ensure that reporting is performed in accordance with the Group's accounting policies.

6 In connection with acquisitions/divestments of companies, all relevant entries are managed at central level. There is also a central model for the Group's allocation of purchase prices by type of asset. Any impairment of assets is also calculated at central level for all group units.

7 In addition, a management report is prepared on the basis of monthly financial reporting, comparing results with the action plan, estimates and the budget. Variances are explained, corrective action proposed, the competitive situation described, an action plan status given, etc. In connection with the presentation of interim management statements, an updated estimate is prepared for revenue and results for the year.

8 Financial reports for the subsidiaries and the operations are submitted to Group Finance, which prepares consolidated, segment, subsidiary and activity financial statements as well as analyses for the Executive Board and the Board of Directors

Page 47 contains a section on "Control and risk management of financial reporting" which is an integral part of the financial reporting process.

The contents of the reports submitted to the Executive Board and the Board of Directors are evaluated continuously to ensure relevance in relation to focus areas and development of the Group. Furthermore, constant efforts are made to improve reporting efficiency and increase reporting speed. In this way, the Board of Directors and the Executive Board will have quick access to correct and relevant information.

Corporate Governance

According to section 107b of the Danish Financial Statements Act and paragraph 4.3 of "Rules for Issuers of Shares – NASDAQ OMX Copenhagen", listed companies must draw up a report on corporate governance. The report must describe how the company deals with the recommendations regularly published by the Committee on Corporate Governance in Denmark. The Committee's recommendations are available from www.corporategovernance.dk.

When drawing up the report on Corporate Governance, the company must apply the "comply or explain" principle. Under this principle, the company must either comply with the corporate governance recommendations or explain why it has decided not to comply with them, or to just comply with some of them. This means that the company must state the recommendations it does not comply with and the reasons for non-compliance and, where relevant, explain what measures it has taken instead.

According to the principle, the affairs and conditions of the company are what determine the extent to which the recommendations are complied with, or whether it would be inappropriate or undesirable for the company to do so, as the top priority is to ensure transparent corporate governance.

The Board of Directors and the Executive Board of North Media A/S regularly discuss and consider the Company's corporate governance policies and procedures. The recommendations, together with applicable law and guidelines as established by the Board of Directors, form the basis of such work.

The Group follows 40 of a total of 47 recommendations. Therefore, the Board of Directors is of the opinion that the Company generally follows the recommendations, and the Board of Directors is constantly considering how the recommendations may contribute to ensuring maximum value creation for the Company's shareholders. Accordingly, the Board of Directors also considers whether recommendations not previously complied with should be complied with.

A complete report and tables are available from the Company's homepage, www.northmedia.dk/governance.cfm.

Areas in which North Media A/S deviates from the recommendations:

Dialogue between the company, its shareholders and other stakeholders

Recommendation 1.1.3 on publication of quarterly reports is not complied with. The Company does not publish quarterly reports as it believes that the resources required to prepare such reports are not commensurate with the benefit.

Composition and organisation of the Board of Directors

Recommendation 3.1.4 regarding the retirement age for members of the board of directors is not followed. The Company has not set a retirement age for board members as the Board of Directors believes that a member's experience and qualifications alone shall determine whether he or she can add value to the work of the Board of Directors.

Independence of the Board of Directors

Recommendation 3.2.1 that at least half of the members of the board of directors elected by the general meeting be independent is not complied with. Richard Bunck, the Chairman of North Media's Board of Directors, is also principal shareholder and hence not independent. Board Member Ulrik Holsted-Sandgreen is an attorney-at-law and partner of Horten Advokatpartnerselskab, the law firm providing professional advisory services to the Company. Therefore, Ulrik Holsted-Sandgreen may not be considered independent. Since 25 April 2015, Steen Gede has been on the Board of Directors for more than 12 years and may therefore not be considered independent any longer. Since 29 April 2017, Peter Rasztar has had a seat on the Board for more than 12 years and may therefore not be considered independent any longer.

The Board of Directors believes that the interests of the principal shareholder, Richard Bunck, coincide with those of the other shareholders. Also, the Board holds the view that Ulrik Holsted-Sandgreen's work on the Board of Directors has no bearing on the circumstance that he or other attorneys of Horten Advokatpartnerselskab provide professional services to the Group. Nor is it considered crucial to Steen Gede's and Peter Rasztar's independence that they have been on the Board of Directors for more than 12 years.

Form and substance of the remuneration policy

Recommendation 4.1.2 concerning variable pay components is followed in part. The recommendation is followed except that the Company cannot require repayment of variable pay components paid to an employee based on information, which later on turns out to be incorrect. Following this recommendation is considered inappropriate taking into the account the limited number of variable pay components paid.

Disclosure of the remuneration policy

The Company does not follow Recommendation 4.2.1 concerning disclosure of the remuneration policy in the Chairman's report to the general meeting. The Company does not follow Recommendation 4.2.2 concerning the shareholders' approval of proposed remuneration of the Board of Directors. Recommendation 4.2.3 concerning disclosure in the Annual Report of total remuneration of the individual members of the Board of Directors and the Executive Board is not followed. The Board of Directors believes that information about remuneration is a private matter.

Remuneration of the Board of Directors, the Executive Board and executive staff is disclosed in the Annual Report. The aim of the general remuneration policy of North Media A/S is to ensure that the Company offers competitive remuneration, which is based on efforts and performance, and which is on a par with remuneration offered by comparable listed companies. The remuneration, which is reproduced in extract below, policy intends to help attract and retain qualified members of the Company's Board of Directors, Executive Board and other executive staff. Total remuneration of the Executive Board is determined by the Board of Directors, serving as Remuneration Committee.

The Board of Directors finds it more appropriate that it has the right to adjust the remuneration of management at any time without having to obtain the shareholders' prior approval.

Board members receive a fixed annual fee and do not take part in a share option programme, nor do they receive any bonus.

The members of the Company's Executive Board, other executives and deputy executives receive a fixed basic salary, and the Company makes competitive pension contributions. In addition, the Company offers a bonus plan, which is based on increase/decrease in revenue and increase/decrease in EBIT after special items as well as on EBIT after special items for the year concerned. Any bonus is limited to a maximum of 100% of the annual basic salary. The bonus is paid upon approval of the Annual Report by the Annual General Meeting.

Statutory report on corporate social responsibility

Core values and basic principles

North Media's business units are managed and driven by strong core values forming the basis of the Company's policies, rules and business processes. The Group considers corporate social responsibility a natural element of the different business units' strategies and daily operations.

One of North Media's basic principles is to demonstrate accountability to society, customers and employees. We also aim to demonstrate fairness and loyalty in any decision we make.

North Media regularly focuses on CSR-related matters as much as it does on its constant efforts to strengthen working processes and products. Being accountable in all respects is an important element of the Group's values and therefore a key element of great relevance to the Group's vision, objectives and strategy.

This means that North Media constantly focuses on not just complying with Danish and international rules and conventions, but also on using responsible behaviour to increase its financial, social and environmental performance through regular control, optimisation, operationalisation and reporting.

The business model for the individual segments is described on pages 10-27 of the management commentary.

Policy for reducing environmental and climate impact

North Media considers the following two areas to be subject to particular environmental and climate risks:

- Consumption of newsprint
- Distribution

Consumption of newsprint

Policy

It is important for North Media A/S that the Group's newspapers are produced following sustainable methods. This is why the Group's newspapers are using FSC-certified newsprint. The FSC Certificate is a global labelling system widely supported by a number of environmental organisations such as WWF, Greenpeace and Nepenthes.

Action

North Media cooperates with some of Denmark's largest and best printing houses for the printing of the Group's newspapers. Pressens Fællesindkøb, the procurement association of the Danish press, and the printing houses ensure that the requirements for the traceability of newsprint, among others, are met, which is an important element of FSC certification.

The wood used to produce newsprint is from FSC-certified forests, mainly Nordic forests, where trees are felled as new trees start to grow. In addition, the newsprint is produced from the residues from saw mills as well as recycled paper.

Results

Most of the newsprint already used is collected and recycled through municipal recycling systems and is thus included in the production of new newsprint. This helps reduce the environmental impact as much as possible.

Distribution

Policy

North Media regularly explores avenues of more eco-friendly distribution arrangements, and would in this context particularly underline No Ads+, which holds the potential for revolutionising physical distribution in Denmark and for creating a much greener and more sustainable distribution arrangement.

Action

North Media's subsidiary, FK Distribution, has developed NoAds+, allowing recipients of retail leaflets to choose exactly what printed matter they want to receive and what not to receive. This has led to a reduction in paper consumption by approximately 70% on average per NoAds+ household.

FK Distribution has also refined its digital platform, minetilbud.dk. Via iOS and Android apps, users can look for bargains while on the road and read the latest retail leaflets whether on a train or on their couch at home. minetilbud.dk is seeing substantial growth and will in the long run also contribute to a greener distribution of retail leaflets.

Results

Danes have embraced the new solutions. Consumers still want to read retail leaflets, but the modern consumer also wants to shield the environment against unnecessary waste burdens, and thusly takes a positive view on NoAds+ and minetilbud.dk.

At year-end 2017, the reduced volume of paper from NoAds+ has lowered the consumption of paper by 69,000 tonnes compared to the level before the introduction of this arrangement. Because of this, CO2 emissions have been reduced by approx 160,000 tones calculated on the basis of a life-cycle analysis of retail leaflets made by the DTU Department of Environmental Engineering for Vestforbrænding.

The NoAds+ scheme has also gained wide backing from retailers. This is because No Ads+ consumers spend more time reading the individual retail leaflet opted for, but also that No Ads+ enables retailers to enhance their CSR profile vis-à-vis customers, business partners and political stakeholders.

FK Distribution expects that minetilbud.dk will gain more currency and that the No Ads Please scheme will continue to play a significant role when Danish households are to decide whether or not to receive printed matter. By developing new products and services that combine print and online, we aim to offer an even more efficient marketing channel with fewer retail leaflets and higher readership - for the benefit of the environment, consumers and FK Distribution's customers.

Respect for human rights

North Media's human rights efforts should be viewed in the context of the Group in practice only operating in Denmark. So, in practice these efforts are concentrated on social aspects, including employee conditions and a general respect for human rights, see "Core values and basic principles".

It is Group policy to offer all full-time staff a pension and health care plan (within the framework of the collective agreements applicable for each trade group), with related insurance cover in the event of illness or death. It is also group policy to give everybody equal rights – regardless of gender, age or ethnicity.

The Group has identified the following three areas as particular risk areas with respect to human rights and employee conditions:

- Pay and working conditions for the Group's distributors of newspapers and printed matter
- Health and safety in production
- Non-discrimination of employees upon engagement or promotion.

Pay and working conditions for the Group's distributors of newspapers and printed matter

Policy

Thanks to its distribution business, North Media is one of Denmark's largest workplaces for young people. Working as a distributor is often the first source of money earned outside their home. This places heavy demands on North Media as a business and on the organisation, systems and procedures to ensure that each of our employees has a positive and favourable perception of their first job.

Action

The introduction to the job is always given in dialogue with the distributor and his or her parents. Thorough instructions and follow-up are provided, and comprehensive introduction material has been prepared, which – based on many years of experience – is aimed at introducing the young distributor to the job before, during and after having done the work.

The distributors are involved in the planning of their work. From their personal page at www.blivomdeler.nu, they can easily plan the delivery sequence they find optimal for visiting the individual households. Then we pack the products in the sequence requested.

To ensure that the employee always receives a pay reflecting the effort made on the individual route, various checks are carried out. Their purpose is to ensure that we comply with the working environment rules and that the distributors receive a fair pay reflecting the work they do. The distribution business has dedicated employees, who regularly give instructions and check that North Media meets the targets set.

Results

We believe that we help our young distributors develop basic skills such as organising one's time and planning an assignment by offering them a job as a distributor. Add to this attitudinal values such as reliability and a sense of responsibility. These are all skills that help develop them as individuals and citizens; specific skills that they will need to have when they begin their studies and later when they enter the job market as adults. The distributors' sense of responsibility is also underlined by the fact that they perform on the same level as our adult distributors.

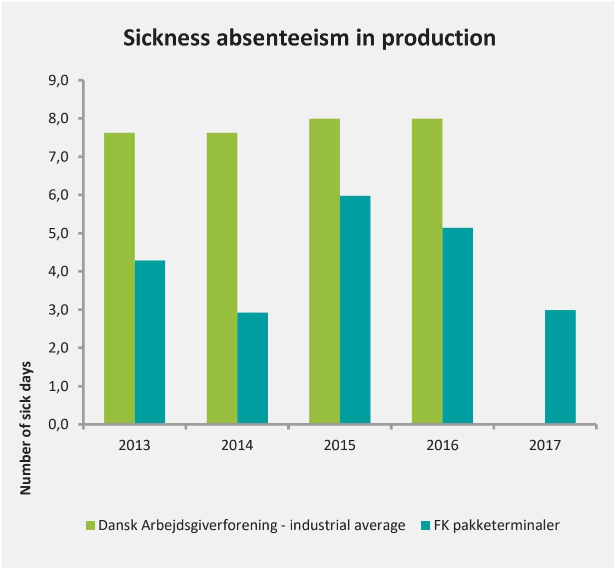
Health and safety in production

Policy

The distribution business' policy is to put conditions in place for a good working environment. A low frequency of industrial injuries and sickness absenteeism and many years of service among employees at the packing terminals are a measure of success in that respect.

Action

The low frequency of sickness absenteeism is to be maintained on the basis of continued, close staff involvement and visible management, but also by maintaining the systematic efforts to counter and prevent industrial accidents. Industrial injuries are always analysed by the health and safety organisation.



Focus is on sickness absence, and systematic follow-ups are made on the basis of sickness interviews. In that respect, the Company also focuses on long-term healthy employees who have not contracted any sickness over the past 12 months.

Results
In 2017, seven minor injuries occurred in production, which is on a par with 2016. Compared to 2016, sickness absenteeism has declined and totals 3.0 days a year inclusive of employees on long-term sick leave, equalling a sickness absenteeism rate of 1.32%. This is a record low sickness absenteeism rate at the terminals. The rate of long-term healthy production staff without absence due to sickness is 36% in 2017. The table above shows sickness absenteeism for the period 2013 to 2017 compared to industry figures up to 2016.

The years of service among our production staff average 8.4 years, which should be seen in the light of the terminals only having existed for 13 years.

Non-discrimination of employees upon engagement or promotion

Policy
The Company's staff policy is based on its strong core values, which aim at providing equal opportunities to everybody, and which require that, as a rule, everybody must meet the same demands.

Action
For example, it is a requirement for being employed with the Group's packing terminals that the candidate is able to speak and understand Danish. Employees are also instructed to speak only in Danish at the workplace so that everyone can understand all conversations and no one feels left out.

To give employees better job rotation opportunities and thus higher job enrichment, employees not holding a fork-lift driver's licence are offered training and the op-portunity to acquire such licence.

Results
This has led to the successful integration of those approximately 87% of the Group's packing staff who are non-ethnic Danes. As a result, the supervisory positions are increasingly held by non-ethnic Danes, which in itself has a cumulative effect on successful integration.

In practice, no conflicts exist in the workplace despite the fact that people from different cultures work to-gether.

Anti-corruption policy
North Media's anti-corruption efforts are based on its strong core values, see description in "Core values and basic principles".

For example, employees have never been permitted to receive gifts from vendors. Any gifts received from vendors, typically before Christmas, are distributed randomly among the individual departments by way of a draw among all employees. Books received as part of reviews or publicity in the newspapers are held by the editorial office and distributed among all employees before Christmas. The Group has never recorded any cases of bribery or other type of corruption, and it is not considered a risky area.

Diversity and social inclusion policy
North Media's objective is to be an attractive workplace to persons with strong skills who can help develop the Group. The overall aim of the diversity and social inclusion policy is to ensure that all North Media employees are evaluated on the same terms and conditions based on their competencies. Moreover, we consider diversity a precondition for maintaining a good and innovative working environment and strive to have a diversified composition of staff regardless of gender, ethnicity, religion, nationality, sexual orientation and age. We believe that diversity is a strength that helps the Group attract and maintain the best talent.

To North Media, social inclusion means that different groups of employees are able to make a career for themselves without facing cultural or organisational barriers. We admit that ensuring this takes a special effort. For example, we would like to have even more women managers, and we make an active effort to achieve this objective.

At North Media, there is almost a balance of male employees and female employees. At present, the Board of Directors is made up of four members who are all men. At executive board level, the current five members are also all men. The current number of male and female managers is three and two, respectively.

The policy applies to the listed Parent, North Media A/S. The subsidiaries will be drawing up their own policies in so far as they are subject to Danish Act no 1383 of 23 December 2012.

Increased diversity objectives, activities and reporting
North Media makes use of employee surveys and performance evaluations to identify manager potential among group employees to develop staff and encourage skillful employees to apply for a managerial position within the Group. A key element of the Group's staff development efforts is to ensure that both male and female candidates are considered and identified as part of internal and external recruitment of managers and that women and men form part of the North Media Group's pool of talents for managerial positions.

Furthermore, North Media systematically uses employee surveys and performance evaluations to identify any barriers to men's and women's equal opportunities to pursue a managerial career. Other measures include emphasis of equal pay for men and women and the drawing-up of job ads appealing to women managers.

North Media's Board of Directors is currently made up of four persons, who are elected for one year at a time. The current male Board members have been carefully selected based on their competence as well as the challenges and development potential faced by the Group.

When, at a given moment in time, North Media decides to add new skills to the Board of Directors, or if a Board member would like to resign, North Media will seek to have at least 25% of the candidates for the vacant seat(s) on the Board represent the underrepresented gender, meaning women at this point. Over the four-year period from 2017 to 2020, the objective is also for women to make up at least 20% of the Board of Directors. These objectives are considered ambitious, but also realistic.

At the Annual General Meeting held on 31 March 2017, the present Board of Directors was re-elected, and the number of Board members was not increased. Thus, no seats on the Board were up for refilling.

So, the objective of at least 25% women candidates for vacant seats on the Board and at least 20% women on the Board has not been fulfilled yet.

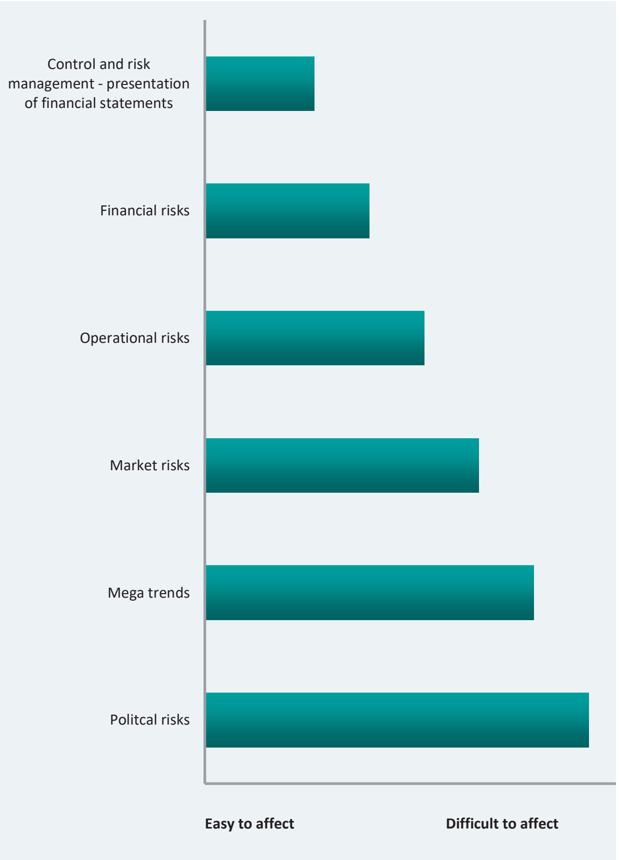
Risks and risk management

The Board of Directors regularly reviews risk management systems, controls and policies.

The main purpose of the review is to ensure that risks potentially critical to the Group's ability to achieve the set targets are identified and hedged.

Like the rest of the Group, the general management of the risk area is based on the principles of the fundamental management structure, which is described in the section on corporate governance. Daily follow-up and management of risks are based on a structure of internal policies, concepts and procedures.

