nordic morning

August 17, 2016

Nordic Morning Group's Interim Report, January 1 – June 30, 2016

Nordic Morning strengthened its service offering in data management and analytics

- The Group's service offering was strengthened by the acquisition of the Swedish company CountQuest Interactive AB. The company specializes in data management and analytics to provide actionable insights on consumer behavior.
- Net revenue was EUR 55.8 million (EUR 53.4 million). Net revenue was increased by the Ottoboni acquisition made in March 2015 and the strong growth of Klikki's net revenue, particularly in Sweden. Net revenue decreased in the Campaigns & Dialogue business area, particularly in Sweden, where Edita Bobergs' sheet-fed offset printing business was divested in March.
- Gross margin before non-recurring items declined from EUR 31.4 million to EUR 31.3 million, and EBITDA before non-recurring items decreased from EUR 2.4 million to EUR 0.4 million.
- Operating profit was EUR -6.5 million (EUR 0.6 million). The operating profit includes a write-down of EUR 5.0 million on goodwill. The operating profit in the previous year included EUR 0.9 million in value added tax refunds in the Swedish printing business.
- Operating profit before non-recurring items was EUR -1.7 million (EUR 0.2 million). The profit before non-recurring items was weighed down by restructuring measures in the Swedish printing business as well as the weaker-than-expected result and restructuring of Ottoboni Sweden.
- The equity ratio was 42.3 percent (47.2 percent).
- Cash and cash equivalents amounted to EUR 0.3 million (EUR 8.0 million) and net debt was EUR 9.3 million (EUR 7.7 million). Company has secured sufficient additional financing for possible operational needs.

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GROUP KEY FIGURES		1-6/2016	1-6/2015	1-12/2015
Net sales	T€	55 823	53 365	104 909
Exports and foreign operations	%	61,0 %	59,9 %	61,9 %
Gross margin before non-operating items	T€	31 329	31 431	61 259
% of net revenue	%	56,1 %	58,9 %	58,4 %
EBITDA before non-operating items	T€	368	2 366	4 216
% of net revenue	%	0,7 %	4,4 %	4,0 %
Operating profit before non-operating items	T€	-1 736	196	-64
% of net revenue	%	-3,1 %	0,4 %	-0,1 %
Operating profit	T€	-6 536	567	-224
% of net revenue	%	-11,7 %	1,1 %	-0,2 %
Result before tax	T€	-6 674	460	-356
% of net revenue	%	-12,0 %	0,9 %	-0,3 %
Result for the period	T€	-6 641	573	-224
Equity-to-assets ratio	%	42,3 %	47,2 %	48,6 %
Net indebtedness	%	35,5 %	21,5 %	28,1 %
Gross capital expenditure	T€	3 651	6 881	7 786
% of net revenue	%	6,5 %	12,9 %	7,4 %
Average number of employees		677	700	709
Earnings per share (EPS)	€	-1,07	0,11	-0,02
Equity per share	€	4,37	5,93	5,80
Interest-bearing liabilities	T€	9 585	15 750	14 673
Cash and cash equivalents	T€	267	8 054	4 823
Net debt	T€	9 317	7 697	9 850

Timo Lepistö, CEO:

“The demand for digital communication services grew in line with expectations. Among advertising media, mobile channels grew the most. Nordic Morning’s offering is further developed to meet customer challenges in a rapidly changing operating environment. In Sweden, we acquired CountQuest, a specialist in data management and analytics that provides actionable insights on consumers’ online behavior. The Group also divested its sheet-fed offset printing business in Sweden entirely and continues structural measures to increase efficiency. The market strengths of Nordic Morning’s offering are change agility, Nordic presence and close cooperation with customers.”

