Nordic Morning Group Plc

Financial Statements Jan. 1 – Dec. 31, 2018

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

Contents

Board of Directors’ report for the financial year January 1–December 31, 2018

Financial performance in 2018

- The Nordic Morning Group’s consolidated net revenue was EUR 76.4 million (EUR 93.4 million). Net revenue declined particularly in Sweden due to restructuring measures carried out in the Edita Prima and Nordic Morning business areas in the previous year. In the Edita Publishing business area, net revenue decreased due to lower advertising sales revenue.
- Gross margin before non-recurring items decreased from EUR 53.9 million to EUR 46.8 million and EBITDA before non-recurring items decreased from EUR 8.7 million to EUR 5.9 million.
- Operating profit amounted to EUR 0.9 (5.9) million. Non-recurring items totaled EUR -0,5 (+2.9) million.
- Operating profit before non-recurring items was EUR 1.3 (3.1) million. Profit excluding non-recurring items weakened in all business areas as result of lower net sales.
- The equity ratio at the end of the review period was 40.3 (37.2) percent.
- Cash and cash equivalents amounted to EUR 0.2 (1.3) million, and net debt was EUR 12.7 (14.3) million.

CONSOLIDATED KEY FIGURES		2018	2017
Net revenue	k€	76 379	93 402
Exports and foreign operations %		43.9 %	51.8 %
Adjusted operating gross margin	k€	46 786	53 876
% of net revenue		61.3 %	57.7 %
Adjusted operating EBITDA	k€	5 907	8 693
% of net revenue		7.7 %	9.3 %
Adjusted operating profit/loss	k€	1 337	3 078
% of net revenue		1.8 %	3.3 %
Operating profit/loss	k€	880	5 939
% of net revenue		1.2 %	6.4 %
Profit before taxes	k€	244	5 518
% of net revenue		0.3 %	5.9 %
Profit for financial year	k€	218	4 502
Return on equity (ROE), %	%	1.1	22.4
Return on capital employed, %	%	2.6	14.5
Equity-to-assets ratio (%)	%	40.3	37.2
Gearing (%)	%	64.9	67.0
Gross capital expenditure	k€	1 796	11 024
% of net revenue		2.4	11.8
Average number of employees		472	548
Earnings per share (EPS)	€	0.03	0.74
Dividends per share	€	0.33	0.33
Equity per share	€	3.27	3.53

The Nordic Morning Group and changes in Group structure

The Nordic Morning Group consists of three business areas:

- *Nordic Morning,* comprised of Nordic Morning Finland Oy, Nordic Morning Sweden AB, and Mods Graphic Studio AB.
- *Edita Prima*, comprised of Edita Prima Oy. The business area also includes the associated company Edita Bobergs Förvaltnings AB, but the company no longer engages in actual business operations.
- *Edita Publishing*, comprised of Edita Publishing Oy.

On January 1, 2018, the business operations of CountQuest AB and Ottoboni AB were merged into Nordic Morning Sweden AB. The legal merger between the companies was carried out on March 14, 2018.

On May 1, 2018, the business operations of Nordic Morning Data-Driven Content AB were merged into Nordic Morning Sweden AB. The legal merger between the companies was carried out on August 17, 2018.

On October 8, 2018, Nordic Morning Group Sweden AB sold its share of the subsidiary Edita Bobergs AB. The transaction had no significant impact on the Group’s profit or financial position or on the Group’s full-year net revenue or profit, as the company no longer engaged in actual business operations.

Consolidated net revenue

The Group’s consolidated net revenue was EUR 76.4 (93.4) million. Net revenue in Finland amounted to EUR 42,8 (45.0) million. Net revenue in other EU countries was EUR 32.4 (46.7) million and exports outside the EU totaled EUR 1.2 (1.6) million. Of the Group’s net revenue, 57 percent (49%) came from Finland and 43 percent (51%) from Sweden. The Nordic Morning business area’s net revenue increased in Finland due to subcontract invoicing, but declined in Sweden, where the focus was on improving profitability by discontinuing loss-making operations in the previous year. The net revenue of the Edita Prima business area in Sweden decreased due to the divestment of business operations in the previous year. In the Edita Publishing business area, net revenue decreased by EUR 1.0 million due to lower advertising sales revenue.

Revenue (EUR 1,000)	**2018**	**2017**	**Change 2018-2017**
Nordic Morning	44 381	52 991	-16.2 %
Edita Publishing	13 864	14 894	-6.9 %
Edita Prima	18 581	26 697	-30.4 %
Group-internal revenue and other operations	-446	-1 180	62.2 %
Group	**76 379**	**93 402**	**-18.2 %**

In the Nordic Morning business area, net revenue was EUR 44.4 (53.0) million. In Finland, net revenue increased from EUR 11.1 million to EUR 12.1 million. In Sweden, net revenue declined from EUR 42.3 million to EUR 32.9 million in spite of a significant increase in the net revenue of Mods Graphic Studio AB. The sales of Nordic Morning Sweden AB were negatively affected by the closing down of unprofitable offices in the previous year.

In the Edita Publishing business area, net revenue was EUR 13.9 (14.9) million. Net revenue was reduced by a decrease in advertising sales, but the sales of digital services and learning materials continued to develop favorably.

In the Edita Prima business area, net revenue was EUR 18.6 (26.7) million. The business operations in Sweden were divested in the previous year, which explains the year-on-year decrease in net revenue. In Finland, net sales declined due to weaker demand for traditional printing services.

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.

Consolidated operating profit

The Group's operating profit was EUR 0.9 (5.9) million, a decrease of EUR 5.1 million from the previous year. The operating profit includes non-recurring items totaling EUR -0.5 (+2.9) million. The non-recurring income included in the operating profit totaled EUR 0.0 (5.8) million. The most significant item of non-recurring income during the previous year was a net gain of EUR 3.1 million on the sale of a land area in Hakuninmaa. Non-recurring expenses amounted to EUR -0.5 (-2.9) million. In 2018 the most significant non-recurring expenses were related to termination provisions recognized in Sweden. The Group's operating profit excluding non-recurring items declined substantially and amounted to EUR 1.3 (3.0) million.

Operating profit/loss (EUR 1,000)	2018	2017
Nordic Morning	-998	-2 929
Edita Publishing	3 032	4 528
Edita Prima	903	2 904
Other operations	-2 056	1 436
Group	**880**	**5 939**
Operating Profit %	**1.2 %**	**6.4 %**

In the Nordic Morning business area, the operating loss was EUR -1.0 (EUR -2.9) million. The operating profit improved significantly, as the previous year's profit was weighed down by rationalization expenses of EUR 1.4 million related to the discontinuation of Nordic Morning Data-Driven Content AB operations in Malmö and Gothenburg. During 2018 the office in Norrköping has been closed down, which leaves Nordic Morning Sweden with offices in Stockholm and Malmö. Operating profit excluding non-recurring items was EUR -0.7 (-0.4) million. Operating profit excluding non-recurring items declined both in Finland and Sweden, even though Mods Graphic Studio AB made an excellent result.

In the Edita Publishing business area, operating profit amounted to EUR 3.0 (4.5) million. Operating profit was reduced by lower advertising sales but increased by the favorable development in orders for learning materials.

In the Edita Prima business area, operating profit amounted to EUR 0.9 (2.9) million. The previous year's operating profit included EUR 1.7 million in net non-recurring items, mostly related to gains on the disposal of fixed assets and business operations. In Finland, operating profit excluding non-recurring items was EUR 0.9 (1.3) million. The lower profit was due to a decline in net revenue.

Other operations include group administration, the operating profit of which was EUR -2.1 (1.1) million. The profit consists mainly of group administration expenses. The previous year's result included EUR 3.1 million in non-recurring profit from the sale of land owned by Nordic Morning Group Plc.

Solvency and financial position

The net cash flow from the Group's operating activities was EUR 3.6 (4.4) million. Investments totaled EUR 0.7 (2.4) million. Loan installments and repayments of leasing liabilities amounted to EUR 3.6 (5.4) million. The Group's cash and cash equivalents at the end of the year totaled EUR 0.2 (1.3) million.

The Group’s equity ratio was 40.3 (37.2) percent. The equity ratio improved due to the repayment of loans and leasing liabilities.

	2018	2017
Return on equity (ROE), %	1.1	22.4
Equity-to-assets ratio, %	40.3	37.2

The Group’s parent company

The net revenue of the Group’s parent company, Nordic Morning Plc, was EUR 3.9 (3.8) million, and its profit for the financial year was EUR 5.3 (1.8) million. The parent company’s balance sheet total was EUR 63.0 (67.1) million.

Investments

The Group’s gross capital expenditure, as per international financial statements standards (IFRS), was EUR 1.8 (11.0) million. The parent company’s gross capital expenditure, as per Finnish accounting regulations, was EUR 0.1 (1.3) million.

Personnel

During the financial year, the Group employed an average of 472 (548) persons (full-time equivalents). The parent company employed an average of 26 (28) persons.

The average number of personnel decreased by 45 in the Nordic Morning business area and by 36 in the Edita Prima business area. The decrease was mainly due to the divestment of printing business in Sweden previous year.

In 2018 of the Group’s employees, 54 (47) percent work in Finland and 46 (53) percent in Sweden.

Average number of employees in full-time equivalents	2018	2017	Change 2018–2017
Nordic Morning	262	307	-14.8 %
Edita Publishing	83	78	6.6 %
Edita Prima	86	122	-29.3 %
Other operations	41	41	0.0 %
Group	**472**	**548**	**-13.9 %**
Per country			
Finland	257	258	-0.4 %
Sweden	215	285	-24.6 %
Ukraine	0	5	-100.0 %
Group	**472**	**548**	**-13.9 %**
Employee benefits expense (EUR 1,000)	**35 339**	**41 455**	**-14.8 %**

During 2018, there has been a strong focus on company culture with the aim of building a shared foundation of values and creating guiding principles that span the entire Group. The development effort has been a participatory process in which the entire organization has been engaged in the creation of the Group's new culture. Workshops have also been organized for managers and supervisors to discuss their role and provide them with tools for putting the guiding principles into action. Designated culture ambassadors from the Group's business areas also play an important role in increasing visibility and awareness of the guiding principles.

The participatory process of establishing the Group's common values and guiding principles has been rewarding in many ways and it has created an effective framework for cooperation across team and unit boundaries throughout the Group.

The guiding principles have also outlined what types of behavior the organization needs in order to develop in the desired direction. The theme for fall 2018 was self-leadership, responsibility and personal efficiency. Workshops targeted at personnel provided opportunities to learn ways to increase the efficiency of one's own work and prioritize work. The aim of the training was to provide all employees with easy-to-use tools for managing themselves and their work.

Compensation

The Board of Directors of Nordic Morning Group 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 business areas' management teams, the Board decides on the principles of compensation. Nordic Morning Group Plc does not use incentive systems based on shares or share derivatives.

In 2018, the Group had an incentive program under which the CEO was entitled to a performance-based bonus not exceeding 100 percent of the CEO's annual taxable earnings. The other individuals covered by the incentive program are entitled to a performance-based bonus not exceeding 60–80 percent of their annual taxable earnings. No performance bonus provisions were recognized in relation to the incentive system during the 2018 financial year.

The contractual retirement age of the parent company's CEO complies with the applicable legislation.

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 development of the value of the Swedish krona. The Group's risks are assessed regularly as part of operational planning and reporting.

The digital transformation has a tremendous impact by introducing rapid technological progress to learning, marketing, customer behavior and media buying as well as the increasing use of data analytics. Using data analytics at the core of business operations creates deeper customer insight to serve as the foundation of operations and also enables a better customer experience.

The key to business growth lies in attracting and retaining highly competent personnel. As our business depends heavily on our human capital, this is of critical importance to the Nordic Morning Group. Failing to attract and retain talented professionals could pose significant challenges to the Group's business areas. With this in mind, the retention and development of competence are focus areas of the Group's strategy. That's why the strong focus on company culture with the aim of building a shared foundation of values and creating guiding principles that span the entire Group.

For the Group's solvency, as well as cash and cash equivalents, to remain at a good level, the profitability of business operations must be improved and the management of working capital must be enhanced further.

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 14.4 million in goodwill, which has been allocated to the Nordic Morning business area's Finnish and Swedish units. If the structural change of the marketing and communications market continues to be more intense than anticipated, the Nordic Morning Group may have to consider additional write-downs of goodwill.

As a result of acquisitions, the Nordic Morning Group's information systems structure is fragmented and the data in the systems is not harmonized. The risk this causes to business operations will be reduced by harmonizing and simplifying the information systems structure and master data in a manner that supports cooperation and information sharing between the business areas. A new ERP system will be implemented during 2019 as a foundation for the desired target structure.

The Nordic Morning 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 beginning of the year.

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

The Nordic Morning 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 year.

Corporate responsibility

Nordic Morning Group releases annual Corporate Responsibility Reports as part of its Annual Reports available on the Group's website. The report is prepared in accordance with 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 the Group's values and ethics. Key aspects of social responsibility include employee well-being, supporting continuous learning and competence development, as well as providing inspiring and caring leadership.

The Nordic Morning Group's environmental strategy is based on environmental awareness, environmentally responsible operations, services and products. The production facility in Helsinki is ISO14001 certified, Swan ecolabelled and climate neutral. It has also been granted the right to use 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, CEO and auditors

The Annual General Meeting on March 21, 2018, decided that Per Sjödell (Chairman), Jukka Ruuska (Vice Chairman), Anni Ronkainen and Ingrid Jonasson Blank will continue as members of the Board of Directors of Nordic Morning Group Oyj. Pekka Hurtola and Anne Korkiakoski were elected as new members.

The Nordic Morning Group's CEO is Anne Årneby.

The Annual General Meeting elected KPMG Oy AB, Authorized Public Accountants, as the auditor. The principal auditor is Kati Nikunen, APA.

Outlook for 2019

The Group will continue to develop its businesses and structures to support its services and ensure that the Group's businesses respond to their customers' changing needs. The key goals are to improve the profitability of the Nordic Morning business area and develop and implement common information system platform to increase transparency and cooperation between the Group's companies and competencies. The projects being launched will increase the Group's capital expenditure to some degree in 2019, but subsequent business development is expected to remain favorable and supportive of profitable growth.

Shares

The company has one share class, and so there are no vote differentials. One share carries one vote. The company's shares do not belong to the book-entry system. All shares issued have been fully paid for. The total number of shares was 6,000,000 throughout the financial year as well as during the comparison period.

Board's proposal on the disposal of distributable funds

Nordic Morning Group Plc's equity was EUR 42,094,999.95 at the end of the financial year. The company's distributable funds are EUR 10,225,389.21, of which the result for the financial year was EUR 5,349,262.43.

The Board of Directors proposes to the Annual General Meeting that the parent company's distributable funds be used as follows:

- distribute a dividend of EUR 0.33/share, totaling	EUR 2,000,000.00
- transfer to the profit and loss account of previous financial periods	EUR 8,225,389.21
	EUR 10,225,389.21

No substantial changes have taken place in the company's financial standing since the end of the financial year. The company's liquidity is good and, according to the view of the Board of Directors, the proposed profit distribution will not compromise the company's solvency.