At North Media, risks are divided into six levels and illustrated as follows:



Political risks

In an open and well-developed society, private suppliers of goods and services compete against each other to provide the best and least expensive services to consumers. This competition for consumers represents the very precondition for goods and services continuously being developed in accordance with the consumers' needs and wishes and being sold at a fair price.

North Media considers political decisions and initiatives to pose risks that are greater than any risk private businesses may inflict on the Group.

North Media makes a targeted effort to assist in politicians making their decisions on a well-documented and informed basis and having the necessary insight into factors affecting and of interest to North Media's stakeholders.

Mega trends

Mega trends have a long incubation period and materialise gradually without any actual ending.

Mega trends in North Media's business areas include developments and trends, which on a global and national scale determine the direction of how and in which media businesses choose to advertise and communicate with their existing and potential customers.

North Media's print media such as printed advertisements and newspapers are gradually supplemented and replaced by digital media in the long run. The mega trends in advertising point towards more and more types of media, each serving their own needs and purposes.

North Media wants to be at the cutting edge of this development and therefore works actively with product development for the more traditional print activities as well as the newer online activities and on linking up the two media in order to achieve increased utility value for both advertisers and consumers.

Market risks

Market risks affect all market participants in the markets, in which North Media operates. North Media considers market risk to be relevant now and within the next one to two years. Like other private companies, North Media is affected by macroeconomic developments.

Both FK Distribution and North Media Aviser are high-volume businesses subject to high marginal contribution margins. This entails that, in the short run, earnings are sensitive to fluctuations in volume as the production capacity cannot be adjusted at short notice.

FK Distribution's contract portfolio is composed of one- and two-year contracts, which as a main rule follow the calendar year.

Newsprint is an important raw material in the production of newspapers. Thanks to the Group's membership of Pressens Fællesindkøb, it may buy newsprint at the same favourable prices as those offered to other dailies and free newspapers in Denmark. Therefore, the market risk involved in newsprint is limited.

North Media Aviser prints its newspapers in a narrow time window. Through long-term printing contracts, attempts are made to ensure that printing prices are always competitive, and that any changes in printing prices can be adjusted through advertisement prices.

The business model for some of North Media Online's areas is subject to uncertainty with respect to the new and immature markets of operation. North Media works continuously on various models to ensure satisfactory earnings.

For BEKEY, the business model is subject to uncertainty too, and the electronic access control market for buildings is very new. As BEKEY's business model includes hardware in the form of physical products with long periods of development and production and a long lead time, market developments may constitute a risk as it takes longer to carry through product changes than is the case for online products, for instance.

Operational risks

North Media defines operational risks as risks associated with day-to-day operations such as IT systems or fire at terminals or office buildings. The most material risks relate to FK Distribution, which could have a significant impact on the Group's financial performance in the event of lengthy breakdowns.

In the distribution market, high quality is an important competitive parameter. FK Distribution's distribution terminals in Taastrup and Tilst are of great importance to continuous quality improvement. Sorting systems pack the printed matter in route-based household sets with a very low number of errors per thousand, and the distribution quality is ensured through training and test calls. FK Distribution cooperates closely with selected customers on an ongoing basis to continuously improve quality.

North Media Aviser would only to a lesser degree be affected by IT downtime as production can be moved swiftly to other servers. In the event of a breakdown in one printing house, the printing of the newspaper could swiftly be redirected to other printing houses as there is spare capacity in the printing market. The quality of the newspapers is managed via internal control procedures in the editorial and pre-press-related processes, while the print quality is described in performance specifications for external printing houses.

North Media Online would be directly affected by any IT downtime, but it is estimated that activities are readily restorable by moving to other servers or reinstalling programs.

BEKEY has suppliers in Denmark and abroad BEKEY is careful in choosing suppliers, for example, by assessing a supplier's management of operational risks. However, having external suppliers is subject to operational risks over which BEKEY does not have full control. BEKEY strives to mitigate these risks by having products in stock which will ensure security of supply to some degree, but will on the other hand also increase the risk of some products becoming obsolete before they are sold because the market is developing so rapidly.

IT operations for the majority of the Group's activities are centralised in FK Distribution's IT department in Taastrup and are thus handled by own internal employees and equipment. All systems are protected by access controls that ensure access only to the functions that the individual employee needs. In addition, daily updates of firewall, spam filter, antivirus programs and scanning of e-mails with potentially risky content are performed. North Media continuously updates the Group's business processes in the area, including the Group's IT security policy, IT risk analysis and IT security testing.

In the insurance policy, the Board of Directors has laid down guidelines for the protection of the Group's assets and earnings as well as for risk prevention work and provided an overview of imminent financial risks and consequences. In addition, it is the Executive Board's and the Board of Directors' opinion that the Group is appropriately insured in terms of insurable risks and own risks.

Financial risks

North Media's most significant financial risk is related to the portfolio of external securities.

For a detailed analysis of each element, please refer to Note 37.

At 31 December 2017, the portfolio of shares stood at DKK 240.8 million. The portfolio accounts for 86% of the total cash resources.

It is considered a key strategic strength for North Media to have strong cash resources. To raise the return on capital, some of the cash resources have been invested in external blue-chip Danish and foreign shares and investment funds.

In recent years, North Media has had a high positive return on securities. However, historically realised returns are no guarantee of future returns. North Media pursues a long-term buy-and-hold investment strategy, although the portfolio will be rebalanced at appropriate intervals. This is why the value of the porfolio of securities may fluctuate heavily both in the short term and the long term in connection with the general fluctuations in the share markets. The section on capital structure on page 32 contains a list of the most significant shares held in the portfolio at 31 December 2017.

Furthermore, North Media defines interest rate, liquidity, credit and currency risks as financial risks.

North Media has implemented a finance policy, which regulates the general frameworks for managing the Group's exposure to, for example, currency and interest-rate movements. The policy lays down hedging guidelines. Where financial hedging or other instruments are used, hedging is done for the sole purpose of reducing commercial risks.

Interest-rate risks
It is the Group's policy to hedge the interest-rate risks on its long-term loans when interest payments are deemed hedgeable at a satisfactory level.

Liquidity risks
The Group upholds liquidity management to ensure that adequate and flexible financial resources exist at all times. The risk of the liquidity situation suddenly and unexpectedly developing adversely and affecting the Group's investment and operational liquidity requirements is handled through a number of management tools. The planning of anticipated liquidity requirements is carried out in connection with the preparation of budgets and action plans. The liquidity requirements are monitored on a daily and monthly basis.

It is the Group's objective to have sufficient cash resources to continuously make appropriate arrangements in case of unforeseen changes in the drain on liquidity. The Group's cash pool is monitored daily in order to optimise interest received and interest paid on the Group's total cash flows. It is group policy to be self-sustaining, however, the Group's properties are financed by way of long-term loans.

Credit risks
North Media is exposed to credit risks from receivables and deposits with banks. The maximum credit risk equals the carrying amount.

North Media's policy is to do business only with banks enjoying high credit ratings. Losses on receivables will always constitute a risk, but the risk of loss on a customer is weighted against the earnings potential on an ongoing basis. The Group's bad debt loss has historically been limited in size. Credit insurance has been taken out against a portion of the Group's trade receivables at 31 December 2017. See Note 37.

Exchange-rate risks
Newsprint is purchased via Pressens Fællesindkøb, whose prices depend on fluctuations in SEK and NOK. Consequently, the Group has an indirect exchange-rate risk towards Swedish and Norwegian kroner. In addition, the Group is subject to an exchange-rate risk in relation to investments in foreign shares.

Capital management
The Group regularly considers whether or not to adjust the capital structure in order to weigh the increase in the required rate of return on equity against the increasing uncertainty associated with loan capital.

It is group policy to distribute dividend in so far as such distribution is considered reasonable, given the existing general capital structure, liquidity and estimated future earnings.

Control and risk management of financial reporting
Detailed internal control and risk management systems have been established in connection with the financial reporting process. The aim is to ensure that internal and external financial reports give a true and fair view free from material misstatement. Furthermore, the systems are to ensure that the interim reports and annual reports of the Group are presented in accordance with IFRS as adopted by the EU as well as additional Danish disclosure requirements for the presentation of financial statements of listed companies.

North Media is regularly reviewing its risks and internal control for the processes related to key financial statement items. In this context, current processes have been mapped, and future goals been established based on a maturity scale. The Group is continuing its work on optimising internal controls. In 2017, the work continued to implement a new IT system to manage and monitor the Group's risks and internal control.

Statement by Management on the Annual Report

The Board of Directors and the Executive Board have today considered and approved the Annual Report of North Media A/S for the financial year 1 January to 31 December 2017.

The consolidated financial statements are presented in accordance with International Financial Reporting Standards as adopted by the EU. The parent financial statements are presented in accordance with the Danish Financial Statements Act. Furthermore, the Annual Report is prepared in accordance with Danish disclosure requirements for listed companies.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31 December 2017 and of their financial performance and the Group's cash flows for the financial year 1 January to 31 December 2017.

We believe that the management commentary contains a fair review of the developments in the Group's and the Parent's activities and finances, performance for the year and the Parent's financial position, and of the financial position as a whole for the entities included in the consoledated financial statements as well as a description of the most material risks and uncertainties facing the Group and the Parent.

We recommend the Annual Report for adoption at the Annual General Meeting.

Søborg, 22 February 2018

Executive Board

Kåre Stausø Wigh
Group Executive Director & CFO

Mads Dahl Møberg Andersen
CEO, Forbruger-Kontakt A/S

Gorm Wesing Flyvholm
CEO, North Media Aviser A/S

Henrik Løvig Jensen
CEO, North Media Online A/S

Søren Jacob Frederik Holmblad
CEO, BEKEY A/S

Board of Directors

Richard Gustav Bunck
Chairman

Peter Rasztar
Vice Chairman

Steen Gede

Ulrik Holsted-Sandgreen

Adoption
As presented and adopted at the Annual General Meeting of shareholders on 13 April 2018.

As chairman of the meeting:

Ole Borch
Attorney-at-Law, Borch & Elverdam Advokatanpartsselskab

Independent auditor's report

To the shareholders of North Media A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of North Media A/S for the financial year 01.01.2017 - 31.12.2017, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the statement of comprehensive income and the cash flow statement of the Group. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act, and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements give a true and fair view of the Group's financial position at 31.12.2017, and of the results of its operations and cash flows for the financial year 01.01.2017 - 31.12.2017 in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements under the Danish Financial Statements Act.

Furthermore, in our opinion, the parent financial statements give a true and fair view of the Parent's financial position at 31.12.2017, and of the results of its operations for the financial year 01.01.2017 - 31.12.2017 in accordance with the Danish Financial Statements Act.

Our opinion is consistent with our audit book comments issued to the Audit Committee and the Board of Directors

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements* section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, we have not provided any prohibited non-audit services as referred to in Article 5(1) of Regulation (EU) No 537/2014.

We were first appointed auditors of North Media A/S on 3 April 2009 for the financial year 2009. We have been reappointed annually at the annual general meetings for a total consecutive engagement period of 9 years up to and including the financial year 2017.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements and the parent financial statements for the financial year 01.01.2017 – 31.12.2017. These matters were addressed in the context of our audit of the consolidated financial statements and the parent financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment test of goodwill

At 31.12. 2017, the Group has recognised goodwill of DKK 39.1 million (2016: DKK 39.1 million) attributed to FK Distribution and BoligPortal.

The Group performs an annual impairment test of goodwill related to each of the cash generating units (CGUs). The Group's impairment tests are based on a calculation of the value in use of the present value of future cash flows, which are expected from FK Distribution and BoligPortal, respectively. We refer to Note 17 in the Annual Report.

The Group's impairment tests are considered a key audit matter as they involve significant and complex accounting estimates on assumptions about the future development of revenue and earnings, long-term growth and discount rates in the calculation of values in use and as a result of the materiality of the recognised goodwill.

How the matter was addressed in our audit

As part of our audit, we have assessed whether the method adopted to calculate values in use is appropriate and whether Management's earnings expectations and the documentation submitted constitute a proper basis for calculating values in use. In this context, we:

- Obtained supporting documentation of accounting estimates and significant assumptions applied for impairment testing, with focus on expected developments in revenue and earnings and discussed these with Management.
- Compared earnings expectations with the latest budget approved by the Board of Directors and earnings realised historically.

- Evaluated the assumptions applied for impairment testing, and whether the impairment test was prepared using a consistent basis and recognised terms and methods.
- Tested Management's sensitivity analyses.
- Assessed whether disclosures in the notes are consistent with applicable requirements of International Financial Reporting Standards and whether such disclosures are adequate and appropriate.

Special items
Income and expenses recognised as special items represent a net expense of DKK 0.4 million (2016: a net expense of DKK 41.1 million). We refer to Note 13 in the Annual Report.

Recognising income and expenses as special items may have a material effect on the presentation of the Group's profit or loss and on comparability from year to year. In addition, estimates are included in the identification, classification and measurement of items presented as special items, also due to the significance and non-routine nature of such items. There is also a risk that the Group's accounting policy for special items is not applied consistently.

Based on this, special items are considered a key audit matter.

How the matter was addressed in our audit
As part of our audit, we have assessed the appropriateness of the overall presentation and classification of income and expenses recognised as special items and the consistency thereof with the Group's accounting policies. In this context, we:

- Assessed whether income and expenses recognised as special items in respect of the Group's restructuring and divestment are directly and closely related to such restructuring and divestment.
- Assessed the completeness of the special items recognised, with special focus on the existence of any further income that should have been classified as special items.
- Examined the calculation of all material income and expenses recognised as special items and verified amounts calculated to underlying documentation and agreements as well as assessed the reasonableness of the estimates made by Management in the calculation of the amounts.
- Assessed whether disclosures in the notes are adequate and appropriate.

Statement on the management commentary
Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Management's responsibilities for the consolidated financial statements and the parent financial statements
Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements under the Danish Financial Statements Act as well as the preparation of parent financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group's and the Parent's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements unless Management either intends to liquidate the Group or the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and these parent financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the parent financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements and the parent financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Copenhagen, 22 February 2018

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR. no. 33 96 35 56

Henrik Hjort Kjelgaard
State-Authorised Public Accountant
mne 29484

Morten Dandanell Kiærskou
State-Authorised Public Accountant
mne 33749

Consolidated statement of comprehensive income

Note		2017 DKKm	2016 DKKm
	Revenue	899.4	881.1
21	Direct expenses	279.8	282.2
6	Direct staff costs	209.8	181.2
	Gross margin	**409.8**	**417.7**
6, 7	Staff costs	261.6	267.0
8	Other expenses	124.2	144.1
9, 17, 18	Amortisation and depreciation	28.5	37.2
	Other operating income	4.4	4.3
	EBIT before special items	**-0.1**	**-26.3**
13	Special items, net	-0.4	-41.1
	EBIT	**-0.5**	**-67.4**
10	Share of profit/loss in associates	-2.4	24.5
11	Return on securities	34.7	-6.2
12	Financial income	4.6	0.3
12	Financial expenses	-7.8	-20.9
	Profit/loss before tax	**28.6**	**-69.7**
14	Tax for the year	0.6	-6.0
	Net profit/loss for the year	**28.0**	**-63.7**
	Financial statement items that may later be reclassified to the income statement:		
	Translation adjustments, foreign companies	0.1	0.6
	Fair value adjustment of hedging instruments	2.7	0.5
	Tax, other comprehensive income	-0.6	-0.1
	Other comprehensive income	**2.2**	**1.0**
	Comprehensive income	**30.2**	**-62.7**
	Attributable, net profit/loss		
	Shareholders in North Media A/S	28.6	-63.1
	Minority interests	-0.6	-0.6
		28.0	**-63.7**
	Attributable, comprehensive income		
	Shareholders in North Media A/S	30.8	-62.1
	Minority interests	-0.6	-0.6
		30.2	**-62.7**
15	**Earnings per share, in DKK**		
	Earnings per share (EPS) - total	1.5	-3.4
	Diluted earnings per share (EPS-D) - total	1.5	-3.4

Consolidated balance sheet

Assets

Note		2017 DKKm	2016 DKKm
	Goodwill	39.1	39.1
	Other intangible assets	16.1	14.8
	Completed development projects, software	0.3	0.9
17	**Intangible assets**	**55.5**	**54.8**
	Land and buildings	258.9	266.6
	Plant and machinery	53.1	34.7
	Operating equipment, fixtures and fittings	9.9	9.6
18	**Property, plant and equipment**	**321.9**	**310.9**
20	Investments in associates	10.2	13.6
	Other securities and investments	11.0	2.8
23	Deferred tax asset	1.8	0.2
	Other receivables	2.6	2.4
	Other non-current assets	**25.6**	**19.0**
	Total non-current assets	**403.0**	**384.7**
21	Inventories	5.5	6.3
22	Trade receivables	80.9	79.6
	Income tax receivables	2.6	5.9
	Other receivables	0.9	6.9
	Prepayments	10.7	11.0
	Securities	240.8	214.8
	Cash	40.3	56.5
	Total current assets	**381.7**	**381.0**
	Total assets	**784.7**	**765.7**

Consolidated balance sheet

Equity and liabilities

Note		2017 DKKm	2016 DKKm
	Share capital	100.3	100.3
	Treasury shares	-35.3	-41.2
	Hedging reserves	-10.2	-12.3
	Reserve, translation adjustments	-2.8	-2.9
	Retained earnings	445.4	416.5
	Parent's share of shareholders' equity	**497.4**	**460.4**
	Minority interests	0.3	0.0
24	**Total equity**	**497.7**	**460.4**
25	Financial institutions	125.4	131.8
26	Fair value, interest-rate swap	10.5	13.0
27	Purchase price payable	0.0	4.8
	Total non-current liabilities	**135.9**	**149.6**
25	Financial institutions	6.7	7.2
	Trade payables	43.6	38.9
27	Purchase price payable	7.6	4.9
26	Fair value, interest-rate swap	2.6	2.7
	Deferred income	8.6	12.8
28	Other payables	82.0	89.2
	Total current liabilities	**151.1**	**155.7**
	Total liabilities	**287.0**	**305.3**
	Total equity and liabilities	**784.7**	**765.7**

Consolidated statement of changes in equity

2017, DKKm	Share capital	Trea-sury shares	Hedging reserves	Reserve, transla-tion adjust-ments	Retai-ned earn-ings	Pa-rent's total share	Mino-rity inte-rests	Total equity
Equity 1 January 2017	**100.3**	**-41.2**	**-12.3**	**-2.9**	**416.5**	**460.4**	**0.0**	**460.4**
Changes in equity 2017								
Net profit/loss for the year	0.0	0.0	0.0	0.0	28.6	28.6	-0.6	28.0
Translation adjustment, foreign companies	0.0	0.0	0.0	0.1	0.0	0.1	0.0	0.1
Fair value adjustment of hedging instruments	0.0	0.0	2.7	0.0	0.0	2.7	0.0	2.7
Tax, other comprehensive income	0.0	0.0	-0.6	0.0	0.0	-0.6	0.0	-0.6
Other comprehensive income after tax	**0.0**	**0.0**	**2.1**	**0.1**	**0.0**	**2.2**	**0.0**	**2.2**
Total comprehensive income	**0.0**	**0.0**	**2.1**	**0.1**	**28.6**	**30.8**	**-0.6**	**30.2**
Minority interest in connection with consolidation of Mesto	0.0	0.0	0.0	0.0	0.0	0.0	0.9	0.9
Sales of treasury shares	0.0	5.9	0.0	0.0	0.0	5.9	0.0	5.9
Share-based payment	0.0	0.0	0.0	0.0	0.3	0.3	0.0	0.3
Total changes in equity in 2017	**0.0**	**5.9**	**2.1**	**0.1**	**28.9**	**37.0**	**0.3**	**37.3**
Equity at 31 December 2017	**100.3**	**-35.3**	**-10.2**	**-2.8**	**445.4**	**497.4**	**0.3**	**497.7**

2016, DKKm								
Equity 1 January 2016	**100.3**	**-41.2**	**-12.7**	**-3.5**	**477.7**	**520.6**	**1.4**	**522.0**
Changes in equity 2016								
Net profit/loss for the year	0.0	0.0	0.0	0.0	-63.1	-63.1	-0.6	-63.7
Translation adjustment, foreign companies	0.0	0.0	0.0	0.6	0.0	0.6	0.0	0.6
Fair value adjustment of hedging instruments	0.0	0.0	0.5	0.0	0.0	0.5	0.0	0.5
Tax, other comprehensive income	0.0	0.0	-0.1	0.0	0.0	-0.1	0.0	-0.1
Other comprehensive income after tax	**0.0**	**0.0**	**0.4**	**0.6**	**0.0**	**1.0**	**0.0**	**1.0**
Total comprehensive income	**0.0**	**0.0**	**0.4**	**0.6**	**-63.1**	**-62.1**	**-0.6**	**-62.7**
Purchase of minority shares	0.0	0.0	0.0	0.0	0.8	0.8	-0.8	0.0
Share-based payment	0.0	0.0	0.0	0.0	1.1	1.1	0.0	1.1
Total changes in equity in 2016	**0.0**	**0.0**	**0.4**	**0.6**	**-61.2**	**-60.2**	**-1.4**	**-61.6**
Equity at 31 December 2016	**100.3**	**-41.2**	**-12.3**	**-2.9**	**416.5**	**460.4**	**0.0**	**460.4**

Consolidated cash flow statement

Note		2017 DKKm	2016 DKKm
	Net profit/loss	**28.0**	**-63.7**
29	Adjustments	1.8	76.3
30	Changes in working capital	-3.5	-7.0
	Cash flow from operating activities before net financials	**26.3**	**5.6**
	Interest received	4.6	0.3
	Interest paid	-7.5	-8.6
	Cash flow from ordinary activities before tax	**23.4**	**-2.7**
	Income tax paid	-0.4	-11.6
	Cash flow from operating activities, total	**23.0**	**-14.3**
31	Investment in property, plant and equipment	-32.4	-7.8
	Disposals of property, plant and equipment	1.1	1.2
20	Dividend from associates	0.0	3.9
	Investment in securities, net	3.2	-28.4
	Dividend from securities	4.3	3.0
	Investment in other non-current assets	-3.9	-10.0
27, 39	Acquisition of companies including deferred payments	-12.9	-6.6
	Divestment of activity and equity interests in subsidiaries and associates	3.0	41.9
20	Investment in associates	-0.6	-12.1
	Cash flow from investing activities, total	**-38.2**	**-14.9**
32	Repayment of non-current liabilities	-6.9	-6.7
24	Sale of treasury shares	5.9	0.0
	Cash flow from financing activities, total	**-1.0**	**-6.7**
	Increase/decrease in cash and cash equivalents	**-16.2**	**-35.9**
	Cash and cash equivalents at 1 January	**56.5**	**92.4**
	Cash and cash equivalents at 31 December	**40.3**	**56.5**

Notes to the consolidated financial statements

Notes to the consolidated financial statements

1 Basis of accounting

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports for listed companies and the Danish Executive Order on Adoption of IFRSs issued in accordance with the Danish Financial Statements Act.