The Nordic Morning Group and changes in Group structure

Nordic Morning’s business areas were complemented by the addition of Data & Insights on March 1, 2016. The Group is now divided into four business areas:

- *Data & Insights,* comprised of CountQuest Interactive AB
- *Visibility & Service Design*, comprised of Klikkicom Oy, Klikki AB, Ottoboni Sweden AB and Ottoboni Finland Oy.
- *Content*, comprised of Sitrus Agency AB, Sitrus Agency Oy, Sitrus Ukraine LLC, Edita Publishing Ltd and Mods Graphic Studio AB.
- *Campaigns & Dialogue*, comprised of Edita Prima Oy, Edita Bobergs AB, Seed Digital Media Ltd and the associated companies BrandSystems AB and Edita Bobergs Förvaltnings AB.

In March, the Group acquired CountQuest Interactive AB, which specializes in data management and analytics, and sold the sheet-fed offset printing business of Edita Bobergs AB to Åtta.45.

Net revenue and profit

The Group’s net revenue was EUR 55.8 million (EUR 53.4 million). The net revenue in Finland was EUR 22.1 million (EUR 21.7 million) and in other Nordic countries, primarily in Sweden, EUR 33.7 million (EUR 31.7 million). Net revenue was increased by the Ottoboni acquisition made in March 2015 and the strong growth of Klikki’s net revenue, particularly in Sweden. Net revenue decreased in the Campaigns & Dialogue business area, particularly in Sweden, where the Group divested Edita Bobergs’ sheet-fed offset printing business in March 2016.

The Group’s operating profit was EUR -6.5 million (EUR 0.6 million), down EUR 7.1 million compared to 2015. The non-recurring income included in the operating profit totaled EUR 0.7 million (EUR 1.4 million). The profit for the previous year primarily consisted of value added tax refunds in the Consolidated Operating business area and gains on the disposal of fixed assets. Non-recurring expenses amounted to EUR 5.5 million (EUR 1.0 million). The most significant non-recurring expense was a goodwill write-down of EUR 5.0 million, the most significant portion of which was allocated to the Ottoboni acquisition in the Visibility & Service Design business area. The Group’s operating profit excluding non-recurring items was EUR -1.7 million (EUR 0.2 million).

The **Data & Insight business area** is comprised of CountQuest Interactive AB, which was acquired in March. The business area’s net revenue was EUR 1.1 million and operating profit was EUR 0.1 million.

The **Visibility & Service Design business area’s** net revenue was EUR 18.4 million (EUR 13.5 million) and operating profit was EUR -5.6 million (EUR -0.1 million). The operating profit was weighed down by a write-down of goodwill amounting to EUR 4.9 million. The operating profit before non-recurring items was EUR -0.7 million (EUR 0.1 million). Klikki Group’s net revenue was higher than in the previous year at EUR 11.3 million (EUR 7.8 million) and operating profit grew from EUR 0.1 million to EUR 0.4 million. The Ottoboni acquisition increased net revenue by EUR 0.9 million and reduced operating profit by EUR 0.9 million year-on-year.

The **Content business area’s** net revenue was EUR 19.4 million (EUR 19.5 million) and operating profit was EUR 1.2 million (EUR 1.2 million). The operating profit includes a goodwill write-down of EUR 0.1 million. Net revenue and operating profit before non-recurring items weakened slightly in Sweden. Mods Graphic Studio continued its good profit performance. In Finland, net revenue improved EUR 0.6 million but profit decreased EUR 0.1 million.

The **Campaigns & Dialogue business area's** net revenue was EUR 17.5 million (EUR 21.1 million) and operating profit EUR -0.6 million (EUR 1.3 million). Net revenue and operating profit decreased particularly in Sweden, where Edita Bobergs divested its sheet-fed offset printing business in March. The profit in the previous year was improved by value added tax refunds of EUR 0.9 million in Sweden. In Finland, the profit declined by EUR 0.5 million due to a decrease in net revenue.

Other operations include group administration, the operating profit of which was EUR -1.6 million (EUR -1.9 million). The profit in the previous year included non-recurring expert fees related to the Ottoboni acquisition.

Non-recurring items

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

Solvency and financial position

The Group's equity ratio was 42.3 percent (47.2 percent). Cash and cash equivalents amounted to EUR 0.3 million (EUR 8.1 million) and interest-bearing debt stood at EUR 9.6 million (EUR 15.8 million). The amount of interest-bearing debt was reduced by substantial loan repayments.

