



INTERIM REPORT 2017

Q3 | 17

JANUARY–SEPTEMBER

NINE-MONTH PERIOD: JANUARY–SEPTEMBER 2017

- Total operating revenue amounted to SEK 1,221 M (1,488), a decrease of 18%. Excluding Print, discontinued during 2017, total operating revenue decreased 16%.
- EBITDA decreased by 61% to SEK 140 M (356). The EBITDA margin was 11.5% (23.9%).
- Net income for the period was SEK -148 M (-824).
- Earnings per ordinary share for the period were SEK -0.31 (-1.79) before and after dilution.

THIRD QUARTER: JULY–SEPTEMBER 2017

- Total operating revenue amounted to SEK 365 M (488), a decrease of 25%. Excluding Print, discontinued during 2017, total operating revenue decreased 19%.
- EBITDA decreased by 56% to SEK 46 M (104). The EBITDA margin was 12.6% (21.3%). EBITDA amounted to SEK 39 M (116) during the second quarter and SEK 55 M (136) during the first quarter.
- Net income for the period was SEK -44 M (30).
- Earnings per ordinary share for the period were SEK -0.09 (0.03) before and after dilution.
- Eniro's new offer is now rolling out in Sweden, Norway and Denmark.
- Further efforts to reduce costs are intensified and cost levels for 2018 will be reduced by over SEK 100 M.

EVENTS AFTER THE END OF THE REPORTING PERIOD

- On October 5, 2017, Eniro communicated that the exchange offers will be completed at a lower acceptance level than 95%. The exchange offers have been accepted by preference shareholders with a total holding corresponding to approximately 74.12% of all outstanding preference shares and by holders of convertible loans with a total holding corresponding to approximately 88.89% of the outstanding nominal value of the convertible loans in Eniro.
- On October 9, 2017, Eniro communicated that the lending banks had subscribed for and been issued 483,870,966 Class B ordinary shares in Eniro with weak voting power, with payment through set-off of approximately SEK 150 M in bank loans in the set-off issue.
- On October 23, 2017, Eniro communicated the terms for the cash issue. As a part of Eniro's recapitalization plan, with authorization from the Extraordinary General Meeting on 7 June 2017, the Board of Directors of Eniro AB has resolved on a cash issue of class A ordinary shares of up to SEK 278,295,701 million with preferential rights for existing owners of class A ordinary shares (excluding holders of paid subscribed shares from the exchange offers). The subscription price has been set at SEK 0.075 per class A ordinary share. The proceeds from the cash issue will be used to pay off bank loans. In addition, Eniro's lending banks will write down bank loans of SEK 275 M.

SEK M	Jul-Sep 2017	Jul-Sep 2016	Jan-Sep 2017	Jan-Sep 2016	Oct-Sep 2016/17	Jan-Dec 2016
Operating revenue	365	488	1,221	1,488	1,700	1,967
EBITDA	46	104	140	356	212	428
Adjusted EBITDA	64	126	192	363	269	440
Operating income	3	40	-58	-689	-33	-664
Net income for the period	-44	30	-148	-824	-186	-862
Cash flow from operating activities	-5	18	-1	142	74	217
Interest-bearing net debt excluding convertible bond and pension obligations	-1,268	-1,239	-1,268	-1,239	-1,268	-1,217

Eniro is a leading search company for individuals and businesses in the Nordic region. With quality-assured content and an unrivaled user experience, Eniro inspires local discoveries and makes local communities thrive. Eniro's content is available through Internet and mobile services, printed directories, directory assistance and SMS services. Each week Eniro Group's digital services have 8.1 million unique visitors who perform 14.5 million searches. Eniro Group has about 1,700 employees and operations in Sweden, Norway, Denmark, Finland and Poland. The company is listed on Nasdaq Stockholm [ENRO] and headquartered in Stockholm. More on Eniro at enirogroup.com.

CEO's comments



Recapitalization

We at Eniro can now lift our sights and with vigor and full focus continue on the journey of change that we began in 2016. With its new business model, Eniro can help small and medium-sized enterprises (SMEs) with their digital marketing, grow its sales and achieve a turnaround. Our new offering has been well-received and creates favorable conditions to resume on a path of stable growth.

In early October we finally crossed the finish line for the exchange offer. It has been an arduous and complicated process and the recapitalization is now entering its final phase – a fully underwritten new issue. Reaching this goal has entailed an intensive year of hard work, which for natural reasons has dominated the focus of the Company's management and board. We can now work with considerably better self-confidence in the market.

Our new offering

Eniro's new offering is subscription-based and features a number of exciting products from Eniro and our partners that create significant customer value.

We have our own sites, which is the core of our offering with our traditional content, albeit somewhat improved. We have Närvarokollen which is a tool customers can use to check and update their business information on the most relevant sites online. This allows them to make sure they are communicating the correct address, the right business hours, and ensure ownership of their company information in channels such as Facebook. They can achieve all this by having the correct data registered with us.

We sell website solutions that are modern, easy to use and traffic-optimized. Always having an up-to-date, traffic-optimized website is very valuable and a prerequisite for being able to effectively drive traffic, and is a central part success for most companies. We offer

Google/Bing keyword advertising, which is superb for those interested in driving traffic with keyword advertising.

In short, our offering is very strong and covers most needs of SMEs for their digital marketing. We are alone in being able to offer this to customers in our markets.

Customers' reactions have been positive, and a growing number of customers who understand what we offer are increasing their marketing investments with us.

Rollout in Sweden, Denmark and Norway

During the third quarter we began rolling out our new offering on a large scale. From a cautious start in Sweden in May, we have now picked up speed in Sweden, Norway and Denmark. Norway was last in line, where we are now scaling up operations.

Our new offering is in an entirely new platform that is based on a new CRM system, which has replaced three old systems in the respective countries. We now have a uniform system on a joint platform in all three countries.

It has been a painstaking process. The rollout of our new offering has been delayed, mainly due to our ambitions to incorporate complementary partner products, but also because it involves as very large and complex IT system. Today approximately 25% of customers publish from our new system, and of the amount we are currently selling, we capture roughly 80% of customers in our new system. Certain customer segments, particularly slightly larger customers that require special solutions, will be added towards the end of the year. We are currently in the midst of this rollout.

Our customers' positive reception strengthens us in our belief that our offering meets an important need and has a bright future.

What is also positive is that the system solutions are working well, with no down time or serious disruptions – something that is otherwise common when launching this type of extensive IT solution.

From the onset, however, it has taken a longer time for our sales force to work with our new CRM tool and get up to speed. We have a new offering that we are trying to sell to customers who have historic experience with Eniro. Our new offering is more complex and has considerably higher customer value and requires more from us to explain the benefit to customers. We have something new to offer, and this requires that we get the sales presentation across in a good manner. The teams and sales representatives who have developed a well-working routine for this are doing well and generating growth. For others it is taking a longer time both to familiarize themselves with the new system and get the actual sales points across and feel comfortable with our new offering. This is where our challenge lies. As a result, sales are going a bit more slowly.

Continued journey of change

We are continuing our journey of change for Eniro. With a new subscription-based offering in which Eniro has taken on a new role as a digital marketing partner, the Company is changing not only in how we sell, but also in how we will work with our customer base going forward and take a more active role in digital marketing for the

SME segment. In 2018 the customer base will have been migrated to a subscription relationship instead of as previously, where customers once a year had to decide if they wanted to be included in Eniro's "digital phone book." In this new scenario, sales and marketing resources will be freed up to work to a greater extent with new customer acquisition and added sales.

This transformation entails changes in which we have had to analyze and make changes to the company's organization. At the same time that we are dismantling old systems and focusing on our new path forward, we will be able to continue to cut costs.

As we look forward we see a company with a higher degree of automation of internal processes and customer processes. Our customer service, production, marketing, sales, etc. are all areas in which we see significant potential for transformation and digitalization. A central feature in upholding our competitiveness in an increasingly tougher market will entail the digital transformation in all processes and replacing manual work with scalable, automated solutions.

The goal that permeates our entire sales effort in our core business is to achieve a turnaround and begin growing once again. We have historically lost many customers who have been skeptical about the value we offer. We now have a novel offering that creates considerably enhanced customer value, and we are seeing an upturn in which we will be able to grow our customer base and average order per customer. In one of our markets we are close to achieving this goal. When we can show with certainty that Eniro's digital sales are growing, then we will have a new company.

Eniro works in a digital advertising market that is very robust. With the customer benefit that we are creating in the SME segment, the conditions are good for achieving growth. This is the goal of our journey of change. We see that it is within our reach.

2018

The drop in sales during the third quarter is due to the time it takes to transform our sales effort towards being a digital marketing partner for small and medium-sized enterprises. On top of this, we have been burdened with worries over our recapitalization, which has created uncertainty both internally and among our customers, with a subsequent negative impact on our figures.

Against this background, we are increasing the pace of cost savings. Significant costs have been saved in 2017 and the cost level will be lowered by well over a hundred million kronor in 2018.

Third quarter earnings

Operating revenue during the third quarter amounted to SEK 365 M (488), which represents a decline of 25% compared with the same period a year ago. EBITDA for the third quarter amounted to SEK 46 M (104), while adjusted EBITDA was SEK 64 M (126).

Kista, October 25, 2017

Örjan Frid, President and CEO

Results January–September 2017

Revenue

Operating revenue amounted to SEK 1,221 M (1,488), a decrease of 18%. Currency effects on revenue were SEK 25 M.