The income statement is presented classified by nature.

Accounting policies are unchanged compared to 2016.

New or revised Standards and Interpretations

he implementation of new or revised Standards and Interpretations effective from 1 January 2016 has not resulted in any changes in accounting policies, but changes to IAS 7 have resulted in further disclosure requirements regarding financing activities.

Standards and Interpretations that have not yet become effective

At the time of publication of this Annual Report, a number of new or revised Standards and Interpretations exist that have not yet become effective, for which reason they have not been incorporated in this Annual Report.

IFRS 15 *Revenue from Contracts with Customers* will become effective from 1 January 2018. The North Media Group will implement this Standard from its effective date. The Company must use a five-step model to determine when, how and by what amount revenue is to be recognised, depending on whether certain criteria have been met. The North Media Group has analysed whether IFRS 15 *Revenues from Contracts with Customers* affect the recognition and measurement of revenue from significant contracts relating to the Group's current sales of goods and revenue from the provision of services. This analysis shows that the Standard rules will not affect recognition and measurement.

IFRS 7 *Financial Instruments* is effective from 1 January 2018. The North Media Group will implement this Standard from its effective date. IFRS 9 deals with the accounting for financial assets and liabilities in relation to classification and measurement, and it also contains revised provisions with respect to hedge accounting and impairment. The North Media Group's analysis of the impact of the new rules shows that the Standard will have an insignificant impact on future consolidated financial statements as the Group has historically had limited losses on trade receivables and since the securities portfolio can still be recognised at fair value with fair value adjustments through profit or loss.

IFRS 16 *Leases* will become effective from 1 January 2019 and replace the current standard on leases, IAS 17. IFRS 16 will entail that virtually all leases must be recognised in the balance sheet of the lessee's financial statements by way of a lease commitment and an asset that represents the lessee's right to use the underlying asset. There will no longer be any distinction between operating leases and finance leases. The North Media Group has analysed the impact of the new Standard based on leases entered into at 31 December 2017. Based on this preliminary analysis, it is expected that the standard will only to a limited extent have an impact on future consolidated financial statements as a result of the Group's few leases and rental contracts.

Presentation currency

The Annual Report is presented in Danish kroner.

2 Accounting policies

Consolidated financial statements

The consolidated financial statements comprise the Parent, North Media A/S, and the subsidiaries in which North Media A/S exercises control through a controlling interest. Control exists where North Media A/S owns or holds, directly or indirectly, more than 50% of the voting rights or otherwise exercises control over the enterprise concerned. Enterprises, in which the Group holds between 20% and 50% of the voting rights and exercises a significant, but not controlling influence, are considered associates.

The consolidated financial statements are prepared by consolidating the financial statements of the Parent and the relevant subsidiaries, all of which are presented in accordance with the Group’s accounting policies. All intra-group items, including revenue, expenses, interest, dividends, unrealised gains and losses on intra-group transactions as well as balances and investments, are eliminated for the purpose of consolidation.

Investments in subsidiaries are offset by the propor-tionate share of the fair value of the subsidiary’s identifiable net assets and recognised contingent liabilities at the time of acquisition.

Business combinations

Newly acquired or newly established enterprises are recognised in the consolidated financial statements from the date of acquisition or establishment. Comparatives are not restated for enterprises newly acquired, sold or discontinued, unless sold or discontinued enterprises qualify under IFRS 5 as discontinued activities. Acquisitions of new enterprises which give the Parent control over the enterprise acquired are accounted for by applying the purchase method, according to which the identifiable assets, liabilities and contingent liabilities of the acquired enterprises are measured at fair value at the time of acquisition. Identifiable intangible assets are recognised if they can be separated from or arise from a contractual right. Deferred tax is recognised on the revaluations.

Positive differences (goodwill) between the cost of the acquisition and the fair value of the identifiable assets, liabilities and contingent liabilities acquired are recognised as goodwill under intangible assets. Goodwill is not amortised but is tested for impairment. The first impairment test is carried out before the end of the year of acquisition. On acquisition, goodwill is allocated to the cash-generating units which subsequently provide the basis for the impairment test. Negative differences (negative goodwill) are recognised in the income statement at the time of acquisition.

Profits or losses from divestment or winding-up of subsidiaries and associates are calculated as the difference between selling price plus fair value of any equity interests held or settlement price and the carrying amount of net assets, including goodwill, at the time of sale plus divestment or winding-up expenses.

Currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date are recognised in the income statement as financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currency which have not been settled at the balance sheet date are translated at the closing rate. Differences between the closing rate and the exchange rate at the time when the receivable or payable has occurred or is recognised in the latest financial statements are recognised in the income statement under financial income and expenses.

On recognition of foreign subsidiaries and associates in the consolidated financial statements using a functional currency different from the presentation currency of the group, the income statement is translated at the average exchange rate for each month, and the balance sheet items are translated at the exchange rates at the balance sheet date. Exchange differences arising from the translation of the opening equity of foreign Group enterprises at closing rates and exchange differences from the translation of income statements from average rates to closing rates are taken directly to other comprehensive income and are taken to a separate reserve in equity.

Derivative financial instruments

Derivative financial instruments are initially recognised at fair value in the balance sheet and subsequently measured at fair value. Positive and negative fair values are recognised as other receivables and other payables, respectively.

Fair value adjustments of derivative financial instruments classified as hedges of expected future cash flows are recognised in other comprehensive income and are included in equity under a separate hedging reserve until the hedge transaction is carried through.

Statement of comprehensive income

Revenue
Revenue comprises income from the four segments for goods and services rendered less VAT, cash and quantity discounts.

Revenue from the FK Distribution segment arises from the distribution of door-to-door-distributed newspapers and printed matter as well as the packing of printed matter for external distributors.

North Media Aviser's revenue arises from newspaper advertisements and sales, including income from subscriptions.

Online income comprises job and banner ads, user charges, subscription income as well as sales of software for classified advertisement databases, including in particular job and CV databases.

BEKEY's revenue arises from the sale of key systems.

Revenue is recognised on the date of publication/distribution whereas income from subscriptions is recognised over the subscription period. Revenue from the sale of key systems is recognised when the lock is installed whereas revenue from the use of key software is recognised over the subscription period. Sales of job and banner ads are recognised when the ad is published on the Internet site. Software sales are recognised when delivery and risk have passed to the purchaser. Online income imposing future liabilities on the Group is recognised over the life of the liability.

Direct expenses
Direct expenses include expenses incurred to generate revenue for the year. The expenses comprise printing, external distribution, distribution services, excluding direct staff costs and Google expenses that may be attributed directly to revenue-generating activities.

Direct staff costs
Direct staff costs include costs of staff in functions performed directly to generate the year's revenue, including distribution pay and payroll costs of warehouse and other production functions.

Staff costs
Staff costs include wages and salaries as well as social security costs, pensions etc for the Company's staff in production management, sales and administrative functions.

Other expenses
Other expenses include costs of sale, advertising, adminis-tra-tion, premises, bad debts etc. Costs relating to development projects which do not qualify for recognition in the balance sheet are recognised under other expenses.

Amortisation and depreciation
Amortisation and depreciation comprise amortisation of intangible assets and depreciation of property, plant and machinery over the expected useful life of the individual asset. Profit/loss from the sale or retirement of intangible assets and property, plant and equipment is calculated as the selling price less selling expenses and the carrying amount at the time of sale.

Other operating income
Other operating income includes items of a secondary nature relative to the activities of the enterprises.

The item also includes public grants which the Group receives from the Danish Agency for Culture to cover editorial costs for Helsingør Dagblad. Grants are obtained by application. In 2017, the Group received DKK 2.0 million in grants (2016: DKK 2.4 million). Public grants are recognised when it is virtually certain that the grant conditions will be fulfilled and the grant will be received.

Share option programme
The value of options granted in relation to the Group's share option programme is measured at the fair value of the options at the grant date.

The Group's share option programme can solely be exercised by acquiring shares in North Media A/S, and is therefore classified as an equity programme, whereby the determined fair value of the granted share options is recognised in the income statement under staff costs over the period in which the final right to the options vests. The contra entry is carried directly to equity.

On initial recognition of the share options, an estimate is made of the number of options to which the employees are expected to acquire a right, see the granting conditions described in Note 7. Subsequently, adjustments are made for changes in the estimate of the number of vested options so that the total recognition is based on the actual number of vested options.

The fair value of the options granted is estimated by using the Black Scholes pricing model. In this estimate, allowance is made for the terms and conditions that apply to the share options granted.

Special items
Special items include write-down of goodwill, other intangible assets and adjustment of acquisition price payable related to acquisitions of enterprises or activities. Included in special items are also impairment losses for properties no longer used for their original purpose, termination benefits for members of the Executive Board and severance costs in cases where the Danish Collective Dismissal Act has been applied. Finally, the item includes capital gains or losses from the sale of enterprises or activities.

Return on securities
This item includes realised and unrealised gains or losses from the portfolio of securities as well as income received in the form of dividends, interest etc.

Share of profits/losses in associates
The proportionate shares of the net profits/losses in associates are included in the consolidated income statement after elimination of the proportionate shares of unrealised intra-group gains/losses.

Financial income and expenses
Financial income and expenses relate to interest rates, discount effect of purchase price payable, debt and transactions in foreign currency, and additions and allowances pursuant to the Danish tax prepayment scheme etc.

The item also contains fair value adjustments of other investments.

Borrowing costs are amortised over the term of the loan.

Tax on profit/loss for the year
North Media A/S participates in a joint taxation arrangement. The current Danish income tax is allocated among the jointly taxed Danish companies in proportion to their taxable income (full allocation with refunds for losses). The jointly taxed companies are covered by the tax prepayment scheme.

Tax for the year, which consists of current tax and changes in the computed deferred tax, is recognised in the income statement by the portion that relates to the net profit or loss for the year and directly in the statement of comprehensive income by the portion that relates to other comprehensive income.

Balance sheet

Goodwill

Initially, goodwill is recognised in the balance sheet at cost as described under 'Business combinations'. Subsequent measurements are at cost less accumulated impairment losses. Goodwill is not amortised.

The carrying amount of goodwill is allocated to the Group's cash-generating units at the time of acquisition. The definition of cash-generating units follows the management structure and the internal financial management policy.

The carrying amount of goodwill is tested for impairment if there are any indications of impairment, but at least on a yearly basis. The impairment test is carried out for all operating assets taken together in the cash-generating unit to which goodwill is allocated. Goodwill is written down to the lower of the carrying amount and the recoverable amount of the cash-generating unit to which goodwill relates. Goodwill impairment is presented in the income statement under "Special items".

Development projects, software

Development costs comprise costs and salaries that are directly attributable to the Group's development activities, primarily development of software for the Group's online activities.

Development projects that are clearly defined and identifiable and in respect of which the technical rate of utilisation, sufficient resources and a potential future market or development potential in the enterprise can be demonstrated and where the intention is to produce, market or use the project, are recognised as intangible assets provided that cost can be determined reliably and it is sufficiently certain that future earnings will be adequate to cover the production, sales and administrative expenses and actual development costs. Other development costs are expensed in the income statement as incurred.

Capitalised development projects are measured at cost net of accumulated amortisation and impairment losses.

After completion of the development work, a development project is amortised on a straight-line basis over its estimated useful life. The period of amortisation for software is usually 3-5 years.

Other intangible assets

Other intangible assets include distribution rights, trademarks and customer relations taken over in connection with acquisitions. For some of these assets, the Group cannot forecast a limit in the period in which the assets are expected to generate future economic benefits to the Group. In these cases, the lives of the assets are therefore deemed indefinite, for which reason they are not amortised. Other intangible assets the lives of which are deemed definite are amortised over their expected useful lives.

Other intangible assets are amortised on a straight line basis over their estimated useful lives of 1-10 years. The basis of amortisation is reduced by any impairment losses. Any impairment loss on other intangible assets is included in the item "Special items" in the income statement.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes cost and expenses directly related to the acquisition until the asset is ready for use. Where parts of an item of property, plant and equipment have different useful lives, they are depreciated as separate items of property, plant and equipment.

The cost of properties includes the cash cost of acquisition for land and buildings and the aggregate building and/or refurbishment expenses.

The assets are depreciated on a straight-line basis over the expected useful lives based on the following assessment of the expected useful lives of the assets:

Leasehold improvements	5 years
Owner-occupied property	50 years
Mixed land, property and buildings	20-35 years
Plant and machinery	5-10 years
Other fixtures and fittings, tools and equipment	3-5 years

Land is not depreciated.

Depreciation is expensed in the income statement under "Amortisation and depreciation".

The basis of depreciation is calculated allowing for the asset's scrap value and is reduced by any impairment losses. The scrap value is fixed at the time of acquisition and is reconsidered every year. If the scrap value exceeds the asset's carrying amount, no further depreciation will be made.

If the period of depreciation or the scrap value is changed, the impact on depreciation will be recognised prospectively as a change of accounting estimates.

Investments in associates

Investments in associates are measured according to the equity method.

The purchase method is used with respect to acquiring investments in associates; see the description of business combinations.

Investments in associates are measured in the balance sheet at the proportionate share of the equity value of the associates less or plus a proportionate share of unrealised intra-group profits and losses plus the carrying amount of goodwill.

Any receivables from associates are written down to the extent that the receivable is found to be irrecoverable.

Inventories

Inventories are measured at the lower of cost using the FIFO method and net realisable value.

The cost of goods for resale, raw materials and consumables consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables and direct and indirect labour costs as well as production costs.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Receivables

Receivables are measured at amortised cost which will in most cases be equivalent to nominal value net of impairment losses.

Prepayments

Prepayments include expenses related to subsequent reporting periods.

Securities

Shares and bonds, which are regularly monitored, are measured and reported at fair value in accordance with the Group's policy for investments, recognised on the trading date at fair value in current assets and subsequently measured at fair value. Fair value changes are recognised on a continuing basis in the income statement in the line item “Return on securities”.

Other investments

Other investments include investments in other enterprises as part of the Group’s business operations, and which are not classified as subsidiaries or associates. Other investments are presented as non-current assets and measured and reported at fair value. Fair value changes are recognised on a continuing basis in the income statement as financial income or financial expenses.

Impairment of assets

North Media tests goodwill for impairment if there are indications of impairment, but at least on a yearly basis. Any impairment loss is recognised in the income statement under ”Special items”.

Intangible assets with an indefinable useful life are tested for impairment if there are indications of impairment. The test is carried out on at least a yearly basis, the first time before the end of the year of acquisition. Development projects in progress are also tested for impairment on at least a yearly basis.

The carrying amount of intangible assets and property, plant and equipment with definite useful lives is reviewed on an annual basis to determine whether there is any indication of impairment. If such an indication exists, the recoverable amount of the asset is estimated. The recoverable amount is the higher of the asset’s fair value less expected selling costs and its value in use.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds the recoverable amount of the asset or the cash-generating unit.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, an impairment loss is reversed if there has been a change in the assumptions and estimates that led to recognition of the impairment loss. An impairment loss is reversed only to the extent that the asset’s new carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Equity

Dividend

Proposed dividend is recognised as a liability when a resolution approving the dividend has been adopted by the Annual General Meeting of shareholders (the time of declaration).

Treasury shares

Cost and selling prices related to treasury shares are recognised in a separate account under equity. A capital reduction through cancellation of treasury shares reduces the share capital by an amount equal to the nominal value of the investment. Dividend related to treasury shares is taken to the retained earnings account.

Income taxes and deferred taxes

Current tax payable and current tax receivable are recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on previous years’ taxable income and for prepaid tax.

Deferred tax is measured according to the balance-sheet liability method on all temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, no deferred tax is recognised on temporary differences relating to goodwill not deductible for tax purposes, office properties, or other items where temporary differences – except in the case of acquisitions of companies – have arisen at the time of acquisition and affect neither the net profit for the year nor the taxable income. In those cases where the calculation of the tax base can be made under alternative taxation rules, deferred tax is measured on the basis of the planned use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are recognised under other non-current assets at the values at which they are expected to be realised, either by elimination against tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity and jurisdiction.

Deferred tax is adjusted for eliminations of unrealised intra-group gains and losses.

The Company is jointly taxed with all foreign subsidiaries. Deferred tax relating to re-taxation of deducted losses in foreign subsidiaries is recognised based on a specific assessment of the purpose of each subsidiary.

Deferred tax is measured on the basis of the tax rules and tax rates that under the legislation in force at the balance sheet date would be applicable in the respective countries when the deferred tax liability is expected to crystallise as current tax. Changes in deferred tax as a result of changed tax rates are recognised in the income statement.

Financial liabilities

Debt to credit institutions etc is recognised at the time of borrowing at the proceeds received after deduction of transaction costs incurred.

In subsequent periods, the financial liabilities are measured at amortised cost using “the effective interest method” so that the difference between the proceeds and the nominal value is recognised in the income statement under financial expenses over the loan term.

Other financial liabilities are measured at amortised cost except for the Group’s interest-rate swap and forward exchange contract, which are measured at fair value.

Deferred income

Deferred income comprises payments received for recognition in subsequent reporting periods.

Fair value hierarchy

Financial instruments measured at fair value in the balance sheet are classified using the following fair value hierarchy:

- Listed prices in active markets of identical assets or liabilities (Level 1)
- Listed prices in active markets of similar assets or liabilities, or other valuation methods where all material input is based on observable market data (Level 2)
- Valuation methods under which any material input is not based on observable market data (Level 3)

Cash flow statement

The cash flow statement shows the consolidated cash flows for the year, broken down by cash flows from operating, investing and financing activities, the year's changes in cash and cash equivalents and the cash and cash equivalents at the beginning and end of the year. The cash flow statement is presented by the indirect method.