Consolidated income statement (IFRS) (EUR 1,000)

	Note	1.1. -31.12.2018	1.1. -31.12.2017
NET REVENUE	**2,3**	**76 379**	**93 402**
Other operating income	4	600	4 634
Change in inventories of finished and unfinished goods		-270	-142
Work performed for company use		121	157
Materials and services	5	-22 826	-31 478
Employee benefits expense	6	-35 339	-41 455
Depreciation	7	-4 567	-5 830
Impairment	7	0	-311
Other operating expenses	8	-13 220	-14 188
Share of profit in associates	17	3	1 150
OPERATING PROFIT		**880**	**5 939**
Financial income	10	25	59
Financial expenses	11	-661	-480
PROFIT BEFORE TAXES		**244**	**5 518**
Income taxes	13	-26	-1 016
PROFIT FOR THE FINANCIAL YEAR		**218**	**4 502**
Distribution			
Parent company's shareholders		208	4 456
Non-controlling interest		10	45
Earnings per share calculated on the profit attributable to shareholders of the parent company:			
earnings per share, EUR		0,03	0,74

Consolidated statement of comprehensive income (IFRS) (EUR 1,000)

	Note	1.1. -31.12.2018	1.1. -31.12.2017
PROFIT FOR THE FINANCIAL YEAR		**218**	**4 502**
Other comprehensive income			
Items that are not recognized through profit and loss later			
Financial assets which are measured at fair value trough other comprehensive income	12	8	-67
Taxes relating to OCI items	13	-2	13
		6	-54
Items that may be recognized through profit and loss later			
Translation differences	12	283	204
		283	204
Post-tax OCI items for the financial year		289	150
ACCUMULATED COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		**507**	**4 652**
Distribution of comprehensive income			
Parent company's shareholders		505	4 612
Non-controlling interest		2	40

Consolidated statement of financial position (IFRS) (EUR 1,000)

ASSETS	Note	31.12.2018	31.12.2017
NON-CURRENT ASSETS			
Tangible fixed assets	14	18 456	20 843
Goodwill	15	14 367	14 524
Other intangible assets	15	1 140	1 679
Interests in associated companies	17	282	1 459
Other financial assets	18	26	190
Deferred tax assets	19	104	69
		34 375	38 765
CURRENT ASSETS			
Inventories	20	1 672	1 813
Sales receivables and other receivables	21	14 340	18 072
Tax receivables based on taxable income for the financial year		527	44
Other current financial assets	18	84	76
Cash and cash equivalents	22	234	1 326
		16 857	21 331
Total assets		**51 232**	**60 095**

EQUITY AND LIABILITIES	Note	31.12.2018	31.12.2017
SHAREHOLDERS' EQUITY			
Share capital		6 000	6 000
Share premium fund		25 870	25 870
Translation differences		122	-167
Fair value fund		54	48
Retained earnings		-12 412	-10 544
Shareholders' equity attributable to parent company shareh	23	19 634	21 207
Non-controlling interest	16	0	197
Total shareholders' equity		19 634	21 404
LIABILITIES			
Non-current liabilities			
Financial liabilities	25	9 082	12 080
Non-current provisions	24	115	146
Deferred tax liabilities	19	238	440
		9 436	12 665
Current liabilities			
Current financial liabilities	25	3 891	3 584
Accounts payable and other current liabilities	26	18 263	21 634
Tax liabilities based on taxable income for the financial year		7	807
		22 162	26 026
Total liabilities		31 597	38 691
Total shareholders' equity and liabilities		**51 232**	**60 095**

Consolidated statement of cash flows (EUR 1000)

	Note	1.1. - 31.12.2018	1.1. - 31.12.2017
Cash flow from operating activities			
Profit for the financial year		218	4 502
Adjustments			
Non-cash transactions	29	4 367	1 028
Interest expenses and other financial expenses		661	480
Interest income		-25	-59
Dividend income		-4	-8
Taxes		26	1 026
Changes in working capital			
Change in sales receivables and other receivables		3 731	2 657
Change in inventories		141	121
Change in accounts payable and other liabilities		-3 575	-4 356
Change in provisions		-31	-142
Interest paid		-400	-277
Interest received		25	70
Taxes paid (-) received (+)		-1 547	-660
Net cash flow from operating activities (A)		**3 588**	**4 382**
Cash flow from investing activities			
Sale of business operations (net of cash)		71	1 422
Sale of tangible fixed assets		0	3 205
Acquisition of subsidiaries and businesses (net of cash and equivalents acquired)		-293	-934
Investments in tangible fixed assets		-102	-1 380
Investments in intangible assets		-319	-111
Proceeds from other investments		170	319
Dividends received		1 125	786
Net cash flow from investing activities (B)		**652**	**3 306**
Cash flow from financing activities			
Use of cash pool liability		380	0
Repayment of loans	25	-1 551	-2 797
Lease payments	25	-2 049	-2 578
Dividends paid		-2 230	-2 000
Net cash flow from financing activities (C)		**-5 450**	**-7 375**
Change in cash and cash equivalents (A+ B + C)		**-1 210**	**313**
Cash and cash equivalents at start of the period		1 326	1 007
Effect of changes in exchange rates		118	6
Cash and cash equivalents at end of the period	22	**234**	**1 326**

Consolidated statement of changes in shareholders' equity (IFRS) (EUR 1,000)

	Note	Shareholders' equity attributable to parent company shareholders						Non-controlling interest	Total share-holders' equity
		Share capital	Share premium fund	Trans-lation dif-ferences	Fair value fund	Retained earnings	Total		
Shareholders' equity, Dec 31, 2016		**6 000**	**25 870**	**-377**	**102**	**-12 944**	**18 650**	**157**	**18 807**
IFRS 16 adjustment						-56	-56		-56
Shareholders' equity, January 1, 2017		**6 000**	**25 870**	**-377**	**102**	**-13 000**	**18 594**	**157**	**18 751**
Comprehensive income									
Profit for financial year						4 456	4 456	45	4 502
Other comprehensive income (adjusted with tax effect)									
Financial assets which are measured at					-54		-54		-54
fair value trough other comprehensive income							0		0
Translation differences				210			210	-6	204
Accumulated comprehensive income for the financial year				**210**	**-54**	**4456**	**4 612**	**40**	**4652**
Transaction with owners									
Parent dividend distribution	25					-2 000	-2 000		-2 000
Shareholders' equity, Dec. 31, 2017		**6 000**	**25 870**	**-167**	**48**	**-10 544**	**21 207**	**197**	**21 404**
Shareholders' equity, January 1, 2018		**6 000**	**25 870**	**-167**	**48**	**-10 544**	**21 207**	**197**	**21 404**
Comprehensive income									
Profit for financial year						208	208	10	218
Other comprehensive income (adjusted with tax effect)									
Financial assets which are measured at					6		6		6
fair value trough other comprehensive income							0		0
Translation differences				290			290	-8	150
Accumulated comprehensive income for the financial year				**290**	**6**	**208**	**505**	**2**	**507**
Transaction with owners									
Parent dividend distribution	25					-2 000	-2 000		-2 000
Subsidiary dividend distribution						-77	-77	-154	-230
Changes in subsidiary holdings									
Changes in non-controlling interests that resulted in changes in control								-46	-46
Shareholders' equity, Dec. 31, 2018		**6 000**	**25 870**	**122**	**54**	**-12 412**	**19 634**	**0**	**19 634**

Notes to the consolidated financial statements

1. Accounting policies applied to the consolidated financial statements

Basic information

The Group consists of three business areas: Nordic Morning focusing on data-driven marketing and service design, Edita Prima creates automated customer communication services and Edita Publishing develops smart learning and information solutions.

The Group's parent company, Nordic Morning Group Plc, is a Finnish public limited company domiciled in Helsinki. The registered address of the parent company is Rantatie 8, FI-00580 Helsinki, Finland. The consolidated financial statements are available on the Group's website at the address www.nordicmorninggroup.com or at the parent company's head office.

These financial statements were approved for publication by the Board of Directors of Nordic Morning Plc at its meeting held on February 14, 2019. According to the Finnish Limited Liability Companies Act, shareholders have the opportunity to accept or reject the financial statements at the Annual General Meeting held after their publication. The Annual General Meeting may also decide to amend the financial statements.

Accounting basis for the financial statements

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS). In preparing them, the International Accounting Standards (IAS) and IFRS, together with their Standing Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC) interpretations, valid on December 31, 2018, were applied. The IFRS refer to the standards and associated interpretations given in the Finnish Accounting Act and in regulations issued under it that are approved by the EU for application in accordance with the procedure laid down in Regulation (EC) No 1606/2002. The Notes to the Consolidated Financial Statements also meet the provisions of Finnish accounting and company law that supplement the IFRS.

The consolidated financial statements' figures are presented in thousands of euros and are based on original acquisition costs unless otherwise notified in the accounting policies.

In order to prepare the financial statements in compliance with the IFRS, the Group management must make estimates and use their judgment in selecting and applying accounting policies. Information on the judgment-based decisions made by the management in applying the financial statements accounting policies of the Group, and which have the greatest impact on the figures presented in the financial statements, as well as information about presumptions about the future and key assumptions related to estimates, is presented in the accounting policies section "Accounting Policies Requiring the Management's Judgment, and Key Uncertainties Associated with Estimates".

New and revised standards and interpretations applied

The Group has applied the following new and revised standards and interpretations as of January 1, 2018:

- IFRS 15 *Revenue from Contracts with Customers* (effective for financial periods beginning on or after January 1, 2018). The new standard establishes a five-stage framework for recognizing revenue from contracts with customers and replaces existing revenue guidance, including IAS 18, IAS 11 and the related interpretations. Revenue can be recognized over time or at a specific time, with the central criterion being the transfer of control. The standard has also increased the notes presented with financial statements. The standard has not affected the Group's annual net revenue, as the timing of revenue recognition has only changed for certain revenue streams, for which revenue is now recognized at a point in time instead of over time, or vice versa.

- IFRS 16 *Leases* (effective for financial periods beginning on or after January 1, 2019). IFRS 16 was published in January 2016. It will require that nearly all leases are recognized in the balance sheet, as operating leases and financial leases will no longer be separated. According to the new standard, reporting entities will recognize an asset (the right to use the leased asset) and a financial liability corresponding to lease payments. The only exceptions are short-term leases and leases whose underlying asset has a low value. The approach to lessor accounting has not changed significantly.

The Group has adopted IFRS 16 coincidentally with IFRS 15 *Revenue from Contracts with Customers*, starting from January 1, 2018. The Group has applied IFRS 16 retrospectively, making the comparison figures fully comparable. The effects of the standard on the Group's consolidated income statement, balance sheet and cash flow statement for the comparison period are presented below.

CONSOLIDATED INCOME STATEMENT (IFRS) (EUR 1000)	**Reported 1.1. - 31.12.2017**	**Applying new IFRS standards**	**IFRS-adjusted 1.1. - 31.12.2017**
Net sales	**93 402**	**0**	**93 402**
Other operating income	4 634	0	4 634
Change in inventories of finished and unfinished goods	-142	0	-142
Work performed for company use	157	0	157
Materials and services	-31 478	0	-31 478
Expenses arising from employee benefits	-41 455	0	-41 455
Depreciation	-3 382	-2 448	-5 830
Impairment	-311	0	-311
Other operating expenses	-16 665	2 478	-14 188
Share of results in associated companies	1 150	0	1 150
Operating profit	**5 909**	**30**	**5 939**
Financial income	59	0	59
Financial expenses	-395	-85	-480
Result before taxes	5 573	-55	**5 518**
Income taxes	-1 026	11	-1 016
Result for the period	**4 547**	**-45**	**4 502**
Distribution			
Parent company's shareholders	4 501	-45	4 456
Non-controlling interest	45	0	45
Earnings per share calculated on the profit attributable to shareholders of the parent company:			
earnings per share, EUR	0,75	-0,01	0,74

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (IFRS) (EUR 1000)	Reported 1.1. - 31.12.2017	Applying new IFRS standards	IFRS-adjusted 1.1. - 31.12.2017
Result for the period	**4 547**	-45	**4 502**
Other comprehensive income			
Items that are not recognized through profit and loss later			
Financial assets which are measured at fair value trough other comprehensive income	-67	0	-67
Taxes relating to OCI items	13	0	13
	-54	0	-54
Items that may be recognized through profit and loss later			
Translation differences	203	1	204
Post-tax OCI items for the financial year	150	0	150
Accumulated comprehensive income for the financial year	**4 696**	-44	**4 652**
Distribution of comprehensive income			
Parent company's shareholders	4 656	-45	4 612
Non-controlling interests	40	0	40

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

ASSETS	Reported 31.12.2016	Applying new IFRS standards	IFRS adjusted 1.1.2017
NON-CURRENT ASSETS			
Tangible fixed assets	11 073	5 423	16 496
Goodwill	14 587		14 587
Other intangible assets	2 952		2 952
Interests in associates	1 184		1 184
Other financial assets	413		413
Deferred tax assets	85	16	101
	30 294	5 439	35 733
CURRENT ASSETS			
Inventories	2 286		2 286
Sales and other receivables	20 842		20 842
Tax receivables	59		59
Other current financial assets	146		146
Cash and cash equivalents	1 007		1 007
	24 340	0	24 340
Total assets	**54 634**	**5 439**	**60 073**

EQUITY AND LIABILITIES	Reported 31.12.2016	Applying new IFRS standards	IFRS adjusted 1.1.2017
SHAREHOLDERS' EQUITY			
Share capital	6 000		6 000
Share premium fund	25 870		25 870
Translation differences	-377		-377
Fair value fund	102		102
Retained earnings	-12 944	-56	-13 000
Shareholders' equity	18 650	-56	18 594
Non-controlling interests	157		157
Total shareholders' equity	18 807	-56	18 751
LIABILITIES			
Non-current liabilities			
Non-current liabilities	5 035	3 516	8 551
Non-current provisions	288		288
Deferred tax liabilities	826		826
	6 149	3 516	9 665
Current liabilities			
Installments on liabilities	1 992	2 938	4 930
Payables and other liabilities	27 574	-960	26 614
Tax liabilities	113		113
	29 678	1 978	31 657
Total equity and liabilities	**54 634**	**5 439**	**60 073**

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

ASSETS	Reported 31.12.2017	Applying new IFRS standards	IFRS-adjusted 31.12.2017
NON-CURRENT ASSETS			
Tangible fixed assets	9 340	11 504	20 843
Goodwill	14 524	0	14 524
Other intangible assets	1 679	0	1 679
Interests in associated companies	1 459	0	1 459
Other financial assets	190	0	190
Deferred tax assets	43	26	69
	27 235	11 529	38 765
CURRENT ASSETS			
Inventories	1 813	0	1 813
Sales receivables and other receivables	18 072	0	18 072
Tax receivables based on taxable income for the period	44	0	44
Other current financial assets	76	0	76
Cash and cash equivalents	1 326	0	1 326
	21 331	0	21 331
Total assets	**48 566**	**11 529**	**60 095**
EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	6 000	0	6 000
Premium reserve	25 870	0	25 870
Translation differences	-168	1	-167
Fair value reserve	48	0	48
Retained earnings	-10 443	-101	-10 544
Equity attributable to shareholders of the parent company	21 306	-100	21 207
Non-controlling interest	197	0	197
Total shareholderss equity	21 504	-100	21 404
LIABILITIES			
Non-current liabilities			
Interest-bearing non-current liabilities	2 327	9 753	12 080
Non-current provisions	146	0	146
Deferred tax liabilities	440	0	440
	2 913	9 753	12 665
Current liabilities			
Short-term interest-bearing liabilities	1 669	1 916	3 584
Accounts payable and other current liabilities	21 674	-39	21 634
Tax liabilities based on taxable income for the period	807	0	807
	24 150	1 876	26 026
Total liabilities	27 062	11 629	38 691
Total shareholders' equity and liabilities	**48 566**	**11 529**	**60 095**

Consolidated statement of cash flows (EUR 1000)

	Reported 1.1. - 31.12.2017	Applying new IFRS-standards	IFRS-adjusted 1.1. - 31.12.2017
Cash flow from operating activities			
Profit for the financial year	4 547	-45	4 502
Adjustments			
Non-cash transactions	-1 372	2 400	1 028
Interest expenses and other financial expenses	395	85	480
Interest income	-59	0	-59
Dividend income	-8	0	-8
Taxes	1 026	0	1 026
Changes in working capital			
Change in sales receivables and other receivable	2 657	0	2 657
Change in inventories	121	0	121
Change in accounts payable and other liabilities	-4 356	0	-4 356
Change in provisions	-142	0	-142
Interest paid	-192	-85	-277
Interest received	70	0	70
Taxes paid (-) received (+)	-660	0	-660
Net cash flow from operating activities (A)	**2 027**	**2 355**	**4 382**
Cash flow from investing activities			
Sale of business operations (net of cash)	1 422	0	1 422
Sale of tangible fixed assets	3 205	0	3 205
Acquisition of subsidiaries and businesses (net of cash and equivalents acquired)	-934	0	-934
Investments in tangible fixed assets	-1 380	0	-1 380
Investments in intangible assets	-111	0	-111
Proceeds from other investments	319	0	319
Dividends received	786	0	786
Net cash flow from investing activities (B)	**3 306**	**0**	**3 306**
Cash flow from financing activities			
Repayment of loans	-2 797	0	-2 797
Finance lease liabilities	-223	-2 355	-2 578
Dividends paid	-2 000	0	-2 000
Net cash flow from financing activities (C)	**-5 020**	**-2 355**	**-7 375**
Change in cash and cash equivalents (A+ B + C)	**313**	**0**	**313**
Cash and cash equivalents at start of the period	1 007	0	1 007
Effect of changes in exchange rates	6	0	6
Cash and cash equivalents at end of the period	**1 326**	0	**1 326**

- IFRS 9 *Financial Instruments* and amendments thereto (effective for financial periods beginning on or after January 1, 2018). The new standard has replaced IAS 39 *Financial Instruments: Recognition and Measurement*. The standard provides revised principles for the classification and measurement of financial assets and liabilities and includes a new impairment model for financial assets based on expected credit losses. The provisions concerning hedge accounting have also been amended.

The majority of the Group’s financial assets are sales receivables. The Group also has other financial assets in addition to sales receivables, but their amount is not significant. The adoption of the standard has changed the recognition of credit losses on sales receivables. According to IFRS 9, a credit loss allowance must also be recognized for sales receivables that have not fallen due, and future expectations must be considered in recognizing credit loss allowances. This change has not had a significant effect on the amount of the Group’s credit loss allowance.

The adoption of the standard also affects the classification of financial assets, as IFRS 9 eliminated the financial asset categories that were previously in effect under IAS 39. IFRS 9 provides three classification categories for financial assets: measured at amortized cost, measured at fair value through other comprehensive income and measured at fair value through profit or loss. The measurement of the Group’s financial assets has not changed with the exception of investments in shares. The new standard eliminates the option of measuring investments in unlisted shares, which are not traded on active markets and whose fair value cannot be reliably determined, at amortized cost. As the amount of such investments in shares is minor, the change does not have a significant effect on the consolidated financial statements. Furthermore, as the Group does not have derivatives subject to hedge accounting, the standard’s provisions concerning hedge accounting have no effect on the consolidated financial statements. The adoption of IFRS 9 has not had a significant effect on the consolidated financial figures.

- IFRS 2 *Share-based Payment* amendment (effective for financial periods beginning on or after January 1, 2018). Clarifications to the classification and measurement of share-based payment transactions. The amendment has not had a significant effect on the consolidated financial statements.

- IFRIC 22 Foreign Currency Transactions and Advance Consideration (effective for financial periods beginning on or after January 1, 2018). IFRIC 22 clarifies the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency. The amendment has not had a significant effect on the consolidated financial statements.

