

September 15, 2017

Nordic Morning Group's Interim Report, January 1-June 30, 2017

First steps of Nordic Morning Group's new strategy were executed and profit started to turn positive.

- During the first half of 2017, Nordic Morning' Group began executing its new strategy by dividing its operations into three new business areas. The Nordic Morning Group now consists of the business areas: Nordic Morning, Edita Prima, and Edita Publishing. The Nordic Morning business area consists of the following agency brands: Klikki, CountQuest, Citrus, Seed and Ottoboni.
- Nordic Morning Group's consolidated net revenue was EUR 51.3 million (EUR 55.8 million). Net revenue decreased in the Nordic Morning business area and, as a result, the Citrus offices in Gothenburg and Malmö were closed down. In the Edita Publishing business area, net revenue grew significantly due to a strong performance in advertising sales but this weakened slightly in the Edita Prima business area.
- Gross margin before non-recurring items decreased from EUR 31.3 million to EUR 29.6 million, but EBITDA before non-recurring items increased from EUR 0.4 million to EUR 3.5 million.
- Operating profit was EUR 4.0 million (EUR -6.5 million). The profit included a net gain of EUR 3.1 million on a land area in Hakuninmaa. The operating profit of the previous year included a write-down of EUR 5.0 million on goodwill.
- Operating profit excluding non-recurring items was EUR 1.8 million (EUR -1.7 million). Operating profit excluding non-recurring items improved significantly in all business areas, thanks to successful measures taken to improve efficiency and gain cost savings.
- The equity ratio at the end of the financial year was 40.1 percent (42.3 percent).
- Cash and cash equivalents amounted to EUR 3.7 million (EUR 0.3 million), and net debt was EUR 2.7 million (EUR 9.3 million). The company has ensured sufficient additional funding for potential business needs.

GROUP KEY FIGURES		1-6/2017	1-6/2016	1-12/2016
Net sales	T€	51 298	55 823	103 399
Exports and foreign operations	%	52.9 %	61,0 %	60.2 %
Adjusted operating gross margin	T€	29 639	31 329	58 188
% of net revenue	%	57.8 %	56.1 %	56.3 %
Adjusted operating EBITDA	T€	3 515	368	1 966
% of net revenue	%	6.9 %	0.7 %	1.9 %
Adjusted operating profit/loss	T€	1 805	-1 736	-1 920
% of net revenue	%	3.5 %	-3.1 %	-1.9 %
Operating profit/loss	T€	3 983	-6 536	-14 282
% of net revenue	%	7.8 %	-11.7 %	-13.8 %
Profit before taxes	T€	3 903	-6 674	-14 536
% of net revenue	%	7.6 %	-12,0 %	-14.1 %
Profit for the period	T€	4 026	-6 641	-14 392
Equity-to-assets ratio	%	40.1 %	42.3 %	36.3 %
Gearing (%)	%	12.8 %	35.5 %	32,0 %
Gross capital expenditure	T€	1 390	3 651	5 297
% of net revenue	%	2.7 %	6.5 %	5.1 %
Average number of employees		591	677	653
Earnings per share (EPS)	€	0,67	-1,07	-2,38
Equity per share	€	3,45	4,37	3,11
Interest-bearing liabilities	T€	6 371	9 585	7 027
Cash and cash equivalents	T€	3 712	267	1 007
Net debt	T€	2 659	9 317	6 020

The Nordic Morning Group and changes in Group structure

Nordic Morning Group has revised and refocused its service strategy, and reorganized its operations accordingly into three business areas.

- *Nordic Morning*, comprised of Klikkicom Oy, Klikki AB, Ottoboni Sweden AB, Ottoboni Finland Oy, Sitrus Agency AB, Sitrus Agency Oy, Seed Digital Media Ltd and CountQuest Interactive AB.
- *Edita Prima*, comprised of Edita Prima Oy, Edita Bobergs AB and associate companies BrandSystems International AB and Edita Bobergs Förvaltnings AB.
- *Edita Publishing*, comprised of Edita Publishing Oy.

Kiinteistö Oy Vantaan Hakamäenkuja was liquidated in March, followed by Citat Robot AB and Journalistgruppen AB in April. The discontinued companies had no actual operations, and were included in the reports as a part of the administrative segment under “other operations”.