Cash flows from enterprises acquired are recognised from the date of acquisition.

Cash flows from operating activities

Cash flows from operating activities are calculated as the profit or loss before tax, adjusted for non-cash operating items, working capital changes, interest received and paid and income taxes paid.

Cash flows from investing activities

Cash flows from investing activities include payments in connection with purchases and sales of enterprises and activities, purchases and sales of intangible assets, property, plant and equipment, and other non-current assets, and purchases and sales of securities not recognised as cash and cash equivalents.

Cash flows from financing activities

Cash flows from financing activities comprise changes in the size or composition of the share capital and related costs, as well as the raising of loans, repayments on interest-bearing debt, purchases and sales of treasury shares, and payment of dividend to shareholders.

Cash and cash equivalents

Cash and cash equivalents include cash balances which are an integrated part of the Company's financial resources.

Segment information

The Group has the following four business segments:

- FK Distribution, which consists of the distribution activities of FK Distribution and Tryksagsomdelingen Fyn.
- North Media Aviser, which consists of the newspapers of Søndagsavisen, Lokalaviserne Østerbro og Amager, Helsingør Dagblad and Lokalavisen Nordsjælland.
- North Media Online, which consists of Ofir.dk, MatchWork.com, BoligPortal.dk and BostadsPortal.se.
- BEKEY, which consists of the Group's electronic key system.

Segment income and expenses as well as segment assets and liabilities comprise the items that are directly attributable to the individual segment and the items that can be allocated to the individual segment on a reliable basis.

Unallocated items mainly comprise assets and liabilities as well as income and expenses relating to the Group's administrative functions, investment activities, income taxes, etc. Unallocated items also include the Group's owner-occupied property and the financing thereof.

Non-current assets in the segments include non-current assets used directly in the segment's operations, including intangible assets and property, plant and equipment, and investments in associates.

Current assets in the segments comprise current assets used directly in the segment's operations, including trade receivables, other receivables and prepayments.

Segment liabilities comprise liabilities derived from the segments' operations, including trade payables as well as other payables.

Segment information is determined based on the the Group's accounting policies.

3 Ratio definitions

Gross margin	=	Gross profit x 100 Revenue
Operating profit before depreciation and amortisation	=	EBITDA (EBIT + depreciation and amortisation)
EBITDA before special items	=	EBITDA + Special items, net
EBITA	=	EBIT + amortisation
EBIT before special items	=	EBIT + Special items, net
Operating profit	=	EBIT
Profit margin	=	EBIT before special items x 100 Revenue
Equity ratio	=	Equity at the end of the period incl minority interests x 100 Total assets
Return on equity (ROE)	=	Profit after tax x 100 Average equity incl minority interests
Net interest-bearing debt/cash position	=	Interest-bearing debt (incl acquisition price payable) less interest-bearing assets and cash
Net working capital (NWC)	=	Non-interest-bearing receivables less current liabilities excl non-interest-bearing debt
Capital employed	=	Equity and minority interests plus net interest-bearing debt
Return on capital employed (ROIC)	=	EBITA x 100 Average capital employed incl goodwill
Free cash flow before special items and tax (CFFO)	=	EBITDA minus investments and adjusted for changes in operational balance sheet items excl tax
Earnings per share (EPS)	=	Parent's share of net profit/loss for the year Average number of shares in circulation
Diluted earnings per share (EPS-D)	=	Parent's share of net profit/loss for the year Average numbers of diluted shares in circulation
Price/Earnings (P/E)	=	Share price EPS
Price to book value (P/BV)	=	No of shares, 31 December x market price Parent's share of equity
Cash flows per share (CFPS)	=	Cash flow from operating activities Average number of diluted shares

Earnings per share (EPS) and diluted earnings per share (EPS-D) are calculated in accordance with IAS 33.

Ratios have been prepared in accordance with the Danish Finance Society's online version of "Recommendations & Key Ratios" with the following exceptions:

- Invested capital is calculated inclusive goodwill, see above
- Free cash flow has been calculated before special items and tax as the amount of prepaid tax may otherwise affect the ratio randomly
- Ratios which include equity, are all calculated inclusive of minority interests as both the profit or loss and balance sheet figures include the minority interests

4 Significant accounting estimates and judgements

Determining the carrying amount of certain assets and liabilities requires an estimate of how future events will affect the value of those assets and liabilities at the balance sheet date. Estimates that are significant to the financial reporting are made, for example, by evaluating future cash flows.

The estimates used are based on assumptions found reasonable by North Media, but which are inherently uncertain and unpredictable as unexpected incidents or circumstances may arise. Furthermore, the Company is exposed to risks and uncertainties that may cause actual results to vary from those estimates. Risks related to North Media A/S are specified in the paragraph describing risks and risk management on pages 45-47.

Assumptions about the future and other estimation uncertainties at the balance sheet date are disclosed in the specific notes if they involve a material risk of changes that may lead to considerable adjustment of the carrying amounts of assets or liabilities within the next financial year.

North Media considers the following estimates and judgments and the relevant accounting policies material to the preparation of the consolidated financial statements:

Intangible assets and impairment test

The Group conducts an impairment test if indications of impairment arise. However, goodwill and intangible assets having indefinite useful lives are tested at least once a year. Management estimates the value in use as a reflection of the recoverable amount, which is calculated by discounting the expected future cash flows that are estimated based on Management's estimates in this respect and Management's estimates of the discount factor and growth rates.

Compared to the original plans, the declining revenue and the resultant reduced earnings of the local newspapers acquired in 2013 have prompted a write-down of the goodwill an intangible assets in 2014 (DKK 15 million), 2015 (DKK 10 million) as well as in 2016 (DKK 23 million),), thus all identified assets related to the purchase have been written down to DKK 0. In all of these years, write-downs were calculated based on updated assumptions about the future development in revenue and earnings. In 2017, earnings have grown, but the result is still negative and there is no basis for reversal of previous years' write-downs of intangible assets. Please refer to Note 13 and Note 17 for further information regarding write-down for the year.

Significant estimates

Management makes accounting estimates relating to method of depreciation, useful lives and residual values, and reconsiders them on an annual basis. Particularly plant is exposed to technological developments, and changed estimates of useful lives may thus affect depreciation for the year. Furthermore, the classification of income and expenses as special items is subject to estimation.

Purchase price payable, Lokalaviserne Østerbro og Amager A/S

When acquiring a 70% stake in Lokalaviserne Østerbro og Amager A/S in 2013, a put/call option was also entered into for the remaining 30%, which may be exercised in instalments after presenting the Annual Reports for 2015 and 2018. The entering-into of the put/call options entailed that Management found it probable that the North Media Group would gain full ownership of Lokalaviserne Østerbro og Amager A/S. This resulted in the determination and recognition of an purchase price payable. The first instalment on the put/call option was exercised after the presentation of the 2015 Annual Report, and the current ownership interest is thus 85%. Arrangements have been made for the accelerated acquisition of the remaining 15% of the shares to the effect that they will be acquired from 1 January 2018. The acquisition price payable has therefore been determined at the acquisition price agreed. The increase in acquisition price is included in special items, see Note 13.

Valuation of other investments

Other investments are determined at fair value in the financial statements. The companies that North Media has invested in are characterised by being small companies with a small group of owners where only infrequent trading of the shares takes place. They are also online development companies for which it can be difficult to determine the potential of future earnings precisely. The fair value of the investments is based on an assessment of whether the companies will realise their financial and operating KPIs, including whether the expected progress takes place and whether particular circumstances exist that may also affect the valuation.

In 2017, fair value adjustments resulted in a revaluation of DKK 4.4 million related to Lix Technologies based on the valuation that based the capital injection from external investors (2016: impairment loss of DKK 11.8 million) which is shown under net financials in the fair value adjustment of other investments, see Note 12.

5 Segment information

2017, DKKm	FK Distribution	North Media Aviser	North Media Online	BEKEY	Unal-located costs/eli mi. *)	Total
Revenue	686.5	124.8	85.3	21.6	-18.8	899.4
Internal revenue	-16.0	0.0	-0.3	-2.5	18.8	0.0
Gross profit	235.4	85.5	79.0	12.6	-2.7	409.8
EBITDA	48.4	-2.2	-12.0	-16.3	10.5	28.4
Amortisation and depreciation	11.7	6.7	1.3	0.3	8.5	28.5
EBIT, before special items	36.7	-8.9	-13.3	-16.6	2.0	-0.1
Special items, net	0.0	-8.7	8.3	0.0	0.0	-0.4
Impairment losses, included in special items	0,0	0,0	3,6	0,0	0,0	3,6
EBIT	36.7	-17.6	-5.0	-16.6	2.0	-0.5
Share of profit/loss in associates	0.0	0.0	-2.4	0.0	0.0	-2.4
Return on securities	-	-	-	-	34.7	34.7
Net financials	-	-	-	-	-3.2	-3.2
Profit/loss before tax	36.7	-17.6	-7.4	-16.6	33.5	28.6
Net profit/loss for the year	-	-	-	-	-	28.0
Minority interests' share of net profit/loss	-	-	-	-	-	-0.6
Shareholders' share of net profit/loss	-	-	-	-	-	28.6
Non-current assets	96.8	5.3	50.4	0.4	250.1	403.0
Current assets, excl cash and cash equivalents	64.9	18.5	4.3	8.8	4.1	100.6
Segment assets	161.7	23.8	54.7	9.2	254.2	503.6
Securities	-	-	-	-	240.8	240.8
Cash and cash equivalents	-	-	-	-	40.3	40.3
Goodwill	19.6	0.0	19.5	0.0	0.0	39.1
Intangible assets with an indefinite life	2.9	0.0	0.0	0.0	0.0	2.9
Non-current liabilities	0.0	0.0	0.0	0.0	135.9	135.9
Current liabilities	80.6	32.1	14.7	4.4	19.3	151.1
Segment liabilities	80.6	32.1	14.7	4.4	155.2	287.0
Investments in associates	0.0	0.0	10.2	0.0	0.0	10,2
Additions, intangible assets, property, plant and equipment	32.0	0.1	0.2	0.0	0.1	32,4
Cash flow from operating activities	53.3	7.1	-23.3	-11.8	-2.3	23,0
Cash flow from investing activities	-31.5	-8.8	-5.6	0.3	7.4	-38,2
Cash flow from financing activities	0.0	0.0	0.0	0.0	-1.0	-1,0
Average number of employees	307	106	106	25	16	560
Gross margin	34%	69%	93%	58%	-	46%
EBITDA margin	7%	-2%	-14%	-75%	-	3%
Profit margin (EBIT)	5%	-7%	-16%	-77%	-	0%

Geographical information

North Media A/S mainly operates in the Danish market, and more than 97% (2016: 97%) of the consolidated revenue is invoiced in DKK to Danish customers. No single customer accounts for more than 10% of the Group’s total revenue.

No significant foreign assets or liabilities are recognised in the balance sheet, either in 2017 or 2016. Non-current assets outside Denmark represent less than DKK 1 million (2016: less than DKK 1 million).

* Internal revenue has been eliminated in other operating expenses. Other items relate to unallocated costs as well as assets and liabilities.

5 Segment information, continued

2016, DKKm	FK Distribution	North Media Aviser	North Media Online	BEKEY	Unal-located costs/eli mi. *)	Total
Revenue	627.2	174.8	96.4	21.9	-39.2	881.1
Internal revenue	-36.6	-0.2	-0.4	-2.0	39.2	0.0
Gross profit	234.9	91.7	88.7	6.0	-3.6	417.7
EBITDA	49.5	-22.7	-10.4	-20.9	15.4	10.9
Amortisation and depreciation	14.5	12.5	1.1	0.2	8.9	37.2
EBIT, before special items	35.0	-35.2	-11.5	-21.1	6.5	-26.3
Special items, net	0.0	-41.1	0.0	0.0	0.0	-41.1
Impairment losses, included in special items	0.0	-45.9	0.0	0.0	0.0	-45.9
EBIT	35.0	-76.3	-11.5	-21.1	6.5	-67.4
Share of profit/loss in associates	0.0	27.8	-3.3	0.0	0.0	24.5
Return on securities	-	-	-	-	-6.2	-6.2
Net financials	-	-	-	-	-20.6	-20.6
Profit/loss before tax	35.0	-48.5	-14.8	-21.1	-20.3	-69.7
Net profit/loss for the year	-	-	-	-	-	-63.7
Minority interests' share of net profit/loss	-	-	-	-	-	-0.6
Shareholders' share of net profit/loss	-	-	-	-	-	-63.1
Non-current assets	76.4	3.1	47.1	1.0	257.1	384.7
Current assets, excl cash and cash equivalents	54.3	27.8	5.8	13.6	8.2	109.7
Segment assets	130.7	30.9	52.9	14.6	265.3	494.4
Securities	-	-	-	-	214.8	214.8
Cash and cash equivalents	-	-	-	-	56.5	56.5
Goodwill	19.6	0.0	19.5	0.0	0.0	39.1
Intangible assets with an indefinite life	2.9	0.0	11.9	0.0	0.0	14.8
Non-current liabilities	3.8	0.0	1.4	0.0	144.4	149.6
Current liabilities	65.1	32.1	27.5	4.7	26.3	155.7
Segment liabilities	68.9	32.1	28.9	4.7	170.7	305.3
Investments in associates	0.0	0.0	13.6	0.0	0.0	13.6
Additions, intangible assets, property, plant and equipment	6.8	0.1	0.2	0.4	0.3	7.8
Cash flow from operating activities	41.7	-27.5	-4.7	-18.6	-5.2	-14.3
Cash flow from investing activities	-6.2	39.3	-22.1	-0.4	-25.5	-14.9
Cash flow from financing activities	0.0	0.0	0.0	0.0	-6.7	-6.7
Average number of employees	271	129	91	25	32	548
Gross margin	37%	52%	92%	27%	-	47%
EBITDA margin	8%	-13%	-11%	-95%	-	1%
Profit margin (EBIT)	6%	-20%	-12%	-96%	-	-3%

* Internal revenue has been eliminated in other operating expenses. Other items relate to unallocated costs as well as assets and liabilities.

6 Employees and staff costs

	2017 Number	2016 Number
Average number of employees	560	548
In addition, approximately 10,000 part-time employees are working in distribution.		

	2017 DKKm	2016 DKKm
Total salaries and remuneration for the year		
Wages and salaries, including holiday pay	428.0	407.5
Defined contribution plans	18.8	19.1
Other social security costs	3.2	3.1
Remuneration of the Parent's Board of Directors	1.4	1.4
Share-based payment	0.3	1.1
Other staff costs	26.1	25.5
Total staff costs	**477.8**	**457.7**
Total staff costs are included in the following items of the income statement:		
Direct staff costs	209.8	181.2
Staff costs	261.6	267.0
Special items	6.4	9.5
Total staff costs	**477.8**	**457.7**

Remuneration of the Board of Directors, Executive Board and other managerial staff

2017, DKKm	Board of Directors of Parent Company	The Parent Company's Executive Board	Other managerial staff	Total
Wages, salaries and bonus	1.4	12.8	8.2	22.4
Pension (defined contribution plans)	0.0	0.7	0.5	1.2
Share-based payment	0.0	0.1	0.1	0.2
Remuneration of the Board of Dir., Exec. Board and man. staff	**1.4**	**13.6**	**8.8**	**23.8**
Number of members (average)	**4**	**5**	**5**	**14**

2016, DKKm	Board of Directors of Parent Company	The Parent Company's Executive Board	Other managerial staff	Total
Wages, salaries and bonus	1.4	11.5	7.4	20.3
Pension (defined contribution plans)	0.0	0.7	0.9	1.6
Share-based payment	0.0	0.2	0.3	0.5
Severance pay	0.0	1.9	0.0	1.9
Remuneration of the Board of Dir., Exec. Board and man. staff	**1.4**	**14.3**	**8.6**	**24.3**
Number of members (average)	**4**	**5**	**5**	**14**

In 2017, the Board of Directors consisted of four members, the same as in 2016. The Executive Board consisted of five members in 2017, the same as in 2016. Please refer to page 37.

7 Share-based payment

Options granted for acquisition of shares in North Media A/S

In 2016 and 2017, no share options have been granted.

In 2012, North Media A/S granted share options to a group of 22 persons, consisting of the Company's Executive Board and selected executives. The Company's Board of Directors has not been granted share options. Subsequently, five staff members have exited the programme in connection with their resignation and two have entered the share option programme.

The share option programme for 2012 comprised a total of 1,485,000 share options, of which 390,000 were granted to the Executive Board. The share options were granted in three tranches:

- Tranche 1 consisting of 390,000 options vested up until the publication of the Interim Report for 2014. Tranche 1 options may be exercised during the period of one week after the date of termination of the vesting period and until four weeks after the date of the Company's publication of the Annual Report for 2015. Consequently, this tranche has expired.
- Tranche 2 consisting of 495,000 options vested up until the publication of the Interim Report for 2015. Tranche 2 options may be exercised during the period of one week after the date of termination of the vesting period and until four weeks after the date of the Company's publication of the Annual Report for 2016. Consequently, this tranche has expired.
- Tranche 3 consisting of 600,000 options vest up until the publication of the Interim Report for 2016. Tranche 3 options may be exercised during the period of one week after the date of termination of the vesting period and until four weeks after the date of the Company's publication of the Annual Report for 2017.

During the exercise period, the options may only be exercised in the windows applicable at the exercise date pursuant to the internal rules laid down by the Company and in accordance with the rules of Nasdaq OMX and the Danish Securities Trading Act.

Each share option entitles the holder to acquire one existing share in North Media A/S denominated at DKK 5.00 at a price corresponding to the average closing price of the Company's shares in the period 8 August 2012 to 14 August 2012, both days included. On this basis, the exercise price was calculated at DKK 21.12 per share.

Share options are granted in accordance with the overall guidelines for incentive programmes that were adopted at the Annual General Meeting held by North Media A/S on 4 April 2008.

The options may only be settled by way of shares. North Media A/S has in earlier years acquired a total of 1,485,000 treasury shares. These shares are reserved for settlement of the options granted. In the financial year 2017, 280,000 options have been exercised and settled from the Group's holding of treasury shares, see this note and Note 24.

The options granted equal 7.40% of the share capital. The theoretical market value (as assessed using the Black-Scholes pricing model) of the share options granted was DKK 5.8 million at the grant date.

The following assumptions were used to calculate the fair value of the options:

Option	First exercise date	Last exercise date	Lives of options	Risk-free interest	Expected volatility	NVP of dividend	Option value
Tranche 1	Aug-2014	Feb-2016	2 years	0.0000 %	39.5 %	2 kr.	3.27
Tranche 2	Aug-2015	Feb-2017	3 years	0.0004 %	39.1 %	3 kr.	3.60
Tranche 3	Aug-2016	Feb-2018	4 years	0.0712 %	45.3 %	4 kr.	4.62

The expected volatility has been calculated based on the historic volatility of the share price of North Media A/S's shares with a performance history corresponding to the term of the individual option. Expectations are that the option will be exercised one year after the first exercise opportunity.

At the balance sheet date, options corresponding to 150,000 shares remain outstanding, equalling 0.75% of the share capital.

In 2017, DKK 0.3 million (2016 DKK 0.9 million) was expensed under staff costs in respect of the share option programmes, originating from equity-settled share option plans in North Media A/S. The expenses charged for the year are based on an estimated weighted average term of 4.1 years until the options are exercised.

Development in outstanding share options can be specified as follows:

	Number of options 2017 number	2016 number
Outstanding share options, 1 January	875,000	1,185,000
Changes in the 2012 share option programme	-50,000	0
Exercised in the financial year	-280,000	0
Expired in the financial year	-395,000	-310,000
Outstanding share options, 31 December	**150,000**	**875,000**
Number of share options which can be exercised at the balance sheet date	**150,000**	**875,000**
Share options programme, total	**1,485,000**	**1,485,000**
Expired	**885,000**	**390,000**
Exercised	**280,000**	**0**

Options forfeited at the termination of an employee's employment may be granted to other employees on the same terms and conditions.