Investments

The Group's gross capital expenditure totaled EUR 3.7 million (EUR 6.9 million). The most significant investment was the acquisition of CountQuest Interactive AB.

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 and the development of the marketing communications industry, as well as the development of the value of the Swedish krona. The Group's risks are assessed on a regular basis as part of operational planning and reporting.

Sluggish economic development – particularly in Finland – and cost-saving pressures among organizations have an impact on the demand for communication services. At the same time, technical development and changes in media consumption influence the communication needs of organizations. The Group strives to predict the development needs of its operations and services by cooperating closely with customers.

The Group's balance sheet includes EUR 19.3 million in goodwill, which has been allocated to the Data & Insights, Visibility & Service Design and Content business areas. If the structural change of the communication market is larger than anticipated, the Group may have to consider additional write-downs of goodwill.

The Group's currency risk is related to developments in the value of the Swedish krona. Currency risks are monitored regularly and hedged when necessary. No hedging of the Group's transaction or translation positions took place during the first half of 2016.

Financing risks are managed by hedging part of the interest rates on current loans. The Group has hedged the interest rates on its long-term loans. The hedging arrangements will remain in force until the loans mature.

Corporate Responsibility

Nordic Morning releases annual Corporate Responsibility Reports as part of its Annual Reports available at http://reporting.nordicmorning.com. The report is prepared according to the GRI (Global Reporting Initiative) guidelines.

For Nordic Morning, 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 Group operates. The Group's tax footprint is reported annually as part of financial responsibility.

Social responsibility means acting in accordance with the Group's values and ethical guidelines in work and in relation to stakeholders. Service providers are also expected to follow these values and ethical guidelines. The key aspects of social responsibility include good leadership and being a good employer, as well as attracting and securing the commitment of the best employees.

We support the *Mahis* projects of Nuorten Akatemia (Finnish Youth Academy), which are aimed at preventing social exclusion among young people. In the spring, we granted support for video and photography projects.

The Group's environmental strategy is based on environmental awareness, environmentally responsible operations, services and products. The production plants in Helsinki and Falun are ISO14001 certified, climate-neutral, and entitled to use the Swan ecolabel. Moreover, they have been granted the right to use the paper chain of custody labels.

Nordic Morning 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. The Group provides guidance on how environmental considerations can be made at various planning and production stages of a printed publication. As digital choices have an increasingly significant impact on the environment, the Group also aims to promote the definition and measurement of the digital footprint.

Board of Directors

The Annual General Meeting on March 31, 2016, decided to elect Per Sjödell as the new Chairman of the Board of Directors of Nordic Morning, with Jukka Ruuska as the Vice Chairman. Maritta Iso-Aho, Anni Ronkainen, Petri Vihervuori and Anne Årneby will continue as members of the Board of Directors.

Personnel

The Group employed an average of 677 persons (700) during the period from January to June. At the end of June, the total number of employees stood at 672 (739), converted to full-time employees. The average number of personnel in the Visibility & Service Design business area was increased by 16 employees year-on-year due to the Ottoboni acquisition. The contraction of business operations and restructuring measures reduced the number of personnel in the Campaigns & Dialogue business area in Finland and Sweden. The parent company employed an average of 32 employees (31) and the number of employees at the end of June stood at 32 (32).

The development of the employer image continued in the spring and an employer promise was drawn up for the Group. The internal employer image was developed further by methods such as the publication of the third module of the social game HEIMO: Curiosity to Learn and Innovate.

The mentoring phase of the development program for high-potential employees, The Nordic Bond 002, was completed in the spring. As mentoring was found to be an effective development method, the Group began to launch a mentoring program intended for everyone. Some 30 mentor-actor pairs have already signed up for the nine-month program, which will start in the fall.

Outlook for the remainder of 2016

Online services, social media and mobile channels will be the primary areas of growth in the demand for communication services. The significance of analytics and technology in communications will be highlighted further. Nordic Morning will focus on the development of the Group's offering and cooperation in accordance with customer needs.