In June, the Nordic Morning Group’s parent company’s shares of CountQuest Interactive AB and Ottoboni Sweden AB were transferred to the ownership of Nordic Morning AB, the Swedish parent company. In addition, Klikkicom Oy’s share of Klikki AB was transferred to Nordic Morning AB. The aim of the measures was to clarify the legal structure of the Nordic Morning Group.

In June, Nordic Morning AB sold its share of the Ukraine-based Sitrus Ukraine LLC. The transaction had no significant impact on the Group’s profit or financial position or on the Group’s net revenue or profit for the whole year.

In addition, in June, Nordic Morning AB signed an agreement on the sale of the associated company BrandSystems International AB. The transaction is expected to be completed during the financial year 2017.

Net revenue and profit

The Nordic Morning Group’s consolidated net revenue was EUR 51.3 million (EUR 55.8 million). The net revenue in Finland was EUR 24.4 million (22.1), and the net revenue in Sweden was EUR 26.9 million (31.7). In Sweden, net revenue decreased in the Nordic Morning business area, as work was focused on improving profitability by discontinuing unprofitable operations. The net revenue for the Swedish operations of the Edita Prima business area decreased, while in Finland the net revenue increased slightly. In the Edita Publishing business area, net revenue increased by EUR 1.6 million due to a strong performance in advertising sales.

The Nordic Morning Group’s operating profit was EUR 4.0 (-6.5) million, which is EUR 10.5 million up from 2016. The non-recurring income included in the operating profit totaled EUR 3.8 (0.7) million; this included a significant net gain of EUR 3.1 million for a land area in Hakuninmaa. Non-recurring expenses amounted to EUR 1.6 (5.5) million. The most significant non-recurring expense, EUR 1.3 million, was in the Nordic Morning business area, and this was due to the closure of Sitrus offices in Malmö and Gothenburg. The Nordic Morning Group’s operating profit excluding non-recurring items was EUR 1.8 (-1.7) million.

In the Nordic Morning business area, consolidated net revenue was EUR 27.8 (32.7) million and profit was EUR -1.7 (-5.5) million. The profit was decreased by the rationalization expenses resulting from the discontinuation of Sitrus operations in Malmö and Gothenburg. Operating profit excluding non-recurring items was EUR -0.3 (-0.4) million. In Finland, both net revenue and operating profit excluding non-recurring items improved significantly. In Sweden, however, both fell substantially due to the decrease in the net revenue of Sitrus and the resulting profitability problems.

In the Edita Publishing business area, net revenue was EUR 8.5 (6.8) million, and its operating profit was EUR 2.9 (1.1) million. The net revenue and profit were especially improved by the substantial growth in advertising sales and the positive developments in orders for learning materials.

In the Edita Prima business area, consolidated net revenue was EUR 15.6 (16.8) million and profit was EUR -0.7 (-0.5) million. In Finland, both net revenue and profitability improved from the previous year. In Sweden, net revenue was negatively affected by Edita Bobergs selling its sheet-fed offset printing business in March last year. On the other hand, profitability turned positive thanks to the measures taken in Sweden last year to improve efficiency.

Other operations includes group administration, the operating profit of which was EUR 2.0 (-1.6) million. The profit includes a net gain of EUR 3.1 million from a land area owned by the parent company.

Non-recurring items

Exceptional transactions outside the ordinary course of business are treated as non-recurring items. Among such transactions are gains and losses on disposal of business operations and assets, impairment, costs of discontinuing significant business operations and restructuring provisions. In the income statement, gains are presented in other operating income, and expenses in the corresponding expense item. Non-recurring items are included in the segment-specific operating results.

Solvency and financial position

The Nordic Morning Group's equity ratio was 40.1 percent (42.3 percent). Cash and cash equivalents amounted to EUR 3.7 million (EUR 0.3 million). Interest-bearing debt stood at EUR 6.4 million (EUR 9.6 million). Loan installments were paid according to schedule, which reduced the amount of interest-bearing debt.

Investments

The Nordic Morning Group's gross capital expenditure totaled EUR 1.4 million (EUR 3.7 million). The most significant investments concerned machinery and equipment in the Edita Prima business area and deployment of a marketing automation system in the business area Edita Publishing business area.