Subsidiaries

Subsidiaries are companies over which the Group exercises control. The criteria for control are fulfilled when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Accounting for the subsidiaries is reported using the acquisition method. Acquisition value for the subsidiaries is allocated in accordance with identifiable assets and assumed liabilities, which are valued at fair value at the time of acquisition. Costs associated with acquisitions are recorded as expenses. A possible contingent additional purchase price is valued at fair value at the time of acquisition and it is recognized as a liability. An additional purchase price classified as a liability is valued at fair value on the ending date of each reporting period and any profit or loss derived from this is recorded as either profit or loss.

Any shares held by non-controlling interests in the acquiree are measured either at fair value or at an amount which corresponds to the share of the share held by the non-controlling interests relative to the identifiable net assets of the acquiree. The basis of measurement is defined separately for each acquisition. The treatment of goodwill generated in conjunction with subsidiary acquisitions is described in the section “Goodwill”.

Subsidiaries acquired are consolidated in the consolidated financial statements from the date when the Group obtained control, while subsidiaries divested are consolidated up to the date when control ceases. All business transactions within the Group, internal receivables and liabilities and internal distribution of profit are eliminated in the consolidated financial statements.

The allocation of profit or loss for the financial period to the parent company shareholders and non-controlling interests is presented in a separate income statement and the allocation of comprehensive income to the parent company shareholders and non-controlling interests is presented in connection with the comprehensive income statement. Comprehensive income is allocated to the parent company shareholders and non-controlling interests, even if this should mean that the shares held by the latter become negative. The share of shareholders' equity owing to non-controlling interests is presented as a separate item on the balance sheet under shareholders' equity. Changes in the parent company's shareholding in the subsidiary, which do not lead to loss of control, are treated as equity-related transactions.

A previous shareholding in a staggered acquisition is measured at the fair price and any profit or loss derived from this is recorded as either profit or loss. When the Group loses control in a subsidiary, the remaining investment is measured at the fair price on the date of the expiry of control and the difference derived from this is recorded as either profit or loss.

Associates

Associates are companies over which the Group has significant influence. Significant influence is acheived when the Group owns more than 20 percent of the company's voting power or when the Group otherwise has significant influence, but not control.

Associates are consolidated by using the equity method.

If the Group's share of an associate's losses exceeds the carrying amount of the investment, the investment is recognized at zero value on the balance sheet. Losses exceeding the carrying amount are not aggregated, unless the Group is committed to fulfilling the obligations of the associates.

An investment in an associate includes the goodwill potentially resulting from the acquisition. A share of associates' profits for the financial year that corresponds with the Group's holding is presented as a separate item under operating profit. The Group's share in associates' changes recognized in other items of comprehensive income are recognized accordingly in the Group's other items of comprehensive income.

Translation of Items Denominated in Foreign Currencies

The figures related to the profit and financial position of the Group's units are defined in the currency of each unit's main operating environment ("the operating currency"). The consolidated financial statements are presented in euros, which is the operating and reporting currency of the Group's parent company.

Gains and losses arising from transactions denominated in foreign currencies and from the translation of monetary items are recognized through profit or loss. Exchange rate gains and losses related to business operations are included in the corresponding items above the operating profit line. Exchange rate gains and losses related to foreign currency loans are included in financial income and expenses, with the exception of exchange rate differences from those loans, the payment of which has not been planned and the payment of which is not likely and which are, on the basis of their actual content, part of net investments in foreign units and their exchange rate differences are treated in the same manner as translation differences in shareholders' equity. The exchange differences arising from these loans are recognized in other comprehensive income and the accumulated translation differences are presented as a separate item in equity until the foreign unit is relinquished completely or partially.

Translation of foreign Group companies' financial statements

Income and expense items on the comprehensive income statements and separate income statements of foreign Group companies are translated into euros at the average exchange rate of each company's financial year and their balance sheets are translated at the exchange rates of the end date of the reporting period.

Translating income and comprehensive income for the year at different exchange rates in the income statement and comprehensive income statement and in the balance sheet results in a translation difference, which is recognized under shareholders' equity, in the balance sheet. Changes in translation difference are recognized under other items of comprehensive income. Translation differences arising from the elimination of the acquisition cost of foreign subsidiaries and from the translation of equity items accumulated after the acquisition, as well as the effect of hedging instruments on net investments, are recognized under other items of comprehensive income. When subsidiaries are divested in whole or in part, the aggregated translation differences are recognized in the income statement under sales gains or losses.

Goodwill resulting from the acquisition of foreign units, and fair value adjustments made to the carrying amounts of said foreign units' assets and liabilities in conjunction with the acquisition, are treated as assets and liabilities of said foreign units and are translated into euros using the exchange rates of the balance sheet date.

Tangible fixed assets

Tangible fixed assets are recognized at cost less accumulated depreciation and, when applicable, impairment.

Expenses arising directly from the acquisition of a tangible fixed asset are included in the acquisition cost. If a fixed asset comprises several parts whose useful lives are of different lengths, each part is treated as a separate asset. In this case, the costs associated with renewing each part are capitalized and, in connection with the renewal, any remaining carrying amount is recognized off balance sheet. In other cases, costs arising later are included in the carrying amount of a tangible fixed asset only when it is likely that the future financial benefit associated with the asset will benefit the Group and when the acquisition cost of the asset can be reliably calculated. Other repair and maintenance costs are recognized through profit or loss, once they are realized.

Tangible fixed assets are depreciated using the straightline method throughout their estimated useful life. Land is not depreciated. The estimated useful lives are as follows:

Buildings and structures	10–30 years
Machinery and equipment	4–15 years
Access to property (leasing)	during the economic impact period

The residual value, useful life and depreciation method of an asset are checked at the end of each financial year at the minimum and, if necessary, are adjusted to reflect changed conditions.

Depreciation is started when the asset is ready for use, i.e. when it is in such a location and condition that it can function in the manner intended by the management. When tangible fixed assets are classified as for sale (or are included in a group of assets held for sale) according to IFRS 5 *Non-current assets held for sale and discontinued operations*, depreciation is no longer recognized.

Sales gains and losses resulting from the retiring and sale of tangible fixed assets are included in other operating income or expenses. Sales gains or losses are defined as the difference between the sale price and the remaining acquisition cost.

Intangible assets

Goodwill

Goodwill derived from business mergers is recognized as the amount at which the compensation paid out, the share held by non-controlling interests in the acquiree and any previously owned holding combined exceed the fair value of acquired net assets.

Goodwill is not subject to depreciation, but is tested for impairment annually and whenever there is any indication of potential impairment. For this purpose goodwill is allocated to cash-generating units, or, in the case of associates, is included in the acquisition cost of the said associates. Goodwill is measured at cost less impairment.

Research and development expenditure

Research expenses are recognized as expenses through profit or loss. Development expenses from the planning of newer or significantly improved products are capitalized as intangible assets in the balance sheet once expenses of the development phase can be calculated reliably, once the completion of the product can be implemented technically, once the Group can use or sell the product, once the Group can prove how the product will generate likely future financial benefit and once the Group has both the intention and the resources for completing the development work and for using or selling the product. Capitalized development expenses include the material, work and testing costs that are directly associated with completing the asset for its intended purpose. Development expenses that have already been recorded as expenses are not capitalized later.

Assets are subject to depreciation as soon as they are ready for use. An asset that is not yet ready for use will be tested annually for impairment. After their initial recognition, capitalized development expenses are measured at acquisition cost less accumulated depreciation and impairment. The useful life of capitalized development expenditure is 3–5 years, during which time the capitalized costs are recognized as expenses depreciated using the straight line method.

Other intangible assets

Intangible assets are recognized in the balance sheet at original acquisition cost when the acquisition cost can be calculated reliably and when it is likely that the expected economic benefits of the asset will flow to the Group.

Intangible assets with limited useful life are recognized in the income statement as expenses depreciated using the straight line method during their known or estimated useful life. The depreciation periods of intangible assets are as follows:

Customer agreements and associated customer relationships	2–8 years
Patents and licenses	4 years
IT software	4–5 years
Trademarks	5–10 years

The consolidated financial statements do not cover trademarks which have unlimited useful lives. The residual value, useful life and depreciation method of an asset are checked at the end of each financial year at the minimum and, if necessary, are adjusted to reflect changed conditions.

Depreciation on intangible assets is started when the asset is ready for use, i.e. when it is in such a location and condition that it can function in the manner intended by the management. When intangible assets are classified as for sale (or are included in a group of assets held for sale) according to IFRS 5 *Non-current assets held for sale and discontinued operations*, depreciation is no longer recognized.

Inventories

Materials, accessories and unfinished and finished goods are recognized under inventories. Inventories are measured at the lower of cost or net realizable value. Acquisition cost is calculated using the first in, first out (FIFO) method. All purchasing costs, including direct transportation, handling and other costs, are included in the acquisition cost of products that have been purchased as finished products. The acquisition cost of finished and unfinished products manufactured by the company is made up of raw materials, direct costs resulting from work carried out, other direct costs and a systematically applied share of the variable and fixed general costs of manufacturing at a normal level of activity.

The acquisition cost of inventories does not include borrowing costs. The net realizable value is the estimated sales price obtainable through normal business, less the estimated expenses of completing the product and the estimated essential expenses of selling the product.

Leases

Group as the lessee

The Group as the lessee recognizes assets and liabilities for all leases with a term exceeding 12 months that satisfy the IFRS 16 definition of a lease, except where the underlying asset is of low value. The Group recognizes a right-of-use asset that represents its right to use the leased asset, and a lease liability that represents the obligation to pay rent.

Leases are recognized on the balance sheet at the start of the lease term, at fair value of the leased asset at the time of signing the agreement or at the present value of minimum lease payments, whichever is lower. The lease term is the period during which the lease is non-cancellable. In determining the lease term, the Group takes into account extension options and termination options if it is reasonably certain that the Group will exercise the extension option or elect not to exercise the termination option.

The recognized assets are depreciated during the useful life of the assets or during the lease term, whichever is shorter. Leasings due for payment are distributed to financial expenditure and liability reduction during the lease term, so that each liability remaining during the period receives the same percentage of interest at the end of each month. Contingent rents are recognized as expenses for those periods during which they are realized. Lease liabilities are recorded under financial liabilities.

The expenses of short-term leases and leases for which the underlying asset is of low value are recognized under other operating expenses and the total value of future minimum lease payments are disclosed in the Notes as off-balance sheet liabilities.

Group as the tenant

Assets leased out under agreements included in tangible fixed assets on the balance sheet. They are depreciated during their useful life in a similar manner as corresponding tangible fixed assets used by the Group itself. Income from rent is recognized through profit or loss in equal items throughout the lease period.

Impairment of tangible and intangible assets

At each reporting date the Group assesses whether there is any indication that an asset may be impaired. If any such indication exists, the recoverable amount of the asset is estimated.

Recoverable amounts are also evaluated annually for the following asset items, irrespective of whether or not there is any indication of impairment: goodwill, intangible assets if they have unlimited useful life and unfinished intangible assets.

In addition to annual testing, goodwill is tested for impairment whenever there is any indication of potential impairment. The requirement to recognize impairment is considered at the cash-generating unit (CGU) level, i.e. at the lowest unit level which is mainly independent of other units and whose cash flows can be extracted from and are mainly independent of cash flows of other equivalent units. A cash-generating unit (CGU) is the lowest level in the Group where goodwill is monitored for internal management. Four cash-generating units have been defined in the Group:

1. Nordic Morning Sweden
2. Nordic Morning Finland
3. Edita Prima
4. Edita Publishing

Such assets as are common to the entire Group, serve several cash-generating units and do not generate a separate cash flow have been allocated to cash-generating units in a reasonable and coherent manner and are tested as part of each cash-generating unit.

The recoverable amount is the fair value of the asset less expenses arising from sale or the value in use, whichever is higher. The value in use is the estimated future net cash flows expected to be derived from an asset or cash-generating unit, discounted to their present value. The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognized when the carrying amount of an asset is greater than its recoverable amount. An impairment loss is recorded immediately as either profit or loss. If an impairment loss affects a cash-generating unit, it is first allocated by lowering the goodwill allocated to the cash-generating unit and then by lowering the unit’s other assets in the same ratio. The useful life of an asset subject to depreciation is reassessed when the impairment loss is recognized.

An impairment loss recognized for any assets other than goodwill is reversed if there is a change in the assessments used to calculate the asset’s recoverable amount. However, an impairment loss can only be reversed up to the carrying value of the asset before recognition of the impairment loss. An impairment loss recorded for goodwill cannot be reversed under any circumstances.

Employee Benefits

Pension obligations

Post-employment benefits comprise pensions and other benefits, such as life insurance, provided on the basis of employment. Benefits are classified into defined contribution plans and defined benefit plans. Under contribution plans, the Group makes fixed payments to a separate entity. The Group has no legal or de facto obligation to make any additional payments if the payment receiver is unable to pay out the pension benefits. Contributions to defined contribution plans are recognized through profit or loss for the period in which the contributions are payable. Those plans that do not fulfill the definition of defined contribution plans are classified as defined benefit plans. The Group has no defined benefit pension plans in effect.

Provisions and contingent liabilities

A provision is recognized when the Group has an existing legal or factual obligation resulting from an earlier event, the fulfillment of the payment obligation is probable and its magnitude can be reliably quantified. Provisions are valued according to the current value of the expenditure required to settle the obligation. The provision is discounted if the time value has fundamental significance for the size of the provision. Provision amounts are assessed on each reporting date and are adjusted to correspond with the best estimate at the time of review. Any adjustments to provisions are entered in the income statement in the same item as where the provision in question was originally entered.

A restructuring provision is made when the Group has compiled a company-specific restructuring plan and launched its implementation or informed the affected parties accordingly. A provision for environmental obligations is made when the Group has an obligation, based on environmental legislation and the Group's environmental responsibility policies, which relates to site decommissioning, repairing environmental damage or moving equipment from one place to another.

A contingent liability is an obligation that may arise as a result of earlier events and whose existence will be confirmed only if an uncertain event outside the control of the Group is realized. A contingent liability is also considered to be an existing obligation where the payment obligation will probably not need to be fulfilled or whose magnitude cannot be reliably defined. Contingent liabilities are disclosed in the Notes.

Income taxes for the year and deferred taxes

The tax liability in the income statement is made up of income tax for the financial year and deferred tax. Taxes are recognized through profit or loss, except when they relate directly to shareholders' equity or to items recognized in the comprehensive income statement. Thus, tax is also recognized in the relevant items. Income tax for the financial year is calculated on the basis of the valid tax rate for the country in question. Tax is adjusted with any taxes related to earlier financial years. The Group deducts deferred tax assets and liabilities from each other only in the case that the Group has a legally enforceable right to set off the recorded items and the Group intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Deferred taxes are calculated from temporary differences between the carrying amount and the taxable amount. However, deferred tax liabilities are not recognized on the initial recognition of goodwill, or if they arise from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

For investments made in subsidiaries, deferred tax is recognized, except when the Group is able to determine the moment when the temporary difference no longer exists and it is likely that the temporary difference exists in the foreseeable future.

The largest temporary differences are caused by the depreciation of tangible fixed assets, fair value assessments made in conjunction with acquisitions and the measurement of derivative contracts at fair value.

Deferred taxes are calculated using the official tax rates valid on the balance sheet date or those that were approved in practice by the end date of the reporting period.

Deferred tax assets are recognized only to the extent that, in the future, taxable profits against which the temporary difference can be utilized are likely to be available. Recognition of deferred tax assets is evaluated in this respect on the end date of each reporting period.

The Group deducts deferred tax assets and liabilities from each other only in the case that the Group has a legally enforceable right to set off tax receivables and tax liabilities based on the taxable income for the period against each other and the deferred tax receivables and liabilities are related to income taxes levied by the same tax recipient, either from the same taxpayer or different taxpayers, who intend either to set off the tax receivables and liabilities based on the taxable income for the period against each other, or to realize the receivable and pay the liabilities simultaneously in each such future period during which a significant amount of deferred tax liabilities are expected to be paid or a significant amount of deferred tax receivables are expected to be utilized.

Recognition policies

The Group’s key revenue recognition policy is that the recognition of revenue depicts the transfer of control of promised goods or services to customers, and the recognized amount reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. There are five steps in the recognition of revenue: identifying the contract or contracts; identifying the performance obligations in the contract; determining the transaction price; allocation of the transaction price to each performance obligation; and recognizing revenue when (or as) the performance obligation is satisfied by the Group.

The Group considers the terms of the contract and its customary business practices to determine the transaction price. The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties (for example, some sales taxes). The consideration promised in a contract with a customer may include fixed amounts, variable amounts, or both. When allocating the transaction price, the Group allocates the transaction price to each performance obligation (or distinct good or service) in an amount that depicts the amount of consideration to which the Group is entitled.

The incremental costs of obtaining a contract with a customer are recognized as an asset if the Group expects to recover those costs.

The Group acts as an agent in certain cases. When the Group satisfies a performance obligation as a principal, it recognizes revenue in the gross amount of consideration to which it expects to be entitled in exchange for the specified good or service. The Group acts as an agent if its performance obligation is to arrange for another party to provide a specified good or service. When acting as an agent, the Group does not control a good or service provided by another party before the good or service in question is transferred to a customer. When (or as) the Group, acting as an agent, satisfies the performance obligation, it recognizes revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the other party to provide the specified goods or services.