The Executive Board's and other staff's share of issued options

	Time of earliest exercise	Number of options granted	Number of employees who have been granted options	Allocated for a possible subse-quent granting, no	Number exercised/ expired	Number of unexer-cised at 31.12.2017	Exercise price	Accumula-ted costs recognised DKKm
Executive Board								
Granted 2012, tranche 1	2014	100,000	4	0	100,000	0	21.12	0.33
Granted 2012, tranche 2	2015	130,000	4	0	130,000	0	21.12	0.47
Granted 2012, tranche 3	2016	160,000	4	0	100,000	60,000	21.12	0.74
Other managerial staff								
Granted 2012, tranche 1	2014	100,000	5	0	100,000	0	21.12	0.33
Granted 2012, tranche 2	2015	125,000	5	0	125,000	0	21.12	0.45
Granted 2012, tranche 3	2016	150,000	5	0	120,000	30,000	21.12	0.69
Other staff								
Granted 2012, tranche 1	2014	190,000	13	0	190,000	0	21.12	0.62
Granted 2012, tranche 2	2015	240,000	13	0	240,000	0	21.12	0.86
Granted 2012, tranche 3	2016	290,000	13	170,000	60,000	60,000	21.12	1.34

The share option programme was established to ensure performance-oriented and value-adding commitment. Also, the aim of the programme is to develop long-term loyalty and to constitute competitive remuneration to employees under this programme. The fair value of the outstanding share option programme is DKK 2.1 million at 31 December 2017, calculated under the Black & Scholes pricing model (2016: DKK 0.0 million). The exercise of share options is conditional upon the holder not retiring from their position with the Group prior to the time of exercise.

Options granted for acquisition of shares in BEKEY A/S

Aside from the share option programme in North Media A/S, share options in the subsidiary, BEKEY A/S, were also granted at 1 July 2012 to two key members of staff. The share options entitle the two members of staff to acquire 12% of the total share capital in BEKEY A/S at a predetermined price. The option price will be increased by a share of future losses. The objective is to ensure incentive for a quick product and value development of the company while also ensuring a financial incentive to keep operating expenses and development costs down. The options expired on 30 April 2016, but have been prolonged by two years until 30 April 2018, after which they will lapse if not exercised.

The value of the option at the grant date and the date of prolongation of the agreements has been determined as the difference between the strike price and an estimated fair value of BEKEY A/S. The value of the prolonged options has been estimated at DKK 0.1 million, which has been taken to profit or loss together with the value of the options expired of DKK 0.1 million. In total, DKK 0.0 million has been recognised in staff costs in 2017 (2016: DKK 0.2 million).

North Media A/S has not committed itself to buying the shares back, but has pre-emptive rights to the shares if the option holders contemplate selling to a third party.

8 Fee to the auditors appointed by the General Meeting

	2017 DKKm	2016 DKKm
Deloitte		
Statutory audit services	1.8	1.7
Other assurance engagements	0.3	0.1
Tax services	0.0	0.2
Other services	0.3	0.7
Total fee to the auditors appointed by the General Meeting	**2.4**	**2.7**

Fee for non-audit services provided by Deloitte Statsautoriseret Revisionspartnerselskab to the Group amount to DKK 0.6 million and include various auditor's reports and other consulting services.

9 Amortisation and depreciation

	2017 DKKm	2016 DKKm
Amortisation intangible assets	8.3	14.7
Depreciation property, plant and equipment	20.5	23.2
Profit/Loss from sale/retirement of assets	-0.3	-0.7
Total amortisation and depreciation	**28.5**	**37.2**

10 Share of profits/losses of associates

	2017 DKKm	2016 DKKm
Share of profits/losses before tax	0.9	0.1
Share of tax	-0.3	-0.2
Impairment loss	-3.0	-2.2
Gain on sales of investments	0.0	26.8
Total share of profits/losses of associates	**-2.4**	**24.5**

The results for 2017 can mainly be attributed to Lead Supply while the impairment loss relates to Mesto.ua prior to the company being recognised as a subsidiary. In 2016, results primarily consisted of profit from the divestment of the Group's ownership interest in A/S Vestsjællandske Distriktsblade A/S. In addition, the Group's ownership interest in Mesto.ua was written down by DKK 2.2 million.

11 Return on securities

	2017 DKKm	2016 DKKm
Dividend	4.3	3.0
Net capital gains on shares	30.4	-9.2
Total return on securities	**34.7**	**-6.2**

12 Net financials

	2017 DKKm	2016 DKKm
Interest income etc	0.2	0.3
Fair value adjustment of other investments	4.4	0.0
Total financial income	**4.6**	**0.3**
Interest expenses etc	6.7	8.1
Exchange losses	0.8	0.5
Fair value adjustment of other investments	0.0	11.8
Discount effect of the purchase price payable	0.3	0.5
Total financial expenses	**7.8**	**20.9**

Financial expenses relate to financial liabilities measured at amortised cost, see Note 38. Financial expenses include the discount effect of the purchase price payable/future dividend for the acquisition of the remaining 15% of the shares in Lokal-aviserne Østerbro og Amager A/S.

The fair value adjustment of other investments is described in more detail in Note 4 “Significant accounting judgements and estimates”.

13 Special items

	2017 DKKm	2016 DKKm
Termination benefit costs on organisational change in North Media Aviser	5.3	11.0
Write-down of goodwill relating to local newspapers, see Note 17	0.0	23.0
Write-down of other intangible assets relating to local newspapers, see Note 17	0.0	22.9
Adjustment of purchase price payable, Lokalaviserne Østerbro og Amager A/S, see Note 27	3.4	-1.2
Gain on sale of newspapers to Sjællandske Medier	0.0	-14.6
Gain on sale of håndværker.dk	-6.8	0.0
Compensation regarding the Emply case, net	-5.1	0.0
Impairment of goodwill related to Mesto	3.6	0.0
Total special items, net	**0.4**	**41.1**

Special items include termination benefit costs related to the dismissal of a large number employees at North Media Aviser in March 2017 when a total of 20 employees left. The line item also includes an adjustment of the acquisition price payable relating to the acquisition of the remaining 15% of the shares in Lokalaviserne Østerbro og Amager A/S.

Profit from the sell-off of håndværker.dk and net compensation arising from the Emply case are disclosed within this line item. Furthermore, goodwill, which was calculated when Mesto was recognised as a subsidiary when the equity interest was increased from 34.6% to 66%, has been written down to zero value due to the uncertainty connected with future earnings. The write-down has been recognized in special items.

In 2016, the line item included termination benefit costs of North Media Aviser, and goodwill and other intangible assets related to the newspapers were written down. Profit from the divestment of a number of Søndagsavisen editions was also recognised in special items.

14 Income tax

	2017 DKKm	2016 DKKm
Tax on profit/loss for the year		
Current tax charges	3.4	1.7
Change in the deferred tax charge	-2.5	-7.9
Change in tax rate	-0.3	0.2
Total tax on profit/loss for the year	**0.6**	**-6.0**

	2017 DKKm	2016 DKKm
Tax on profit/loss for the year		
Computed tax on the profit/loss before tax 22.0% (2016: 22.0%)	6.3	-15.3
Tax effect of:		
Effect of tax transparent companies	0.0	0.1
Used tax loss carryforward	2.9	0.0
Adjustment of purchase price payable	0.5	-0.3
Net other non-deductible expenses/non-taxable income	0.4	0.6
Share-based payment	-0.3	0.2
Discount effect of the purchase price payable	0.0	0.1
Share of profit/loss after tax of associates	0.5	-5.4
Fair value adjustment of other investments	-0.9	2.6
Tax free gain on sale of company	-0.8	0.0
Non-capitalised tax loss carryforward	-8.3	8.3
Loss adjustment on disposal of companies	0.8	0.0
Adjustment of prior years' taxes	-0.3	0.2
Impairment loss on goodwill	0.8	2.9
Total tax on profit/loss for the year	**0.6**	**-6.0**
Effective tax rate	**2.1%**	**8.6%**

When calculating the Group's taxable income for 2016, a tax loss occurred which was not recognised in the balance sheet as the time of utilization is subject ti considerable uncertanty. However, at the end of 2017, it is expected that this taxable loss can be utilised within the next 2-3 years. Therefore, in 2017, a tax loss of DKK 20.7 million was recognised at a tax base of DKK 4.5 million in the balance sheet.

North Media A/S is jointly taxed with Baunegård ApS. Baunegård ApS is the administration company which attends to payment of income tax, including tax prepayment. Income tax payable is settled with the administration company.

15 Earnings per share

	2017 DKKm	2016 DKKm
Net profit/loss for the year - total	28.0	-63.7
Minority interests' share of consolidated profit/loss	0.6	0.6
The North Media Group's share of the net profit/loss for the year	**28.6**	**-63.1**
Average number of shares (in millions)	20.1	20.1
Average number of treasury shares	1.4	1.5
Average number of shares in circulation (in millions)	**18.7**	**18.6**
Average dilution effect of outstanding share options	0.3	0.0
Average number of diluted shares in circulation (in millions)	**19.0**	**18.6**
Earnings per share (EPS) - total	1.5	-3.4
Diluted earnings per share (EPS-D) - total	1.5	-3.4

The calculation of diluted earnings per share include 150,000 share options (2016: not included 875,000), which have (which have not) been in-the-money, but which may potentially dilute earnings per share in future. The share options expire in March 2018, see details in Note 7.

16 Dividend per share

The Board of Directors recommends to the Annual General Meeting to be held on 13 April 2018 that dividend of DKK 1.50 per share in the nominal amount of DKK 5 each be paid for the financial year 2017. This is equivalent to a total distributed amount of DKK 30.1 million (2016: DKK 0.0 per share).

17 Intangible assets

2017, DKKm	Goodwill	Other intangible assets	Completed develop-ment projects, software	Develop-ment projects in progress	Total
Cost at 1 January	130.4	109.2	97.8	0.0	337.4
Additions for the year	3.6	9.0	0.0	0.0	12.6
Disposals for the year	25.1	7.8	2.0	0.0	34.9
Cost at 31 December	**108.9**	**110.4**	**95.8**	**0.0**	**315.1**
Amortisation and impairment losses at 1 January	91.3	94.4	96.9	0.0	282.6
Amortisation for the year	0.0	7.7	0.6	0.0	8.3
Impairment loss for the year	3.6	0.0	0.0	0.0	3.6
Disposals for the year	25.1	7.8	2.0	0.0	34.9
Amortisation and impairment losses at 31 December	**69.8**	**94.3**	**95.5**	**0.0**	**259.6**
Carrying amount at 31 December	**39.1**	**16.1**	**0.3**	**0.0**	**55.5**
Amortised over (years)	**-**	**1-10**	**3-5**	**-**	

Other intangible assets include assets worth DKK 2.9 million which are considered to have indefinite lives, for which reason they are not amortised. Other intangible assets are amortised over 1 or 10 years.

2016, DKKm					
Cost at 1 January	130.4	109.2	97.8	0.0	337.4
Cost at 31 December	**130.4**	**109.2**	**97.8**	**0.0**	**337.4**
Amortisation and impairment losses at 1 January	68.3	58.4	95.3	0.0	222.0
Amortisation for the year	0.0	13.1	1.6	0.0	14.7
Impairment loss for the year	23.0	22.9	0.0	0.0	45.9
Amortisation and impairment losses at 31 December	**91.3**	**94.4**	**96.9**	**0.0**	**282.6**
Carrying amount at 31 December	**39.1**	**14.8**	**0.9**	**0.0**	**54.8**
Amortised over (years)	**-**	**10**	**3-5**	**-**	

Other intangible assets include assets worth DKK 14.8 million which are considered to have indefinite lives, for which reason they are not amortised.

17 intangible assets, continued

Assets with an indefinite life

Assets with an indefinite life are not amortised, but are instead subject to an annual impairment test. Goodwill is by definition an asset with an indefinite life.

Other intangible assets comprise distribution rights and trademarks acquired in connection with acquisitions. For some of these assets, the Group cannot foresee a limit to the period over which the assets may be expected to generate future economic benefits for the Group. In these cases, the lives of the assets are therefore deemed indefinite, for which reason they are not amortised. Other intangible assets the lives of which are deemed limited are subjected to amortisation.

The Group's total goodwill of DKK 39.1 million includes DKK 19.6 million attributable to FK Distribution and DKK 19.5 million attributable to BoligPortal. Indefinite life intangible assets, aside from goodwill, total DKK 2.9 million and relate to FK Distribution.

Impairment test

When preparing the financial statements, goodwill and intangible assets were tested for impairment for the following "Cash Generating Units" (CGU) holding intangible assets:

- FK Distribution
- BoligPortal
- Mesto.ua
- Lokalaviserne (Local newspapaer in Frederiksberg, Østerbro og Amager) – only in 2016

The recoverable amount for the individual cash-generating units to which goodwill and other intangible assets have been allocated is stated based on computations of the units' value in use. There has been no indication of impairment in this respect.

In 2016, the result was a write-down for impairment of goodwill by DKK 23.0 million and of other intangible assets by DKK 22.9 million related to Lokalaviserne. These impairment losses were recognised in special items in the income statement.

Lokalaviserne

The primary assumptions underlying future earnings and impairment testing are the development in revenue and its spillover effect on the EBITDA margin.

Results for the whole newspaper business have improved significantly, although earnings are still negative. Lokalavisernes' revenue and earnings are reduced despite the overhead costs are reduced. The basis for the write-down for impairment in 2016 has thus not been changed as a prerequisite for not performing a write-down was that revenue and earnings were maintained.

If the write-down for impairment of intangible assets had not been made in 2016, the ordinary amortisation would have reduced the value to DKK 0 at the end of October 2018.

FK Distribution

For FK Distribution, the impairment test shows a value in use considerably exceeding the value of its non-current assets and working capital, as a result of which there has been no reason to write down intangible assets related to this CGU.

2017 EBITDA of FK Distribution came to not quite DKK 50 million, and expectations are that it will increase dramatically in 2018. This should be viewed in connection with the value of goodwill and intangible assets of only DKK 22.5 million. So the assessment is that no impairment risk exists as long as the fundamental business model of FK Distribution can be maintained.

This assessment is based on the key assumption that 2018 and subsequent years will succeed in improving earnings considerably because PostNord has withdrawn from the unaddressed printed matter distribution market. It is also expected that FK Distribution will develop new online activities to compensate in whole or in part for a generally declining printed matter market. It has been necessary in 2017 to increase capital requirements in the short term to be able to distribute the printed matter previously distributed by PostNord, however, expectations are that capital requirements will be reduced again from 2019. Should the foundation of FK Distribution's business cease to exist, intangible assets in the total amount of DKK 22.5 million would have to be written down.

BoligPortal

BoligPortal is Denmark's largest housing advertising portal, whose positive earnings have gone up throughout the years. Earnings of BoligPortal are expected to continue to develop positively, and there has been no indication of im-pairment of goodwill or other intangible assets related to this site. Reduced earnings of even 20% would not affect the indication of impairment.

For as long as BoligPortal remains market leader, no write-down of goodwill or other intangible assets is estimated to be necessary.

Mesto.ua

Despite a good market position in the local area, Mesto.ua has not succeeded in increasing revenue adequately in 2017. At the same time, current operating expenses are high and the company will need to have more capital added in 2018. Based on this, goodwill is written down by DKK 3.6 million to DKK 0 million.

Assumptions underlying impairment models

The impairment model for FK Distribution and BoligPortal builds on the 2018 budget which is projected four years based on estimates of future developments in these two CGUs.

For the subsequent terminal period, a growth factor of a negative 4% was used in 2017 (2016: a negative 4%) for FK Distribution. This decline is smaller than the market decline expected for the distribution market, and is attributable to the Group's products being expected to fare better than the general print ad market.

For CGUs in North Media Online, a growth factor of 2% is used in the terminal period (2016: 2%). The tax rate used in both models is 22.0% (2016: 22.0%).

The impairment test was performed for each CGU by comparing the carrying amount of intangible assets and property, plant and equipment with the discounted values of future cash flows. As part of the impairment test, different discount rates are used, see below:

Discount rate	Other segments	North Media Online
2017 after tax	8.2%	10.7%
2017 before tax	10.5%	13.8%
2016 after tax	8.3%	10.8%
2016 before tax	10.6%	13.8%

The discount rate is composed of a debt element and an equity element. For North Media Online only an equity element, however, as assessments are it would be difficult to obtain debt financing for the online business. The equity element has been determined on the basis of a risk-free interest rate plus a market risk premium weighted by an expected equity element. Similarly, the debt element is based on the interest rate on loan capital weighted by an expected debt element.

The impairment model is not sensitive to any increase of the discount rate. If the discount rate is raised by 3%, this would not lead to any increase in impairment loss.

18 Property, plant and equipment

2017, DKKm	Land and buildings	Plant and machinery	Fixtures and fittings	Total
Cost at 1 January	436.5	178.7	110.6	725.8
Additions for the year	0.6	27.0	4.8	32.4
Disposals for the year	0.0	0.0	7.5	7.5
Cost at 31 December	**437.1**	**205.7**	**107.9**	**750.7**
Depreciation and impairment losses at 1 January	169.9	144.0	101.0	414.9
Depreciation for the year	8.3	8.6	3.6	20.5
Disposals for the year	0.0	0.0	6.6	6.6
Depreciation and impairment losses at 31 December	**178.2**	**152.6**	**98.0**	**428.8**
Carrying amount at 31 December	**258.9**	**53.1**	**9.9**	**321.9**
Depreciated over (years)	**20-50**	**5-10**	**3-5**	**-**

2016, DKKm				
Cost at 1 January	436.5	176.3	110.1	722.9
Additions for the year	0.0	2.4	5.4	7.8
Disposals for the year	0.0	0.0	4.9	4.9
Cost at 31 December	**436.5**	**178.7**	**110.6**	**725.8**
Depreciation and impairment losses at 1 January	161.5	134.2	100.5	396.2
Depreciation for the year	8.4	9.8	5.0	23.2
Disposals for the year	0.0	0.0	4.5	4.5
Depreciation and impairment losses at 31 December	**169.9**	**144.0**	**101.0**	**414.9**
Carrying amount at 31 December	**266.6**	**34.7**	**9.6**	**310.9**
Depreciated over (years)	**20-50**	**5-10**	**3-5**	**-**

19 Subsidiaries

The Group's subsidiaries are evident from the group chart on page 109. There is no difference between ownership interest and share of voting rights in any of the Group's companies. Subsidiaries holding minority interests are listed below.

Subsidiaries	Registered office	Minority interests	
		2017	2016
Mesto.ua	Ukraine	34.0%	-

From 1 July 2017, Mesto.ua is recognised as a subsidiary, see Note 39.

Principal items in subsidiaries holding minority interests

	2017			2016		
DKKm	Mesto	Elimi-nations	Total	TOF	Elimi-nations	Total
Revenue	0.3			52.4		
Net profit/loss for the year	-1.7			-7.0		
Comprehensive income	-1.7			-7.0		
Parent's share of profit/loss for the year	-1.1			-6.4		
Minority interests' share of profit/loss for the year	**-0.6**	**0.0**	**-0.6**	**-0.6**	**0.0**	**-0.6**
Balance sheet						
Non-current assets	0.0			0.3		
Current assets	1.5			18.3		
Current liabilities	-0.6			-7.1		
The Group's share of equity	0.6			11.5		
Minority interests' share of equity	**0.3**	**0.0**	**0.3**	**0.0**	**0.0**	**0.0**
Contingent liabilities	0.0			0.0		
Cash flow statement						
Cash flows from operating activities	-1.7			-6.5		
Cash flows from investing activities	0.0			0.0		
Cash flows from financing activities	0.0			0.0		
Increase/decrease in cash and cash equivalents	**-1.7**	**0.0**	**-1.7**	**-6.5**	**0.0**	**-6.5**
Transactions with minority interests						
Dividend paid to the Parent	0.0			0.0		
Dividend paid to minority interests	0.0	0.0	0.0	0.0	0.0	0.0

Effective from 8 March 2016, FK Distribution acquired the remaining 50% of the shares in the subsidiary Tryksagsomdelingen Fyn P/S (TOF) with the relating general partner company. The purchase price was DKK 1.

Significant restrictions in the Group's access to transacting with its assets

The Group is not subject to restrictions on access to transacting with its assets or repaying its liabilities.

20 Investments in associates

	Registered office	Ownership 2017	2016
Significant associates			
Lead Supply ApS	Aarhus	50.0%	50.0%

Reference is made to the group chart on page 109.