The figures in this interim report have not been audited.

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Timo Lepistö
CEO

Appendix: Financial statements and notes to the financial statements

Further information: Timo Lepistö, CEO, tel. +358 40 860 2355, timo.lepisto@nordicmorning.com and www.nordicmorning.com

Distribution: State Ownership Steering Department and key media

Contact information: Nordic Morning Plc, P.O. Box 110, FI-00043 NORDIC MORNING, Business ID 0912752-6

APPENDIX: Financial statements and notes to the financial statements

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CONSOLIDATED INCOME STATEMENT (IFRS) (EUR 1000)	**1.1. - 30.06.2016**	**1.1. - 30.06.2015**	**1.1. - 31.12.2015**
Net sales	**55 823**	**53 365**	**104 909**
Other operating income	980	1 720	3 027
Change in inventories of finished and unfinished goods	-300	-207	-181
Work performed for company use	130	81	158
Materials and services	-18 871	-15 807	-32 455
Expenses arising from employee benefits	-26 410	-25 939	-50 645
Depreciation	-2 236	-2 201	-4 373
Impairment	-4 954	0	-535
Other operating expenses	-10 709	-10 477	-20 253
Share of results in associated companies	12	32	124
Operating profit	**-6 536**	**567**	**-224**
Financial income	27	42	84
Financial expenses	-165	-149	-215
Result before taxes	**-6 674**	**460**	**-356**
Income taxes	34	113	132
Result for the period	**-6 641**	**573**	**-224**
Distribution			
Parent company's shareholders	-6 397	661	-133
Non-controlling interest	-244	-88	-90
Earnings per share calculated on the profit attributable to shareholders of the parent company:			
earnings per share, EUR	-1,07	0,11	-0,02

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (IFRS) (EUR 1000)	1.1. - 30.06.2016	1.1. - 30.06.2015	1.1. - 31.12.2015
Result for the period	**-6 641**	**573**	**-224**
Other comprehensive income			
Items that may be recognized through profit and loss later			
Available-for-sale financial assets	-2	27	57
Translation differences	-207	140	149
Taxes relating to OCI items	0	-5	-11
Post-tax OCI items for the financial year	-209	162	195
Accumulated comprehensive income for the financial year	**-6 849**	**735**	**-28**
Distribution of compehensive income			
Parent company's shareholders	-6 602	817	55
Non-controlling interests	-247	-82	-84

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

ASSETS	**30.06.2016**	**30.06.2015**	**31.12.2015**
NON-CURRENT ASSETS			
Tangible fixed assets	15 201	17 567	16 606
Goodwill	19 280	23 010	23 024
Other intangible assets	3 644	2 601	2 318
Interests in associated companies	1 160	1 786	1 340
Other financial assets	413	451	451
Deferred tax assets	83	113	92
	39 781	45 527	43 832
CURRENT ASSETS			
Inventories	2 163	2 459	2 527
Sales receivables and other receivables	22 086	21 181	24 339
Tax receivables based on taxable income for the period	88	253	46
Other current financial assets	162	134	164
Cash and cash equivalents	267	8 054	4 823
	24 766	32 080	31 899
Total assets	**64 548**	**77 607**	**75 731**

EQUITY AND LIABILITIES	**30.06.2016**	**30.06.2015**	**31.12.2015**
SHAREHOLDERS' EQUITY			
Share capital	6 000	6 000	6 000
Premium reserve	25 870	25 870	25 870
Translation differences	-740	-545	-536
Fair value reserve	115	92	116
Retained earnings	-5 054	4 137	3 343
Equity attributable to shareholders of the parent company	26 191	35 554	34 793
Non-controlling interest	25	274	272
Total shareholderss equity	26 216	35 828	35 065
LIABILITIES			
Non-current liabilities			
Interest-bearing non-current liabilities	7 121	9 476	7 188
Non-current provisions	245	294	245
Deferred tax liabilities	1 012	886	790
	8 378	10 656	8 223
Current liabilities			
Short-term interest-bearing liabilities	2 464	6 275	7 485
Accounts payable and other current liabilities	27 423	24 743	24 873
Tax liabilities based on taxable income for the period	67	106	85
	29 954	31 123	32 443
Total liabilities	38 332	41 779	40 666
Total shareholders' equity and liabilities	**64 548**	**77 607**	**75 731**