Risks and risk management

The Nordic Morning Group's most significant risks are related to the development of the general economic situation, the structural changes in the marketing and communications industry, risks related to operations, and the value development of the Swedish krona. The Group's risks are assessed regularly as part of operational planning and reporting.

The last years of sluggish economic development - particularly in Finland - and cost-saving pressures among organizations have had an impact on the demand for marketing, learning and communication services. At the same time, digital transformation has a huge impact bringing rapid technological development within learning and marketing, customer behaviour and media consumption alongside with increased usage of data and analytics. We can also see that the economic growth is catching up on a global basis.

Using data and analytics at the core of a business creates continuous deeper customer insight as a foundation for operations and an improved customer experience. The aim of Nordic Morning Group's new strategy is to repackage our capabilities and services to better meet our clients needs of today and the digital business environment of tomorrow. We do this in close collaboration with our clients to deliver superior experience to our clients' customers, driving growth and customer love.

To maintain Nordic Morning Group's solvency at a good level as well as cash and cash equivalents, the profitability of business operations must be improved and the management of working capital must be enhanced.

The key to business growth is attracting and keeping the right talent. For Nordic Morning Group this is business critical since we are in the people's business. Failing to achieve these could cause substantial challenges for the business areas. This is why we put a lot of focus on talent in our strategy and execution going forward.

Nordic Morning Group has grown largely through acquisitions, which have created acquisition-related goodwill in the balance sheet. The Group's balance sheet includes EUR 14.6 million in goodwill, which has been allocated to the Nordic Morning business area. If the structural change of the marketing and communication market continues to be more intense than anticipated, the Nordic Morning Group may have to consider additional impairments of goodwill.

As a result of acquisitions, the Nordic Morning Group's information systems structure is fragmented. The risk this causes to business operations will be reduced by harmonizing the information systems structure so it supports co-operation and information sharing between the business areas.

The Nordic Morning Group's currency risk is related to the value development of the Swedish krona. Currency risks are monitored regularly and hedged when necessary. No hedging of the Nordic Morning Group's transaction or translation positions took place during the beginning of the year.

Financing risks are managed by hedging part of the interest rates on current loans. The hedging arrangements will remain in force until the loans mature.

Corporate responsibility

Nordic Morning Group releases annual Corporate Responsibility Reports as part of its Annual Reports available at the Nordic Morning website. The report is prepared according to the GRI (Global Reporting Initiative) guidelines.

For Nordic Morning Group, financial responsibility means producing financial added value for the company's key stakeholders, personnel, customers and owner. Important stakeholders also include partners, investors and the countries and municipalities in which the Nordic Morning Group operates. The tax footprint is reported annually as part of financial responsibility.

Social responsibility means acting in accordance with the Nordic Morning Group's values and ethical principles in work and in relation to stakeholders. Service providers are also required to act according to these values and ethics. Key aspects of social responsibility include employee well-being, supporting continuous learning and competence development as well as inspiring and caring leadership.

The Nordic Morning Group's environmental strategy is based on environmental awareness and environmentally responsible operations, services and products. The production plants in Helsinki and Falun are ISO14001 certified, climate-neutral, and entitled to use the Nordic Ecolabel. Moreover, they have been granted the right to use the paper chain of custody labels. Nordic Morning Group also encourages environmental responsibility on the part of its customers by reducing the environmental impact of its own operations and by offering sustainable products and services.

Board of Directors and CEO

The Annual General Meeting on March 21, 2017, decided that Per Sjödel (Chairman), Jukka Ruuska (Vice Chairman), Maritta Iso-Aho, Anni Ronkainen and Petri Vihervuori will continue as members of the Board of Directors of Nordic Morning. Ingrid Jonasson Blank was elected as a new member.

Anne Årneby became the Nordic Morning Group's CEO on January 12, 2017. She resigned from the Board of Directors on January 11, 2017.

Personnel

The Nordic Morning Group employed an average of 591 persons (677) during the period from January to June. At the end of June, the total number of employees stood at 568 (672), converted to full-time employees. Business

rationalization efforts reduced the number of employees by 59 persons in the Nordic Morning business area and by 28 persons in the Edita Prima business area. The parent company employed an average of 28 employees (32) and the number of employees also stood at 28 (32) at the end of June.