	2017 DKKm	2016 DKKm
Net asset value at 1 January	13.6	8.5
Additions for the year	0.6	12.1
Disposals for the year	-1.6	-0.8
Share of profit/loss before tax	0.9	0.1
Share of tax	-0.3	-0.2
Impairment loss	-3.0	-2.2
Dividend received	0.0	-3.9
Net asset value at 31 December	**10.2**	**13.6**

Up until 2016, a total of DKK 9.4 million had been invested in a Ukrainian housing portal. In 2017, another DKK 4.3 million has been invested (DKK 0.6 million thereof prior to the company being recognised as a subsidiary). The Group's equity interest is 66% at year-end 2017, and from 1 July 2017 it has been recognised as a subsidiary (2016: equity interest of 34.6%). See Note 39.

In addition, DKK 8.9 million was invested in Lead Supply ApS in 2016.

20 Investments in associates, continued

Key figures for individual, significant associates

	Lead supply	Immaterial	Total 2017	Immaterial	Total 2016
Ownership	50.0%	-	-	-	-
Revenue	60.5	-	-	-	-
Profit for the year	2.1	-	-	-	-
Comprehensive income	**2.1**	**-**	**-**	**-**	**-**
The Group's share of comprehensive income	**1.1**	**-3.5**	**-2.4**	**-2.3**	**-2.3**
Balance sheet					
Current assets	11.9	-	-	-	-
Non-current liabilities	0.0	-	-	-	-
Current liabilities	-7.8	-	-	-	-
Net assets (equity)	**4.1**	**-**	**-**	**-**	**-**
The Group's share of equity in associates (book value)	**10.2**	**0.0**	**10.2**	**13.6**	**13.6**
Transactions with associates					
Dividend received from associates	0.0	0.0	0.0	3.9	3.9
Capital increases/acquisition of equity interests	0.0	0.6	0.6	12.1	12.1
Investments transferred to subsidiary	0.0	-1.6	-1.6	0.0	0.0
Contingent liabilities	0.0	0.0	0.0	0.0	0.0

The Group has no non-recognised shares of losses in associates, either in 2017 or in previous years.

None of the associates are subject to limitations with respect to distribution of cash dividends aside from the general requirements for propriety of dividends under Danish company law.

21 Inventories

	2017 DKKm	2016 DKKm
Work in progress	0.0	1.3
Manufactured goods and goods for resale	8.4	8.0
Write-down of finished goods	-2.9	-3.0
Total inventories	**5.5**	**6.3**

DKK 1.8 million worth of finished goods exist that are expected to be sold more than 12 months after the balance sheet date. DKK 7.2 million in cost of sales has been recognised in direct costs (2016: DKK 13.1 million).

22 Trade receivables

	2017 DKKm	2016 DKKm
Trade receivables	86.4	83.3
Write-downs	-5.5	-3.7
Trade receivables, net	**80.9**	**79.6**

Write-downs included in the above receivables have developed as follows

	2017 DKKm	2016 DKKm
Write-downs at 1 January	3.7	4.1
Expensed for the year, net	2.0	3.1
Recovered from previous year	0.6	0.5
Recorded losses	-0.8	-4.0
Write-downs at 31 December *)	**5.5**	**3.7**

*) In Note 37, in the section on credit risk, the balance of receivables due is evident.

A write-down account is used to reduce the carrying amount of trade receivables, the value of which is impaired due to risk of loss.

Based on historical experience, amounts are recognised in the write-down account beginning from when receivables have been overdue for more than 30 days. When receivables have been overdue for more than 90 days, the amount is fully provided for. If a customer suspends payments or goes bankrupt, an individual assessment is made that may result in further impairment losses. Neither 2017 nor 2016 saw indications of material impairment aside from the general write-downs.

In the financial year under review, interest income totalling DKK 0.0 million was recognised with respect to receivables written down (2016: 0.0 million).

23 Deferred tax

	2017 DKKm	2016 DKKm
Deferred tax at 1 January, net	-0.2	7.7
Deferred tax included in net profit/loss for the year	-2.5	-7.9
Deferred tax from divested company	0.9	0.0
Deferred tax at 31 December, net	**-1.8**	**-0.2**

	2017			2016		
DKKm	Assets	Liabilities	Total	Assets	Liabilities	Total
Specification of deferred tax						
Intangible assets	3.5	6.4	-2.9	4.4	6.6	-2.2
Property, plant and equipment	2.4	1.2	1.2	2.8	-0.8	3.6
Current assets	0.6	0.9	-0.3	0.4	0.9	-0.5
Non-current liabilities	0.0	0.7	-0.7	0.0	0.7	-0.7
Tax loss carryforwards	4.5	0.0	4.5	0.0	0.0	0.0
Total	**11.0**	**9.2**	**1.8**	**7.6**	**7.4**	**0.2**
Set-off of deferred tax assets and deferred tax liabilities within the same legal tax entities and jurisdictions	9.2	9.2	0.0	7.4	7.4	0.0
Deferred tax liabilities at 31 December	**1.8**	**0.0**	**1.8**	**0.2**	**0.0**	**0.2**

24 Equity

	Number in thousands		Nominal value DKK'000	
Share capital	**2017**	**2016**	**2017**	**2016**
Number of shares at 1 January	20,055	20,055	100,275	100,275
Number of shares at 31 December	**20,055**	**20,055**	**100,275**	**100,275**

The share capital consists of 20,055,000 shares of DKK 5.00 nominal value each, fully paid in. No shares carry special rights.

24 Equity, continued

Treasury shares	2017 Number in thousands	2017 Nominal value DKK'000	2017 % of share capital	2016 Number in thousands	2016 Nominal value DKK'000	2016 % of share capital
At 1 January	1,485	7,425	7.40%	1,485	7,425	7.40%
Sold	-280	-1,400	-1.39%	0	0	0.00%
At 31 December	**1,205**	**6,025**	**6.01%**	**1,485**	**7,425**	**7.40%**

North Media A/S is authorised by the company in general meeting to acquire a maximum nominal amount of DKK 15,041,000 of share capital. This authorisation runs until 26 March 2020.

North Media A/S has sold 280,000 treasury shares in the financial year 2017 as part of the exercise of a share option programme. No treasury shares were acquired or sold in 2016.

The portfolio of treasury shares was acquired with a view to funding share options outstanding relating to the Group's share option programme, see details in Note 7.

Reserve for treasury shares, hedging reserve and reserve for foreign currency translation adjustments

The reserve for treasury shares includes the accumulated purchase price of the Company's portfolio of treasury shares. The reserve is dissolved for the portion of the portfolio of shares that is cancelled or sold.

The hedging reserve includes the accumulated net change in the fair value of hedging transactions which meet the criteria for hedging future cash flows, with the transaction hedged not having been carried out yet.

The reserve for foreign currency translation adjustments includes all exchange adjustments resulting from the transla-tion of financial statements of entities using a functional currency other than DKK as well as exchange adjustments relating to assets and liabilities which represent part of the Group's net investments in such entities.

25 Debt to financial institutions etc

	2017 DKKm	2016 DKKm
Mortage debt	132.1	139.0
Carrying amount	**132.1**	**139.0**
Of which, floating rate (CIBOR-6 loans)	72.5	77.7
Of which, fixed rate	59.6	61.3
Debt to financial institutions is included under the following items in the balance sheet		
Non-current liabilities	125.4	131.8
Current liabilities	6.7	7.2
Carrying amount	**132.1**	**139.0**
Nominal value	**135.2**	**142.5**
Fair value	**136.4**	**142.6**

Debt to financial institutions includes a capital loss relating to the raising of a loan of DKK 3.1 million (2016: DKK 3.3 million) which is amortised over the remaining time to maturity. Please refer to Note 37 for information on interest rate sensitivity and to Note 38 for information on fair value.

26 Fair value, interest-rate swap

	2017 DKKm	2016 DKKm
Fair value, interest-rate swap	10.5	13.0
Non-current	**10.5**	**13.0**
Fair value, interest-rate swap	2.6	2.7
Current	**2.6**	**2.7**
Fair value, interest-rate swap	**13.1**	**15.7**

The Group's CIBOR6 loans (falling due in 2031) carrying a floating interest rate are repaid as a 20-year annuity loan. In order to reduce interest rate uncertainty, the interest rate was fixed throughout the term of the loan via an interest-rate swap. The interest-rate swap is also repaid as a 20-year annuity loan based on a fixed interest rate, including contributions of 5.38% p.a.

The interest rate on the CIBOR6 loans including the interest-rate payments under the swap agreement are recognised in financial expenses.

The interest-rate swap is measured at fair value at 31 December 2017. The value of the interest-rate swap (debt) is DKK 13.1 million (DKK 15.7 million in 2016), and revaluations are recognised through other comprehensive income.

The interest-rate sensitivity of the interest-rate swap is described in more detail in Note 37 under the section "Interest-rate risks", and computation of fair value is described in Note 38.

27 Purchase price payable

	2017 DKKm	2016 DKKm
Net liability value at 1 January	9.7	12.7
Additions	0.0	4.3
Payments	-4.6	-6.6
Value adjustments	2.2	-1.2
Discount effect of the purchase price payable	0.3	0.5
Total purchase price payable	**7.6**	**9.7**
Non-current portion	0.0	4.8
Current portion	7.6	4.9
Total purchase price payable	**7.6**	**9.7**
Specified as follows		
Purchase price payable, Lokalaviserne Østerbro og Amager A/S, see Note 12	7.6	5.4
Purchase price payable, Lead Supply ApS	0.0	4.3
Purchase price payable	**7.6**	**9.7**

The acquisition price payable falls due in early 2018.

28 Other payables

	2017 DKKm	2016 DKKm
A tax (PAYE) etc payable to public authorities	1.3	1.6
VAT liability	12.9	9.1
Holiday pay obligation	31.5	34.1
Other debt	36.3	44.4
Total other payables	**82.0**	**89.2**

29 Adjustments for non-cash operating items

	2017 DKKm	2016 DKKm
Share of profits/losses in associates	2.4	-24.5
Tax on profits/losses for the year	0.6	-6.0
Amortisation and depreciation of assets	28.8	38.0
Gain on disposals of assets	-0.3	-0.8
Share-based payment	0.3	1.1
Special items, non-cash effect	5.8	44.7
Net financials	-70.5	30.0
Value adjustments, securities	34.7	-6.2
Total adjustments	**1.8**	**76.3**

30 Changes in working capital

Changes in receivables	7.1	-5.6
Changes in current liabilities	-10.6	-1.4
Changes in working capital	**-3.5**	**-7.0**

31 Investment in property, plant and equipment

Investment in land and buildings	-0.6	0.0
Investment in plant and machinery	-27.0	-2.4
Investment in operating equipment, fixtures and fittings	-4.8	-5.4
Total investments	**-32.4**	**-7.8**

32 Development in payables

	2017 DKKm	2016 DKKm
Non-current liabilities at 1 January	131.8	139.2
Current liabilities at 1 January	7.2	6.5
Repayment of non-current liabilities	-6.9	-6.7
Liabilities at 31 December	**132.1**	**139.0**
Of this short-term debt	6.7	7.2
Of this long-term debt	125.4	131.8
Liabilities at 31 December	**132.1**	**139.0**

33 Operating leases and rental obligations

	2017 DKKm	2016 DKKm
Operating leases		
Future minimum expenses related to operating leases:		
Due within 1 year	0.7	0.3
Due within 1 and 5 years	1.4	0.9
Total	**2.1**	**1.2**
For operating leases, the following amounts have been recognised in the income statement	**0.6**	**0.0**
Rental obligations		
Future minimum lease payments related to rental obligations:		
Due within 1 year	4.1	0.0
Due within 1 and 5 years	7.5	2.0
Total	**11.6**	**2.0**
For rental obligations, the following amounts have been recognised in the income statement	**2.5**	**3.6**

34 Contingent liabilities

The Group participates in a Danish joint taxation arrangement in which Baunegård ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is therefore liable from the financial year 2013 for income taxes etc of the jointly taxed companies, and from 1 July 2012 also for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed companies. The total known joint taxation liability is evident from the financial statements of Baunegård ApS.

35 Security for loans

	2017 DKKm	2016 DKKm
Carrying amount for mortgaged properties provided as security for the Group's mortgage debt	247.8	256.2

36 Related parties

As a majority shareholder in North Media A/S' Parent, Baunegård ApS, Richard Bunck is subject to the disclosure requirements for related parties. During this financial year and last financial year, there were no transactions with Richard Bunck except for the payment of remuneration to the Board of Directors.

Baunegård ApS is wholly owned and controlled by Richard Bunck. This company is an administration company in the joint taxation arrangement with North Media A/S and manages payment/receipt of Danish income tax on behalf of the North Media Group's Danish companies. Baunegård ApS (registered in the Municipality of Fredensborg) prepares the consolidated financial statements, in which North Media A/S and its subsidiaries are included.

Board Member Ulrik Holsted-Sandgreen is attorney-at-law and partner of the law firm of Horten, which provides professional advisory services to the Company. Therefore, Ulrik Holsted-Sandgreen may not be considered independent. In 2017, Horten has invoiced the Group for total fees of DKK 5.9 million (2016: 5,2 million).

In the year under review, no transactions were made with the Board of Directors, Executive Board, managerial staff, significant shareholders or other related parties, except for salaries, remuneration and exercised share options as set out in Notes 6 and 7.

North Media has transactions with associates and subsidiaries in the form of ordinary business activities such as buying and selling services and internal rental agreements. All related party transactions are conducted on an arm's length basis.

Transactions with subsidiaries are eliminated in the consolidated financial statements in accordance with the accounting policies.

	2017 DKKm	2016 DKKm
Transactions with associates		
Lead Supply ApS, sale	0.4	0.3
A/S Vestsjællandske Distriktsblade, sale	0.0	2.1
Total sale	**0.4**	**2.4**

37 Financial risks

The Group's handling of risks and risk management are described in detail in a separate section in the management commentary. Supplementary information for understanding the Group's financial risks is given below.

Liquidity risk

The Group's cash reserves consist of cash funds in the total amount of DKK 40.3 million. (2016: DKK 56.5 million). In addition, the Group has readily negotiable securities of DKK 240.8 million. (2016: DKK 214.8 million). Presently, the Group has undrawn overdraft facilities of DKK 25.0 million, which are not included in the Group's cash resources.

The Group's financial liabilities are due as follows:

2017, DKKm	Carrying amount	Contractual cash flow**	Within 3 months	Within 3-12 months	1-5 years	After 5 years
Financial instruments						
Financial institutions incl interest-rate swap*	145.2	184.0	0.0	12.1	45.8	126.1
Trade payables	43.6	43.6	43.6	0.0	0.0	0.0
Purchase price payable, Note 27	7.6	7.6	7.6	0.0	0.0	0.0
Other payables	82.0	82.0	50.5	31.5	0.0	0.0
Liabilities at 31 December	**278.4**	**317.2**	**101.7**	**43.6**	**45.8**	**126.1**

2016, DKKm						
Financial instruments						
Financial institutions incl interest-rate swap*	154.7	194.3	0.0	11.9	45.5	136.9
Trade payables	38.9	38.9	38.9	0.0	0.0	0.0
Purchase price payable, Note 27	9.7	10.6	0.0	4.9	5.7	0.0
Other payables	89.2	89.2	55.1	34.1	0.0	0.0
Liabilities at 31 December	**292.5**	**333.0**	**94.0**	**50.9**	**51.2**	**136.9**

*) The contractual cash flow for the interest-rate swap has been included in figures for financial institutions as, in the Company's view, this provides the truest and fairest view of the total cash flows from the financing activity.
**) Inclusive of known/determined interest payments.

Interest-rate risk

It is group policy to hedge the interest-rate risk of the Group's loans when the Group believes that the interest payments can be secured at a satisfactory level compared to the related costs. Hedging is usually made through interest-rate swaps, where floating-rate loans are changed into fixed- rate loans. However, a minor share of the mortgage loans may be maintained as floating-rate loans if this is deemed attractive.

In 2012, the Group's fixed-rate mortgage loans were refinanced. An additional loan for a total of DKK 14.0 million was raised in 2015. The Group's mortgage loans can be stated as follows:

	2017 DKKm	2016 DKKm
CIBOR6 loan, 30-year annuity loan falling due on 30 September 2045	8.1	8.5
CIBOR6 loan, 20-year annuity loan falling due on 30 September 2035	4.6	4.7
CIBOR6 loan, 20-year annuity loan falling due on 30 September 2031	59.8	64.5
3% bond debt, 30-year annuity loan falling due on 30 September 2041, convertible	59.6	61.3
Fair value of interest-rate swap	13.1	15.7
Total mortgage debt including interest-rate swap	**145.2**	**154.7**

The main portion of the CIBOR 6 loan maturing in 2031 is fixed through an interest-rate swap. A minor share of the loan total-ling DKK 3.3 million (2016: DKK 3.8 million) is not fixed.

Fluctuations in the interest-rate level affect the Group's bank deposits, mortgage debt and market value of interest-rate swaps. An increase in the interest-rate level by 1% per annum will have no significant effect on the fair values of the CIBOR 6-loans because their interest rates are determined every six months. The fair value (debt) of the interest-rate swap will, however, be increased by DKK 3.4 million in the event of a drop in the interest-rate level by 1% per annum. An increase in the interest-rate level would reduce the fair value of the interest-rate swap by DKK 3.1 million. The duration has been de-termined at 5.0. For 2016, the interest-rate sensitivity of the interest-rate swap was approximately DKK 3.8 million in the event of an increase in the interest-rate level by 1% per annum (and a decline in the interest-rate level would increase the interest-rate swap by DKK 4.1 million), equivalent to a duration of 5.5.

The bond debt is recognised at amortised cost, and fluctuations in the fair value are therefore not recognised in the financial statements. A 1% increase per annum in the interest-rate level would reduce the fair value of the debt by DKK 0.5 million. Conversely, a drop in the interest-rate level by 1% would not increase the fair value of the debt as a result of the debt being callable at par (for 2016, an increase in the interest-rate level by 1% would have reduced the fair value of the debt by DKK 0.9 million, while a drop in the interest rate by 1% would have increased the fair value of the debt by DKK 0.0 million).

The calculation of the Group's interest-rate sensitivity is based on the following assumptions:

- The sensitivity rates specified for the fixed-rate debt have been calculated on the basis of recognised financial assets and liabilities at 31 December 2017.
- It is assumed that the CIBOR6 loans are repaid in accordance with the ordinary repayment method used for a 20-year annuity loan, based on a fixed interest rate including a contribution rate of 5.38% for a mortgage loan. For the bond loan, an ordinary repayment method has been assumed, corresponding to a 30-year annuity loan.
- The interest-rate swap entered into mainly hedges interest-rate risk on the floating-rate loans.

The Group's cash and cash equivalents are mainly placed in the Group's cash pool account, on which negative interest is currently charged. The interest rate of deposits is considered immaterial.

As to the Group's financial assets and liabilities, the carrying amount may be allocated on the following contractual dates of interest-rate adjustment or expiry, depending on which date comes first, and how large a portion of the interest-carrying assets and liabilities carry fixed or floating interest. Interest-rate swaps are included in the table by the underlying debt and not fair value.

2017, DKKm	Within 1 year	Between 2 - 5 years	After 5 years	Total	Average duration
Bank deposits	40.3	0.0	0.0	40.3	1
Mortgage debt, fixed rate	-1.7	-7.4	-50.4	-59.5	5
Mortgage debt, floating rate	-4.9	-19.8	-47.8	-72.5	1
Interest-rate swap	4.5	20.3	31.8	56.6	5
31 December	**38.2**	**-6.9**	**-66.4**	**-35.1**	**-**

2016, DKKm					
Bank deposits	56.5	0.0	0.0	56.5	1
Mortgage debt, fixed rate	-1.7	-7.2	-52.4	-61.3	5
Mortgage debt, floating rate	-5.4	-19.7	-52.8	-77.9	1
Interest-rate swap	4.3	19.3	37.2	60.8	6
31 December	**53.7**	**-7.6**	**-68.0**	**-21.9**	**-**

Purchase price payable is not included in the Group's determination of interest-rate risks as the discount rate is not affected directly by market-oriented interest-rate risks.

Share price exposure
A major portion of the Group's excess liquidity is placed in 18 different Danish and foreign shares and share-based investment funds, see description in the Financial review on page 32. A 10% change in the share price would influence pre-tax profit or loss for the year and equity by DKK 24.1 million (2016: DKK 21.5 million). A 10% change in the USD exchange rate compared to the exchange rate at 31 December 2017 would influence profit or loss for the year and equity by DKK 11.0 million (2016: DKK 5.2 million). Please refer to page 31 in the Financial review for a more detailed description of returns and value at risk.