Geographically, operating revenue is broken down into Sweden SEK 445 M (615), Norway SEK 332 M (374), Denmark SEK 182 M (225), Finland SEK 110 M (117), and Poland SEK 152 M (157).

Digital search

Digital search includes the Desktop/Mobile search and Complementary digital marketing products revenue categories. Eniro's Desktop/Mobile search services are among the most visited sites in their respective markets and include eniro.se, gulesider.no, krak.dk, dgs.dk and panoramafirm.pl along with the mobile apps, including Eniro's local search app, Eniro Navigation and Eniro På Sjön. Eniro's sites: proff.se, proff.no and proff.dk contains business information. Eniro's advertisers pay for rankings and exposure on hit lists. In Complementary digital marketing products Eniro offers for example advertising solutions via third-party suppliers such as Google and Bing, display advertising via external networks and website products.

Operating revenue from Digital search amounted to SEK 941 M (1,117), a decrease of 16%. Of operating revenue, SEK 820 M (1,015) came from Desktop/Mobile search and SEK 121 M (102) from Complementary digital marketing products.

Eniro has a new strategy and business model entailing a shift away from offering exposure primarily via its own channels to working with customers' presence in all digital channels. The goal is to be a marketing partner to small and medium-sized enterprises.

By complementing Eniro's traditional advertising services in Desktop/Mobile search with Närvarokollen ("Location check") and partner products such as Google AdWords and Bing Ads in Complementary digital marketing products, Eniro can help its customers optimize their marketing investments and achieve the best possible results. During the second quarter Eniro partnered with the company Mono Solutions to meet demand for easily accessible yet sophisticated business websites.

All sales teams in Sweden has changed over to working with the new focus with a broadened product offering including subscription based contracts. In Norway and Denmark, the number of sales teams working with this new focus is increasing steadily. The goal is that all sales representatives will change over to selling according to the new direction in 2017.

To help sales staff manage the broader product portfolio that the new offering entails, Eniro has worked intensively with competence development. Eniro has continued training its sales representatives in so-called insight-based sales, which aim to give the sales representatives a better understanding of customers' needs and their value drivers. This will create a level of confidence and a foundation on which Eniro's sales representatives can present relevant proposals to

customers. To increase knowledge about the products included in the broader product portfolio, Eniro has continued with product training and certification in specific products for the sales representatives.

Print

Eniro offers advertising in local printed directories in Sweden, Norway and Denmark under the well-known local brands Din Del in Sweden, Ditt Distrikt in Norway, and Mostrup and Den Røde Lokalbog in Denmark.

Operating revenue from Print amounted to SEK 47 M (92).

For profitability reasons, Eniro has decided to discontinue publication of printed directories during the first half of 2017. The last directories were published before summer, after which the Print business was discontinued, with the exception of a directory that will be published in Denmark in December.

Voice

In Voice Eniro offers directory information via phone calls and text messaging (SMS), and certain contact center activities. In Sweden Eniro is the market leader with its 118 118 directory information service. In addition to this, incoming phone calls are handled for other companies on a contract basis. In Finland, apart from the 0100100 directory information service, Eniro has a contact center operation that provides switchboard services and customer service on a contract basis. In Norway Eniro is the majority owner of Nummeropplysningen 1880 AS (the 1880 and 1888 directory information services).

Operating revenue from Voice amounted to SEK 233 M (279), a decrease of 16%.

Market volumes for directory information services continue to decline in pace with increased digitalization. The contact center operation that Voice conducts on a contract basis for customers in Finland is growing and partly compensating for the decline in directory information services, which is also the case in Sweden to some extent.

Operating income

EBITDA for the Group was SEK 140 M (356), corresponding to an EBITDA margin of 11.5% (23.9%). EBITDA is broken down as follows: SEK 147 M (312) pertained to Local search, SEK 42 M (88) pertained to Voice, and SEK -49 M (-44) pertained to other Group functions.

The Group's operating expenses, that is expenses excluding amortization and impairment losses, totaled SEK -1,084 M (-1,139), where expenses for the period include SEK -52 M (-7) in items affecting comparability. Of these, SEK -18 M (-7) pertained to restructuring costs, SEK -22 M (0) pertained to advisory costs mainly concerning Eniro's recapitalization, and SEK -12 M (0) pertained to legal costs resulting from Eniro's loss of a legal dispute against Fonecta Oy in Finland, whereby Eniro was ordered to pay Fonecta's costs relating to the dispute as well as the costs for the arbitral tribunal. The

figure for the preceding year also included nonrecurring items totaling SEK 0 M, net.

After adjusting for items affecting comparability, adjusted EBITDA for the Group amounted to SEK 192 M (363), a decrease of 47%. The adjusted EBITDA margin was 15.7% (24.4%).

After amortization and impairment losses totaling SEK -198 M (-1,045), consolidated operating income amounted to SEK -58 M (-689).

Amortization and impairment losses

The Group's total amortization amounted to SEK -188 M (-162) during the period January-September 2017. Amortization of the Gule Sider trademark totaled SEK -43 M (-42) and the amortization of the Krak trademark totaled SEK -9 M (-9).

Against the background of the decision to discontinue publication of printed directories during the first half of 2017, the useful life of the Ditt Distrikt trademark has been changed. The trademark has been amortized by SEK -53 M (-21), after which the trademark has been fully amortized. The remaining amortization of SEK -83 M (-90) consists mainly of amortization of capitalized costs for product development.

As per September 30 the impairment test of the value of the Group's intangible assets that was performed as per December 31, 2016, has been updated. Against the background of the expected decline in profitability of the Voice business, the impairment test has been updated to take the shift in cash flows into account. This resulted in the recognition of SEK -10 M in impairment in Voice,

compared with SEK -873 M in impairment losses in June in the preceding year, where SEK -22 M was attributable to Voice and SEK -851 M to Local search. As per September 30, 2016, accumulated impairment of goodwill amounted to SEK -883 M, of which SEK -10 M is attributable to a recalculation using a new, accumulated average exchange rate. Further impairment of goodwill pertaining to Voice is likely as higher cash flows in real time are replaced by lower future cash flows. Eniro's outcome regarding EBITDA is in line with the forecast that served as the basis for the impairment test, which is why no further need to recognize impairment of goodwill is deemed to exist. Of the impairment in Voice, SEK 0 M (-9) pertains to Sweden, SEK -10 M (-11) pertains to Norway, and SEK 0 M (-2) pertains to Finland. Of the preceding year's impairment losses in Local search, SEK -622 M pertained to Norway and SEK -229 M pertained to Denmark.

Net financial items

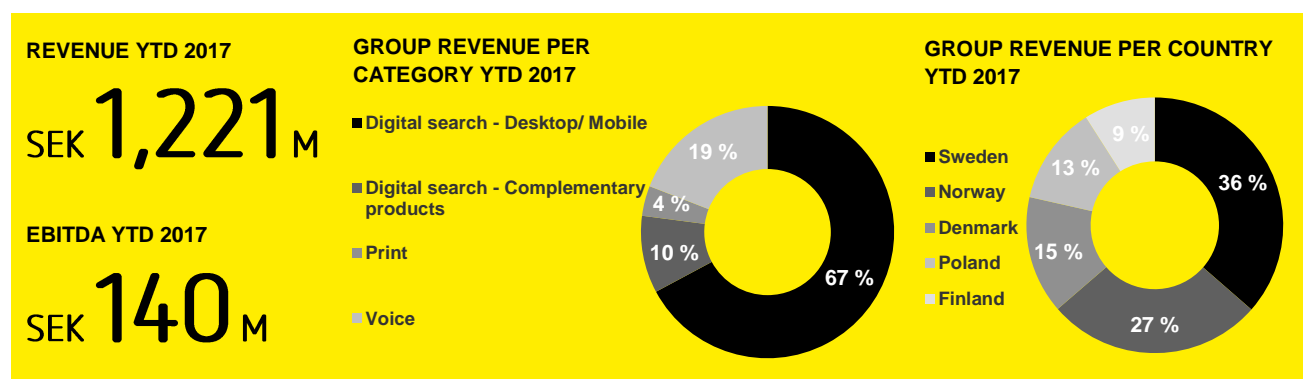
Net financial items amounted to SEK -107 M (-151). Exchange rate differences affected net financial items by SEK -3 M (-44).

Income before tax, and reported tax

Income before tax amounted to SEK -165 M (-840). Reported tax totaled SEK 17 M (16).

Net income for the period and earnings per ordinary share

Net income for the period was SEK -148 M (-824). Earnings per ordinary share were SEK -0.31 (-1.79) before and after dilution.



Third quarter results 2017

Revenue

Operating revenue for the third quarter amounted to SEK 365 M (488), a decrease of 25%. The high rate of decline for the quarter is attributable to the implementation of a new CRM system, which has initially required a longer time to work up customers, a restructuring of the sales organization and negative publicity surrounding the prospects of a potential company reorganization. Currency effects on revenue were SEK 0 M.

Geographically, operating revenue is broken down into Sweden SEK 131 M (187), Norway SEK 98 M (121), Denmark SEK 51 M (89), Finland SEK 37 M (39), and Poland SEK 48 M (52).

Digital search

Operating revenue from Digital search amounted to SEK 284 M (355), a decrease of 20%. Of operating revenue, SEK 247 M (320) came from Desktop/Mobile search and SEK 37 M (35) from Complementary digital marketing products.