Sale of goods

Revenue from the sale of goods is recognized when control, rewards and significant risks of ownership of the goods have been transferred to the buyer. As a rule, this occurs at the time of the transfer of the goods in accordance with the terms of the contract.

In some contracts, the Group transfers control of a product to a customer and also grants the customer the right to return the product and receive a full or partial refund of any consideration paid, or a credit that can be applied against amounts owed, or that will be owed, to the Group. To account for the transfer of products with a right of return, the Group recognizes revenue for the transferred products in the amount of consideration to which the Group expects to be entitled. Therefore, revenue is not recognized for products that are expected to be returned.

Revenue from sale of services and recognizing over the time

Revenue from the sale of services is recognized according to a revenue recognition method based on the degree of completion, provided that any of the following criteria are met:

(a) the customer simultaneously receives and consumes the benefits provided by the Group's service as the Group produces the service;

(b) the Group's service creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced; or

(c) the Group's performance does not create an asset with an alternative use to the Group, and the Group has an enforceable right to payment for performance completed to date.

For services, the degree of completion is defined according to the amount of work carried out in relation to the estimated amount of work required to complete the whole project. If the derived costs and recognized profits are greater than the amount charged from the project, the difference is presented on the balance sheet under the item “sales receivables and other receivables”. If the derived costs and recognized profits are less than the amount charged from the project, the difference is presented on the balance sheet under the item “accounts payable and other liabilities”.

Otherwise, the revenue from the service is recognized when the control of the service has been transferred, it is likely that the performance of the service will generate financial benefit, the customer has a legal right to the asset or the customer has approved the asset. If it is likely that the overall expenses required to complete the service will exceed the overall income from the project, the expected loss is immediately recognized as an expense.

Licensing revenue

The licenses sold by the Group are distinct from other services and they are treated as separate performance obligations. Revenue from licenses is usually recognized at a point in time, when the license provides the right to the Group’s intellectual property as it exists throughout the license period. In certain cases, revenue from licenses is recognized at a point in time when the license provides the right to access the Group’s intellectual property as it exists at the point in time at which the license is granted.

The content of revenue is described in more detail in Note 3.

Non-current assets classified as held for sale and discontinued operations

Business operations are treated as discontinued or held for sale when the management is committed to discontinuing or selling a separate business whose associated assets, liabilities and operating income can be extracted as a separate unit, both operationally and in reporting.

Once the characteristics of assets held for sale are fulfilled, the non-current assets are recognized at the lower of the balance sheet value or the fair value less sales expenses. Depreciation is no longer recognized for fixed assets. The assets and liabilities included in the group of assets held for sale are presented separately from the assets and liabilities of continuing operations. The profit after taxes from discontinued or held-for-sale operations and the sales profit or loss from their sale are recognized separately from continuing operations in the income statement.

A discontinued operation is the part of the Group which has been abandoned, or which has been classified as held for sale, and which fulfils one of the following criteria:

1. It is a significant separate business unit or a unit representative of a geographical area.
2. It is part of a coordinated plan which involves the abandonment of a separate central business area or geographical area of operations.
3. It is a subsidiary which has been acquired for the sole purpose of being resold.

On the balance sheet date, the Group had no assets classified as held for sale.

Financial assets and liabilities

Financial assets

The classification of financial assets is based on contractual cash flows. The Group’s financial assets are classified as follows: measured at fair value through profit or loss, measured at fair value through other comprehensive income and measured at amortized cost.
Classification takes place when the Group becomes party to the contractual provisions of the instrument and when the Group first recognizes a financial asset.

Financial assets are classified as *measured at amortized cost* when, according to the Group's business model, they are held until maturity and the asset's cash flows consist exclusively of interest and the repayment of principal.

Financial assets are classified as *measured at fair value through other comprehensive income* when, according to the Group's business model, they may be held until maturity or sold. In this case, the gains and losses are realized through profit or loss. Impairment is recognized through profit or loss.

All other financial assets are measured at fair value and changes in the fair value are recognized through profit or loss.

Impairment of financial assets

The Group estimates expected credit losses using the simplified approach. The Group recognizes an impairment loss for financial receivables measured at amortized cost when there is objective proof indicating that the receivable cannot be collected in full. Significant hardships of the debtor, the likelihood of bankruptcy, failure to make payments or major delays in payments constitute proof of sales receivable impairment. If the impairment loss sum decreases during a later period and the depreciation can objectively be deemed as tied to an event that took place after the recognition of the impairment, the recognized impairment will be reversed through profit and loss. The expected credit loss is recognized through profit or loss and its counterpart is a loss allowance that reduces the financial asset.

Financial liabilities

Financial liabilities are initially recognized at fair value. Derivative instruments used to hedge against changes in financial liabilities are recognized at fair value through profit or loss. All other financial liabilities are measured at amortized cost after their initial recognition.

Financial liabilities are included in non-current and current liabilities. Financial liabilities are classified as current if the Group has no unconditional right to postpone repayment of the debt for at least 12 months from the ending date of the reporting period.

Expenses arising from interest-bearing liabilities are recognized as liabilities during the financial period during which they arose.

Fair value determination principles for all financial assets and liabilities are presented in Note 28 “Fair value of financial assets and liabilities”.

Derivative contracts and hedge accounting

On the date of the balance sheet for the financial year or the comparison year, the Group had no open derivative contracts to which the Group had applied hedge accounting. The Group has interest hedges used to change variable interest rates to fixed interest rates.

Derivative contracts are originally recognized at fair value at the date on which the Group became a party to the contract, and they are still measured later at fair value. Gains and losses arising from measurement at fair value are accounted for as determined by the purpose of the derivative contracts.

In spite of the fact that the hedging relationships fulfill the requirements for effective hedging set by the Group's risk management, hedge accounting is not applied to them. Changes in their fair value are recognized in financial income or expenses in accordance with the method of recognition followed in the Group. Fair values of hedging instruments are presented in Note 28 “Fair value of financial assets and liabilities”.

Operating profit

IAS 1 Presentation of Financial Statements does not define the concept of operating profit. The Nordic Morning Group defines operating profit as the net sum arrived at by adding other operating income to net revenue, deducting the costs of materials and services (adjusted for changes in inventories of finished and unfinished goods), employee benefit expenses, personnel expenses depreciation, impairment and other operating expenses, and taking account of the share of profit/loss from associates. All income statement items other than the above-mentioned are disclosed in the lines below operating profit. Exchange rate differences and changes in the fair values of derivatives are included in operating profit, provided that they arise from items related to business operations. Otherwise, they are recognized in financial items.

Accounting policies requiring the management's judgment and key uncertainties associated with estimates

In order to draw up the financial statements in compliance with the IFRS, the Group management must make estimates and assumptions concerning the future, the outcome of which may differ from that of earlier estimates and assumptions. It is also necessary to employ judgment in applying the accounting policies.

Management's judgment related to the selection and application of accounting policies

The Group management creates solutions based on its judgment with regard to the selection and application of accounting policies for the financial statements. Such judgment is required in particular with regard to cases where the existing IFRS standards include alternative options for recognition, measurement or presentation. The management must also employ judgment in assessing receivables and product development capitalization, tax risks and the utilization of deferred tax assets against future taxable income.

Uncertainties associated with estimates

The estimates made in conjunction with preparing the financial statements are based on the management's best assessments on the reporting period end date. The estimates are based on prior experience, as well as future assumptions that are considered to be the most likely on the balance sheet date with regard to issues such as the expected development of the Group's economic operating environment in terms of sales and cost levels. The Group monitors the realization of estimates and assumptions, as well as changes in the underlying factors, on a regular basis. Any changes made to the estimates and assumptions are entered in the financial statements for the year during which the changes are made, and in all subsequent years.

In the preparation of the financial statements, estimates have been used, for example, in the calculations for impairment testing, in fair value adjustments in connection with acquisitions, and when defining the life of tangible and intangible assets.

The Group engaged an external consultant for the estimate of the fair values of tangible and intangible assets in conjunction with significant business mergers. With regard to tangible assets, comparisons were made with the market prices of corresponding goods, and value impairment due to the acquired goods' age, wear and other such factors was estimated. The value of intangible assets was measured on the basis of estimates of the cash flows associated with the assets, because no market information from transactions involving corresponding assets was available.

The Group tests its goodwill and work-in-progress for impairment annually. In impairment testing, the recoverable amounts from the CGUs have been defined on the basis of value in use. These calculations require estimates. More information about the sensitivity of recoverable amounts to changes in the applied estimates is provided in Note 15 "Intangible Assets".

New and revised standards and interpretations to be applied later

The International Accounting Standards Board (IASB) has announced the following new or amended standards and interpretations, which the Group has not yet adopted. The Group will apply each standard from the effective date. However, if this date is not the first day of the financial year, it will apply the standard from the beginning of the following financial year.

- IFRS 17 *Insurance Contracts* (effective for financial periods beginning on or after January 1, 2021). The standard applies to: insurance and reinsurance contracts issued by the company as an insurer; reinsurance contracts signed by the company as a policyholder; and investment contracts issued by a company acting as an insurer where such contracts contain a discretionary participation feature. An insurance contract is defined as a contract under which one party (the insurer) accepts significant insurance risk from another party by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder. The change is not expected to have a significant effect on the consolidated financial statements. The standard has not yet been approved for use in the EU.

- *Prepayment Features with Negative Compensation* (amendments to IFRS 9) (effective for financial periods beginning on or after January 1, 2019). By applying the document, particular financial assets with prepayment features that may result in reasonable negative compensation for the early termination of the contract are eligible to be measured at amortized cost or at fair value through other comprehensive income, instead of at fair value through profit or loss. The amendment is not expected to have a significant effect on the consolidated financial statements.

- IFRIC 23 Uncertainty over Income Tax Treatments (effective for financial periods beginning on or after January 1, 2019). IFRIC 23 adds to the requirements in IAS 12 Income Taxes by specifying how to reflect the effects of uncertainty in accounting for income taxes when it is unclear how tax law applies to a particular transaction or circumstance, or it is unclear whether a taxation authority will accept a company's tax treatment. The amendment is not expected to have a significant effect on the consolidated financial statements.

- *Long-term Interests in Associates and Joint Ventures* (amendments to IAS 28 (effective for financial periods beginning on or after January 1, 2019)). The amendment clarifies that long-term interests in associates or joint ventures to which the equity method is not applied shall be treated in accordance with IFRS 9 before recognizing losses or impairment under IAS 28. The change is not expected to have a significant effect on the consolidated financial statements. The amendment has not yet been approved for use in the EU.

- Annual Improvements to IFRSs 2015–2017 (effective for financial periods beginning on or after January 1, 2019). The document *Annual Improvements to IFRSs 2015–2017* contains amendments to IFRS 3 Business Combinations, IFRS 11 Joint Arrangements, IAS 12 Income Taxes and IAS 23 Borrowing Costs. The amendments to IFRS 3 clarify that when a company obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to IFRS 11 clarify that when a company obtains joint control of a business that is a joint operation, it does not remeasure previously held interests in that business. The amendments to IAS 12 clarify that the company must treat all income tax consequences of dividends in the same way regardless of how the tax arises. The amendments to IAS 23 clarify that when a qualifying asset is ready for its intended use, the company treats any related specific outstanding borrowing as part of its general borrowings. The amendments are not expected to have a significant effect on the consolidated financial statements. The document has not yet been approved for use in the EU.

Notes on consolidated financial statements (IFRS)

2. Operating segments

The Group's operations are steered and reported on by the separate business areas which make up the following operating segments:

The goal of the **Nordic Morning** business area is to help companies be customer-oriented by combining the business area's expertise in business refocusing, service design, technologies, data-driven marketing and content. The business area is comprised of the Finnish subsidiary Nordic Morning Finland Oy and, in Sweden, it includes Nordic Morning Sweden AB and Mods Graphic Studio AB.

The **Edita Publishing** business area provides modern learning and information services. The services include the publishing of learning materials and non-fiction books, content curation, data services and online services. Edita Publishing Ltd is also a partner in the distribution of official information. The business area consists of the Finnish subsidiary Edita Publishing Ltd.

The **Edita Prima** business area produces multi-channel customer communications solutions, online services for managing marketing materials, election services and extensive printing services. The business area comprises the Finnish subsidiary Edita Prima Ltd and the associated company Edita Bobergs Förvaltnings AB (33.33%). The subsidiary Edita Bobergs AB (67%), which was part of the business area during the financial year, was divested in October 2018. The divested company was no longer engaged in actual business operations.

Other Operations includes the administrative operations of Nordic Morning Group Sweden AB and the operations of the parent company Nordic Morning Group Plc, which owns the Group's subsidiaries and steers the Group's operations and supports them with expert and administrative services.

The Group has not combined operating segments to form the reporting segments mentioned above. Segment-based data is consolidated according to the accounting principles (IFRS) applied on the Group level, and reporting to the Board forms the basis of segment reporting. Figures for the operating segments are reported and the company's management uses these figures to allocate the Group's resources to the segments and to assess their performance. Transfer prices between the segments are based on market prices.

The segment's assets and liabilities are operating items that the segments use in their operations. Business segment assets comprise fixed assets, sales receivables, receivables from projects in progress and inventories, while liabilities comprise accounts payable, advances received and lease liabilities. All other assets and liabilities are presented in unallocated items in the reconciliation of segment information. Investments, depreciation and impairment have been allocated to the reporting segments. The main items in the monitoring and reporting of segments are net revenue and operating profit/loss (described in Note 1).

2018 financial year, EUR 1,000 Operating segments	**Nordic Morning**	**Edita Publishing**	**Edita Prima**	**Other operations**	**Elim.**	**Total**
External net revenue	44 194	13 845	18 340	0		76 379
Inter-segment net revenue	187	19	240	5 311	-5 757	0
Net revenue, total	**44 381**	**13 864**	**18 581**	**5 311**	**-5 757**	**76 379**
Depreciation	-692	-29	-666	-3 180		-4 567
Impairment	0	0	0	0		0
Investments in associates	0	0	3	0		3
Operating profit/loss	**-998**	**3 032**	**903**	**-2 056**		**880**
Assets and liabilities						
Goodwill	14 367	0	0	0		14 367
Associates	0	0	282	0		282
Segment assets	10 185	1 666	5 568	17 326	-1 953	32 792
Segment assets, total	**24 552**	**1 666**	**5 850**	**17 326**	**-1 953**	**47 441**
Segment liabilities	**4 123**	**808**	**1 607**	**10 589**	**-591**	**16 536**
Investments	**0**	**54**	**982**	**760**	**0**	**1 796**

2017 financial year, EUR 1,000 Operating segments	Nordic Morning	Edita Publishing	Edita Prima	Other operations	Elim.	Total
External net revenue	52 112	14 876	26 415	0		93 402
Inter-segment net revenue	879	18	283	5 065	-6 244	0
Net revenue, total	**52 991**	**14 894**	**26 697**	**5 065**	**-6 244**	**93 402**
Depreciation	-1 183	-14	-1 091	-3 543		-5 830
Impairment	-311	0	0	0		-311
Investments in associates	0	0	1 150	0		1 150
Operating profit/loss	**-2 929**	**4 528**	**2 904**	**1 436**		**5 939**
Assets and liabilities						
Goodwill	14 524	0	0	0		14 524
Associates	0	0	1 459	0		1 459
Segment assets	11 946	2 414	5 685	20 072	-1 115	39 002
Segment assets, total	**26 471**	**2 414**	**7 144**	**20 072**	**-1 115**	**54 985**
Segment liabilities	**5 850**	**928**	**1 231**	**12 503**	**-1115**	**19 397**
Investments	**59**	**75**	**1 011**	**9 878**	**0**	**11 024**

Reconciliations between the consolidated data and the reported segment data

EUR 1,000	2018	2017
Net revenue		
Reported segment net revenue	76 379	93 402
Consolidated Net Revenue	**76 379**	**93 402**
Profit/loss before taxes		
Reported segment operating profit/loss	880	5 939
Consolidated net financial income (+) / expenses (-)	-636	-421
Consolidated profit/loss before taxes	**244**	**5 518**
Assets		
Reported segment assets	47 441	54 985
Assets not allocated to a segment	3 791	5 111
Consolidated assets	**51 232**	**60 095**
Equity and liabilities		
Reported segment liabilities	16 536	19 397
Liabilities not allocated to a segment	15 061	19 295
Group equity	19 634	21 404
Group equity and liabilities	**51 232**	**60 095**

3. Net revenue

Revenue information concerning geographical areas

During the financial year, the Group's segments operated in Finland and Sweden. The Group also had a Ukrainian subsidiary that was discontinued in summer 2017. The sales of the Ukrainian operations were internal and therefore not presented separately in geographical terms. Sales income from external customers have been defined in accordance with the International Financial Reporting Standars (IFRS). The Group has no customers whose share of the Group's net revenue exceeds 10%.