Currency risks
More than 97% of the Group's activities are in Denmark and invoiced in Danish kroner. There are minor activities in the UK, Sweden and Germany.

No significant direct trading takes place between business entities in different countries, and North Media is only insignificantly exposed to currency risks with respect to cash flows from financial transactions and dividend flows with the exception of share price exposure, see above. An insignificant translation risk exists with respect to consolidating and translating foreign subsidiaries' financial statements to Danish kroner, and in connection with the Group's net investments in these companies. The maximum aggregate currency risk of the direct trading between business entities is estimated to be DKK 1.0 million a year and is therefore not hedged.

The Group purchases newsprint for its newspaper activities. Newsprint is paid in DKK, but the underlying purchase price is pegged to SEK and NOK. A 10% increase in SEK and NOK on DKK would inevitably result in an increase in newsprint prices of approximately DKK 1 million (2016: approx DKK 1 million).

The Group has no noteworthy currency risks with respect to receivables and debt denominated in foreign currencies at 31 December 2017 and 2016.

Credit risks
The Group is particularly exposed to credit risks vis-à-vis receivables and deposits with banks. The maximum credit risk equals the carrying amount. The Group's credit risk policy ensures that its cash resources are spread across various asset types and counterparties.

No noteworthy credit risks are considered to be associated with cash and cash equivalents as the counterparties are banks designated by the Danish Financial Supervisory Authority as systemically important financial institutions. Outstanding receivables are regularly followed up on in accordance with the Group's receivables policy. If uncertainty arises as to a customer's ability or willingness to pay an amount receivable, and estimations are that the claim is subject to risk, a write-down is made to hedge this risk.

The Group has no significant risks relating to a single customer or business partner. In accordance with the Group's credit risk assumption policy, all major customers and other business partners are subject to continuous credit assessment. At 31 December 2017, total receivables of DKK 48.1 million are credit-insured with a maximum credit risk of DKK 11.9 milion (2016: DKK 40.2 million, and a maximum credit risk of DKK 6.1 million).

In the past three years, the Group's bad debts have been at the level of 2.3‰ to 3.5‰ of revenue.

The balance overdue on trade receivables is composed as follows:

2017, DKKm	0-30 dg.	31-60 dg.	61-90 dg.	>90 dg.	I alt
Overdue trade receivables, not impaired	15.7	1.5	0.6	0.0	17.8
Overdue trade receivables, impaired	0.0	0.5	0.6	5.9	7.0
					24.8
Write-down					-5.5
Trade receivables, net amount at 31 December 2017					**19.3**

2016, DKKm					
Overdue trade receivables, not impaired	24.0	1.4	0.5	0.0	25.9
Overdue trade receivables, impaired	0.0	0.5	0.5	3.8	4.8
					30.7
Write-down					-3.7
Trade receivables, net amount at 31 December 2016					**27.0**

Capital management

Please refer to the section on capital resources in the management commentary page 31 for a description of the Group's capital management.

38 Carrying amount, financial assets and liabilities

DKKm

	Carrying amount	Fair value	Carrying amount	Fair value
	2017		2016	
Trade receivables	80.9	80.9	79.6	79.6
Other receivables	3.5	3.5	9.3	9.3
Cash	40.3	40.3	56.5	56.5
Financial assets, measured at amortised cost	**124.7**	**124.7**	**145.4**	**145.4**
Other investments	11.0	11.0	2.8	2.8
Securities	240.8	240.8	214.8	214.8
Financial assets, measured at fair value	**251.8**	**251.8**	**217.6**	**217.6**
Financial institutions	132.1	136.4	139.0	142.6
Trade payables	43.6	43.6	38.9	38.9
Other payables	82.0	82.0	89.2	89.2
Financial liabilities, measured at amortised cost	**257.7**	**262.0**	**267.1**	**270.7**
Purchase price payable	7.6	7.6	9.7	9.7
Financial liabilities, measured at fair value through income statement	**7.6**	**7.6**	**9.7**	**9.7**
Interest-rate swap	13.1	13.1	15.7	15.7
Financial liabilities, measured at fair value	**13.1**	**13.1**	**15.7**	**15.7**

The fair value of securities has been calculated at the market price at 31 December 2017 and 31 December 2016, respectively, for the individual securities (Level 1).

The fair value for credit institutions has been calculated based on the market price at 31 December 2017 and 31 December 2016, respectively, based on the loans' underlying bonds (Level 1).

Interest-rate swaps are measured using an income method where expected cash flows are based on relevant observable swap curves and discounted using a discount rate that reflects the credit risk of relevant counterparties (Level 2).

Fair value and fair value adjustments of other investments are described in detail in Note 4 (Level 3).

Fair value of purchase price payable has been calculated using the fair value model (Level 3). For more details, including the fair value adjustments for the year, please refer to Notes 4, 12 and 27.

For other assets and liabilities, carrying amount is considered to equal fair value.

39 Acquired activities

Purchase of five local newspapers at 1 January 2017:

In connection with the purchase of five local newspapers in the Capital at 1 January 2017, assets, liabilities and contingent liabilities have been calculated at fair value, see below.

2017, DKKm	Fair value at time of acquisition
Intangible assets	6.5
Other payables	-0.6
Net assets acquired	**5.9**
Goodwill	0.0
Aquisition cost	5.9
Net cash acquisition cost	**5.9**

The identifiable assets are all allocated to customer relationships and are amortised over 12 months. The purchased newspapers were integrated into the existing editions of Søndagsavisen for the first time on 3 February 2017.

North Media Aviser is in a process of possible changes of the editorial concept of these newspapers which may change the content as well as the graphic identity.

The newpapars taken over had revenue in 2016 of approx DKK 12 million.

Purchase of Lokalavisen Amager at 31 December 2017:
In connection with the purchase of Lokalavisen Amager at 31 December 2017, assets, liabilities and contingent liabilities have so far been calculated at fair value, see below.

2017, DKKm	Fair value at time of acquisition
Intangible assets	2.5
Other payables	-0.1
Net assets acquired	**2.4**
Goodwill	0.0
Aquisition cost	2.4
Net cash acquisition cost	**2.4**

The newpaper taken over had revenue in 2016 of approx DKK 2.8 million. The identifiable assets are all allocated to customer relations and are amortised over 12 months. The purchased newspaper was integrated into the existing editions of Amager from 1 January 2018.

Increase of the ownership interest in Mesto.ua

In connection with the increase of the ownership interest in the Ukrainian housing site Mesto.ua from 34.6% to 66%, the company has been included in the consolidated financial statements at the time of obtaining control. Assets, liabilities and contingent liabilities have been calculated at fair value, see below:

2017, DKKm	Fair value at time of acquisition
Receivables	0.1
Cash	3.7
Trade payables	-1.2
Net assets acquired	**2.6**
The proportionate share of minority interests net assets is recognised	
Cash consideration for another 31.4% of the share capital	3.7
Minority share (34%) of net assets	0.9
Fair value of existing investments	1.6
Remuneration and minority interests	**6.2**
Goodwill	**3.6**
Cash aquisition cost	-3.7
Share of cash and cash equivalents in the Company after consolidation	3.7
Net cash acquisition cost	**0.0**

No goodwill has been recognised on the minority interest. In connection with the yearly impairment test, goodwill is subsequently written down to DKK 0, see Note 13.

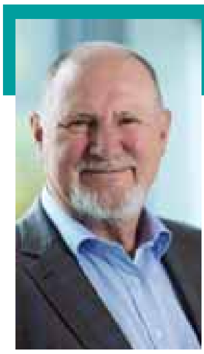
40 Subsequent events

Until the presentation of the Annual Report on 22 February 2018, no events have occurred which will affect users' interpretation of the Annual Report.

41 Authorisation of the consolidated financial statements

At the Board meeting of 22 February 2018, the Board of Directors authorised this Annual Report for publication. The Annual Report will be submitted for approval at the Annual General Meeting on 13 April 2018.

Richard Bunck
Principal shareholder of North Media A/S



EXECUTIVE POSITIONS AT NORTH MEDIA A/S
Chairman of the Board of Directors of North Media A/S since 2 April 2004. Term of office expires in 2018.
Born: 1940

Richard Bunck is not considered independent as he is the principal shareholder of the company.

OTHER DIRECTORSHIPS AT SUBSIDIARIES
- Vice Chairman, BEKEY A/S
- Chairman, Forbruger-Kontakt A/S
- Chairman, North Media Aviser A/S
- Chairman, North Media Ejendomme ApS
- Chairman, North Media Online A/S

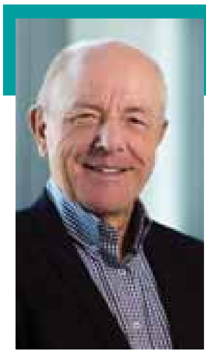
OTHER EXECUTIVE POSITIONS
Member of the Board of Directors/Executive Officer of
- Baunegård ApS
- Bunck Invest 1 ApS
- Fluimedix ApS
- Invest 88 A/S
- LeanLinking ApS
- Point of Cow ApS
- Riol Invest ApS

SPECIAL SKILLS
Trained in shipping at EAC (ØK). At the age of 23 he took up employment with the Thule Airbase in Greenland performing administrative and managerial tasks.

On returning to Denmark in 1965, Richard Bunck acquired 50% of the business Reklame Distribution in Copenhagen, which later changed its name to Forbruger-Kontakt. In 1978, Richard Bunck published the first edition of Søndagsavisen. In 1996, the first Internet activities began, and the Company went public on the Stock Exchange.

So, Richard Bunck is a model entrepreneur who sees new business opportunities as society and the market change and develop. The activities are founded on strong principles reflecting the Group's values in respect of customer focus, accountability, quality, fairness and positive aggressiveness.

Peter Rasztar
Executive Officer



EXECUTIVE POSITIONS AT NORTH MEDIA A/S
Vice Chairman of the Board of Directors of North Media A/S since 29 April 2005. Term of office expires in 2018. Appointed Chairman of the Audit Committee by the Board of Directors.
Born: 1944

Peter Rasztar Gede is not considered independent as he has been on the Board of Directors for more than 12 years.

OTHER DIRECTORSHIPS AT SUBSIDIARIES
- Member, BEKEY A/S
- Vice Chairman, Forbruger-Kontakt A/S
- Vice Chairman, North Media Aviser A/S
- Vice Chairman, North Media Online A/S

SKILLS/TRAINING

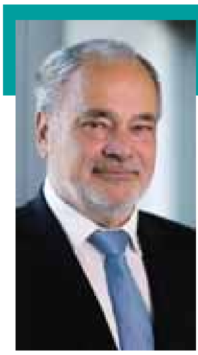
1972	HD graduate in accounting and financial management

PREVIOUS EMPLOYMENT

2007-2008	CEO of Danpo/Kronfågelkoncernen in Denmark and Sweden
2001-2005	CEO and Group Managing Director of Swedish Meats ek. för, Sweden
1997-2001	CEO of TULIP International Ltd., England
1991-1997	CEO of companies in the Danish slaughtering and refinement sector
1988-1991	CEO and Group Managing Director of ESS-FOOD UK Group, England

SPECIAL SKILLS
Has the following special skills that are specifically relevant to the work on the Board of North Media A/S: In-depth knowledge about strategic management of broadly founded businesses as well as accounting, finances and other financial matters.

Steen Gede



EXECUTIVE POSITIONS AT NORTH MEDIA A/S
Member of the Board of Directors of North Media A/S since 25 April 2003. Term of office expires in 2018. Appointed member of the Audit Committee by the Board of Directors.
Born: 1953

Steen Gede is not considered independent as he has been on the Board of Directors for more than 12 years.

OTHER DIRECTORSHIPS AT SUBSIDIARIES
- Member, BEKEY A/S
- Member, Forbruger-Kontakt A/S
- Member, North Media Aviser A/S
- Member, North Media Online A/S

SKILLS/TRAINING

1978	MSc (strategic planning and accounting description methodology)

PREVIOUS EMPLOYMENT

2012-2016	CEO of Forende Service A/S
2005-2012	Wholesaler – Owner of Unicare Nordic A/S
2000-2005	CEO of Gatetrade.net
1999	CEO and Group Managing Director of FDB
1997-1998	Group Managing Director of Det Berlingske Officin
1990-1997	Group Managing Director of Dagrofa
1987-1990	CEO of Dagrofa Friskvarer A/S
1984-1987	Group Purchasing Manager of Dagrofa A/S

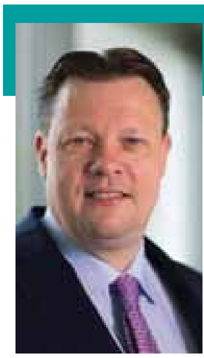
OTHER EXECUTIVE POSITIONS
Chairman of the Board of Directors
- Benedicte Holding ApS and two wholly-owned subsidiaries: Panel Institute ApS and Honnet.net ApS

Member of the Board
- Continental Confectionery Company Ltd. with a wholly-owned subsidiary Gumlink Confectionary Company A/S
- Holdingselskabet af 17. december 2004 A/S with two wholly-owned subsidiaries: F.A. Thiele A/S and Thiele Partner A/S

SPECIAL SKILLS
Has the following special skills that are specifically relevant to the work on the Board of North Media A/S: Detailed knowledge about strategic management of businesses with many employees within service, the grocery sector and media as well as accounting, finances and other financial matters.

Ulrik Holsted-Sandgreen

Attorney-at-Law and partner at Horten Advokatpartnerselskab



EXECUTIVE POSITIONS AT NORTH MEDIA A/S
Member of the Board of Directors of North Media A/S since 4 April 2008. Term of office expires in 2018.
Born: 1970

Ulrik Holsted-Sandgreen is not considered independent as he is an attorney-at-law and partner at the law firm Horten Advokatpartnerselskab, which renders professional advisory services to Richard Bunck and the Group.

OTHER DIRECTORSHIPS AT SUBSIDIARIES
- Member,BEKEY A/S
- Member, Forbruger-Kontakt A/S
- Member, North Media Aviser A/S
- Member, North Media Online A/S

SKILLS/TRAINING

2005	Entitled to appear before the Danish Supreme Court
1998	Licensed to practice law

HONORARY OFFICES
- Member of the Højesteretsskranken association

SPECIAL SKILLS
Has the following special skills that are specifically relevant to the work on the Board of North Media A/S:
In-depth knowledge about legal matters, international as well as national, including company and stock market law.

Kåre Stausø Wigh

Group Executive Director & CFO, North Media A/S

EXECUTIVE POSITIONS AT NORTH MEDIA A/S

Joined the Executive Board of North Media A/S at 1 September 2006.

Born: 1969

OTHER EXECUTIVE POSITIONS AT SUBSIDIARIES

– CEO, North Media Ejendomme ApS

OTHER DIRECTORSHIPS AT SUBSIDIARIES

– Chairman, BEKEY International A/S
– Member, BoligPortal ApS
– Member, BostadsPortal ApS
– Member, Helsingør Dagblad A/S
– Member, MatchWork Danmark A/S
– Member, MatchWork World Wide A/S
– Member, Ofir A/S
– Member, Søndagsavisen A/S

SKILLS/TRAINING

2011	Executive MBA – CBS-SIMI, Copenhagen Business School
2005	Advanced Development Programme – Cranfield School of Management (London, England)
2000	Programme for Executive Development – IMD (Lausanne, Schweiz)
1994	HD in accounting and financial management – Copenhagen Business School

PREVIOUS EMPLOYMENT

2001-2005	Senior Financial Controller, the East Asiatic Company Ltd. A/S (Singapore)
1997-2001	Assistant to CEO Plumrose Latinoamericana C.A. (Caracas, Venezuela)
1995-1997	Administration Manager Plumrose, Latinoamericana C.A. (Cagua, Venezuela)
1991-1995	Manager Accounts, ØK/EAC Shipping A/S (København)

Mads Dahl Møberg Andersen

CEO of Forbruger-Kontakt A/S

EXECUTIVE POSITIONS AT NORTH MEDIA A/S

Joined the Executive Board at 1 January 2016.

Born: 1962

OTHER DIRECTORSHIPS AT SUBSIDIARIES

– Chairman, BEKEY A/S
– Member, H.A. Grafisk Reklame A/S
– Member, Tryksagsomdelingen Fyn A/S
– Member, UA/FK Distribution A/S
– Member, North Media Online A/S
– Member, North Media Aviser A/S

SKILLS/TRAINING

1989	Bachelor in Marketing, Copenhagen Business School
1983	Savings bank clerk, Sparekasseskolen
1981	Upper Secondary Examination (Mathematics/Physics Line), Ribe Kathedralskole

PREVIOUS EMPLOYMENT

2004-2010	CEO of Søndagsavisen a-s
1995-2002	CEO of Forbruger-Kontakt
1990-1994	Kgl. Brand/Skandia/If, Head of Retail Customer Centre/Regional Manager

Gorm Wesing Flyvholm

CEO of North Media Aviser A/S

EXECUTIVE POSITIONS AT NORTH MEDIA A/S
Joined the Executive Board at 1 September 2016.
Born: 1965

OTHER DIRECTORSHIPS AT SUBSIDIARIES
- Chairman, Helsingør Dagblad A/S
- Chairman, Lokalaviserne Østerbro og Amager A/S
- Chairman, Søndagsavisen A/S

SKILLS/TRAINING

1989-91	Grafisk Højskole (now Danish School of Media and Journalism), various courses
1988	Qualified banker at Privatbanken
1984-85	Royal Danish Navy
1984	Mathematical/social science student, Skt. Jørgens Gymnasium

PREVIOUS EMPLOYMENT

2016-2016	Independent Consultant, Flyvholm & Co/Mediaid
2009-2016	CCO/COO, Berlingske Media
2007-2009	Director, Deloitte Business Consulting
2003-2007	Executive Officer, Søndagsavisen
2000-2003	CCO, B.T. A/S (Det Berlingske Officin)
1999-2000	Senior Project Manager, Rapp Collins/DBB Needham
1992-1999	CCO/CMO/Advertisement Manager, Børsen Magasiner
1989-1992	Market Consultant, Politikens Hus

Henrik Løvig Jensen

CEO of North Media Online A/S

EXECUTIVE POSITIONS AT NORTH MEDIA A/S
Joined the Executive Board at 1 January 2016.
Born: 1974

OTHER EXECUTIVE POSITIONS AT SUBSIDIARIES
- CEO, Spirebox ApS
- CEO, Spirebox 2 ApS

OTHER DIRECTORSHIPS AT SUBSIDIARIES AND ASSOCIATES
- Chairman, BoligPortal ApS
- Chairman, BostadsPortal ApS
- Chairman, MatchWork World Wide A/S
- Chairman, MatchWork Danmark A/S
- Chairman, Ofir A/S
- Chairman, Spirebox ApS
- Chairman, Spirebox 2 ApS
- Chairman, Lead Supply ApS
- Member, Lix Technologies ApS
- Chairman, Comparon IVS
- Chairman, Online Compare Solutions IVA
- Chairman, Pricer Media IVS

SKILLS/TRAINING

2002	Master of Arts, University of Aarhus

PREVIOUS EMPLOYMENT

2009-2016	CEO, BoligPortal ApS
2008-2009	BoligPortal.dk ApS, Portal Director
2007-2008	Alfa Laval Kolding A/S, eBusiness Project Manager
2007-2007	Visiolink ApS, eBusiness Manager
2003-2007	Bank & Berg A/S, Project Manager
1999-2003	Ncom Holding ApS, Project Manager

Søren Jacob Frederik Holmblad
CEO of BEKEY A/S

EXECUTIVE POSITIONS AT NORTH MEDIA A/S
Joined the Executive Board at 1 January 2016.
Born: 1975