During the first half of 2017, a new incentive program was planned for key persons. The program will be launched in 2018. In addition, the nine month mentoring program started last fall was continued with some 60 participants.

Compensation

The compensation of the CEO and members of the Group Management Team consists of a fixed monthly salary, standard benefits, a performance-based bonus based on annually decided criteria that must be met for the bonus to be paid, and a long-term compensation system. Nordic Morning Plc does not use incentive systems based on shares or share derivatives.

The agreed retirement age of the managing director of the parent company complies with the general legislation.

The Board of Directors of Nordic Morning Plc decides the terms and conditions of the contracts of the CEO and directors directly accountable to the CEO. Every year, the Board sets targets, based on the budget and operating plans, that must be met for bonuses to be paid, and decides on the compensation of the CEO and directors directly accountable to the CEO. As regards others than the CEO and members of the Group Management Team, the Board decides on the principles of compensation.

Due to the changes in strategy, no short or long term incentive programs are in effect in 2017. An incentive program will become effective for key persons in 2018. According to the program, the CEO is entitled to a performance-based bonus, which is no more than 100 percent of their annual taxable earnings. Those covered by other incentive programs are entitled to a performance-based bonus, which is no more than 60–80 percent of their annual taxable earnings.

Post-report events

In accordance with the new strategy, the Group's parent company Nordic Morning Plc changed its name to Nordic Morning Group Plc on September 15, 2017. In early July, a fusion was initiated in Finland, as a result of which Sitrus Agency Oy, Seed Digital Media Oy and Ottoboni will merge with Klikkicom Oy by October 31, 2017. Klikkicom Oy changed its name to Nordic Morning Finland Oy on September 15, 2017.

In Sweden, the merging of Ottoboni Sweden AB and CountQuest Interactive AB with Klikki AB started in August, and should be completed by December 31, 2017. Klikki AB changed its name to Nordic Morning Sweden AB on September 15, 2017. In Sweden, the name of Nordic Morning AB was changed to Nordic Morning Group Sweden AB and Sitrus Agency AB changed its name to Nordic Morning Data-Driven Content AB.

In September Edita Bobergs AB sold its printing business to Swedish printing company Ätta.45 AB.

Outlook for the remainder of 2017

Nordic Morning Group is on a change journey. Our clients needs are changing due to the digital transformation that affects all industries and society on a large scale.

Using data and analytics at the core of a business creates continuous deeper customer insight as a foundation for operations and an improved customer experience. The aim of Nordic Morning Group's new strategy is to repackage our capabilities and services to better meet our clients needs of today and the digital business environment of tomorrow. We do this in close collaboration with our clients to deliver a superior experience to our clients customers, driving growth and customer love.

During the fall, we will continue to develop the Nordic Morning Group's business operations and structures to support our repackaged offering and meet our clients changed needs. The primary efforts towards this goal are the mergers of subsidiaries and the advancement of common information systems to increase collaboration across

companies and capabilities. These several changes are expected to effect full year's revenue and result which is estimated to stay behind targets.

The figures in this interim report have not been audited.

Nordic Morning Plc

Anne Årneby
CEO

Appendix: Financial statements and notes to the financial statements

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APPENDIX: Financial statements and notes to the financial statements

Nordic Morning Plc

CONSOLIDATED INCOME STATEMENT (IFRS) (EUR 1000)	1.1. - 30.06.2017	1.1. - 30.06.2016	1.1. - 31.12.2016
Net sales	51 298	55 823	103 399
Other operating income	3 697	980	2 259
Change in inventories of finished and unfinished goods	-406	-300	-1
Work performed for company use	101	130	205
Materials and services	-16 626	-18 871	-35 973
Expenses arising from employee benefits	-23 643	-26 410	-49 513
Depreciation	-1 789	-2 236	-4 077
Impairment	0	-4 954	-9 972
Other operating expenses	-8 726	-10 709	-20 660
Share of results in associated companies	78	12	52
Operating profit	3 983	-6 536	-14 282
Financial income	37	27	56
Financial expenses	-117	-165	-310
Result before taxes	3 903	-6 674	-14 536
Income taxes	123	34	143
Result for the period	4 026	-6 641	-14 392
Distribution			
Parent company's shareholders	4 044	-6 397	-14 287
Non-controlling interest	-18	-244	-106
Earnings per share calculated on the profit attributable to shareholders of the parent company:			
earnings per share, EUR	0,67	-1,07	-2,38