Eniro has a new strategy and business model entailing a shift away from offering exposure primarily via its own channels to working with customers' presence in all digital channels. The goal is to be a marketing partner to small and medium-sized enterprises

The transition to the new direction has continued with a broadened product offering and subscription-based contracts. Additional sales teams were added in Sweden, Denmark and Norway during the quarter.

Print

Operating revenue from Print amounted to SEK 4 M (43).

For profitability reasons, Eniro has decided to discontinue publication of printed directories during the first half of 2017. The last directories were published before summer, after which the Print business was discontinued, with the exception of a directory that will be published in Denmark in December.

Voice

Operating revenue from Voice amounted to SEK 77 M (90), a decrease of 14%.

Market volumes for directory information services continue to decline in pace with increased digitalization.

Operating income

EBITDA for the Group was SEK 46 M (104), corresponding to an EBITDA margin of 12.6% (21.3%). EBITDA is broken down as follows: SEK 34 M (100) pertained to Local search, SEK 22 M (29) pertained to Voice, and SEK -10 M (-25) pertained to other Group functions.

The Group's operating expenses, that is expenses excluding amortization and impairment losses, totaled SEK -322 M (-387), where expenses for the period include SEK -18 M (-22) in items affecting comparability. Of these, SEK -13 M (-3) pertained to restructuring costs and SEK -5 M (0) pertained to advisory costs mainly concerning Eniro's recapitalization. The corresponding period last year was also affected by costs for severance pay SEK -19 M.

After adjusting for items affecting comparability, adjusted EBITDA for the Group amounted to SEK 64 M (126), a decrease of 49%. The adjusted EBITDA margin was 17.5% (25.8%).

After amortization and impairment losses totaling SEK -43 M (-64), consolidated operating income amounted to SEK 3 M (40).

Amortization and impairment losses

The Group's total amortization amounted to SEK -42 M (-54) during the third quarter. Amortization of the Gule Sider trademark totaled SEK -14 M (-14), and amortization of the Krak trademark totaled SEK -3 M (-3).

Against the background of the decision to discontinue publication of printed directories during the first half of 2017, the useful life of the Ditt Distrikt trademark has been changed. The trademark that was fully amortized by end of first quarter 2017 was amortized by SEK -7 M during the second quarter last year. The remaining amortization of SEK -25 M (-30) consists mainly of amortization of capitalized costs for product development.

As per September 30 the impairment test of the value of the Group's intangible assets that was performed as per December 31, 2016, has been updated. Against the background of the expected decline in profitability of the Voice business, the impairment test has been updated to take the shift in cash flows into account. This resulted in the recognition of impairment in Voice of SEK -1 M (0) in Norway. Accumulated impairment losses during the third quarter a year ago were affected by SEK -10 M attributable to recalculation using a new, accumulated average exchange rate. Further impairment of goodwill pertaining to Voice is likely, as higher cash flows in real time are replaced by lower future cash flows. Eniro's outcome regarding EBITDA is in line with the forecast that served as the basis for the impairment test, which is why no further need to recognize impairment of goodwill is deemed to exist.

Net financial items

Net financial items amounted to SEK -33 M (-34). Exchange rate differences affected net financial items by SEK 2 M (2).

Income before tax, and reported tax

Income before tax amounted to SEK -30 M (6). Reported tax totaled SEK -14 M (24).

Net income for the period and earnings per ordinary share

Net income for the period was SEK -44 M (30). Earnings per ordinary share were SEK -0.09 (0.03) before and after dilution.

REVENUE Q3 2017

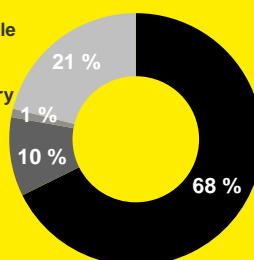
SEK **365** M

EBITDA Q3 2017

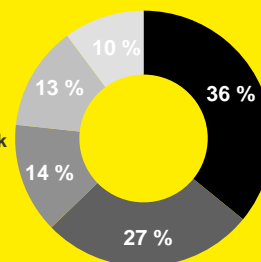
SEK **46** M

GROUP REVENUE PER CATEGORY Q3 2017

- Digital search - Desktop/ Mobile
- Digital search - Complementary products
- Print
- Voice

**GROUP REVENUE PER COUNTRY Q3 2017**

- Sweden
- Norway
- Denmark
- Poland
- Finland



Operating revenue by category and operating segment

SEK M	Jul-Sep 2017	Jul-Sep 2016	%	Jan-Sep 2017	Jan-Sep 2016	%	Oct-Sep 2016/17	Jan-Dec 2016
Desktop/Mobile search	247	320	-23	820	1,015	-19	1,120	1,315
Complementary digital marketing products	37	35	6	121	102	19	163	144
Digital search	284	355	-20	941	1,117	-16	1,283	1,459
Print	4	43	-91	47	92	-49	93	138
Local search	288	398	-28	988	1,209	-18	1,376	1,597
Voice	77	90	-14	233	279	-16	324	370
Total revenue	365	488	-25	1,221	1,488	-18	1,700	1,967

Reconciliation of operating income and adjusted EBITDA

SEK M	Jul-Sep 2017	Jul-Sep 2016	%	Jan-Sep 2017	Jan-Sep 2016	%	Oct-Sep 2016/17	Jan-Dec 2016
Operating income	3	40	-93	-58	-689	92	-33	-664
Depreciation/amortization	42	54		188	162		245	219
Impairment losses	1	10		10	883		0	873
Total EBITDA	46	104	-56	140	356	-61	212	428
Whereof Local search	34	100	-66	147	312	-53	205	370
Whereof Voice	22	29	-24	42	88	-52	71	117
Whereof Other	-10	-25	60	-49	-44	-11	-64	-59
EBITDA margin %	12.6	21.3		11.5	23.9		12.5	21.8
Items affecting comparability								
Restructuring costs	13	3		18	7		23	12
Other items affecting comparability	5	19		34	0		34	0
Total adjusted EBITDA	64	126	-49	192	363	-47	269	440
Adjusted EBITDA margin %	17.5	25.8		15.7	24.4		15.8	22.4

Interest-bearing net debt excluding convertible bond and pension obligations

SEK M	Note	Sep. 30 2017	Sep. 30 2016	Dec. 31 2016
Borrowing		-1,493	-1,452	-1,442
Finance lease		-10	-	-12
Other current interest-bearing receivables		0	0	0
Other non-current interest-bearing receivables ¹⁾		200	153	189
Cash and cash equivalents	6	35	60	48
Interest-bearing net debt excluding convertible bond and pension obligations		-1,268	-1,239	-1,217

¹⁾ included in financial assets

Cash flow and financial position

Financial position

Total assets in the Group amounted to SEK 3,265 M (3,559), a decrease of 8%.

Intangible assets amounted to SEK 2,573 M (2,803), of which SEK 1,997 M (2,024) pertained to goodwill.

The Group's interest-bearing net debt excluding the convertible bond and pension obligations amounted to SEK 1,268 M (1,239) as per September 30.

The Group's indebtedness, expressed as interest-bearing net debt excluding the convertible bond and pension obligations in relation to EBITDA, was 6.0 (2.7) as per September 30.

As per September 30 the Group's outstanding net debt under existing credit facilities was NOK 199 M (199), DKK 49 M (49) and SEK 1,250 M (1,218). At the end of the period, Eniro had an unutilized credit facility of SEK 57 M (88). Cash and cash equivalents and unutilized credit facilities amounted to SEK 92 M (148).

The convertible bond is reported at cost and amounted to SEK 229 M (276) as per September 30. The nominal debt at the same point in time was SEK 261 M (336), entailing that 239 (164) of the total 500 convertibles have been converted to ordinary shares.

The Group's pension obligations amounted to SEK 479 M (545) at September 30. In 2016 Eniro changed over to paying periodic premiums for defined benefit pension plans in Sweden, entailing no new additional vesting.

Eniro has credit insurance with PRI Pensionsgaranti (PRI) which remains in force through 2017. Eniro has pledged bank funds for future obligations (a so-called enhanced pension guarantee). During the first half of the year Eniro pledged SEK 11 M (20), and no further pledges are expected to be made in 2017. As per September 30, 2017, total pledged funds amounted to SEK 200 M (153), including returns.

Prepaid revenue amounted to SEK 363 M (408) at the end of the quarter. Prepaid revenue arises mainly in the Desktop/Mobile search segments, where certain customers pay one year in advance, and previous year also in Print in Sweden, where customers paid in advance, but the revenue was not recognized until the directories had been printed and distributed. The 11% decrease compared with September 30, 2016, is mainly attributable to lower sales, but also to the decision to discontinue the print business.

Reclassification of loans

In view of the ongoing discussions with Eniro's lenders, long-term bank borrowing was reclassified as short-term bank borrowing at the end of 2016. The reclassification continues to apply until the proposed recapitalization is in place.

Cash flow

Cash flow from operating activities was SEK -1 M (142). Lower EBITDA of SEK 140 M (356) and a negative change in working capital of SEK -72 M (-56) were countered by lower tax payments of SEK -13 M (-14), lower financial items of SEK -49 M (-72), and lower other non-cash items of SEK -7 M (-72), which mainly pertain to changes in provisions.

Eniro's tax payments are made mainly during the first half of the year. Eniro has loss-carryforwards in Sweden, Denmark, Finland and Poland, which is why tax payments have been low.

Cash flow from investing activities amounted to SEK -27 M (-70), where net investments in operations amounted to SEK -27 M (-71). During the preceding year an earn-out payment of SEK 1 M was received from a divested operation.