OTHER EXECUTIVE POSITIONS AT SUBSIDIARIES
– CEO, BEKEY International A/S

SKILLS/TRAINING

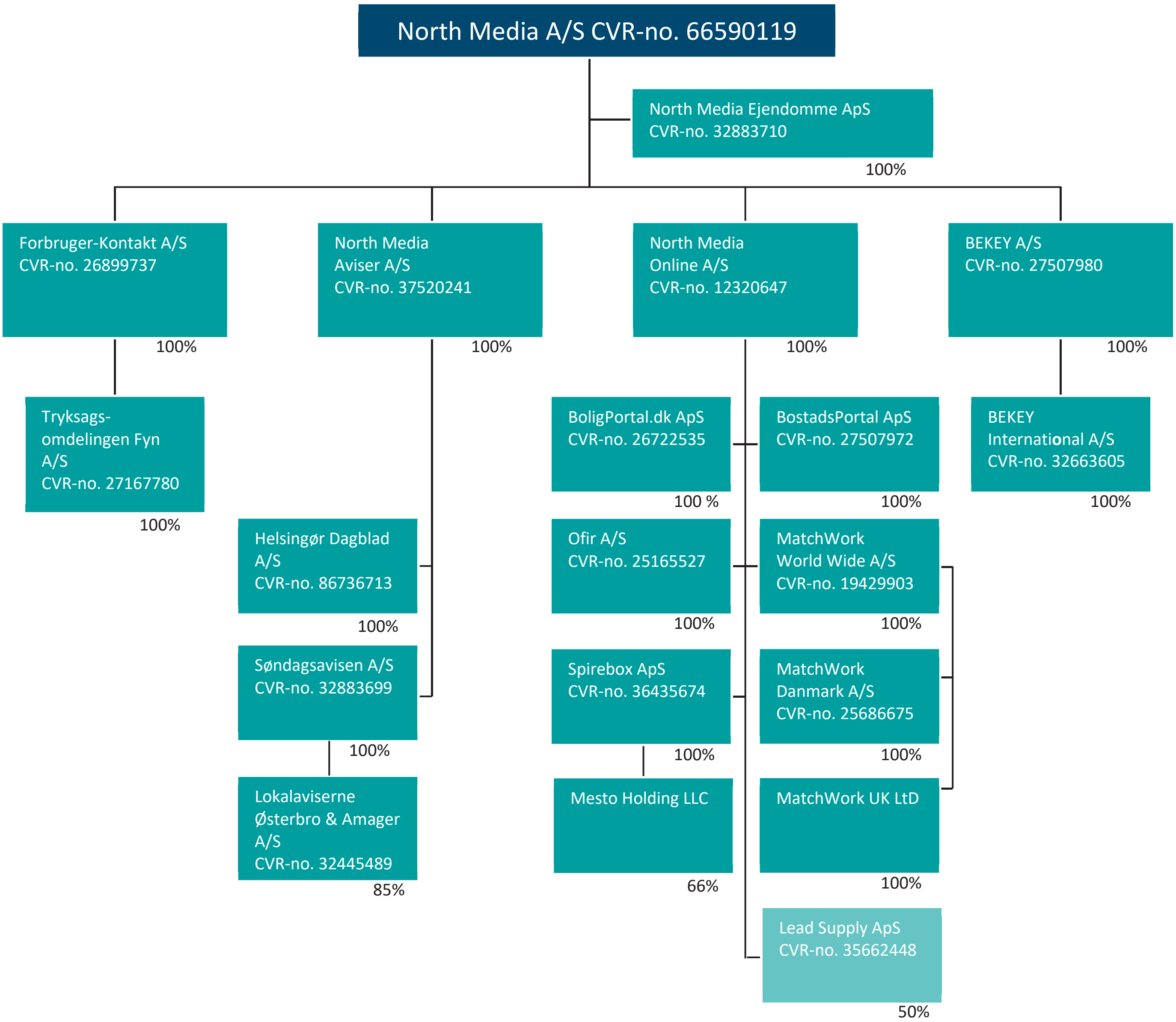
2007	Paralegal
2005	MBA Stockholm School of Economics
2002	Master of Law, University of Copenhagen

PREVIOUS EMPLOYMENT

2010	Head of legal department, Better Place
2007-2010	Head of legal department, Søndagsavisen
2005-2007	Law firm of Accura Advokatfirma
2005	Law firm of MAQS Advokatfirma
2002-2004	Danish Ministry of Justice – Copenhagen Police


"The Capital's Media house has moved in on the 16th floor of Codanhus – with a magnificent view to readers and advertisers in the city.

Group chart at 31 December 2017



2017
Parent financial statements

NORTH MEDIA A/S

Parent financial statements 2016

Financial statements 1 January – 31 December 2017

Parent income statement

Note		2017 DKKm	2016 DKKm
	Revenue	**24.2**	**48.0**
44	Staff costs	19.4	27.9
45	Other external expenses	18.1	29.2
	Amortisation and depreciation	0.3	0.7
	EBIT	**-13.6**	**-9.7**
46	Share of profits/losses in subsidiaries	10.3	-54.3
47	Financial income	34.7	3.0
47	Financial expenses	0.4	9.7
	Profit/loss before tax	**31.0**	**-70.8**
48	Tax for the year, income	3.0	-1.9
	Net profit/loss for the year	**28.0**	**-68.9**
	Attributable, net profit/loss		
	Retained earnings	-2.1	-68.9
	Dividend proposed to the shareholders	30.1	0.0
		28.0	**-68.9**

Parent balance sheet at 31 December

Assets

Note		2017 DKKm	2016 DKKm
	Operating equipment, fixtures and fittings	1.0	1.2
49	**Property, plant and equipment**	**1.0**	**1.2**
50	Investments in subsidiaries	387.0	399.6
	Securities	0.1	0.1
52	Deferred tax asset	0.5	0.3
	Other receivables	3.8	3.7
	Fixed asset investments	**391.4**	**403.6**
	Total non-current assets	**392.5**	**404.9**
	Receivables from subsidiaries	20.8	13.2
53	Income tax receivable	2.6	5.9
	Other receivables	0.0	0.5
	Prepayments	0.7	1.4
	Total receivables	**24.1**	**21.0**
	Securities	240.8	227.0
	Cash	31.2	41.7
	Total current assets	**296.2**	**289.7**
	Total assets	**688.6**	**694.6**

Parent balance sheet at 31 December

Equity and liabilities

Note		2017 DKKm	2016 DKKm
	Share capital	100.3	100.3
51	Retained earnings	321.8	315.5
51	Proposed dividend	30.1	0.0
	Shareholders' equity	**452.2**	**415.8**
	Trade payables	2.5	3.0
	Payables to subsidiaries	229.0	264.5
54	Other payables	4.9	11.4
	Total current liabilities	**236.4**	**278.9**
	Total liabilities	**236.4**	**278.9**
	Total equity and liabilities	**688.6**	**694.6**

55	Rental obligations
56	Contingent liabilities
57	Related parties

Parent statement of changes in equity

DKKm	Share capital	Retained earnings	Proposed dividend	Total
Equity at 1 January 2017	**100.3**	**315.5**	**0.0**	**415.8**
Changes in equity in 2017				
Foreign currency translation adjustments, foreign subsidiaries and associates	0.0	0.1	0.0	**0.1**
Adjustments of investments in subsidiaries and associates	0.0	2.1	0.0	**2.1**
Net profit/loss for the year	0.0	-2.1	30.1	**28.0**
Sales of treasury shares	0.0	5.9	0.0	**5.9**
Share-based payment	0.0	0.3	0.0	**0.3**
Total changes in equity in 2017	**0.0**	**6.3**	**30.1**	**36.4**
Equity at 31 December 2017	**100.3**	**321.8**	**30.1**	**452.2**

DKKm	Share capital	Retained earnings	Proposed dividend	Total
Equity at 1 January 2016	**100.3**	**381.5**	**0.0**	**481.8**
Changes in equity in 2016				
Foreign currency translation adjustments, foreign subsidiaries and associates	0.0	0.5	0.0	0.5
Adjustments of investments in subsidiaries and associates	0.0	1.6	0.0	1.6
Net loss for the year	0.0	-68.9	0.0	-68.9
Share-based payment	0.0	0.8	0.0	0.8
Total changes in equity in 2016	**0.0**	**-66.0**	**0.0**	**-66.0**
Equity at 31 December 2016	**100.3**	**315.5**	**0.0**	**415.8**

Development in share capital	**2017**	**2016**	**2015**	**2014**	**2013**
Share capital at 1 January	**100.3**	**100.3**	**100.3**	**100.3**	**100.3**
Share capital at 31 December	**100.3**	**100.3**	**100.3**	**100.3**	**100.3**

Notes to the parent financial statements

42 Basis of accounting

The parent financial statements have been prepared in accordance with the provisions of the Danish Financial Statements Act for reporting class D enterprises.

The Annual Report is presented in Danish kroner.

Accounting policies are unchanged compared to 2016.

No cash flow statement has been prepared for the Parent, see section 86(4) of the Danish Financial Statements Act.

43 Accounting policies

The Parent's recognition and measurement criteria are identical to the Group's accounting policies except in the following areas:

Income statement

Revenue

Revenue of the Parent is composed of intercompany management fees and rent to the Group's companies.

Profits or losses from investments in subsidiaries

The Parent's profit or loss includes the proportionate share of the net profits or losses of the individual group enterprises after full elimination of intra-group gains or losses and net of amortisation of goodwill.

Balance sheet

Investments

Investments in group enterprises are measured according to the equity method in the balance sheet at the proportionate share of net asset value plus goodwill regarding such group enterprises.

Both in the consolidated financial statements and in the parent financial statements, investments in associates are determined using the equity method inclusive of a share of goodwill. In the parent financial statements, goodwill is amortised based on the principles below.

Goodwill is measured at cost less accumulated amortisation and impairment losses.

Goodwill is amortised over its estimated economic life which is determined based on Management's experience of the individual business areas. Goodwill is amortised on a straight-line basis over the amortisation period which is not more than ten years and longest for strategically acquired companies with a strong market position and a long-term earnings profile. Amortisation of goodwill is recognised in the income statement under investments in subsidiaries.

The value of group enterprises and associates inclusive of goodwill is tested for impairment in the event of any indication of impairment. The value of group enterprises and associates is written down to the higher of value in use and net selling price of the individual group enterprise or associate.

Subsidiaries and associates with a negative net asset value are measured at DKK 0 and any amount due from these companies is written down by the Parent's share of the negative net asset value to the extent that it is found to be uncollectible. Should the negative net asset value exceed the amount due, the remaining amount will be recognised under provisions to the extent that the Parent has a legal or constructive obligation to cover the liabilities of the company concerned and a loss is expected to follow from this.

Dividend

Dividend expected to be paid for the year is presented as a separate item under equity.

44 Employees and staff costs

	2017 number	2016 number
Average number of employees	16	32

Total amount of wages, salaries and remuneration for the year was:	2017 DKKm	2016 DKKm
Wages and salaries including holiday pay	13.0	21.0
Defined contribution plans	0.9	1.7
Other social security costs	0.1	0.1
Fee to the Board of Directors	1.4	1.4
Other staff costs	4.2	3.7
Total staff costs	**19.4**	**27.9**

Remuneration of the Board of Directors, Executive Board

2017, DKKm	Board of Directors	Executive Board	Total
Wages and salaries	1.4	12.8	**14.2**
Defined contribution plans	0.0	0.7	**0.7**
Share-based payment	0.0	0.1	**0.1**
Total remuneration	**1.4**	**13.6**	**15.0**
Number of members	**4**	**5**	**9**

2016, DKKm	Board of Directors	Executive Board	Total
Wages and salaries	1.4	11.5	**12.9**
Defined contribution plans	0.0	0.7	**0.7**
Share-based payment	0.0	0.2	**0.2**
Retirement benefit plan	0.0	1.9	**1.9**
Total remuneration	**1.4**	**14.3**	**15.7**
Number of members	**4**	**5**	**9**

45 Fee to the auditors appointed by the Company in General Meeting

	2017 DKKm	2016 DKKm
Statutory audit services	0.5	0.4
Non-assurance engagements	0.0	0.1
Tax services	0.0	0.1
Other services	0.1	0.2
Total fee to auditors	**0.6**	**0.8**

46 Share of profits/losses in subsidiaries

	2017 DKKm	2016 DKKm
Share of profits/losses before tax	14.0	-51.9
Share of tax	-2.2	-0.4
Amortisation goodwill	-1.5	-2.0
Total share of profits/losses in subsidiaries	**10.3**	**-54.3**

47 Financial income and expenses

	2017 DKKm	2016 DKKm
Financial income		
Dividend	4.3	3.0
Net capital gains on shares	30.4	0.0
Total financial income	**34.7**	**3.0**
Financial expenses		
Net capital loss on shares	0.0	9.2
Other financial expenses	0.4	0.5
Total financial expenses	**0.4**	**9.7**

48 Income tax

	2017 DKKm	2016 DKKm
Income tax for the year is composed as follows		
Current tax charges, incl financing charges	3.2	-1.9
Adjustment relating to prior years	0.1	0.0
Changes in the deferred tax charge	-0.3	-0.2
Total tax on profit/loss for the year, income	**3.0**	**-2.1**

49 Property, plant and equipment

2017, DKKm	Operating equipment, fixtures and fittings	Total
Cost at 1 January	7.4	**7.4**
Additions for the year	0.1	**0.1**
Disposals for the year	0.5	**0.5**
Cost at 31 December	**7.0**	**7.0**
Depreciation and impairment losses at 1 January	6.2	**6.2**
Depreciation for the year	0.3	**0.3**
Disposals for the year	0.5	**0.5**
Depreciation and impairment losses at 31 December	**6.0**	**6.0**
Carrying amout at 31 December	**1.0**	**1.0**
Depreciated over (years)	**3-5**	

2016, DKKm	Operating equipment, fixtures and fittings	Total
Cost at 1 January	7.7	**7.7**
Additions for the year	0.3	**0.3**
Disposals for the year	0.6	**0.6**
Cost at 31 December	**7.4**	**7.4**
Depreciation and impairment losses at 1 January	6.0	**6.0**
Depreciation for the year	0.8	**0.8**
Disposals for the year	0.6	**0.6**
Depreciation and impairment losses at 31 December	**6.2**	**6.2**
Carrying amout at 31 December	**1.2**	**1.2**
Depreciated over (years)	**3-5**	

50 Investments in subsidiaries

	2017 DKKm	2016 DKKm
Cost		
Cost at 1 January	752.4	1.144.7
Additions for the year	15.0	183.3
Disposals for the year	0.0	575.6
Cost at 31 December	**767.4**	**752.4**
Net revaluation according to the equity method at 1 January	-352.8	-755.2
Translation adjustments	0.1	0.5
Share of profit/loss for the year	11.8	-52.3
Amortisation, goodwill	-1.6	-2.0
Dividend received	-40.0	0.0
Other adjustments	2.1	1.5
Disposals for the year	0.0	454.7
Net revaluation according to the equity method at 31 December	**-380.4**	**-352.8**
Carrying amount at 31 December	**387.0**	**399.6**
Of which, goodwill	**0.7**	**2.3**

Reference is made to the group chart on page 109.

51 Attributable, net profit/loss

	2017 DKKm	2016 DKKm
Retained earnings	-2.1	-68.9
Proposed dividend	30.1	0.0
Net profit/loss for the year	**28.0**	**-68.9**

52 Deferred tax

	2017 DKKm	2016 DKKm
Deferred tax at 1 January	-0.3	-0.1
Deferred tax for the year included in net profit/loss for the year	-0.2	-0.2
Deferred tax at 31 December, net	**-0.5**	**-0.3**

Note 52, continued

Specification of deferred tax DKKm	Assets	Liabilities	Total 2017	Assets	Liabilities	Total 2016
Property, plant and equipment	0.4	0.0	**-0.4**	0.6	0.0	**-0.6**
Receivables	0.0	0.1	**0.1**	0.0	0.3	**0.3**
Tax losses allowed for carry-forward	0.2	0.0	**-0.2**	0.0	0.0	**0.0**
Total	**0.6**	**0.1**	**-0.5**	**0.6**	**0.3**	**-0.3**

53 Income tax payable

	2017 DKKm	2016 DKKm
Income tax payable at 1 January	-5.9	3.6
Current tax for the year	3.2	-1.9
Prior year adjustments	0.1	0.2
Tax payable under the joint taxation arrangement	0.8	3.8
Income tax paid for the year	-0.8	-11.6
Income tax payable at 31 December	**-2.6**	**-5.9**

54 Other payables

	2017 DKKm	2016 DKKm
A tax (PAYE) etc payable to public authorities	0.1	0.2
VAT liability	0.2	0.0
Holiday pay obligation	2.0	3.1
Other payables	2.6	8.0
Total other payables	**4.9**	**11.4**

55 Rental obligations

	2017 DKKm	2016 DKKm
Future total expenses related to rental obligations		
Due within 1 year	7.6	7.4
Due within 1 and 5 years	7.8	15.4
Total	**15.4**	**22.8**
With respect to rental obligations, the following amounts have been recognised in the income statement:	**7.4**	**7.2**

56 Contingent liabilities

Reference is made to Note 34 to the consolidated financial statements concerning contingent liabilities.

57 Related parties

Reference is made to Note 36 to the consolidated financial statements for a description of related party transactions.

Group addresses

Parent

North Media A/S
Gladsaxe Møllevej 28
DK-2860 Søborg
CVR-no. 66 59 01 19
Telephone: +45 39 57 70 00
www.northmedia.dk

Subsidiaries

Forbruger-Kontakt A/S
FK Distribution A/S
Bredebjergvej 6
DK-2630 Taastrup
CVR-no. 26 89 97 37
Telephone: +45 43 43 99 00
www.fk.dk

Tryksagsomdelingen Fyn A/S
FK Distribution Fyn A/S
Ryttermarken 17 B
DK-5700 Svendborg
CVR-no. 27 16 77 80
Telephone: +45 62 22 22 22
www.fk.dk

Søndagsavisen A/S
Gammel Kongevej 60, 16.
DK-1850 Frederiksberg C
CVR-no. 32 88 36 99
Telephone: +45 39 57 75 00
www.sondagsavisen.dk
www.minby.dk

Lokalaviserne
Østerbro og Amager A/S
Ebertsgade 2, 1. sal
DK-2300 København S
CVR-no. 32 44 54 89
Telephone: +45 32 54 21 10
www.amagerbladet.dk

Helsingør Dagblad A/S
Klostermosevej 101
DK-3000 Helsingør
CVR-no. 86 73 67 13
Telephone: +45 49 22 21 10
www.helsingordagblad.dk
www.nsnet.dk

BoligPortal.dk ApS
Paludan-Müllers Vej 40B
DK-8200 Aarhus N
CVR-no. 26 72 25 35
Telephone: +45 70 20 80 82
www.boligportal.dk

BostadsPortal ApS
Gladsaxe Møllevej 28
DK-2860 Søborg
CVR-no. 27 50 79 72
Telephone: +45 39 57 70 00
www.BostadsPortal.se

Ofir A/S
Gladsaxe Møllevej 26
DK-2860 Søborg
CVR-no. 25 16 55 27
Telephone: +45 39 57 77 66
www.ofir.dk

MatchWork World Wide A/S
Gladsaxe Møllevej 26
DK-2860 Søborg
CVR-no. 19 42 99 03
Telephone: +45 36 95 95 95
www.matchwork.com

MatchWork Danmark A/S
Gladsaxe Møllevej 26
DK-2860 Søborg
CVR-no. 25 68 66 75
Telephone: +45 36 95 95 95
www.matchwork.com

MatchWork UK Ltd.
Weltech Centre,
Ridgeway Welwyn Garden City
Herts
AL7 2AA
United Kingdom
Telephone: +45 36 92 92 36
www.matchwork.com

Spirebox ApS
Gladsaxe Møllevej 28
DK-2860 Søborg
CVR-no. 36 43 56 74
Telephone: +45 39 57 70 00

BEKEY A/S
Gladsaxe Møllevej 28
DK-2860 Søborg
CVR-no. 27 50 79 80
Telephone: +45 43 43 99 00
www.bekey.dk

North Media Ejendomme ApS
Gladsaxe Møllevej 28
DK-2860 Søborg
CVR-no. 32 88 37 10
Telephone: +45 39 57 70 00

Mesto.ua
Muri 18, 1. sal
Vinnica, 21050
Ukraine
www.mesto.ua

Associates

Lead Supply ApS
Paludan-Müllers Vej 40B
DK-8200 Aarhus N
CVR-no. 35 66 24 48
www.leadsupply.dk

NORTH MEDIA A/S

Gladsaxe Møllevej 28 · DK - 2860 Søborg
Telephone: +45 39 57 70 00
E-mail: investor@northmedia.dk · www. northmedia.dk