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Consolidated statement of cash flows (EUR 1000)

	1.1. - 30.06.2016	1.1. - 30.06.2015	1.1. - 31.12.2015
Cash flow from operating activities			
Profit for the financial year	-6 641	573	-224
Adjustments	6 503	1 586	4 166
Changes in working capital	4 408	290	-3 058
Interest paid	-122	-218	-301
Interest received	27	39	83
Taxes paid (-) received (+)	-122	-46	-156
Net cash flow from operating activities (A)	**4 052**	**2 224**	**510**
Cash flow from investing activities			
Sale of business operations (net of cash)	159	0	0
Sale of tangible fixed assets	662	2 222	2 232
Acquisition of subsidiaries and businesses (net of cash and equivalents acquired)	-2 084	-7 176	-7 371
Investments in tangible fixed assets	-65	-1 099	-1 154
Investments in intangible assets	-143	-46	-214
Dividends received	166	145	151
Net cash flow from investing activities (B)	**-1 306**	**-5 954**	**-6 355**
Cash flow from financing activities			
Borrowing	1 466	12 500	12 500
Repayment of loans	-6 073	-7 669	-8 465
Finance lease liabilities	-756	-431	-767
Dividends paid	-2 000	-2 000	-2 000
Net cash flow from financing activities (C)	**-7 363**	**2 400**	**1 269**
Change in cash and cash equivalents (A+ B + C)	**-4 616**	**-1 330**	**-4 576**
Cash and cash equivalents at start of the period	4 823	9 277	9 277
Effect of changes in exchange rates	61	106	121
Cash and cash equivalents at end of the period	**267**	**8 054**	**4 823**

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

	Shareholders' equity attributable to parent company shareholders						Non-controlling interest	Total share-holders' equity
	Share capital	Share premium fund	Trans-lation differen-ces	Fair value fund	Retained earnings	Total		
Shareholders' equity, January 1, 2015	**6 000**	**25 870**	**-679**	**70**	**5 476**	**36 737**	**356**	**37 093**
Compehensive income								
Profit for financial year					661	661	-88	573
Other compehensive income (adjusted with tax effect)								
Available-for-sale financial assets				22		22		22
Translation differences			134			134	6	140
Accumulated compehensive income			**134**	**22**	**661**	**818**	**-82**	**736**
Transaction with owners								
Dividend distribution					-2 000	-2 000		-2 000
Shareholders' equity, June 30, 2015	**6 000**	**25 870**	**-545**	**92**	**4 137**	**35 553**	**274**	**35 828**
Shareholders' equity, January 1, 2016	**6 000**	**25 870**	**-536**	**116**	**3 343**	**34 793**	**272**	**35 065**
Compehensive income								
Profit for financial year					-6 397	-6 397	-244	-6 641
Other compehensive income (adjusted with tax effect)								
Available-for-sale financial assets				-1		-1		-1
Translation differences			-204			-204	-3	-207
Accumulated compehensive income			**-204**	**-1**	**-6 397**	**-6 602**	**-247**	**-6 849**
Transaction with owners								
Dividend distribution					-2 000	-2 000		-2 000
Shareholders' equity, June 30, 2016	**6 000**	**25 870**	**-739**	**114**	**-5 054**	**26 191**	**25**	**26 216**

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OPERATING SEGMENTS (EUR 1000)