Cash flow from financing activities amounted to SEK 16 M (-108). As a result of the standstill agreement with the banks, no amortization was made during the year. Amortization in 2016 totaled SEK -86 M. Payment of dividends on preference shares amounted to SEK -12 M (-36) pursuant to an 2017 AGM resolution not to pay dividends on preference shares. Long-term investments have increased by an additional SEK -11 M (-20), which pertains to pledged funds for continued credit insurance with PRI Pensionsgaranti. Dividends to minority shareholders amounted to SEK -5 M (-4).

Cash flow for the period amounted to SEK -12 M (-36).

Acquisitions/divestments

No acquisitions or divestments were carried out during the period.

Parent Company

Operating revenue amounted to SEK 17 M (16), which pertains to intra-Group services. Income for the period was SEK -68 M (-1,904). At September 30 the Parent Company's equity amounted to SEK 497 M (564), of which unrestricted equity amounted to SEK -34 M (71).

Eniro's new strategy and business model

Eniro's new strategy and business model entails that Eniro will be moving away from offering exposure primarily via its own channels to working with customers' presence in all digital channels. The goal is to be a digital marketing partner to small and medium-sized enterprises (SMEs), many of which lack both the time and knowledge about how to market themselves in the digital world. Eniro can help customers optimize their marketing investment in order to generate the best possible results.

Eniro's new business model is subscription-based. The ambition is that Eniro will have more continuous contact with customers and thereby be able to build better and closer customer relationships.

Shares and holdings of treasury shares

As per September 30 the total number of shares was 531,087,050, of which 530,187,050 are ordinary shares and 1,000,000 are preference shares. The total number of votes as per June 30 was 530,187,050, of which ordinary shares correspond to 530,087,050 votes and preference shares to 100,000 votes.

Upon full dilution resulting from conversion to shares, the number of shares will amount to a maximum of 684,783,205.

Eniro held 1,703,266 treasury shares on September 30, 2017. The average holding of treasury shares during the period was 1,703,266.

Other information

Dividend policy

Eniro prioritizes reducing the company's net debt over payment of dividends. The 2017 Annual General Meeting resolved that no dividend shall be paid, neither for the ordinary nor preference shares.

Employees

Full-time employees at the end of the period

	Sep. 30 2017	Sep. 30 2016
Sweden	281	369
Norway	197	242
Denmark	119	158
Poland	559	647
Local search including Other	1,156	1,416
Sweden	93	115
Norway	26	27
Finland	168	147
Voice	287	289
Total Group	1,443	1,705

Risks and uncertainties

Eniro conducts risk analysis in an annual Enterprise Risk Management process, covering all parts of the business operations. A detailed description of factors that could affect Eniro's business, financial position and results is provided in the 2016 Annual Report, pages 27-29.

In December 2016 Eniro reached an agreement with its lenders, entailing a deferment of loan amortization and a departure from key ratio covenants for the bank loans. During the term of this standstill agreement, Eniro negotiated with its lenders to adapt the terms of the loans and its capital structure in general. In April Eniro announced a recapitalization plan that had been drawn up in close cooperation with the Company's banks. When the recapitalization is carried out it will result in a changed capital structure, new loan terms, the write-off of bank loans and set-off of bank loans against ordinary shares.

The 2017 Annual General Meeting resolved in favor of carrying out the offer to holders of preference shares and convertibles in Eniro (2015/2020), a new issue of ordinary shares to be subscribed by Eniro's lending banks, and authorizing the Board of Directors to decide on new issues of shares in Eniro with subsequent repayment of bank loans.

Crucially for Eniro's long-term survival is the implementation of the recapitalization plan. After completion of the exchange offer, only the cash issue remains. In order to ensure the completion of the cash issue, Eniro has received binding subscription and guarantee commitments from a group of investors up to an amount of just over SEK 275 M. The commitments are not secured by bank guarantees or pledging of assets and are therefore highly dependent on the ability of the individual guarantors. In the event that the cash issue is not fully subscribed and that one or more of the guarantees due to insufficient payability can not fulfill the

guarantee commitment, there is a limited risk that the recapitalization plan can not be completed.

The Board is of the opinion that the recapitalization plan, prepared in close cooperation with the company's lenders, will be implemented. The banks have given their final credit approvals to the completion of the recapitalization plan and the new loan terms. Only final loan documentation remains. The Board assumes that this will be in place before the subscription period starts for the Cash issue.

The Board has decided to implement a cost savings program to meet potential revenue reductions in 2018. The company's ability to fulfill its obligations under the loan agreement is dependent on the fact that these savings can be implemented in the event of continued revenue reductions. It is the Board's assessment that such savings are possible to implement.

Other risks and uncertainties in the annual risk analysis that are judged to potentially affect the Group's performance in 2017 are related to high personnel turnover and recruitment difficulties, a negative media image affecting customers, higher competition from global actors in local search, a lack of digital expertise among the sales representatives, difficulties in conveying customer benefit, and delays in the ongoing implementation of joint CRM- and finance systems.

Eniro's recapitalization plan

On April 3, 2017, Eniro communicated a recapitalization plan that had been drawn up in close cooperation with the Company's lending banks.

Completion of the recapitalization will result in a changed capital structure, new loan terms, the write-off of bank loans and set-off of bank loans against ordinary shares.

The proposed recapitalization aims to create a balanced proposal for the respective equity owners and at the same time give the Company a long-term sustainable capital structure with a level of debt that is aligned with the Company's new business plan and future earnings capacity.

On June 7 the Annual General Meeting of Eniro AB (publ) resolved, among other things, to carry out the recapitalization plan in accordance with the Board's recommendation.

The exchange offers

The exchange offers consisted of two offers: i) an offer directed at holders of Eniro's preference shares to subscribe for Class A ordinary shares and to have their preference shares redeemed under the condition that the redemption claim is used as payment for subscribed Class A ordinary shares, and ii) an offer directed at holders of Eniro's convertibles (2015/2020) to subscribe for Class A ordinary shares with payment through set-off of the convertible loan receivable from Eniro.

The exchange offers were accepted by preference shareholders with a total holding corresponding to approximately 74.12% of all outstanding preference shares and by holders of convertible loans with a total holding corresponding to approximately 88.89% of the

outstanding nominal value of the convertible loans in Eniro. In total, 1,629,959,110 Class A ordinary shares were subscribed and issued within the framework of the exchange offers. After the exchange offers, 258,777 preference shares remain along with convertible bonds with a total nominal value of SEK 29 M.

Set-off issue and reduction of Eniro's bank loans

The banks have subscribed and been issued 483,870,966 new Class B ordinary shares in Eniro with payment through set-off of bank loans of approximately SEK 150 M (the set-off issue). The subscription price was SEK 0.31 per Class B ordinary share, which is the same subscription price as in the exchange offers. The Class B ordinary shares subscribed for by the banks in the set-off issue carry one-tenth (1/10) of a vote each, but according to the Articles of Association, these may – at the holder's request – be converted to Class A ordinary shares with one (1) vote per ordinary share.

Cash issue and reduction of Eniro's bank loans

With the support of an authorization by the Annual General Meeting on June 7, Eniro's board of directors has decided through the offering to conduct a cash issue, entailing the new issue of a maximum of 3,710,609,350 Class A ordinary shares. The right to subscribe for shares will be given primarily to those who on the record date are registered in Eniro's shareholder register as owners of Class A ordinary shares (excluding owners of paid subscribed shares – "BTA UE" – received through the exchange offers). Holders of preference shares and convertibles in Eniro who have accepted the exchange offers will thus not receive any subscription rights in connection with the cash issue. Secondly, subscription rights will be given to those who have subscribed for Class A ordinary shares with the support of subscription rights and applied to subscribe for additional Class A ordinary shares than their subscription rights give them entitlement to, previous holders of preference shares and convertibles who have accepted the exchange offers and who on the record date hold paid subscribed shares (BTAs) from the exchange offers and other who have notified their interest in subscribing for Class A ordinary shares without support from subscription rights, and finally the issue guarantors. The record date for entitlement to subscription rights is October 27, 2017.

The proceeds from the issue will be used to amortize bank loans.

The subscription price is SEK 0.075 per Class A ordinary share, which in accordance with the agreement that has been reached between Eniro and the banks in the drafting of the recapitalization plan, corresponded to approximately 70% of the theoretical market price for Class A ordinary shares after the completed offering (so-called TERP). When the theoretical market price was calculated, the volume-weighted average price for Eniro's Class A ordinary shares and BTAs from the exchange offers during the period October 9-20 2017 was used in accordance with the agreement reached between Eniro and the banks in the drafting of the recapitalization plan.

The banks will write off bank loans corresponding to the same amount that is paid in cash in the cash issue and used to amortize bank loans, but not more than

SEK 275 M. If the cash issue is subscribed to at least SEK 275 M, Eniro's bank loans will decrease by SEK 550 M, broken down into SEK 275 M in debt reduction and an additional SEK 275 M in amortization.

Guarantee issue

A number of investors have undertaken to subscribe for the shares offered in the cash issue and not subscribed by others up to a combined amount of approximately SEK 271 M, which corresponds to 97.3% of the shares offered in the cash issue. For these guarantee undertakings, each guarantor will receive compensation corresponding to 10% of the guaranteed amount (i.e., a combined amount of approximately SEK 27.1 M). The guarantee compensation will be paid in the form of newly issued Class A ordinary shares in Eniro, which will be paid through set-off of the respective guarantors' guarantee compensation claim against Eniro. The subscription price in the guarantee issue will amount to a volume-weighted average price for Eniro's Class A ordinary shares during the last five trading days of the subscription period in the cash issue.