Nordic Morning Plc

CONSOLIDATED STATEMENT OF

COMPREHENSIVE INCOME (IFRS) (EUR 1000)

1.1. - 30.06.2017 1.1. - 30.06.2016 1.1. - 31.12.2016

Result for the period	4 026	-6 641	-14 392
Other comprehensive income			
Items that may be recognized through profit and loss later			
Available-for-sale financial assets	-65	-2	-18
Translation differences	61	-207	150
Taxes relating to OCI items	13	0	4
Post-tax OCI items for the financial year	9	-209	135
Accumulated comprehensive income for the financial year	4 036	-6 849	-14 257
Distribution of comprehensive income			
Parent company's shareholders	4 055	-6 602	-14 143
Non-controlling interests	-19	-247	-115

Nordic Morning Plc

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (IFRS) (EUR 1000)

ASSETS	30.06.2017	30.06.2016	31.12.2016
NON-CURRENT ASSETS			
Tangible fixed assets	10 946	15 201	11 073
Goodwill	14 607	19 280	14 587
Other intangible assets	2 508	3 644	2 952
Interests in associated companies	1 044	1 160	1 184
Other financial assets	190	413	413
Deferred tax assets	74	83	85
	29 369	39 781	30 294
CURRENT ASSETS			
Inventories	2 031	2 163	2 286
Sales receivables and other receivables	19 115	22 086	20 842
Tax receivables based on taxable income for the period	59	88	59
Other current financial assets	79	162	146
Cash and cash equivalents	3 712	267	1 007
	24 995	24 766	24 340
Total assets	54 363	64 548	54 634
EQUITY AND LIABILITIES			
30.06.2017			
30.06.2016			
31.12.2016			
SHAREHOLDERS' EQUITY			
Share capital	6 000	6 000	6 000
Premium reserve	25 870	25 870	25 870
Translation differences	-315	-740	-377
Fair value reserve	50	115	102
Retained earnings	-10 900	-5 054	-12 944
Equity attributable to shareholders of the parent company	20 705	26 191	18 650
Non-controlling interest	138	25	157
Total shareholders equity	20 843	26 216	18 807
LIABILITIES			
Non-current liabilities			
Interest-bearing non-current liabilities	4 402	7 121	5 035
Non-current provisions	257	245	288
Deferred tax liabilities	664	1 012	826
	5 322	8 378	6 149
Current liabilities			
Short-term interest-bearing liabilities	1 969	2 464	1 992
Accounts payable and other current liabilities	26 124	27 423	27 574
Tax liabilities based on taxable income for the period	105	67	113
	28 198	29 954	29 678
Total liabilities	33 520	38 332	35 827
Total shareholders' equity and liabilities	54 363	64 548	54 634

Nordic Morning Plc

Consolidated statement of cash flows (EUR 1000)

	1.1. - 30.06.2017	1.1. - 30.06.2016	1.1. - 31.12.2016
Cash flow from operating activities			
Profit for the financial year	4 026	-6 641	-14 392
Adjustments			
Non-cash transactions	-1 494	6 405	12 545
Interest expenses and other financial expenses	117	165	310
Interest income	-37	-27	-56
Dividend income	-1	-7	-7
Taxes	-123	-34	-143
Changes in working capital			
Change in sales receivables and other receivables	1 731	2 795	4 119
Change in inventories	254	364	242
Change in accounts payable and other liabilities	-1 046	1 248	1 165
Change in provisions	-32	0	43
Interest paid	-136	-122	-282
Interest received	34	27	47
Taxes paid (-) received (+)	-90	-122	-77
Net cash flow from operating activities (A)	3 205	4 052	3 514
Cash flow from investing activities			
Sale of business operations (net of cash)	314	159	182
Sale of tangible fixed assets	3 209	662	5 180
Acquisition of subsidiaries and businesses (net of cash and equivalents acquired)	-640	-2 084	-2 301
Investments in tangible fixed assets	-913	-134	-640
Investments in intangible assets	-128	-72	-72
Proceeds from other investments	319	0	0
Dividends received	208	164	164
Net cash flow from investing activities (B)	2 370	-1 306	2 512
Cash flow from financing activities			
Use of cash pool liability	0	1 466	0
Repayment of loans	-750	-6 073	-7 064
Finance lease liabilities	-122	-756	-870
Dividends paid	-2 000	-2 000	-2 000
Net cash flow from financing activities (C)	-2 872	-7 363	-9 935
Change in cash and cash equivalents (A+ B + C)	2 703	-4 616	-3 908
Cash and cash equivalents at start of the period	1 007	4 823	4 823
Effect of changes in exchange rates	2	61	92
Cash and cash equivalents at end of the period	3 712	267	1 007