NET REVENUE	1.1. - 30.06.2016	1.1. - 30.06.2015	Change %	1.1. - 31.12.2015
Data & Insights				
External net revenue	1 066	0		0
Inter-segment net revenue	1	0		0
Data & Insights, total	1 067	0		0
Visibility & Service Design				
External net revenue	18 260	13 286		28 045
Inter-segment net revenue	186	205		730
Visibility & Service Design, total	18 446	13 491	36,7 %	28 775
Content				
External net revenue	19 249	19 354		37 794
Inter-segment net revenue	138	124		244
Content, total	19 388	19 478	-0,5 %	38 038
Campaigns & Dialogue				
External net revenue	17 247	20 724		39 069
Inter-segment net revenue	247	338		626
Campaigns & Dialogue, total	17 494	21 062	-16,9 %	39 696
Other operations				
External net revenue	0	1		1
Inter-segment net revenue	1 560	1 646		3 281
Other operations, total	1 560	1 647	-5,3 %	3 282
Eliminations	-2 132	-2 313		-4 881
Group	**55 823**	**53 365**	**4,6 %**	**104 909**

OPERATING PROFIT/LOSS	1.1. - 30.06.2016	1.1. - 30.06.2015	1.1. - 31.12.2015
Data & Insights	145	0	0
Visibility & Service Design	-5 644	-51	-695
Content	1 175	1 155	2 181
Campaigns & Dialogue	-635	1 336	1 325
Other operations	-1 577	-1 874	-3 034
Group	**-6 536**	**566**	**-223**
Financial income and expenses	-138	-106	-132
Profit before taxes	**-6 674**	**460**	**-355**

INVESTMENTS	1.1. - 30.06.2016	1.1. - 30.06.2015	1.1. - 31.12.2015
Data & Insights	2 879	0	0
Visibility & Service Design	215	6 476	6 744
Content	78	68	264
Campaigns & Dialogue	227	269	653
Other operations	252	67	284
Group	**3 651**	**6 881**	**7 944**

AVERAGE NUMBER OF EMPLOYEES	1.1. - 30.06.2016	1.1. - 30.06.2015	1.1. - 31.12.2015
Data & Insights	14	0	0
Visibility & Service Design	174	153	171
Content	264	283	280
Campaigns & Dialogue	181	225	219
Other operations	44	39	39
Group	**677**	**700**	**709**

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COLLATER AND CONTINGENT LIABILITIES (EUR 1000)	30.06.2016	30.06.2015	31.12.2015
Loans from financial institutions secured by mortgages and pledges			
Corporate mortgages given	300	1 998	2 002
Pledged machinery and equipment	0	837	625
Other collateral given on behalf of shareholders			
Mortgages given	1 036	673	82
Pledged deposits	0	79	0
Minimum leases payable on the basis of non-cancelleble operating leases:			
Within one year	3 457	3 951	3 769
1 - 5 years	9 904	6 684	4 612
over 5 years	5 480	0	0
	18 841	10 635	8 381

Principal accounting policies for the interim report (IFRS)

The Group's interim report was prepared in accordance with the IAS 34 Interim Financial Reporting standard, and the preparation of the report was in compliance with the IFRS standards and interpretations approved for application in the EU and valid on June 30, 2016.

This interim report was prepared in accordance with the same principles as the annual financial statements for 2015, as well as the new and amended IFRS standards described in the 2015 financial statements.

Impairment testing, June 30, 2016

The Group carried out impairment testing of goodwill on June 30, 2016, due to profit performance being weaker than expected in the first half of the year.

Nordic Morning Group comprises four business segments: Data & Insights, Visibility & Service Design, Content, and Campaigns & Dialogue. Data & Insights constitutes an independent cash-generating unit. The Visibility & Service Design business area is divided into three separate cash-generating units: Klikkicom Group, Ottoboni Sweden and Ottoboni Finland. The Content business area is divided geographically into two cash-generating units: Content Finland and Content Sweden. Campaigns & Dialogue also constitutes an independent cash-generating unit.