New terms of bank loans

Eniro and the banks have reached an agreement on new and improved terms of bank loans that give Eniro a fixed credit of approximately SEK 830 M and a revolving credit facility of SEK 100 M. The amended bank loan agreement will have a term until the end of 2020 and entails, among other things, a lower interest rate and lower requirements for scheduled amortization. Starting in 2018 Eniro must amortize a minimum of SEK 5 M per quarter, and starting in 2020 a minimum of SEK 20 M per quarter. In addition, Eniro receives some extra debt reduction and an interest rate discount if additional amortizations are made. Further, the key ratio covenants have been adjusted and aligned to the new business plan.

The amended loan agreement with the new loan terms is an integral part of the recapitalization and is conditional upon the recapitalization being completed in its entirety. Until then, the extended deferment is in effect under the standstill agreement.

Number of shares after the recapitalization

In the exchange offers a total of 741,223 preference shares and a total nominal amount of the convertible bonds of SEK 231,998,003 have been submitted for redemption, which has resulted in Eniro issuing a total of 1,629,959,110 Class A ordinary shares, of which 956,416,525 to holders of preference shares and 673,542,585 to holders of convertible bonds. Awaiting final registration, the issues have resulted in 1,629,959,110 paid subscribed shares ("BTA UE"). After the completion of the exchange offers, the Company has a total of 258,777 outstanding preference shares and a total nominal convertible debt of SEK 29,001,997 outstanding.

In addition, the directed issue of Class B ordinary shares has been completed to Eniro's lending banks with payment through set-off of approximately SEK 150 M in bank loans and has resulted in Eniro issuing a total of 483,870,966 Class B ordinary shares. Awaiting final registration, the issues have resulted in the same number of paid subscribed shares ("BTA B").

In the forthcoming guaranteed cash issue, 3,710,609,350 Class A ordinary shares will be issued based on the condition that, on 27 October 2017 (including holders of BTA UE from Exchange Offer and BTA B), each shareholder of Series A will receive seven subscription rights and a subscription rights carry entitlement to subscribe for a new common stock of Class A.

In addition, 250,833,333 Class A ordinary shares issued in a directed new share issue of SEK 27 million as compensation to those who have undertaken to subscribe for shares not subscribed for by others, which is based on a hypothetical subscription price of SEK 0.108. The subscription price of the Guarantee Rights Issue will be the volume weighted average price of Eniro's Class A share in the five last trading days of the Subscription Period of the Cash Issue.

Through the two issues described above, 3 961 442 683 ordinary shares will be issued based on the hypothetical subscription price of the Guarantee issue of SEK 0.108, which means that the total number of common shares after completed transactions and registration with the Swedish Companies Registration Office will amount to 6,605,359,809.

Further information

The new ordinary shares from the exchange offers (Class A) and the from the set-off issue (Class B) are intended to be registered with the Swedish Companies Registration Office as soon as possible after the application period for the cash issue, i.e., after November 15, 2017. The guarantee issue is expected to be carried out and registered with the Swedish Companies Registration Office after the cash issue has been registered with the Swedish Companies Registration Office.

Note 8 – “Pro forma accounting of the recapitalization” presents a pro forma accounting that has been prepared for the purpose of presenting a general illustration of how the recapitalization, if it had been completed as per December 31, 2016, would have affected Eniro's income statement and balance sheet.

For further information about Eniro's recapitalization plan, see the press releases “Eniro presents recapitalization plan” dated April 3, 2017, “Eniro's banks approve the plan for recapitalization” dated October 5, 2017, and “Eniro announces number of newly issued shares, number of paid subscribed shares and the measuring period” dated October 9, 2017, at www.enirogroup.com.

The prospectus “Offer to holders of preference shares and convertibles in Eniro AB (publ)” and the “Supplement to the prospectus regarding the offer to holders of preference shares and convertibles in Eniro AB (publ)” are available at www.enirogroup.com.

The Board's assessment regarding the going concern principle

Crucially for Eniro's long-term survival is the implementation of the recapitalization plan. After completion of the Exchange Offer, only the cash issue remains. In order to ensure the completion of the cash issue, Eniro has received binding subscription- and guarantee commitments from a group of investors up to an amount of just over SEK 275 million. The commitments are not secured by bank guarantees or pledging of assets and are therefore highly dependent on the ability of the individual guarantors. In the event that the issue is not fully subscribed and that one or more of the guarantees due to insufficient payability can not fulfill the guarantee commitment, there is a limited risk that the recapitalization plan can not be completed. The banks' credit committees have approved the implementation of the recapitalization plan and the new loan terms. Final loan documentation remains. The Board assumes that this will be in place before the subscription period for the Cash issue begins.

The Board has made the assessment that the recapitalization plan that has been drawn up in close cooperation with Eniro's lenders will be carried out and that, despite the aforementioned doubt, there are grounds to assume the principle of Eniro's continued operation as a going concern.

Events after the end of the period

On October 3, 2017, Eniro communicated that the Board of Directors has decided to complete the exchange offers even though the 95% acceptance level has not been achieved. To be able to complete the exchange offers, the Board requested consent from the banks and the underwriting consortium.

On October 4, 2017, Eniro communicated that the underwriting consortium has given its consent to complete the exchange offers and that the banks have given their consent, which was conditional upon final approval from the banks' credit committees.

On October 5, 2017, Eniro communicated that the banks have approved the completion of the exchange offers at a lower acceptance level than 95%. The exchange offers were accepted by preference shareholders with a total holding corresponding to approximately 74.12% of all outstanding preference shares and by holders of convertible loans with a total holding corresponding to approximately 88.89% of the outstanding nominal value of the convertible loans in Eniro.

On October 9, 2017, Eniro communicated that the lending banks have subscribed and been issued 483,870,966 Class B ordinary shares in Eniro with weak voting power, with payment through set-off of approximately SEK 150 M in bank loans in the set-off Issue. The set-off Issue is intended to be registered with the Swedish Companies Registration Office as soon as possible after the end of the application period for the offer.

On October 23, 2017, Eniro communicated the terms for the cash issue. As a part of Eniro's recapitalization plan, with authorization from the Extraordinary General Meeting on 7 June 2017, the Board of Directors of Eniro AB has resolved on a cash issue of class A ordinary shares of up to SEK 278,295,701 million with preferential rights for existing owners of class A ordinary shares (excluding holders of paid subscribed shares from the exchange offers). The subscription price has been set at SEK 0.075 per class A ordinary share. The proceeds from the cash issue will be used to pay off bank loans. In addition, Eniro's lending banks will write down bank loans of SEK 275 M.

Disclosure

The information in this report is such that Eniro AB (publ) is obligated to disclose pursuant to EU Market Abuse Regulation. This information was submitted for publication, by agency of the contact persons below, at 21.45 (CET) on October 25, 2017.

Kista, October 25, 2017

Örjan Frid

President and CEO

FOR FURTHER INFORMATION, PLEASE CONTACT:

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President and CEO

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Fredrik Sandelin

CFO

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FINANCIAL CALENDAR

Year-end report 2017	February 9, 2018
Interim report Jan-Mar 2018	April 25, 2018
Annual General Meeting 2018	April 25, 2018
Interim report Jan-Jun 2018	August 14, 2018
Interim report Jan-Sep 2018	October 30, 2018

Report of Review of Interim Financial Information

Introduction

We have reviewed the condensed interim financial information (interim report) of Eniro AB corporate identity number 556588-0936, as of September 30 2017, and the nine-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Significant factor of uncertainty regarding the assumption on going concern

Without qualifying our opinion, we would like to draw attention to the sections "The Board's assessment regarding the going concern principle" and "Risks and Uncertainty" on pages 10-12 in the Interim Report, the first section states that Eniro's long-term survival is dependent on completion of the Recapitalization Plan. We also want to pay attention to the second section regarding the need for future cost savings in the event of continued revenue reductions in order to fulfill commitments under the banking agreement. These sections describes the circumstances that imply that there are elements of substantial uncertainty which could result in significant doubt as to whether the Company can continue as a going concern.