Nordic Morning Plc

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (IFRS) (EUR 1000)

	Shareholders' equity attributable to parent company shareholders					Total	Non-controlling interest	Total shareholders' equity
	Share capital	Share premium fund	Translation differences	Fair value fund	Retained earnings			
Shareholders' equity, January 1, 2016	6 000	25 870	-536	116	3 343	34 793	272	35 065
Comprehensive income								
Profit for financial year					-6 397	-6 397	-244	-6 641
Other comprehensive income (adjusted with tax effect)								
Available-for-sale financial assets				-1		-1		-1
Translation differences			-204			-204	-3	-207
Accumulated comprehensive income			-204	-1	-6 397	-6 601	-247	-6 848
Transaction with owners								
Dividend distribution					-2 000	-2 000		-2 000
Shareholders' equity, June 30, 2016	6 000	25 870	-740	115	-5 054	26 190	25	26 216
Shareholders' equity, January 1, 2017	6 000	25 870	-377	102	-12 944	18 650	157	18 807
Comprehensive income								
Profit for financial year					4 044	4 044	-18	4 026
Other comprehensive income (adjusted with tax effect)								
Available-for-sale financial assets				-52		-52		-52
Translation differences			62			62	-1	61
Accumulated comprehensive income			62	-52	4 044	4 055	-19	4 036
Transaction with owners								
Dividend distribution					-2 000	-2 000		-2 000
Shareholders' equity, June 30, 2017	6 000	25 870	-315	50	-10 900	20 705	138	20 843

Nordic Morning Plc

OPERATING SEGMENTS (EUR 1000)

NET REVENUE	1.1. - 30.06.2017	1.1. - 30.06.2016	Change %	1.1. - 31.12.2016
Nordic Morning				
External net revenue	27 387	32 466		59 984
Inter-segment net revenue	425	238		488
Nordic Morning, total	27 812	32 703	-15,0 %	60 472
Edita Publishing				
External net revenue	8 449	6 846		12 953
Inter-segment net revenue	10	1		1
Edita Publishing, total	8 459	6 847	23,5 %	12 954
Edita Prima				
External net revenue	15 462	16 511		30 462
Inter-segment net revenue	152	272		496
Edita Prima, total	15 615	16 783	-7,0 %	30 959
Other operations				
External net revenue	0	0		0
Inter-segment net revenue	2 522	1 560		3 012
Other operations, total	2 522	1 560	61,6 %	3 012
Eliminations	-3 109	-2 070		-3 998
Group	51 298	55 823	-8,1 %	103 399

OPERATING PROFIT/LOSS	1.1. - 30.06.2017	1.1. - 30.06.2016		1.1. - 31.12.2016
Nordic Morning	-1 656	-5 521		-14 062
Edita Publishing	2 880	1 051		2 379
Edita Prima	710	-489		57
Other operations	2 049	-1 577		-2 656
Group	3 983	-6 536		-14 282
Financial income and expenses	-80	-138		-254
Profit before taxes	3 903	-6 674		-14 536

INVESTMENTS	1.1. - 30.06.2017	1.1. - 30.06.2016		1.1. - 31.12.2016
Nordic Morning	10	3 172		3 818
Edita Publishing	69	0		21
Edita Prima	936	227		572
Other operations	375	252		886
Group	1 390	3 651		5 296