2018 financial year, EUR 1,000 Geographical areas	**Nordic Morning**	**Edita Publishing**	**Edita Prima**	**Other operations**	**Elim.**	**Total**
Finland	10 900	13 841	18 490	3 581	-3 992	42 820
Sweden and rest of EU	33 029	8	77	1 784	-2 491	32 406
Export sales	1 125	15	14	0	0	1 153
Eliminations	-672	0		-54	726	0
Net revenue, total	**44 381**	**13 864**	**18 581**	**5 311**	**-5 757**	**76 379**

2017 financial year, EUR 1,000 Geographical areas	**Nordic Morning**	**Edita Publishing**	**Edita Prima**	**Other operations**	**Elim.**	**Total**
Finland	10 718	14 870	20 485	3 444	-4 481	45 035
Sweden and rest of EU	41 069	10	6 195	1 648	-2 202	46 720
Export sales	1 616	14	18	0	0	1 648
Eliminations	-412	0	0	-28	440	0
Net revenue, total	**52 991**	**14 894**	**26 697**	**5 065**	**-6 244**	**93 402**

Revenue by category and timing

The Group's operating revenue consists of services for which revenue is primarily recognized over time, or at a point in time, depending on the content of the service and the duration of the project. Revenue from the sale of goods consists primarily of books in the Edita Publishing business area and various printed materials in the Edita Prima business area. Revenue from the sale of goods is recognized at a point in time when the customer has obtained control of the product. Other revenue mainly consists of advertising sales revenue in the Edita Publishing business area. The revenue recognition principles are described in Note 1.

2018 financial year, EUR 1,000	**Nordic Morning**	**Edita Publishing**	**Edita Prima**	**Other operations**	**Elim.**	**Total**
Revenue from services recognized at a point in time	6 785	1 004	313	5 311	-5 518	7 895
Revenue from services recognized over time	37 596	5 582	964	0		44 142
Revenue from goods recognized at a point in time	0	5 744	17 304	0	-240	22 808
Other revenue recognized at a point in time	0	1 534	0	0		1 534
Revenue, total	**44 381**	**13 864**	**18 581**	**5311**	**-5 757**	**76 379**

2017 financial year, EUR 1,000	**Nordic Morning**	**Edita Publishing**	**Edita Prima**	**Other operations**	**Elim.**	**Total**
Revenue from services recognized at a point in time	9 075	1 535	1 645	5 065	-5 961	11 359
Revenue from services recognized over time	43 916	5 464	430	0	0	49 809
Revenue from goods recognized at a point in time	0	4 945	24 623	0	-283	29 285
Other revenue recognized at a point in time	0	2 950	0	0	0	2 950
Revenue, total	**52 991**	**14 894**	**26 697**	**5 065**	**-6 244**	**93 403**

Balances of contracts with customers

The following table illustrates information on receivables related to contracts with customers as well as contractual assets and liabilities:

EUR 1,000	2018	2017
Receivables included in sales receivables and other receivables	11 068	14 139
Contractual assets	1 215	2 094
Contractual liabilities	3 873	3 916

Contractual assets are related to the Group's right to receive consideration from customers in exchange for goods or services transferred. The most significant proportion of the contractual assets is related to projects for which revenue is recognized over time in the Nordic Morning and Edita Publishing business areas.

Contractual liabilities are related to the Group's obligation to transfer to customers services and products for which the Group has received payment from the customers. The most significant proportion of the contractual assets is related to projects for which revenue is recognized over time in the Nordic Morning and Edita Publishing business areas as well as licenses and annual subscriptions for other services in Edita Publishing Ltd. The maturity of contractual assets and liabilities exceeds one year only in exceptional cases.

	2018		2017	
EUR 1,000	Contractual assets	Contractual liabilities	Contractual assets	Contractual liabilities
Share of opening balance's contractual liabilities recognized as revenue	-	-3 916	-	-3 857
Increase in contractual liabilities due to advances received, excluding the amount for which revenue was recognized during the period	-	3 873	-	3 716
Contractual assets transferred from the opening balance of contractual assets to sales receivables	-2 094	-	-2 771	-
Increase in contractual assets due to change in the degree of completion	1 215	-	2 132	-

Transaction price reported for remaining performance obligations

The following table illustrates the expected revenue to be recognized in relation to performance obligations that are fully or partly unsatisfied:

EUR 1,000	2019	2018
Sale of services	8 758	8 480
Sale of goods	619	1 414

The Group expects that, during the next financial year, it will deliver the services and goods related to performance obligations that were fully or partly unsatisfied on the reporting date, as the Group's projects are, as a rule, less than one year in duration.

Additional expenses arising from obtaining contracts

The Group has capitalized orders received through intermediaries, the performance obligations for which will likely be satisfied during the next financial year. The capitalized commissions amounted to EUR 34 thousand (2017: EUR 41 thousand). The capitalized commissions will be recognized as expenses when the performance obligation is satisfied and revenue for it is recognized.

Recognizing income as profit, and expenses as expenditures over time

Projects for which revenue is recognized over time are related to services sold by the Nordic Morning and Edita Publishing business areas. Where realized expenses and recognized gains exceed the amount billed from the customer, the gross receivables are included in Note 21 under "Accrued income on projects in progress". Advances received for work that has not yet been started or the share already billed for projects which exceeds the accumulated expenses and profit are included in Note 26 under “Projects for which revenue is recognized over time”.

For projects in progress, realized expenses and profit (excluding loss) and advances received were recognized as follows:

Receivables from customers for projects in progress EUR 1,000	Note 19	**2018**	**2017**
Income / assignment expense		1 282	1 933
Amount invoiced from customers		-370	-182
Total		**912**	**1 751**

Advances received from customers for projects in progress EUR 1,000	Note 26	**2018**	**2017**
Income / assignment expense		-142	-526
Amount invoiced from customers		2 551	3 048
Total		**2 409**	**2 522**

4. Other operating income

EUR 1,000	**2018**	**2017**
Gains from the sale of businesses and associated companies	7	497
Sales profit from tangible fixed assets	8	3 217
Rental income	468	392
Other income items	117	528
Total	**600**	**4 634**

5. Materials and services

EUR 1,000	**2018**	**2017**
Purchases made during the financial year	-3 776	-4 500
Change in stocks	129	3
	-3 646	-4 497
Outsourced services	-19 180	-26 981
Total	**-22 826**	**-31 478**

6. Employee benefits expense

EUR 1,000	2018	2017
Salaries	-26 348	-29 949
Pension costs – defined contribution plans	-4 178	-5 631
Other related expenses	-4 813	-5 874
Total	**-35 339**	**-41 455**

Average number of employees during the financial year by business area	2018	2017
Nordic Morning	262	307
Edita Publishing	83	78
Edita Prima	86	122
Other operations	41	41
Group, total	**472**	**548**
In Finland	257	258
In Sweden	215	285
Ukraine	0	5
Group, total	**472**	**548**

The employee benefits of management are presented under Note 31 “Related party transactions”.

7. Depreciation and impairment

EUR 1,000		2018	2017
Depreciation by asset group			
Intangible assets			
Trademarks		0	-90
Capitalized development costs		-29	-50
Other intangible assets		-780	-932
Total		**-809**	**-1 073**
Tangible fixed assets			
Buildings		-597	-644
Leases		-2 226	-2 615
Machinery and equipment		-936	-1 498
Total		**-3 758**	**-4 757**
Total depreciation		**-4 567**	**-5 830**
Impairment by asset group			
	Notes		
Trademarks	15	0	-311

8. Other operating expenses

EUR 1,000	2018	2017
Royalties and order commissions	-1 160	-1 359
Leasing expenses for office equipment	-98	-86
Other business premises expenses	-1 265	-1 512
Logistics and transport costs	-1 294	-1 171
IT and data communications	-3 859	-4 183
Marketing and representation costs	-580	-666
Consulting and specialist fees	-642	-957
Losses on sales of tangible fixed assets	-24	0
Other operating expenses	-4 297	-4 255
Total	**-13 220**	**-14 188**

Auditor's fees

Authorized Public Accountants KPMG	2018	2017
Audit	-65	-84
Tax consultation	-22	-33
Other services	0	-10
Total	**87**	**-128**

Authorized Public Accountants PWC	2018	2017
Audit	0	-10
Other services	0	-2
Total	**0**	**-12**

9. Research and development expenditure

Direct development expenses of information systems have been capitalized as development expenses. The capitalizations and advance payments for the 2018 financial year amounted to EUR 54 thousand (2017: EUR 75 thousand). The unamortized acquisition cost is EUR 107 thousand (EUR 68 thousand) (Note 15). No research and development costs were recognized as expenses during the 2018 financial year (2017: EUR 84 thousand).

10. Financial income

EUR 1,000	2018	2017
Osinkotuotot	4	8
Interest income on bank balances	21	51
Total	**25**	**59**

11. Financial expenses

Items recognized through profit and loss

EUR 1,000	2018	2017
Interest expenses on financial liabilities measured at amortized cost	-102	-99
Changes in value of financial assets measured at fair value through profit or loss		
- Interest rate derivatives, hedge accounting not applied	16	18
Interest expenses on leases	-149	-94
Other financial items	-426	-306
Total	**-661**	**-480**

Other financial items primarily consists of expenses related to financing limit provisions and exchange rate differences. In the income statement, exchange rate differences are recognized in revenue, other operating expenses and other financing expenses. Exchange rate differences recognized through profit and loss totaled EUR 376 thousand in 2018 (EUR 270 thousand in 2017).

12. Other comprehensive income items that may be recognized through profit and loss later

Items recognized in OCI items and the related adjustments due to classification changes are as follows:

EUR 1,000	2018			2017		
	Recognized in OCI	Change in classification	Total	Recognized in OCI	Change in classification	Total
Financial assets measured at fair value through other comprehensive income	8	0	8	-67	0	-67
Translation differences	283	0	283	204	0	204
Total	**291**	**0**	**291**	**137**	**0**	**137**

Taxes relating to OCI items are presented in Note 13 “Income taxes”.

13. Income taxes

EUR 1,000	2018	2017
Income tax paid for the financial year	-265	-1 333
Taxes relating to previous financial years	11	-14
Deferred taxes:		
Temporary differences that have been generated and that do not exist any more	228	332
Taxes in the income statement	**-26**	**-1 016**

Reconciliation of tax liability and the Group's taxes according to the Finnish tax rate, 20.0%:

EUR 1,000	2018	2017
Profit before taxes	244	5 518
Taxes at the parent company’s tax rates	-49	-1 104
Tax-free income	133	175
Non-deductible expenses	-31	-382
Unrecognized referred tax assets on losses subject to tax	-218	-110
Use of losses subject to tax	141	211
Taxes relating to previous financial years	11	-14
Share of profit in associates less taxes	1	230
Other items and different tax rates of foreign subsidiaries	-13	-21
Taxes in the income statement	**-26**	**-1 016**
Effective tax rate	10,7 %	18,4 %

Taxes relating to OCI items

EUR 1,000	2018			2017		
	Before taxes	Tax effect	After taxes	Before taxes	Tax effect	After taxes
Financial assets measured at fair value through other comprehensive income	8	-2	6	-67	13	-54
Translation differences	283	0	283	204	0	204
Total	**291**	**-2**	**289**	**137**	**13**	**150**

14. Tangible fixed assets

EUR 1,000	Land and water areas	Buildings	Machinery and equipment	Leases	Advance payments	Total
Acquisition cost January 1, 2018	1 923	16 781	19 884	17 297		55 885
Exchange rate differences	0	0	-8	-95		-103
Increases	0	0	1 193	628		1 821
Decreases	0	0	0	-2 107		-2 107
Acquisition cost, December 31, 2018	**1 923**	**16 781**	**21 069**	**15 724**		**55 496**
Accumulated depreciation and impairment on January 1, 2018	0	11 971	17 760	5 659		35 389
Decreases	0	0	0	-2 107		-2 107
Depreciation for the financial year	**0**	597	936	2 226		3 759
Accumulated depreciation, December 31, 2018	**0**	**12 568**	**18 695**	**5 777**		**37 041**
Carrying amount, December 31, 2018	**1 923**	**4 213**	**2 374**	**9 946**	**0**	**18 456**
Carrying amount, January 1, 2018	1 923	4 810	2 125	11 638	346	20 843

EUR 1,000	Land and water areas	Buildings	Machinery and equipment	Leases	Advance payments	Total
Acquisition cost January 1, 2017	1 923	16 774	23 406	12 391		54 494
Exchange rate differences	0	0	-37	-120		-157
Increases	**0**	7	908	9 656		10 571
Decreases	0	0	-4 392	-4 630		-9 023
Acquisition cost, December 31, 2017	**1 923**	**16 781**	**19 884**	**17 297**		**55 885**
Accumulated depreciation and impairment on January 1, 2017	0	11 327	19 945	6 755		38 026
Decreases	0	0	-3 683	-3 711		-7 394
Depreciation for the financial year	0	644	1 498	2 615		4 757
Accumulated depreciation, December 31, 2018	**0**	**11 971**	**17 760**	**5 659**		**35 389**
Carrying amount, December 31, 2017	**1 923**	**4 810**	**2 125**	**11 638**	**346**	**20 843**
Carrying amount, January 1, 2017	1 923	5 447	3 461	5 636	28	16 495

15. Intangible assets

EUR 1,000	Goodwill	Trade-marks	Develop. expenses	Other intangible assets	Advance payments	Total
Acquisition cost January 1, 2018	30 756	0	395	6 013		37 164
Exchange rate differences	-157	0	0	-49		-206
Increases	0	0	67	444		512
Business mergers	0	0	0	0		0
Decreases	0	0	-313	0		-313
Acquisition cost, December 31, 2018	**30 599**	**0**	**149**	**6 409**		**37 157**
Accumulated depreciation and impairment on January 1, 2018	16 232	0	327	4 595		21 153
Accumulated depreciation accumulated depreciation	0	0	-313	0		-313
Depreciation for the financial year	**0**	0	29	780		809
Impairment	0	0	0	0		0
Accumulated depreciation, December 31, 2018	**16 232**	**0**	**43**	**5 375**		**21 649**
Carrying amount, December 31, 2018	**14 367**	**0**	**107**	**1 034**	**0**	**15 507**
Carrying amount, January 1, 2018	14 525	0	68	1 417	193	16 203

EUR 1,000	Goodwill	Trade-marks	Develop. expenses	Other intangible assets	Advance payments	Total
Acquisition cost January 1, 2017	30 819	869	313	6 247		38 247
Exchange rate differences	-63	-3	0	-171		-237
Increases	0	0	82	0		82
Decreases	0	-866	0	-63		-929
Acquisition cost, December 31, 2017	**30 756**	**0**	**395**	**6 013**		**37 164**
Accumulated depreciation and impairment on January 1, 2017	16 232	464	276	3 854		20 826
Accumulated depreciation accumulated depreciation	0	-866	0	-62		-928
Depreciation for the financial year	0	90	50	804		944
Impairment	0	311	0	0		311
Accumulated depreciation, December 31, 2017	**16 232**	**0**	**327**	**4 595**		**21 153**
Carrying amount, December 31, 2017	**14 525**	**0**	**68**	**1 417**	**193**	**16 203**
Carrying amount, January 1, 2017	14 587	405	36	2 393	118	17 539

Other intangible assets include IT software, licences, customer agreements acquired through mergers, and the associated customer relationships.

Allocation of goodwill

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

The Nordic Morning business area is divided into two cash-generating units: Nordic Morning Sweden and Nordic Morning Finland. Edita Prima and Edita Publishing constitute independent cash-generating units.

At the end of the 2018 financial year, goodwill in the Group is allocated to Nordic Morning Sweden and Nordic Morning Finland. The following shows the carrying amounts of the tested business units and the allocation of goodwill to them:

EUR 1,000	Nordic Morning Sweden	Nordic Morning Finland	Total
2018			
Goodwill	12 091	2 277	**14 367**
Carrying amount	16 676	3 699	**20 375**
2017			
Goodwill	12 248	2 277	**14 524**
Carrying amount	18 189	3 843	**22 032**

Impairment testing, December 31, 2018

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	Nordic Morning Sweden	Nordic Morning Finland
2018	8,1 %	8,5 %
2017	8,9 %	9,1 %

Sensitivity analysis in impairment testing

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 18.0 million, and no foreseeable change in any individual variable would give rise to the need to recognize impairment.

In the Nordic Morning Finland unit, the recoverable amount exceeds the carrying amount of the unit by EUR 1.4 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 8.5% to 11.8%
- the decrease of the gross margin used in the calculation of the value in use from 4.1% to 3.4%.
- the decrease of the zero growth percentage following the forecast period to -5.1%.

16. Subsidiaries and material non-controlling interests

Group structure

The following table presents information on the Group's structure on the balance sheet date.

		Number of wholly-owned subsidiaries	
Operating segment	Country	2018	2017
Nordic Morning	Finland / Sweden	3	6
Edita Publishing	Finland	1	1
Edita Prima	Finland	1	1
Other operations	Sweden	1	1

		Number of partly-owned subsidiaries	
Operating segment	Country	2018	2017
Edita Prima	Sweden	0	1

A full list of the Group's subsidiaries is presented in Note 31 "Related party transactions".

Itemized list of non-controlling interests

In the table, the non-controlling interest corresponds to the non-controlling interest presented in the consolidated income statement and balance sheet in the comparison year. The Group divested its holding in Edita Bobergs AB in October 2018.

		Share of votes held by non-controlling interests %	Share of profit or loss allocated to non-controlling interests EUR 1,000		Share of equity allocated to non-controlling interests EUR 1,000
Subsidiary	Country	2017	2018	2017	2017
Edita Bobergs AB	Sweden	32,8 %	10	45	197

Summary of financial information for subsidiaries that have a non-controlling interest

	Edita Bobergs AB	
EUR 1,000	**2018**	**2017**
Current assets	0	699
Current liabilities	0	98
Net revenue	5	6 090
Expenses and other items	-38	5 951
Profit (loss)	33	139
Share of profit(/loss) allocated to parent company shareholders	23	94
Share of profit(/loss) allocated to non-controlling interests	10	45
Comprehensive income for the financial year	33	139
Share of comprehensive income allocated to parent company shareholders	23	94
Share of comprehensive income allocated to non-controlling interests	10	45
Cash flow from operating activities	-7	461
Cash flow from investing activities	1	1 040
Cash flow from financing activities	-468	-1 297

Changes in holdings in subsidiaries

2018

On January 1, 2018, the business operations of CountQuest AB and Ottoboni AB were merged into Nordic Morning Sweden AB. The legal merger between the companies was carried out on March 14, 2018.