Stockholm, October 25, 2017

PricewaterhouseCoopers AB

Michael Bengtsson

Authorized Public Accountant

Consolidated accounts

Consolidated income statement

SEK M	Note	Jul-Sep 2017	Jul-Sep 2016	Jan-Sep 2017	Jan-Sep 2016	Oct-Sep 2016/17	Jan-Dec 2016
Operating revenue		365	488	1,221	1,488	1,700	1,967
Production costs		-92	-106	-305	-323	-422	-440
Sales costs		-136	-159	-445	-493	-626	-674
Marketing costs		-30	-47	-148	-138	-204	-194
Administration costs		-54	-75	-198	-187	-256	-245
Product development costs		-52	-54	-176	-160	-231	-215
Other income/costs		3	3	3	7	6	10
Impairment of non-current assets		-1	-10	-10	-883	0	-873
Operating income	2	3	40	-58	-689	-33	-664
Financial items, net		-33	-34	-107	-151	-145	-189
Income before tax		-30	6	-165	-840	-178	-853
Income tax		-14	24	17	16	-8	-9
Net income		-44	30	-148	-824	-186	-862
Of which, attributable to:							
Owners of the Parent Company		-46	28	-152	-829	-192	-869
Non-controlling interests		2	2	4	5	6	7
Net Income		-44	30	-148	-824	-186	-862
Earnings per ordinary share before dilution, SEK	3	-0.09	0.03	-0.31	-1.79	-0.41	-1.88
Earnings per ordinary share after dilution, SEK	3	-0.09	0.03	-0.31	-1.79	-0.41	-1.88
Average number of ordinary shares before dilution after deduction of treasury shares, 000s		528,384	489,922	528,384	482,230	523,576	488,961
Average number of ordinary shares after dilution after deduction of treasury shares, 000s		682,080	682,080	682,080	674,388	677,272	642,657
Preference shares on closing date, 000s		1,000	1,000	1,000	1,000	1,000	1,000

Consolidated statement of comprehensive income

SEK M	Jul-Sep 2017	Jul-Sep 2016	Jan-Sep 2017	Jan-Sep 2016	Oct-Sep 2016/17	Jan-Dec 2016
Net income	-44	30	-148	-824	-186	-862
Other comprehensive income						
Items that cannot be reclassified to income statement						
Revaluation of pension obligations	-23	-14	-54	-163	70	-39
Tax attributable to revaluation pension obligations	5	3	12	36	-15	9
Total	-18	-11	-42	-127	55	-30
Items that have been or can be reclassified to the income statement						
Exchange rate differences	-6	69	-11	207	-33	185
Hedge of net investments	-1	-20	7	-34	14	-27
Tax attributable to hedge of net investments	0	8	-2	11	-4	9
Total	-7	57	-6	184	-23	167
Other comprehensive income, net after tax	-25	46	-48	57	32	137
Total comprehensive income	-69	76	-196	-767	-154	-725
Of which, attributable to:						
Owners of the Parent Company	-71	72	-198	-776	-158	-736
Non-controlling interests	2	4	2	9	4	11
Total comprehensive income	-69	76	-196	-767	-154	-725

Consolidated balance sheet

SEK M	Note	Sep. 30 2017	Sep. 30 2016	Dec. 31 2016
Assets				
Non-current assets				
Tangible assets		21	20	29
Intangible assets	5	2,573	2,803	2,761
Deferred tax assets		117	131	97
Financial assets		247	198	235
Total non-current assets		2,958	3,152	3,122
Current assets				
Accounts receivable - trade		165	212	210
Current tax assets		19	16	16
Other current receivables		88	119	109
Other interest-bearing receivables		0	0	0
Cash and cash equivalents	6	35	60	48
Total current assets		307	407	383
TOTAL ASSETS		3,265	3,559	3,505
Shareholders' equity and liabilities				
Shareholders' equity				
Share capital		531	493	531
Additional paid in capital		5,554	5,528	5,554
Reserves		-332	-310	-327
Retained earnings		-5,525	-5,389	-5,332
Shareholders' equity, owners of the Parent Company		228	322	426
Non-controlling interests		39	44	42
Total Shareholders' equity		267	366	468
Non-current liabilities				
Borrowing		8	0	10
Convertible bond		229	276	216
Deferred tax liabilities		135	152	164
Pension obligations		479	545	428
Provisions		1	5	5
Other non-current liabilities		0	-	0
Total non-current liabilities		852	978	823
Current liabilities				
Accounts payable - trade		37	81	52
Current tax liabilities		5	0	12
Prepaid revenues		363	408	449
Other current liabilities		230	262	248
Provisions		16	12	9
Borrowing		1,495	1,452	1,444
Total current liabilities		2,146	2,215	2,214
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		3,265	3,559	3,505

Consolidated statement of changes in equity

SEK M	Share Capital	Additional paid in capital	Reserves	Retained earnings	Total equity, owners of the Parent Company	Non-controlling interest	Total equity
Opening balance, January 1, 2016	477	5,517	-491	-4,384	1,119	39	1,158
Total comprehensive income	-	-	180	-956	-776	9	-767
Conversion of convertible bonds	16	10	-	-	26	-	26
Warrant incentive program	-	1	-	-	1	-	1
Dividend on preference shares	-	-	-	-48	-48	-	-48
Dividend non-controlling interest	-	-	-	-	-	-4	-4
Closing balance, September 30, 2016	493	5,528	-311	-5,388	322	44	366
Opening balance, January 1, 2016	477	5,517	-491	-4,384	1,119	39	1,158
Total comprehensive income	-	-	163	-899	-736	11	-725
Conversion of convertible bonds	54	36	-	-	90	-	90
Warrant incentive program	-	1	-	-	1	-	1
Dividend on preference shares	-	-	-	-48	-48	-	-48
Dividend non-controlling interest	-	-	-	-	-	-8	-8
Closing balance, December 31, 2016	531	5,554	-328	-5,331	426	42	468
Opening balance, January 1, 2017	531	5,554	-328	-5,331	426	42	468
Total comprehensive income	-	-	-4	-194	-198	2	-196
Dividend non-controlling interest	-	-	-	-	-	-5	-5
Closing balance, September 30, 2017	531	5,554	-332	-5,525	228	39	267

Consolidated statement of cash flows

SEK M	Note	Jul-Sep 2017	Jul-Sep 2016	Jan-Sep 2017	Jan-Sep 2016	Oct-Sep 2016/17	Jan-Dec 2016
Operating income		3	40	-58	-689	-33	-664
Adjustments for							
Depreciation, amortization and impairment		43	64	198	1,045	245	1,092
Capital gain/loss and other non-cash items		7	-6	-7	-72	-6	-71
Financial items, net		0	-21	-49	-72	-78	-101
Income tax paid		0	0	-13	-14	-13	-14
Cash flow from operating activities before changes in working capital		53	77	71	198	115	242
Changes in working capital		-58	-59	-72	-56	-41	-25
Cash flow from operating activities		-5	18	-1	142	74	217
Acquisitions/divestments of Group companies and other assets		-	-	-	1	-	1
Investments in non-current assets, net		-7	-19	-27	-71	-49	-93
Cash flow from investing activities		-7	-19	-27	-70	-49	-92
Proceeds from borrowings		10	25	44	37	31	24
Repayment of borrowings		-	-	-	-86	-	-86
Long-term investments		-	-	-11	-20	-47	-56
Dividend on preference shares		-	-12	-12	-36	-24	-48
Dividend non controlling interests		-2	-	-5	-4	-9	-8
Warrant incentive program		-	-	-	1	0	1
Cash flow from financing activities		8	13	16	-108	-49	-173
Cash flow for the period		-4	12	-12	-36	-24	-48
Cash and cash equivalents at start of period		39	45	48	91	60	91
Cash flow for the period		-4	12	-12	-36	-24	-48
Exchange rate differences in cash and cash equivalents		0	3	-1	5	-1	5
Cash and cash equivalents at end of period	6	35	60	35	60	35	48

Parent Company accounts

Income statement

SEK M	Jul-Sep 2017	Jul-Sep 2016	Jan-Sep 2017	Jan-Sep 2016	Oct-Sep 2016/17	Jan-Dec 2016
Operating revenue	6	6	17	16	24	23
Administration costs	-14	-28	-65	-65	-87	-87
Other income/costs	-1	0	-1	2	-1	2
Operating income	-9	-22	-49	-47	-64	-62
Financial items, net	-17	-18	-24	-1,879	-138	-1,993
Appropriations, Group contributions received	-	-	-	-	76	76
Income before tax	-26	-40	-73	-1,926	-126	-1,979
Income tax	-12	9	5	22	-5	12
Net income	-38	-31	-68	-1,904	-131	-1,967

During 2016 Eniro AB wrote down shares in subsidiaries by SEK 1,985 M, of which SEK 1,887 M in Q2 and SEK 98 M in Q4.

Balance sheet

SEK M	Sep. 30 2017	Sep. 30 2016	Dec. 31 2016
Non-current assets	2,516	2,578	2,519
Current assets	107	253	185
TOTAL ASSETS	2,623	2,831	2,704
Shareholders' equity	497	564	565
Provisions	75	77	78
Non-current liabilities	2,027	2,079	2,014
Current liabilities	24	111	47
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	2,623	2,831	2,704

Notes to the consolidated accounts

Note 1 Accounting policies

This interim report has been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRIC interpretations, as endorsed by the European Union (EU). A detailed description of the accounting policies applied by Eniro can be found in the 2016 Annual Report, Note 1, Accounting Policies. The interim report has been prepared in accordance with IAS 34 Interim Financial Reporting

A number of new standards have been published but not yet come into force, including IFRS 15 Revenue from Contracts with Customers. IFRS 15 regulates revenue recognition and is based on the principle that revenue is recognized when the customer gains control over the sold product or service – which replaces the principle that revenue is recognized when the risks and rewards have been transferred to the buyer. IFRS 15 takes effect on January 1, 2018, and prospective application is allowed.

The Group is currently evaluating the effects of the standard and has identified the following areas that likely will be affected:

- The new rules may lead to the identification of separate performance obligations, which may affect the point in time of revenue recognition. Some of Eniro's services contain components for which revenue is recognized at different points in time, which according to the new rules may constitute the same performance obligation.
- Payment from customers is allocated to the services based on relatively independent sales prices rather than on the residual value method. This may affect the amounts allocated to the services and the point in time at which some of the revenue is recognized.
- Recognition of certain costs (cost to obtain a contract) may be changed, as certain costs that were previously expensed, such as sales bonuses, may be recognized as an asset.

At present the Group cannot estimate the new rules' quantitative impact on the financial statements. The Group will conduct a more detailed evaluation during the year.