AVERAGE NUMBER OF EMPLOYEES	1.1. - 30.06.2017	1.1. - 30.06.2016		1.1. - 31.12.2016
Nordic Morning	331	390		374
Edita Publishing	77	76		77
Edita Prima	140	168		158
Other operations	42	44		44
Group	591	677		653

Nordic Morning Plc

COLLATER AND CONTINGENT LIABILITIES (EUR 1000)	30.06.2017	30.06.2016	31.12.2016
Loans from financial institutions secured by mortgages and pledges			
Corporate mortgages given	0	300	0
Other collateral given on behalf of shareholders			
Rent guarantees	1 042	1 031	1 022
Other collateral given	5	5	6
Minimum leases payable on the basis of non-cancellable operating leases:			
Within one year	3 039	3 457	3 273
1 - 5 years	7 209	9 904	8 982
over 5 years	4 484	5 480	4 982
	14 732	18 841	17 236

Principal accounting policies for the interim report (IFRS)

The Group's interim report was prepared in accordance with the IAS 34 Interim Financial Reporting Standards (IFRS). The preparation of the report was compliant with the IFRS standards and interpretations approved for application in the EU and valid on June 30, 2017.

This interim report was prepared in accordance with the same principles as the annual financial statements for 2016, as well as the new and amended IFRS standards described in the 2016 financial statements.

Impairment testing, June 30, 2017

The Group carried out impairment testing of goodwill on June 30, 2017, due to the profit performance of Sitrus AB, a company in the Nordic Morning business area, being weaker than expected in the first half of the year.

Nordic Morning Group comprises three business segments – Nordic Morning, Edita Publishing and Edita Prima.

The Nordic Morning business area is divided geographically into two cash-generating units: Nordic Morning Finland and Nordic Morning Sweden. Only the cash-generating units mentioned above have goodwill. In addition, Edita Prima and Edita Publishing form independent cash-generating units.

In impairment testing, the recoverable amounts from the business areas have been defined on the basis of value in use. Cash flow forecasts are based on forecasts approved by the management and which cover the period until the end of 2020. The cash flow after the management-approved forecast period has been extrapolated using a discount rate and zero growth percentage.

The key assumptions when calculating the value in use are as follows:

1. Net revenue – based on the budget for the following year and estimated forecasts for the coming years.
2. EBITDA – based on the budget for the following year and on strategy forecasts for the coming years. The prices based on the overhead cost index are also taken into account.
3. Discount rate – defined by means of the weighted average cost of capital (WACC), which describes the total cost of equities and liabilities, taking into account the special risks associated with assets.

Discount interest before taxes	Nordic Morning Sweden	Nordic Morning Finland
30.6.2017	9.2 %	9.3 %

Sensitivity analysis in impairment testing

Goodwill of EUR 10.9 million is allocated to the business operations of Nordic Morning Sweden, with EUR 3.7 million allocated to the business operations of Nordic Morning Finland.

The assumptions used in sensitivity analyses are related to net revenue, profitability, the applied discount rate and the growth rate following the forecast period. In assessing the results of the sensitivity analyses, attention has been paid to the effect of changes in net revenue to profitability (gross margin).

In the Nordic Morning Sweden unit, the recoverable amount exceeds the carrying amount of the unit by EUR 8.1 million. Each of the following changes, assuming that all other factors would remain the same, would result in the carrying amount of the unit being equal with the recoverable amount:

- The increase of the discount rate from 9.2% to 13.3%
- The decrease of the gross margin used in the calculation of the value in use from 6.0% to 4.5%.
- The decrease of the zero growth percentage following the forecast period to -7.5%.

In the Nordic Morning Finland unit, the recoverable amount exceeds the carrying amount of the unit by EUR 2.6 million. Each of the following changes, with all other factors remaining the same, would result in the carrying amount of the unit being equal with the recoverable amount:

- The increase of the discount rate from 9.3% to 13.8%
- The decrease of the gross margin used in the calculation of the value in use from 6.5% to 4.6%.
- The decrease of the zero growth percentage following the forecast period to -2.4%.

The goodwill of the tested units and the carrying amounts at the end of the reporting period are presented below:

30.6.2017, EUR 1000	Nordic Morning Sweden	Nordic Morning Finland	Total
Goodwill	10 889	3 718	14 607
Book value	17 829	2 614	20 443