On May 1, 2018, the business operations of Nordic Morning Data-Driven Content AB were merged into Nordic Morning Sweden AB. The legal merger between the companies was carried out on August 17, 2018.

On October 8, 2018, Nordic Morning Group Sweden AB sold its share of Edita Bobergs AB. The transaction had no significant impact on the Group's profit or financial position or on the Group's full-year net revenue or profit, as the company no longer engaged in actual business operations.

2017

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 Group Sweden AB, the Swedish parent company. In addition, Nordic Morning Finland Oy's share of Nordic Morning Sweden AB was transferred to Nordic Morning Group Sweden AB. The aim of the measures was to clarify the legal structure of the Nordic Morning Group.

In June, Nordic Morning Group Sweden 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 full year.

As a result of an internal merger process carried out in Finland, Sitrus Agency Oy, Seed Digital Media Oy and Ottoboni Finland Oy were merged with Nordic Morning Finland Oy on October 31, 2017.

In Sweden, the process of merging Ottoboni Sweden AB and CountQuest Interactive AB with Nordic Morning Sweden AB began in the fall and the companies' shareholdings were transferred from Nordic Morning Group Sweden AB to the merger recipient, Nordic Morning Sweden AB.

17. Interests in associated companies

EUR 1,000	2018	2017
Acquisition cost, January 1	1 459	1 184
Share in result	3	1 150
Dividend distribution from associates	-1 121	-794
Decreases	0	-99
Translation differences	-58	18
Total investments in associated companies, December 3	**282**	**1 459**

In June 2017, Nordic Morning Sweden Group AB signed an agreement on the sale of the associated company BrandSystems International AB. The transaction was finalized in December 2017.

Information on the Group's associated companies on December 31, 2018

Name	Operating segment	Domicile	Holding
Edita Bobergs Förvaltnings AB	Edita Prima	Falun	33,33 %

A property owned by the associated company Edita Bobergs Förvaltnings AB was sold in December 2017. The Group intends to liquidate the company in 2019.

Summary of financial information concerning associated companies

The Group's associated companies mentioned in the table are accounted for in the consolidated financial statements using the equity method. The summary of financial information presented in the table below is based on the associated companies' IFRS financial statements.

	Edita Bobergs Förvaltnings AB		BrandSystems International AB	
EUR 1,000	**2018**	**2017**	**2018**	**2017**
Current assets	846	4 406	0	0
Non-current assets	0	10	0	0
Current liabilities	1	37	0	0
Net revenue	0	432	0	939
Profit for financial year	7	4 108	0	79
Dividends received from the associated company during the	1 121	657	0	137
Reconciliation of the associated company's financial information with the balance sheet value recognized by the Group:				
Associated company's net assets	845	4 378	0	0
Group's holding, %	33,33 %	33,33 %	0,00 %	0,00 %
Group's share of net assets	282	1 459	0	0
Associated company's balance sheet value in the consolidat	282	1 459	0	0

18. Other financial assets

The "Other financial assets" balance sheet item includes the following financial assets

EUR 1,000	2018	2017
Financial assets measured at fair value through profit or loss	26	190
Financial assets measured at fair value through other comprehensive income	84	76
Total	**110**	**266**

The Group divested some of its equity investments during the financial year.

Changes in the value of financial assets

EUR 1,000	2018	2017
At the beginning of the financial year	266	559
Sale of equity investments	-164	-297
Other increases	8	4
At the end of the financial year	**110**	**266**
Non-current financial assets	26	190
Current financial assets	84	76

Changes in the fair value fund are presented in Note 23 "Equity management".

19. Deferred tax assets and liabilities

Change in deferred taxes during 2018 EUR 1,000	1.1.2018	Recognized in the income statement	Recog-nized in OCI	Exchange rate differences	31.12.2018
Deferred tax assets					
Internal margin in inventories	1	0			0
Provisions	29	-6			23
Leases	39	42		0	81
Total	**69**	**36**	**0**	**0**	**104**
Deferred tax liabilities					
Measurement of intangible and tangible assets at fair value in business combinations	264	-133		-11	120
Accumulated depreciation differences and appr	164	-59		0	105
Financial assets	11	0	2		14
Total	**440**	**-193**	**2**	**-11**	**238**

Change in deferred taxes during 2017 EUR 1,000	1.1.2017	Recognized in the income statement	Recog-nized in OCI	Exchange rate differences	31.12.2017
Deferred tax assets					
Internal margin in inventories	0	1			1
Provisions	57	-28			29
Leases	43	-3		-1	39
Total	**100**	**-31**	**0**	**-1**	**69**
Deferred tax liabilities					
Measurement of intangible and tangible assets at fair value in business combinations	523	-249		-10	264
Accumulated depreciation differences and appr	278	-113		0	164
Available-for-sale financial assets	25	0	-13		11
Total	**826**	**-362**	**-13**	**-10**	**440**

The Group had EUR 9.3 million in losses confirmed on December 31, 2018, for which deferred tax assets were not recognized due to the uncertainty of their use. The tax losses were primarily in Sweden.

20. Inventories

EUR 1,000	2018	2017
Materials and supplies	323	194
Unfinished products	270	312
Finished products/goods	1 080	1 308
Total	**1 672**	**1 813**

The Group recognized EUR 171 thousand as expenses for the financial year, by which the carrying amount of inventories was reduced to correspond to their net realizable value (EUR 134 thousand in 2017).

21. Sales receivables and other receivables

EUR 1,000	2018	2017
Loans and other receivables		
Sales receivables	11 068	14 139
Receivables from customers for projects in progress	912	1 751
Prepaid expenses and accrued income		
Rents	351	46
Royalty receivables	45	77
Social security expense accruals	235	200
Sales accruals	34	31
Annual credits	18	28
IT service accruals	273	314
Other prepaid expenses and accrued income	132	241
Other receivables	1 272	1 244
Total of sales receivables and other receivables	**14 340**	**18 072**

The Group recognized EUR 418 thousand (EUR 70 thousand) in impairment losses for sales receivables during the financial year. The increase in recognized impairment losses is due to the reorganization proceedings of a significant customer, which led to a substantial increase in the ECL multiplier for receivables that have not yet fallen due. There are no other major credit risk concentrations associated with receivables, as sales receivables are distributed across a broad group of customers in different businesses. Statement of financial position values provide the best indication of the maximum amount subject to a credit risk in a situation in which the counterparties to a contract are unable to fulfil the obligations associated with financial instruments. The following table presents information on the credit risk concentrations of the Group's sales receivables.

Credit risk concentrations of sales receivables

2018

EUR 1,000	Not due	<30 days	31-60 days	>60 days	Total
ECL multiplier	3,4 %	5,0 %	7,5 %	10,0 %	
Gross carrying amount	8 774	2 092	154	49	11 068
Lifetime ECL	297	104	12	5	418

2017

EUR 1,000	Not due	<30 days	31-60 days	>60 days	Total
ECL multiplier	0,2 %	2,0 %	5,0 %	10,0 %	
Gross carrying amount	12 248	1 593	239	59	14 139
Lifetime ECL	21	32	12	6	70

Sales receivables by currency

EUR 1,000	2018	2017
EUR	4 813	6 375
SEK	6 137	7 639
NOK	4	7
Other	113	118
Total	**11 068**	**14 139**

22. Cash and cash equivalents

Cash and cash equivalents in the cash flow statement are formed as follows:

EUR 1,000	2018	2017
Cash in hand and at the bank	234	1 326
Total	**234**	**1 326**

Balance sheet values provide the best indication of the maximum amount subject to a credit risk in a situation in which the counterparts to a contract are unable to fulfil the obligations associated with financial instruments. There are no major credit risk concentrations associated with cash and cash equivalents. In the statement of cash flows, items classified as cash and cash equivalents have a maximum maturity of three months from the date of acquisition.

23. Equity and capital management

EUR 1,000	Number of shares (1,000)	Share-holders' equity	Share premium fund
31.12.2016	6 000	6 000	25 870
31.12.2017	6 000	6 000	25 870
31.12.2018	6 000	6 000	25 870

The company has one share class, and so there are no vote differentials. One share carries one vote. The share has no nominal value. The company's shares do not belong to the book-entry system. All shares issued have been fully paid for.

Shareholders' equity comprises share capital, the share premium fund, translation differences, the fair value fund and retained earnings.

Share premium fund
The share premium fund was created when Valtion Painatuskeskus (the State Printing Centre) was turned into an independent company and ceased to operate as a state-owned public corporation. In connection with the business transfer, the company's equity was increased as capital contribution. The share premium fund is a non-distributable fund.

Treasury shares
In 2018 and 2017 the Group held no treasury shares.

Translation differences
The translation differences fund comprises translation differences arising from the translation of the financial statements of foreign units. The profits and losses arising from the hedging of net investments in foreign units are included in translation differences, provided that the requirements for hedging have been met. In addition, the translation differences fund includes exchange rate differences arising from the Group's internal equity-based loans.

Fair value fund
The fair value fund includes changes in financial assets measured at fair value through other comprehensive income.

EUR 1,000	2018	2017
Fair value fund	54	48

Distributable assets
The profit for the year is recognized in retained earnings. The distributable assets of the Group's parent company were EUR 10,225,389.21 in the financial statements dated December 31, 2018.

Dividends and capital management
The goal of the Group's capital management is to support business operations by means of an optimal capital structure that ensures normal operating conditions and by increasing value generated to owners in the long term. The company has no fixed dividend policy. The equity-to-assets ratio and the company's needs form the basis for dividend distribution, concerning which the Board of Directors makes a proposal to the Annual General Meeting. After the end date of the reporting period, the Board of Directors proposed to the Annual General Meeting that a dividend of EUR 2.0 million be distributed.

The covenants relating to the Group's bank loans are normal terms that, for example, restrict the placement of collateral, large-scale mergers and acquisitions, essential changes in business and changes of qualified majority in ownership.

The Group's capital structure is continually monitored by means of the equity-to-assets leverage ratio and the gearing ratio. At the end of 2018, the Group's interest-bearing net liabilities stood at EUR 12.7 million (2017: EUR 14.3 million) and the net gearing ratio was 64.9% (2017: 67.0%). When calculating net indebtedness, interest-bearing net liabilities are divided by shareholder's equity. Net liabilities include interest-bearing financial liabilities less interest-bearing receivables and cash and cash equivalents.

EUR 1,000	31.12.2018	31.12.2017
Interest-bearing liabilities	12 974	15 664
Cash and cash equivalents	234	1 326
Net indebtedness	**12 740**	**14 338**
Total shareholders' equity	19 634	21 404
Equity-to-assets ratio, %	40,3 %	37,2 %
Gearing ratio %	64,9 %	67,0 %

24. Provisions

EUR 1,000	Rearrange-ments	Environmental provisions	Total
Provisions on December 31, 2017	**76**	**70**	**146**
Amounts used	-31	0	-31
Reversal of unused amounts	0	0	0
Provisions on December 31, 2018	**45**	**70**	**115**

Restructuring provision
Restructuring provisions are related to restructuring of the Edita Prima business area, aiming to adjust business operations to the changing market situation.

Environmental provisions
Environmental provisions are related to the environmental obligations associated with the discontinued printing business.

25. Interest-bearing liabilities

EUR 1,000

Non-current financial liabilities amortized at cost	2018	2017
Bank loans and other financial loans	750	2 250
Lease liabilities	8 332	9 830
Total	**9 082**	**12 080**

Current financial liabilities amortized at cost	2018	2017
Loan repayments due in the following year and other current interest-bearing liabilities	1 880	1 551
Payments of lease liabilities due in the following year	2 011	2 034
Total	**3 891**	**3 584**

Contractual maturing of lease liabilities by maturity class	Lease liabilities		Interest	
	2018	2017	2018	2017
2018	0	2 034	0	148
2019	2 011	1 864	129	123
2020	1 108	904	104	99
2021	1 134	971	90	88
2022	984	984	76	76
2023	996	996	64	64
2024	1 009	1 009	51	51
2025	1 021	1 021	39	39
2026	1 034	1 034	26	26
2027	1 047	1 047	13	13
Total	**10 344**	**11 863**	**591**	**726**

Contractual maturing of bank loans by maturity class	Bank loans		Interest	
	2018	2017	2018	2017
2018		1 551		29
2019	1 880	1 500	15	14
2020	750	750	4	4
Total	**2 630**	**3 801**	**19**	**46**

Contractual maturing of interest-bearing liabilities by maturity class	Interest-bearing liabilities 2018	2017	Interest 2018	2017
2018		3 584		177
2019	3 891	3 364	144	137
2020	1 858	1 654	107	103
2021	1 134	971	90	88
2022	984	984	76	76
2023	996	996	64	64
2024	1 009	1 009	51	51
2025	1 021	1 021	39	39
2026	1 034	1 034	26	26
2027	1 047	1 047	13	13
Total	**12 974**	**15 664**	**610**	**773**

Weighted averages of effective interest rates of non-current interest-bearing liabilities	2018	2017
	1,2 %	1,0 %

Non-current interest-bearing liabilities are divided by currency as follows	2018	2017
EUR	8 745	10 927
SEK	338	1 153
Total	**9 082**	**12 080**

Current interest-bearing liabilities are divided by currency as follows	2018	2017
EUR	2 688	2 273
SEK	1 204	1 311
Total	**3 891**	**3 584**

Maturity periods of lease liabilities

EUR 1,000	2018	2017
Gross lease liabilities – minimum leases by maturity period		
Within one year	2 140	2 181
Between one and five years	4 556	5 110
Over five years	4 240	5 299
Total	**10 935**	**12 590**
Financial expenses accrued in the future	-591	-726
Present value of lease liabilities	**10 344**	**11 864**
Present value of lease liabilities falls due as follows		
Within one year	2 011	2 034
Between one and five years	4 222	4 723
Over five years	4 110	5 107
Total	**10 344**	**11 864**

Changes in liabilities arising from financing

EUR 1,000	2018	2017
Interest-bearing liabilities January 1	15 664	13 481
Use of consolidated account credit limit	380	0
Repayments of borrowings	-1 551	-2 797
Repayments of lease liabilities	-2 049	-2 578
Changes in lease liabilities	0	-1 320
Increases from leases	628	9 328
Exchange rate differences	-99	-450
Total interest-bearing liabilities December 31	**12 974**	**15 664**

26. Accounts payable and other liabilities

EUR 1,000	2018	2017
Current financial liabilities amortized at cost		
Accounts payable	3 758	5 281
Advances received	107	75
Advances received from customers for projects in progress	2 409	2 522
Accrued liabilities and deferred income		
Wages and salaries with related expenses	4 509	5 009
Social insurance contribution expense provision from previous years	848	664
Sales accruals	1 357	1 319
Rents	286	646
Interests	7	40
IT Services	13	19
Incentive bonus for executive management, including indirect personnel expenses	71	76
Other accrued expenses	1 113	1 325
Other current liabilities	3 774	4 671
Financial liabilities recognized at current fair value through profit or loss		
Derivative contracts, hedge accounting not applied	12	28
Total accounts payable and other liabilities	**18 263**	**21 674**

The fair values of accounts payable and other liabilities are essentially equivalent to their carrying amounts. The discounting effect is not significant.

Current non-interest-bearing liabilities by currency	2018	2017
EUR	9 125	9 371
SEK	9 061	12 195
NOK	8	39
DKK	6	54
Other currencies	63	15
Total	**18 263**	**21 674**

27. Financial risk management

The Group is exposed to a number of financial risks in its normal business operations. The goal of the Group's risk management policy is to minimize the adverse effects of financial market movements on the Group's result. The main financial risks are currency and liquidity risks. Under the risk management policy, risks are managed through a risk management process. This process identifies the risks threatening operations, assesses and updates them, develops the appropriate risk management actions and regularly reports on risks to the Group management team and Board of Directors. Financial risk management is an integral part of the Group's risk management policy. Financial risks are divided in the Group as follows:

Currency risk

Business outside the euro zone accounts for approximately 50% of the net revenue and consists mainly of sales denominated in Swedish krona. No currency derivatives were open in the Group on the balance sheet date. The risk due to the translation of long-term foreign net investments was not hedged on the balance sheet date, December 31, 2018. According to the currency risk policy confirmed by Nordic Morning Group's Board of Directors, currency risks are monitored regularly and hedged when necessary.

The parent company's operating currency is the euro. The assets and liabilities of foreign subsidiaries, denominated in foreign currencies and translated into euros at the rate of the balance sheet date, are as follows. Exchange rate changes have been taken into account for the Swedish krona.

Nominal values

EUR 1,000	2018	2017
Non-current assets	6 264	9 228
Non-current liabilities	458	1 416
Exchange rate changes in non-current items	-313	-120
Current assets	8 510	11 360
Current liabilities	10 400	13 631
Exchange rate changes in current items	91	112

Currency risk sensitivity analysis in accordance with IFRS 7

The table below shows the strengthening of the euro against the Swedish krona. The sensitivity analysis is based on the assets and liabilities denominated in foreign currencies on the balance sheet date as well as the profit for the financial year.