Note 2 Segment information

Eniro reports its financial results distributed among the Local search and Voice business areas. Local search has cross-border functions for Digital solutions (formerly User and Customer Experience), Nordic Sales, Human Resources, and Finance. The Voice business area is governed separately and is not an integrated part of the function-based organization.

SEK M	Local search				Voice			
	Jul-Sep 2017	Jul-Sep 2016	Jan-Sep 2017	Jan-Sep 2016	Jul-Sep 2017	Jul-Sep 2016	Jan-Sep 2017	Jan-Sep 2016
Operating revenue								
Sweden	101	148	352	489	30	39	93	126
Norway	88	109	302	338	10	12	30	36
Denmark	51	89	182	225	-	-	-	-
Finland	-	-	-	-	37	39	110	117
Poland	48	52	152	157	-	-	-	-
Total	288	398	988	1,209	77	90	233	279
Adjusted EBITDA	46	106	163	303	22	29	48	88
Items affecting comparability ¹⁾	-12	-8	-16	8	-	-	-6	-
EBITDA	34	98	147	311	22	29	42	88
Depreciation/amortization	-40	-53	-183	-158	-2	-1	-5	-4
Impairment losses	-	-11	-	-862	-1	1	-10	-21
Operating income	-6	34	-36	-709	19	29	27	63
Net financial items								
Taxes								

Net income for the period

SEK M	Other				Total			
	Jul-Sep 2017	Jul-Sep 2016	Jan-Sep 2017	Jan-Sep 2016	Jul-Sep 2017	Jul-Sep 2016	Jan-Sep 2017	Jan-Sep 2016
Operating revenue								
Sweden	-	-	-	-	131	187	445	615
Norway	-	-	-	-	98	121	332	374
Denmark	-	-	-	-	51	89	182	225
Finland	-	-	-	-	37	39	110	117
Poland	-	-	-	-	48	52	152	157
Total	-	-	-	-	365	488	1,221	1,488
Adjusted EBITDA	-4	-9	-19	-28	64	126	192	363
Items affecting comparability ¹⁾	-6	-14	-30	-15	-18	-22	-52	-7
EBITDA	-10	-23	-49	-43	46	104	140	356
Depreciation/amortization	0	-	0	-	-42	-54	-188	-162
Impairment losses	-	-	-	-	-1	-10	-10	-883
Operating income	-10	-23	-49	-43	3	40	-58	-689
Net financial items					-33	-34	-107	-151
Taxes					-14	24	17	16
Net income for the period	-44	30	-148	-824				

¹⁾ Items affecting comparability consists of restructuring costs, advisory costs and legal costs. In addition to restructuring costs 2016 also includes a nonrecurring effect of pensions and a closure cost.

Note 3 Earnings per share

Earnings per ordinary share before dilution

Earnings per share before dilution are calculated as income for the period attributable to owners of the Parent Company less the set dividend on preference shares for the period, divided by the average number of ordinary shares, excluding treasury shares, before dilution.

Earnings per ordinary share after dilution

In calculating earnings per share after dilution, the average number of shares is adjusted for the effects of the potential dilution of ordinary shares associated with the convertible bond and the warrant program. This entails that earnings per share after dilution are calculated by dividing income for the period attributable to owners of the Parent Company plus interest expense after tax pertaining to the convertible loan, less the set dividend on preference shares for the period, by the average number of ordinary shares, excluding treasury shares, after full conversion.

SEK M	Jul-Sep 2017	Jul-Sep 2016	Jan-Sep 2017	Jan-Sep 2016	Oct-Sep 2016/17	Jan-Dec 2016
Earnings attributable to owners of the Parent Company	-46	28	-152	-829	-192	-869
Dividend established for cumulative preference shares during the period	-	-12	-12	-36	-24	-48
Earnings used for calculating earnings per ordinary share, before dilution	-46	16	-164	-865	-216	-917
Coupon rate for convertible bonds	3	4	9	12	12	15
Earnings used for calculating earnings per ordinary share, after dilution	-43	20	-155	-853	-204	-902
Earnings per ordinary share						
before dilution, SEK	-0.09	0.03	-0.31	-1.79	-0.41	-1.88
after dilution, SEK	-0.09	0.03	-0.31	-1.79	-0.41	-1.88
Average number of ordinary shares after deduction of treasury shares						
before dilution, 000s	528,384	489,922	528,384	482,230	523,576	488,961
after dilution, 000s	682,080	682,080	682,080	674,388	677,272	642,657
Preference shares						
on closing date, 000s	1,000	1,000	1,000	1,000	1,000	1,000

Note 4 Financial instruments by category

Assets and liabilities on the balance sheet SEK M	Sep. 30 2017	Sep. 30 2016	Dec. 31 2016
Loans and accounts receivables			
Non-current assets			
Interest-bearing receivables, blocked bank funds	200	153	189
Current assets			
Accounts receivable - trade and other receivables	178	220	222
Cash and cash equivalents	35	60	48
TOTAL	413	433	459
Other financial liabilities			
Non-current liabilities			
Borrowing	0	0	0
Convertible bond	229	276	216
Finance lease	8	-	10
Current liabilities			
Borrowing	1,493	1,452	1,442
Finance lease	2	-	2
Accounts payable - trade	37	81	52
TOTAL	1,769	1,809	1,722

Note 5 Goodwill

SEK M	Sep. 30 2017	Sep. 30 2016	Dec. 31 2016
At start of year	2,018	2,808	2,808
Reclassifications	-	-	-
Impairment loss for the year	-10	-883	-873
Exchange rate difference	-11	99	83
Carrying amount	1,997	2,024	2,018

Impairment testing of goodwill and trademarks with indefinite useful life

Accumulated impairment losses for goodwill amounted to SEK -10 M (-883) as per September 30, of which SEK -10 M of the preceding year's accumulated impairment losses is explained by a recalculation due to a new accumulated average exchange rate. The impairment losses stem from the impairment testing of the value of the Group's intangible assets.

In the impairment testing, a determination is made as to whether a need to recognize impairment exists by comparing the cash-generating unit's carrying amount, including goodwill and other consolidated surplus value, with the recoverable amount. If the carrying amount exceeds the recoverable amount, the carrying amount is written down to the recoverable amount.

Eniro's lowest cash-generating units consist of the operating segments per country, i.e., Local search and Voice, which corresponds to the monitoring that is conducted in both the internal and external reporting. The recoverable amount consists of the value in use. A discount rate before tax has been determined for the respective cash-generating units.

As per September 30 the impairment test of the value of the Group's intangible assets that was performed as per December 31, 2016, has been updated. Against the background of the expected decline in profitability of the Voice business, the impairment test has been updated to take the shift in cash flows into account. This resulted in the recognition of impairment in Voice of SEK -10 M, compared with the impairment losses of SEK -873 M in June the preceding year, where SEK -22 M was attributable to Voice and SEK -851 M to Local search. Further impairment of goodwill pertaining to Voice is likely, as higher cash flows in real time are replaced by lower future cash flows. Of the impairment losses in Voice, SEK 0 M (-9) pertains to Sweden, SEK -10 M (-11) pertains to Norway, and SEK 0 M (-2) pertains to Finland. Of the impairment losses in Local search, SEK 0 M (-622) pertains to Norway and SEK 0 M (-229) pertains to Denmark. Eniro's outcome regarding EBITDA is in line with the forecast that served as the basis for the impairment test, which is why no further need to recognize impairment of goodwill is deemed to exist.

Discount rate after tax by cash generating unit, %	Sep. 30 2017	Jun. 30 2016	Dec. 31 2016
Sweden, Local search	12.49	12.44	12.49
Sweden, Voice	15.60	15.60	15.60
Norway, Local search	11.67	11.72	11.67
Norway, Voice	15.00	15.00	15.00
Denmark, Local search	12.52	12.52	12.52
Poland, Local search	15.30	15.30	15.30
Finland, Voice	14.20	14.20	14.20

Note 6 Cash and cash equivalents

Of the cash and cash equivalents of SEK 35 M, SEK 13.5 M is not available because they are put as security. The amount relates mainly to leases for office premises. SEK 10 M for contracts expiring in January 2022, SEK 3.5 M for contracts that expire with a notice period of 3-4 months.

Note 7 Events after the balance sheet date

On October 3, 2017, Eniro communicated that the Board of Directors has decided to complete the exchange offers even though the 95% acceptance level has not been achieved. To be able to complete the exchange offers, the Board requested consent from the banks and the underwriting consortium.

On October 4, 2017, Eniro communicated that the underwriting consortium has given its consent to complete the exchange offers and that the banks have given their consent, which was conditional upon final approval from the banks' credit committees.

On October 5, 2017, Eniro communicated that the banks have approved the completion of the exchange offers at a lower acceptance level than 95%. The exchange offers were accepted by preference shareholders with a total holding corresponding to approximately 74.12% of all outstanding preference shares and by holders of convertible loans with a total holding corresponding to approximately 88.89% of the outstanding nominal value of the convertible loans in Eniro.

On October 9, 2017, Eniro communicated that the lending banks have subscribed and been issued 483,870,966 Class B ordinary shares in Eniro with weak voting power, with payment through set-off of approximately SEK 150 M in bank loans in the set-off Issue. The set-off Issue is intended to be registered with the Swedish Companies Registration Office as soon as possible after the end of the application period for the offer.