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 a period of three years. 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 rate before taxes	**Data & Insights**	**Ottoboni Sweden**	**Klikkicom Group**	**Content Sweden**
June 30, 2016	11.7%	11.6%	11.7%	9.4%

Allocation and recording of impairment losses, sensitivity analyses

During the reporting period, impairment losses amounting to EUR 4.9 million were recorded for the Ottoboni Sweden business area. After the recognition of this impairment loss, the Ottoboni Sweden business area no longer includes goodwill. During the reporting period, impairment losses amounting to EUR 0.1 million were recorded for the Content Sweden business area. After the recognition of this impairment loss, goodwill of EUR 14.1 million is allocated to the Content Sweden business area.

In the current market situation, communication services are becoming digitalized and the demand for print communication services is declining in the Group's key customer groups. The Group companies have been able to meet this challenge only partially. The Group is currently implementing measures to revitalize the companies with low profitability and restore profitability in their operations. The success of these measures involves uncertainty, which is a key factor behind impairment.

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 Data & Insights unit, the recoverable amount exceeds the carrying amount of the unit by EUR 3.6 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 11.7% to 21.6%
• the decrease of the gross margin used in the calculation of the value in use from 28.5% to 23.0%.
• the decrease of the zero growth percentage following the forecast period to -23.0%.

In the Klikkicom Group business area, the recoverable amount exceeds the carrying amount of the unit by EUR 0.7 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 11.7% to 13.2%
• the decrease of the gross margin used in the calculation of the value in use from 4.4% to 4.3%.
• the decrease of the zero growth percentage following the forecast period to -2.4%.

Due to the impairment losses recognized during the reporting period in the Content Sweden and Ottoboni Sweden business areas, the units' recoverable amounts correspond to their carrying amounts.

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

30.6.2016, EUR 1000	Data & Insights	Ottoboni Sweden	Klikkicom Group	Content Sweden	Total
Goodwill	1349	0	3864	14068	19280
Carrying amount	3572	2958	4760	20069	

31.12.2015, EUR 1000	Data & Insights	Ottoboni Sweden	Klikkicom Group	Content Sweden	Total
Goodwill	-	4843	3864	14317	23024
Carrying amount	-	7896	5439	19239	

Acquired business operations

The Group has carried out the following acquisitions in 2016:

On February 29, 2016, the Group acquired CountQuest Interactive AB. The acquired entity has been fully consolidated in the consolidated income statement starting from March 1, 2016. CountQuest Interactive AB specializes in digital analytics and its operations are focused on data management and web analytics.

The purchase price was EUR 2.9 million. Of the purchase price, EUR 1.9 million was paid in cash and EUR 1.0 million constituted a contingent additional purchase price. The Group is liable to pay EUR 1.0 million in contingent consideration if the increase in gross margin in 2017 and 2018 is at least 15 percent and the company's EBITDA is at least EUR 0.4 million. Furthermore, the owner is entitled to an additional purchase price of EUR 0.3 million if the combined EBITDA for 2016 and 2017 exceeds EUR 1.6 million. The latter has not been taken into account in the calculation of total acquisition cost due to its low probability.

The Group recognized EUR 0.1 million in fees related to consulting, determination of value and other such services. These remunerations are included under the 'Other operating expenses' item of the consolidated income statement. The total acquisition cost and the values of the acquired assets and received liabilities on the acquisition date were as follows:

Consideration transferred:	
Cash	1,906
Contingent consideration	965
Total acquisition cost	**2,872**

The values of the acquired assets and received liabilities on the acquisition date were as follows:

	Entered values
Tangible fixed assets	47
Customer agreements and customer relationships (included in intangible assets)	1,814
Sales receivables and other receivables	575
Total assets	**2,436**
Deferred tax liabilities	-399
Financial liabilities	-154
Other current liabilities	-344
Total liabilities	**-898**
Net assets	**1,538**

Goodwill resulting from acquisition	
Consideration transferred	2,872
Identifiable net capital of acquired item	-1,538
Goodwill	**1,333**

The fair values recognized for intangible assets in conjunction with the business combination are related to acquired customer agreements. Goodwill of EUR 1.3 million arose from the acquisition. Goodwill is based on the expected synergy benefits, especially with the Group's subsidiaries operating in the Visibility & Service Design business area.