EUR 1,000	2018	2017
Percentage of change	10 %	10 %
Effect on Group's profit after tax	131	138
Effect on the Group's shareholders' equity	771	657

Liquidity risk

The liquidity risk relates to the repayment of debts, the payment of investments and the adequacy of working capital. The Nordic Morning Group strives to minimize its liquidity risk and the repayment of its future financial liabilities by ensuring sufficient finance from income, by maintaining a sufficient investment reserve and sufficient credit limit reserves and by evening out loan repayment schedules between different calendar years.

At the end of the year, cash and cash equivalents totaled EUR 0.2 million (EUR 1.3 million on December 31, 2017). The Group had a consolidated account credit limit with a maximum size of EUR 6.3 million. At the end of the financial year, the consolidated account credit limit debt was EUR 0.4 million. In addition, the Group has had access to confirmed credit limits of EUR 5.0 million, the loan covenants for which are reported to investors semi-annually. The covenant terms are related to equity and the ratio of net cash to EBITDA. The Group fulfilled all covenant terms during the financial year.

The management regularly monitors the fulfillment of loan covenant terms. In the view of the management, the Group can manage the concentrations of liquidity risk due to the low amount of external debt. The liquidity risk is monitored constantly and liquidity forecasts are made regularly. The following table shows a maturity analysis based on agreements made.

EUR 1,000

Breakdown of maturities of financial liabilities 2018	Balance sheet value	Cash flow*	12 months or less	1–2 years	2–5 years	>5 years
Financial liabilities	2 630	2 649	1 895	754	0	0
Lease liabilities	10 344	10 935	2 140	1 212	3 344	4 240
Accounts payable and other liabilities	18 251	18 251	18 251			
Maturity breakdown of derivative liabilities						
Interest rate derivatives, hedge accounting not applied	12	12	12			

Breakdown of maturities of financial liabilities 2017	Balance sheet value	Cash flow*	12 months or less	1–2 years	2–5 years	>5 years
Financial liabilities	3 801	3 849	1 581	1 515	754	0
Lease liabilities	11 864	12 590	2 181	1 987	3 123	5 299
Accounts payable and other liabilities	21 646	21 646	21 646			
Maturity breakdown of derivative liabilities						
Interest rate derivatives, hedge accounting not applied	28	28	28			

*Contractual cash flow from agreements cleared in gross amounts

Interest rate risk

The Group's interest rate risk mainly comprises movements in market rates and margins affecting the loan portfolio. The effect of the interest rate risk on the Group's net profit was reduced by hedging with interest rate derivatives. The Group had a total of EUR 2.6 million (EUR 3.8 million) in interest-bearing debt from financial institutions on December 31, 2018. In addition, the Group had liabilities related to non-cancellable leases in the amount of EUR 10.3 million (EUR 11.9 million). Interest rate risk has been reduced by using interest rate derivatives to convert variable rate loans to fixed rate loans. On the reporting date, the duration was 3.8 (4.1). In analyzing the interest rate risk, a +1 percentage unit change in the interest rate is estimated to not constitute a risk to the Group's pre-tax profit, as the majority of the Group's debt is related to lease liabilities, which are measured using the effective interest rate method.

Credit risk

The Nordic Morning Group's credit risks relate to operating activities. The Group's credit risk policy defines the creditworthiness requirements for the Group's customers. The Group has no significant credit risk concentrations because, with the current business areas, it has a wide range of customers, and these are mainly divided between the two domestic markets of Finland and Sweden. The Group has seen no need to use credit insurance policies, letters of credit or bank guarantees provided by customers. The Group's total amount of credit risk corresponds to the carrying amount of financial assets at the end of the financial year. A list of the age distribution of sales receivables and expected credit risks are presented in Note 21.

The table below shows the fair values of derivative contracts on the balance sheet date.

EUR 1,000	2018 Positive fair value	2018 Negative fair value	2018 Fair value, net	2017 Positive fair value	2017 Negative fair value	2017 Fair value, net
Interest rate swaps						
Maturity:						
in under one year	0	-12	-12	0	-28	-28

28. Fair value of financial assets and liabilities

EUR 1,000	Note	Carrying value 2018	Fair value 2018	Carrying value 2017	Fair value 2017
Financial assets					
Other financial assets	18	26	26	190	190
Sales receivables and other receivables	21	14 340	14 340	18 072	18 072
Other current financial assets	18	84	84	76	86
Cash and cash equivalents	22	234	234	1 326	1 326
Financial liabilities					
Financial loans	25	2 630	2 601	3 801	3 737
Lease liabilities	25	10 344	10 344	11 864	11 864
Accounts payable and other liabilities	26	18 251	18 251	21 646	21 646
Financial liabilities measured at fair value through profit or loss:					
- Interest rate derivatives, hedge accounting not applied	26	12	12	28	28

Fair value determination principles applied by the Group on all financial instruments
When determining the fair values of the financial assets and liabilities shown in the table, the following price quotations, assumptions and measurement models have been used.

Financial assets, equity and fund investments and other investments
Financial assets consist of cash, demand deposits and other current, extremely liquid investments. Other financial assets and other current financial assets comprise unlisted and listed Finnish equities and they are measured at the price quotation on the reporting period's end date.

Derivatives
For derivatives, the measurement principle is counterparty price quotation.

Sales receivables and other receivables
The amortised cost of sales receivables corresponds to their fair value because there is no material discounting effect when taking into account the maturity of the receivables.

Bank loans and lease liabilities
Financial liabilities are initially measured at fair value. Subsequently, all financial liabilities are measured at amortized cost. The fair values of liabilities are based on discounted cash flows. The discount rate applied is the rate at which the Group could acquire corresponding loan funding externally at the reporting period's end date. Interest-bearing financial liabilities are, as a rule, tied to six-month market interest rates. Expenses arising from interest-bearing liabilities are recognized as liabilities during the financial period during which they arose.

Accounts payable and other liabilities
The initial carrying amount of accounts payable and other liabilities corresponds to their fair value because there is no material discounting effect when taking into account the maturity of the liabilities.

Fair value hierarchy of financial assets and liabilities measured at fair value

EUR 1,000	Fair values on balance sheet date		
Assets measured at fair value	**31.12.2018**	**Level 1**	**Level 2**
Financial assets measured at fair value through other comprehensive income			
Share investments	84	84	0
Financial assets measured at fair value through profit or loss			
Share investments	26	0	26
Liabilities measured at fair value			
Financial liabilities measured at fair value through profit or loss:			
Interest rate derivatives, hedge accounting not applied	12	0	12

EUR 1,000	Fair values on balance sheet date		
Assets measured at fair value	**31.12.2017**	**Level 1**	**Level 2**
Financial assets measured at fair value through other comprehensive income			
Share investments	76	76	0
Financial assets measured at fair value through profit or loss			
Share investments	190	0	190
Liabilities measured at fair value			
Financial liabilities measured at fair value through profit or loss:			
Interest rate derivatives, hedge accounting not applied	28	0	28

During the past financial year and the financial year before that, no transfers occurred between levels 1 and 2 of the fair value hierarchy.

Fair values of the hierarchy level 1 are based on the listed (unadjusted) prices of identical assets or liabilities in a well-functioning market. Fair values of the level 2 instruments are based to a significant extent on other input information than listed prices included in the level 1; however, they are based on information that can be determined for the asset or liability in question, either directly (i.e. as a price) or indirectly (i.e. derived from prices). For determining the fair value of these instruments, the Group utilises generally accepted measurement models, input information of which are, nevertheless, based to a significant extent on verifiable market information. Fair values of the level 3 instruments are based on input information concerning the asset or liability that is not based on observable market information (unobservable inputs).

Fair value hierarchy of financial assets and liabilities recognized at fair value, which are not recognized at fair value on the balance sheet but whose fair value is presented in the financial statements

EUR 1,000	Fair values on balance sheet date			
	31.12.2018	Level 1	Level 2	Level 3
Financial assets:				
Sales receivables and other receivables	14 340		14 340	
Financial liabilities:				
Bank loans	2 601			2 601
Lease liabilities	10 344		10 344	
Accounts payable and other liabilities	18 251		18 251	
Total	**31 196**		**28 595**	**2 601**

EUR 1,000	Fair values on balance sheet date			
	31.12.2017	Level 1	Level 2	Level 3
Financial assets:				
Sales receivables and other receivables	18 072		18 072	
Financial liabilities:				
Bank loans	3 737			3 737
Lease liabilities	11 864		11 864	
Accounts payable and other liabilities	21 646		21 646	
Total	**37 247**		**33 510**	**3 737**

29. Adjustments to cash flow from operating activities

Non-cash transactions

EUR 1,000	2018	2017
Depreciation and impairment	4 567	6 093
Adjustments to sales gains	-6	-4 041
Exchange rate differences	-190	109
Profit/loss at fair value through profit or loss from the measurement of recognizable assets and liabilities	-2	16
Share of profit in associates	-3	-1150
Total	**4 367**	**1 028**

30. Collateral and other contingent liabilities

EUR 1,000	2018	2017
Other collateral and guarantees given on behalf of shareholders		
Rent guarantees	838	561
Minimum leases payable on the basis of non-cancellable operating leases		
Within one year	81	95
1–5 years	71	121
Total	**151**	**216**

The minimum lease payments payable under operating leases are related to leases for which the underlying asset is of low value or contracts with a maturity of less than 12 months.

Off-balance sheet financial liabilities

Real estate investments

The Group is obligated to review the VAT reductions made on real estate investments completed in the years 2010-2016, if the property's taxable use decreases during the review period. The last review year is 2025. The maximum amount of the liability is EUR 171,377.16.

Disputes and legal proceedings

The Group does not have any unresolved disputes or legal processes that could impact its financial standing.

31. Related party transactions

Parties are considered to be related parties if one party has the ability to control the other party or to exercise significant influence in or joint control over the other party in making financial and operating decisions. The Group's related parties include its subsidiaries, associates and the sole shareholder, the Finnish state. The related parties also include the members of the Group's Board of Directors, the CEO, the members of the business group management teams and the family members of the aforementioned. Entities under the control or joint control of related parties are also considered related parties.

The Group's parent company and subsidiary relationships are as follows

The company	**Parent company's holding %**	**Sub-Group's parent company's holding %**	**Group's holding and votes, %**
Parent company Nordic Morning Group Plc, Helsinki, Finland			
Edita Prima Oy, Helsinki, Finland	100 %		100 %
Edita Publishing Oy, Helsinki, Finland	100 %		100 %
Nordic Morning Finland Oy, Helsinki, Finland	100 %		100 %
Nordic Morning Group Sweden AB*, Stockholm Sweden	100 %		100 %
Nordic Morning Sweden AB, Stockholm, Sweden		100 %	100 %
Mods Graphic Studio AB, Stockholm, Sweden		100 %	100 %

*Sub-Group's parent company

Sales of goods and services conducted with a related party are based on market prices. The Group did not have material transactions with related parties outside the Group during the financial year. A list of associated companies is presented in Note 17.

Related party transactions with associated companies

EUR 1,000	2018	2017
Sales of goods and services	0	5
Purchases of goods and services	0	298
Dividends received	1 121	777

Employee benefits of management

More information on the Group CEO and the members of the Board of Directors can be found in the Group's annual report available online.

Salaries and fees

In 2018 and in the comparison year, the Group's operations were managed by the business area management teams and the Group did not have a separate Group Management Team. For this reason, the section on the employee benefits of management now covers the salaries and fees of the Group's CEO and the members of the Board of Directors.

Anne Årneby became the Group's CEO on January 12, 2017.

Due to the changes in strategy, no short or long term incentive programs were in effect in 2017. In 2018, the Group has an incentive program under which the CEO is entitled to a performance-based bonus not exceeding 100 percent of the CEO's annual taxable earnings. The other individuals covered by the incentive program are entitled to a performance-based bonus not exceeding 60–80 percent of their annual taxable earnings. No performance-based bonus was accrued under the incentive program in 2018. The Group's Board of Directors decided to award an additional incentive bonus to the CEO in the amount of EUR 19 thousand. The Board of Directors also decided to award an additional incentive bonus to certain key personnel included in the incentive program. The size of the provision in the financial statements of December 31, 2018, was EUR 38 thousand.

The Group previously had a long-term incentive program for management related to the financial years 2013–2015. In 2017, payments made under the incentive program amounted to EUR 14 thousand paid to the former CEO and EUR 27 thousand paid to other key personnel included in the system.

Accumulated incentive bonuses	Parent company CEO	
EUR 1,000	2018	2017
Incentive bonuses	19	59

Fees paid and fee-related provisions			
EUR 1,000		**2018**	**2017**
CEO		231	236
The CEO’s incentive bonuses		56	0
One-time fees and incentive bonuses granted to former CEO		0	234
Members of the Board			
Sjödell Per	Chairman of the Board	68	68
Ruuska Jukka	Vice-Chairman of the Board	35	37
Blank Jonasson Ingrid	Member of the Board	32	25
Hurtola Pekka	Member of the Board	23	0
Korkiakoski Anne	Member of the Board	23	0
Ronkainen Anni	Member of the Board	28	28
Iso-Aho Maritta	former Member of the Board	7	28
Vihervuori Petri	former Member of the Board	8	31
Årneby Anne	former Member of the Board	0	1
Nordic Morning Group Plc’s Board, total		**225**	**218**
Total		**511**	**688**

The contractual retirement age of the parent company’s CEO complies with the applicable laws and regulations. The former CEO and CFO had a defined contribution plan supplementary pension, the annual payment for which was EUR 10 thousand for the former CEO and EUR 30 thousand for the former CFO in 2017. The supplementary pension scheme ended in 2017. The CEO and the members of the Board of Directors do not own any company shares, nor have they been granted any share options. The CEO and the members of the Board of Directors have not been granted any loans, and no collateral or contingent liabilities have been provided on their behalf.

32. Post-statement events

In the Group, there are no such substantial post-statement events, the non-disclosure of which might influence financial decisions made by the readers of the financial statements on the basis of the financial statements.

33. Breakdown of share ownership and information on shareholders

From December 5, 2018, the State Business Development Company Vake Oy has owned 100% of Nordic Morning Group Plc’s shares.

Consolidated key indicators

		IFRS 2018	IFRS 2017	IFRS 2016
Net revenue	k€	76 379	93 402	103 399
Exports and foreign operations %		43.9 %	51.8 %	60.2 %
Adjusted operating gross margin	k€	46 786	53 876	58 188
% of net revenue		61.3 %	57.7 %	56.3 %
Adjusted operating EBITDA	k€	5 907	8 693	5 082
% of net revenue		7.7 %	9.3 %	4.9 %
Adjusted operating profit/loss	k€	1 337	3 078	-1 827
% of net revenue		1.8 %	3.3 %	-1.8 %
Operating profit/loss	k€	880	5 939	-14 189
% of net revenue		1.2 %	6.4 %	-13.7 %
Profit before taxes	k€	244	5 518	-14 560
% of net revenue		0.3 %	5.9 %	-14.1 %
Profit for financial year	k€	218	4 502	-14 411
Return on equity (ROE), %	%	1.1	22.4	-53.6
Return on capital employed, %	%	2.6	14.5	-34.5
Equity-to-assets ratio (%)	%	40.3	37.2	32.8
Gearing (%)	%	64.9	67.0	66.5
Gross capital expenditure	k€	1 796	11 024	5 684
% of net revenue		2.4	11.8	5.5
Average number of employees		472	548	653
Earnings per share (EPS)	€	0.03	0.74	-2.38
Dividends per share	€	0.33	0.33	0.33
Equity per share	€	3.27	3.53	3.1
No. of shares, adjusted for share issue		6 000 000	6 000 000	6 000 000

Formulae for calculating key indicators

Return on equity (ROE), %	$\frac{\text{Profit for financial year}}{\text{Shareholders' equity (average during the year)}}$
Return on capital employed, %	$\frac{\text{Profit before tax, interest, and other financial expenses}}{\text{Total assets — non-interest-bearing liabilities (average during the year)}}$
Equity-to-assets ratio, %	$\frac{\text{Shareholders' equity}}{\text{Total assets — advances received}}$
Sales margin	Operating income — variable cost
EBITDA	Operating profit — depreciation and impairment
Operating profit	Profit before tax and financial items
Undiluted EPS, EUR	$\frac{\text{Profit for financial year attributable to parent company shareholders}}{\text{Average number of shares (adjusted for share issue)}}$
Net gearing ratio, %	$\frac{\text{Interest-bearing liabilities — cash and cash equivalents}}{\text{Shareholders' equity}}$
Equity per share, EUR	$\frac{\text{Shareholders' equity attributable to parent company shareholders}}{\text{Undiluted number of shares on closing date}}$
Dividends per share, EUR	Dividend per share approved by Annual General Meeting. For the previous year, the proposal of the Board of Directors to the Annual General Meeting regarding the amount of dividends.

Parent company income statement (FAS) (EUR)

	Note	1.1. -31.12.2018	1.1. -31.12.2017
NET REVENUE	**2**	**3 889 250,48**	**3 817 524,61**
Other operating income	3	1 575 377,24	4 034 300,36
Personnel expenses	4	-2 119 311,08	-2 286 488,90
Depreciation and impairment	5	-870 851,02	-846 489,87
Other operating expenses	6	-3 456 261,05	-2 889 415,07
OPERATING PROFIT / LOSS (-)		**-981 795,43**	**1 829 431,13**
Financial income and expenses	7	4 865 133,21	-143 792,83
PROFIT/LOSS (-) BEFORE APPROPRIATIONS AND TAXES		**3 883 337,78**	**1 685 638,30**
Appropriations	8	1 481 404,06	263 315,41
Income taxes	9	-15 479,41	-153 726,75
PROFIT/LOSS (-) FOR THE FINANCIAL YEAR		**5 349 262,43**	**1 795 226,96**

Parent company balance sheet (FAS) (EUR)

ASSETS	Note	31.12.2018	31.12.2017
NON-CURRENT ASSETS			
Intangible assets	10	165 382,23	36 416,92
Tangible assets	11	6 564 994,35	7 434 153,88
Investments in Group companies	12	40 502 386,73	43 102 386,73
Other investments	12	25 982,55	189 548,14
Total non-current assets		47 258 745,86	50 762 505,67
CURRENT ASSETS			
Current receivables	13	15 715 077,07	15 685 827,07
Financial securities	14	15 152,33	15 152,33
Cash and bank balances		3 956,33	658 446,87
Total current assets		15 734 185,73	16 359 426,27
Total assets		**62 992 931,59**	**67 121 931,94**

SHAREHOLDERS' EQUITY AND LIABILITIES	Note	31.12.2018	31.12.2017
SHAREHOLDERS' EQUITY	15		
Share capital		6 000 000,00	6 000 000,00
Legal reserve		25 869 610,34	25 869 610,34
Profit/loss (-) from previous years brought forward		4 876 126,78	5 080 899,82
Profit/loss (-) for the financial year		5 349 262,43	1 795 226,96
Shareholders' equity, total		42 094 999,55	38 745 737,12
ACCUMULATED APPROPRIATIONS	16	443 847,44	725 251,50
LIABILITIES			
Non-current liabilities	17	750 000,00	2 250 000,00
Current liabilities	18	19 704 084,60	25 400 943,32
Total liabilities		20 454 084,60	27 650 943,32
Liabilities total		**62 992 931,59**	**67 121 931,94**

Parent company cash flow statement (FAS) (EUR)

	1.1. -31.12.2018	1.1. -31.12.2017
Cash flow from operating activities		
Profit/loss (-) before appropriations and taxes	3 883 337,78	1 685 638,30
Adjustments:		
Planned depreciation and impairment	870 851,02	834 833,87
Unrealized exchange rate gains/losses	-327 379,66	-200 380,87
Other adjustments	-5 095 174,98	955 969,90
Gains on disposal of fixed assets and other investments	-6 434,41	-3 106 000,00
Financial income and expenses (+)	-4 865 133,21	143 792,83
Change in working capital:		
Increase (+) decrease (-) in non-interest-bearing current receivables	473 856,83	689 074,17
Increase (+) decrease (-) in non-interest-bearing current liabilities	-118 472,11	-928 030,13
Interest paid	-158 951,37	-205 018,45
Dividends received	7 903 575,55	3 250,50
Interest received	27 531,49	235 927,15
Taxes paid	-161 738,41	-610,33
Cash flow from operating activities	**2 425 868,52**	**108 446,94**
Cash flow from investing activities		
Investments related to additional purchase prices	0,00	-638 580,60
Investments in intangible and intangible assets	-130 656,80	-381 493,09
Income from investment transfers	170 000,00	3 341 000,00
Cash flow from investing activities	**39 343,20**	**2 320 926,31**
Cash flow from financing activities		
Current loans withdrawn	380 297,74	0,00
Repayments on non-current borrowings	-1 500 000,00	-1 500 000,00
Dividends paid	-2 000 000,00	-2 000 000,00
Contributions received from subsidiaries	0,00	1 350 000,00
Cash flow from financing activities	**-3 119 702,26**	**-2 150 000,00**
Change in cash and cash equivalents, increase (+)/decrease (-)	**-654 490,54**	**279 373,25**
Cash and cash equivalents at January 1	658 446,87	379 073,62
Cash and cash equivalents at December 31	**3 956,33**	**658 446,87**

Notes to the Parent Company Financial Statements

1. Accounting policies applied to the parent company's financial statements (FAS)

Basic information

Nordic Morning Group Plc is a Finnish public limited company domiciled in Helsinki and established in accordance with Finnish law. Nordic Morning Group Plc's financial statements have been drawn up in accordance with the Finnish Accounting Standards (FAS). Nordic Morning Group Plc is the parent company of the Nordic Morning Group. The consolidated financial statements have been drawn up in accordance with the latest IFRS regulations. As the accounting policies of the FAS and the IFRS are in most respects convergent in Nordic Morning Plc, a description of the most important accounting policies can be found in the accounting policies applied to the consolidated financial statements.

Non-current assets

Intangible and tangible assets are recognized in the balance sheet at original cost less planned depreciation. Planned depreciation is calculated from original acquisition values and estimated useful life. Land is not depreciated. The depreciation periods are as follows:

Buildings and structures	30 years
Machinery and equipment	4–15 years
Other non-current expenditure	4–5 years

Investments and receivables with an estimated life of over one year are presented under investments.

Any impairment requirement of non-current assets is reviewed annually and an impairment is recognized immediately when necessary.

Financial assets

Cash and cash equivalents include cash in hand and at the bank, deposits of less than three months and other cash equivalents.

Shares and participations included in financial asset securities are measured at the lower of cost or market value.

Derivatives

Interest rate swaps used to convert the variable rates of the company's loans from financial institutions to fixed rates are recognized on the balance sheet at fair value. Interest rate swaps are defined for five years, until the end of the loan period.

Taxes

Income tax in the income statement is the tax on the year's profit/loss and tax adjustments from previous years. Deferred taxes are not recognized in the parent company's accounts.

Pension plans

The statutory and individual pension insurance of parent company employees is arranged by external pension insurance companies.

Appropriations

The parent company's appropriations include contributions received from subsidiaries as well changes in depreciation difference.

Notes to the Parent Company Financial Statements (FAS) (EUR)

	31.12.2018	31.12.2017

2. Net revenue

	31.12.2018	31.12.2017
By market area		
Finland	3 053 101,14	3 076 796,25
EU	836 149,34	740 728,36
Total	3 889 250,48	3 817 524,61

3. Other operating income

	31.12.2018	31.12.2017
Profit from sales of non-current assets	6 434,41	3 117 656,00
Rental income	1 136 253,74	568 987,29
Group’s internal administrative fees	423 093,96	343 558,18
Other	9 595,13	4 098,89
	1 575 377,24	4 034 300,36

4. Personnel

	31.12.2018	31.12.2017
Personnel expenses		
Salaries and fees	-1 814 789,41	-1 912 586,98
Pension expenses and pension insurance contributions	-247 221,92	-306 509,18
Other personnel expenses	-57 299,75	-67 392,74
	-2 119 311,08	-2 286 488,90
Employees in the company during the financial year		
Employees on salary	26	28
Management salaries and fees		
Members of the Board	-225 000,00	-209 438,66
	-225 000,00	-209 438,66

The salaries and fees of the Group’s current CEO, Anne Årneby, are paid from the Swedish parent company Nordic Morning Group Sweden AB. More information on the remuneration of the Group’s executive management is presented in the consolidated financial statements in Note 31: Related party transactions.

5. Depreciation and impairment

	31.12.2018	31.12.2017
Depreciation on tangible and intangible assets	-870 851,02	-846 489,87

6. Other operating expenses

Rents	-890 150,38	-278 011,57
Other business premises expenses	-676 660,66	-518 444,48
Logistics	-5 148,43	-3 449,68
IT and data communications	-714 146,23	-665 626,20
Marketing and representation expenses	-58 396,45	-176 159,97
Other operating expenses	-1 111 758,90	-1 247 723,17
Other operating expenses, total	-3 456 261,05	-2 889 415,07
Auditor's fees		
Audit fees	-31 833,00	-30 906,00
Tax consultation	-2 188,60	-13 916,90
Other fees	0,00	-9 082,25
	-34 021,60	-53 905,15

7. Financial income and expenses

Dividend income		
From Group companies	7 900 000,00	0,00
From others	3 575,55	3 250,50
	7 903 575,55	3 250,50
Other interest income		
From Group companies	26 493,55	236 330,14
From others	1 037,94	-402,99
	27 531,49	235 927,15
Interest income and other financial income, total	7 931 107,04	239 177,65
Exchange rate gains and losses	-327 379,66	-200 380,87
Impairment and impairment refunds from non-current asset investments	-2 600 000,00	0,00
Interest expenses		
To Group companies	-22 758,11	-51 206,12
To others	-71 393,51	-84 878,44
	-94 151,62	-136 084,56
Other financial expenses		
To others	-44 442,55	-46 505,05
	-44 442,55	-46 505,05
Interest expenses and other financial expenses, total	-138 594,17	-182 589,61
Total financial income and expenses	4 865 133,21	-143 792,83

8. Appropriations

Difference between planned depreciation and depreciation made for taxation purposes	281 404,06	263 315,41
Contributions received from subsidiaries	1 200 000,00	0,00
	1 481 404,06	263 315,41

9. Notes on income taxes

Income tax on appropriations	-240 000,00	0,00
Income tax on normal operations	230 105,46	-153 537,49
	-15 479,41	-153 726,75

Non-current assets

10. Intangible assets

Intellectual property		
Acquisition cost, January 1	702 726,72	702 726,72
Acquisition cost, December 31	702 726,72	702 726,72
Accumulated depreciation, January 1	666 309,80	629 234,92
+ Depreciation for the year	24 252,81	37 074,88
Accumulated depreciation, December 31	690 562,61	666 309,80
Carrying amount, December 31	12 164,11	36 416,92
Intangible assets, total		
Acquisition cost, January 1	702 726,72	702 726,72
+ Increases	184 793,78	0,00
Acquisition cost, December 31	887 520,50	702 726,72
Accumulated depreciation, January 1	666 309,80	629 234,92
+ Depreciation for the year	55 828,47	37 074,88
Accumulated depreciation, December 31	722 138,27	666 309,80
Carrying amount, December 31	165 382,23	36 416,92

11. Tangible assets

Land areas		
Acquisition cost, January 1	1 922 846,00	1 922 846,00
Acquisition cost, December 31	1 922 846,00	1 922 846,00
Carrying amount, December 31	1 922 846,00	1 922 846,00
Buildings and structures		
Acquisition cost, January 1	16 781 260,69	16 774 260,69
+ Increases	0,00	7 000,00
Acquisition cost, December 31	16 781 260,69	16 781 260,69
Accumulated depreciation, January 1	11 970 983,97	11 326 781,19
+ Depreciation for the year	596 970,47	644 202,78
Accumulated depreciation, December 31	12 567 954,44	11 970 983,97
Carrying amount, December 31	4 213 306,25	4 810 276,72
Machinery and equipment		
Acquisition cost, January 1	2 650 888,41	2 619 517,41
+ Increases	291 939,73	31 371,00
Acquisition cost, December 31	2 942 828,14	2 650 888,41
Accumulated depreciation, January 1	2 295 933,96	2 130 721,75
+ Depreciation for the year	218 052,08	165 212,21
Accumulated depreciation, December 31	2 513 986,04	2 295 933,96
Carrying amount, December 31	428 842,10	354 954,45
Tangible assets, total		
Acquisition cost, January 1	21 354 995,10	21 316 624,10
+ Increases	291 939,73	38 371,00
Acquisition cost, December 31	21 646 934,83	21 354 995,10
Accumulated depreciation, January 1	14 266 917,93	13 457 502,94
+ Depreciation for the year	815 022,55	809 414,99
Accumulated depreciation, December 31	15 081 940,48	14 266 917,93
Carrying amount, December 31	6 564 994,35	7 088 077,17
Of the carrying amount, December 31		
Share of machinery and equipment in production	428 842,10	354 954,45

12. Investments

Share in Group companies, January 1	43 102 386,73	47 584 450,27
+ Increases	0,00	950 000,00
- Decreases	0,00	-5 432 063,54
- Impairment	-2 600 000,00	0,00
Total, December 31	40 502 386,73	43 102 386,73
Other shares and holdings, January 1	189 548,14	412 892,00
- Decreases	-163 565,59	-223 343,86
Total, December 31	25 982,55	189 548,14

Parent company's holdings in subsidiaries December 31, 2018

Company and domicile	Holding %	Votes %
Edita Prima Oy, Helsinki	100 %	100 %
Edita Publishing Oy, Helsinki	100 %	100 %
Nordic Morning Finland Oy, Helsinki	100 %	100 %
Nordic Morning Group Sweden AB, Stockholm, Sweden	100 %	100 %

13. Receivables

Receivables from Group companies		
Sales receivables	159 124,75	466 078,87
Other receivables	3 186 111,70	3 319 138,77
Group account receivables	6 407 900,18	7 104 793,35
Contributions from subsidiaries	1 200 000,00	0,00
Transaction price receivables	4 165 390,57	4 339 304,66
Prepaid expenses and accrued income	989,00	0,00
	15 119 516,20	15 229 315,65
Other receivables	300 000,00	300 000,00
Prepaid expenses and accrued income		
Social security expense accruals	126 762,42	38 737,12
IT expenses accruals	81 136,49	0,00
Other	82 256,00	112 695,26
	290 154,91	151 432,38
Receivables, total	15 715 077,07	15 685 827,07

14. Financial securities

Replacement value	78 287,36	71 006,24
Carrying amount	15 152,33	15 152,33
Difference	63 135,03	55 853,91

15. Shareholders' equity

Restricted shareholders' equity

Share capital, January 1	6 000 000,00	6 000 000,00
Share capital, December 31	6 000 000,00	6 000 000,00
Legal reserve, January 1	25 869 610,34	25 869 610,34
Legal reserve, December 31	25 869 610,34	25 869 610,34
Total restricted shareholders' equity	31 869 610,34	31 869 610,34

Unrestricted shareholders' equity

Profit/loss from previous years brought forward, January 1	6 876 126,78	7 080 899,82
Dividend distribution	-2 000 000,00	-2 000 000,00
Profit/loss from previous years brought forward, December 31	4 876 126,78	5 080 899,82
Profit/loss (-) for the financial year	5 349 262,43	1 795 226,96
Total unrestricted shareholders' equity	10 225 389,21	6 876 126,78
Total shareholders' equity	**42 094 999,55**	**38 745 737,12**

Funds at the disposal of the Annual General Meeting, December 31

Profit/Loss from previous years brought forward	4 876 126,78	5 080 899,82
Profit/loss (-) for the financial year	5 349 262,43	1 795 226,96
	10 225 389,21	6 876 126,78

The parent company had distributable funds of EUR 10,225,389.12 on December 31, 2018.

The company has 6,000,000 shares. The share has no nominal value. All shares are associated with equal voting rights and equal entitlement to dividends.

16. Accumulated appropriations

Accumulated excess depreciation	443 847,44	725 251,50

17. Non-current liabilities

Liabilities to credit institutions	750 000,00	2 250 000,00

18. Current liabilities

Liabilities to credit institutions	1 880 297,74	1 500 000,00
Accounts payable	164 189,08	348 850,41
	2 044 486,82	1 848 850,41
Liabilities to Group companies		
Loans	16 985 122,24	22 777 190,39
Accounts payable	5 427,41	12 806,93
Accrued liabilities and deferred income	32 415,78	0,00
	17 022 965,43	22 789 997,32
Other current liabilities	138 578,78	124 755,82
Accrued liabilities and deferred income		
Wages and salaries with related expenses	276 381,21	269 401,41
Verot	6 857,42	153 116,42
Interest	18 944,88	11 677,08
Interest rate swaps	0,00	27 625,00
Other	195 870,06	175 519,86
	498 053,57	637 339,77
Current liabilities, total	19 704 084,60	25 400 943,32
Interest-bearing liabilities		
Non-current	750 000,00	2 250 000,00
Current	18 865 419,98	24 277 190,39
	19 615 419,98	26 527 190,39
Non-interest-bearing liabilities		
Current	838 664,62	1 123 752,93

19. Related party transactions

There were no unusual transactions with related parties.

20. Contingent liabilities

Amounts payable under leasing agreements		
Due for payment in the next financial year	70 812,57	62 823,42
Due for payment later	102 460,37	121 600,29
	173 272,94	184 423,71
Guarantees given on behalf of Group companies	838 187,00	560 657,47
Amounts payable under lease agreements		
Due for payment in the next financial year	847 008,00	779 538,00
Due for payment later	7 821 849,00	7 686 909,00
	8 668 857,00	8 466 447,00

Off-balance sheet financial liabilities
Real estate investments
The company is obligated to review the VAT reductions made on real estate investments completed in the years 2010–2016, if the property's taxable use decreases during the review period. The last review year is 2025. The maximum amount of the liability is EUR 171,377.16.

21. Derivative agreements

Interest rate swaps		
Fair value	-11 998,00	-27 625,00
Underlying security	2 250 000,00	3 750 000,00

The interest rate swaps in effect at the end of the reporting period are used to hedge the interest rate risk of a variable rate bank loan. The contracts mature in the financial year beginning on January 1, 2020.

Signing of financial statements and Board of Directors' report

Helsinki, February 14, 2019

Per Sjödell
Chairman of the Board

Jukka Ruuska
Vice Chairman of the Board

Anne Korkiakoski

Pekka Hurtola

Anni Ronkainen

Ingrid Jonasson Blank

Anne Årneby
CEO

Auditor's statement

A report has been issued today on the audit performed by us.

Helsinki, February 20, 2019

KPMG Oy
Authorized Public Accountants

Kati Nikunen
Authorized Public Accountant