On October 23, 2017, Eniro communicated the terms for the cash issue. As a part of Eniro's recapitalization plan, with authorization from the Extraordinary General Meeting on 7 June 2017, the Board of Directors of Eniro AB has resolved on a cash issue of class A ordinary shares of up to SEK 278,295,701 million with preferential rights for existing owners of class A ordinary shares (excluding holders of paid subscribed shares from the exchange offers). The subscription price has been set at SEK 0.075 per class A ordinary share. The proceeds from the cash issue will be used to pay off bank loans. In addition, Eniro's lending banks will write down bank loans of SEK 275 M.

Note 8 Pro forma reporting of recapitalization

The pro forma accounting has been prepared to present a general illustration of how the recapitalization, if it had been carried out as per December 31, 2016, would have affected Eniro's income statement and balance sheet as per and for the financial year ended December 31, 2016, and for the nine-month period ended September 30, 2017.

The pro forma accounting describes a hypothetical situation and has only been prepared for illustrative purposes, and is not intended to represent Eniro's financial position or profit for the period if the recapitalization had been completed at the aforementioned dates, nor does it constitute a forecast. The elements in the recapitalization that form the basis for the pro forma accounting are described in the section "Eniro's recapitalization plan" on page 11.

Financial effects of the recapitalization

Implementation of the recapitalization results in a changed capital structure, new loan terms, the write-off of bank loans and the set-off of bank loans against ordinary shares.

The recapitalization entails a decrease in Eniro's bank loans by SEK -703 M; in addition, the Company's interest-bearing liabilities decrease as per December 31, 2016 by an additional SEK -192 M, as 88.89% of the convertible bondholders accepted the exchange offer. This is counteracted of net costs for recapitalization of SEK 98 M.

This is reflected in the following pro forma accounts as per December 31, 2016, where interest-bearing liabilities amounts to SEK 873 M, of which SEK 837 M consists of bank loans. SEK 24 M refers to the convertible loan and SEK 12 M to financial leases.

As per December 31, 2016, the write-off of bank loans has an impact of SEK 275 M on financial items, which constitutes a non-taxable gain on debt restructuring. This is offset by expense of SEK -40 million of previously-balanced borrowing costs and a cost of SEK -14 million due to changes in the convertible terms. Total transaction costs for the recapitalization are estimated, as per December 31, 2016, to amount to approximately SEK 94 M, of which advisory costs for the banks and Eniro account for approximately SEK 70 M and SEK 24 M refers to issue expenses which is reported directly in equity. Out of counseling costs, SEK 8 M has been expensed in 2016, with the result being charged with SEK 62 M.

According to the pro forma accounting, net profit for the nine-month period ended September 30, 2017, if the recapitalization had been completed as per December 31, 2016, would have been SEK -59 M, which is an improvement of SEK 89 M. The improvement is mainly explained by SEK 78 M in lower financial items, of which SEK 50 M pertains to an adjustment for lower interest on bank loans (due to amortization of SEK 700 M, additional amortization of SEK 15 M during the nine-month period, and a lower interest margin by 2%), and SEK 18 M in lower effective interest and coupon interest on the convertible bond. The coupon on the convertible bond has decreased from SEK 8 M bi-yearly to SEK 1 M.

Consolidated income statements for the period January 1–December 31, 2016, and January 1–September 30, 2017

SEK M	Jan-Dec 2016	Proforma adjustments	Proforma	Jan-Sep 2017	Proforma adjustments	Proforma
Operating revenue	1,967		1,967	1,221		1,221
Production costs	-440		-440	-305		-305
Sales costs	-674		-674	-445		-445
Marketing costs	-194		-194	-148		-148
Administration costs	-245	-62 ¹⁾	-307	-198	15 ⁴⁾	-183
Product development costs	-215		-215	-176		-176
Other income/costs	10		10	3		3
Impairment of non-current assets	-873		-873	-10		-10
Operating income	-664	-62	-726	-58	15	-43
Financial items, net	-189	221 ²⁾	32	-107	76 ⁵⁾	-31
Income before tax	-853	159	-694	-165	91	-74
Income tax	-9	5 ³⁾	-4	17	-2 ⁶⁾	15
Net income	-862	164	-698	-148	89	-59
Of which, attributable to:						
Owners of the Parent Company	-869	164	-705	-152	89	-63
Non-controlling interests	7		7	4		4
Net Income	-862	164	-698	-148	89	-59

Explanation of pro forma adjustments for the period January 1–December 31, 2016

- 1) Additional advisory costs of SEK -62 M. Total advisory costs amount to SEK -70 M, of which SEK -8 M has already been expensed in December 2016. Total transaction costs amount to SEK -94 M, of which advisory costs SEK -70 M and issue costs SEK -24 M, which is reported in equity.

- 2) A positive impact of SEK 275 M as a result of the write-off of Eniro's loans is countered by a cost of SEK -16 M resulting from changed terms of the convertible and expensing of SEK -40 M in previously capitalized borrowing costs.
- 3) A tax effect of SEK 23 M attributable to additional advisory costs and the expensing of previously capitalized borrowing costs is countered by the derecognition of SEK -18 M in previously accumulated loss-carryforwards in Sweden, as the write-off the loans is a tax-exempt gain on debt restructuring.

Explanation of pro forma adjustments for the period January 1–September 30, 2017

- 4) Adjustment of advisory costs by SEK 15 M, which were already expensed during the nine-month period.
- 5) Adjustment of financial items by SEK 86 M, which is included in earnings for the nine-month period. Of this total, SEK 50 M pertains to an adjustment for lower interest on bank loans (due to amortization of SEK 700 M, additional amortization of SEK 15 M during the nine-month period, and a lower interest margin by 2%), SEK 18 M in lower effective interest and coupon interest on the convertible bond (SEK 7 M and SEK 11 M, respectively), and SEK 14 M in adjustment for borrowing costs that were capitalized during the nine-month period, which is countered by new, capitalized borrowing costs of SEK -6 M (arrangement fee).
- 6) Tax effect of the adjustments above.

Consolidated balance sheet as per December 31, 2016, and September 30, 2017

SEK M	Dec. 31 2016	Proforma adjustments	Proforma	Sep. 30 2017	Proforma adjustments	Proforma
Assets						
Non-current assets						
Tangible assets	29		29	21		21
Intangible assets	2,761		2,761	2,573		2,573
Deferred tax assets	97	7 ¹⁾	104	117	10 ¹¹⁾	127
Financial assets	235		235	247		247
Total non-current assets	3,122	7	3,129	2,958	10	2,968
Current assets						
Accounts receivable - trade	210		210	165		165
Current tax assets	16		16	19		19
Other current receivables	109		109	88		88
Other interest-bearing receivables	0		0	0		0
Cash and cash equivalents	48	-11 ²⁾	37	35	60 ¹²⁾	95
Total current assets	383	-11	372	307	60	367
TOTAL ASSETS	3,505	-4	3,501	3,265	70	3,335
Shareholders' equity and liabilities						
Shareholders' equity						
Share capital	531	640 ³⁾	1,171	531	640 ¹³⁾	1,171
Additional paid in capital	5,554	150 ⁴⁾	5,704	5,554	150 ¹⁴⁾	5,704
Reserves	-327		-327	-332		-332
Retained earnings	-5,332	-8 ⁵⁾	-5,340	-5,525	81 ¹⁵⁾	-5,444
Shareholders' equity, owners of the Parent Company	426	782	1,208	228	871	1,099
Non-controlling interests	42		42	39		39
Total Shareholders' equity	468	782	1,250	267	871	1,138
Non-current liabilities						
Borrowing	10	792 ⁶⁾	802	8	792 ¹⁶⁾	800
Convertible bond	216	-192 ⁷⁾	24	229	-204 ¹⁷⁾	25
Deferred tax liabilities	164	-3 ⁸⁾	161	135	3 ¹⁸⁾	138
Pension obligations	428		428	479		479
Provisions	5		5	1		1
Other non-current liabilities	0	14 ⁹⁾	14	0	14 ¹⁹⁾	14
Total non-current liabilities	823	611	1,434	852	605	1,457
Current liabilities						
Accounts payable - trade	52		52	37		37
Current tax liabilities	12		12	5		5
Prepaid revenues	449		449	363		363
Other current liabilities	248		248	230		230
Provisions	9		9	16		16
Borrowing	1,444	-1,397 ¹⁰⁾	47	1,495	-1,406 ²⁰⁾	89
Total current liabilities	2,214	-1,397	817	2,146	-1,406	740
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	3,505	-4	3,501	3,265	70	3,335

Explanation of pro forma adjustments for the period ended December 31, 2016

- 1) Deferred tax asset attributable to previously capitalized loss carryforwards on SEK -18 M in Sweden is derecognized against the background of the tax-exempt gain on debt restructuring that arises in connection with the write-off of bank loans; this is countered by SEK 25 M in deferred tax attributable to transaction costs.
- 2) Of additional transaction costs, SEK -19 M is settled with cash and cash equivalents, which is countered by advisory costs of SEK 8 M that have already been expensed in December 2016.
- 3) The 2017 Annual General meeting resolved in favor of carrying out a number of transactions that affect Eniro's share capital, as follows. A decrease in the share capital by SEK -435 M without extinguishing shares, for provision to unrestricted equity. A decrease in the share capital by SEK -0.1 M through the extinguishment of preference shares for repayment to the Company's preference shareholders. The redemption proceedings are used for payment of Class A ordinary shares within the framework of the preference share offering. A directed new issue of Class A ordinary shares to holders of preference shares affects the share capital by SEK 172 M assuming 88.89% acceptance of the preference share

offering. A directed new issue of Class A ordinary shares to holders of convertibles affects the share capital by SEK 121 M assuming 74.12% acceptance of the convertible offering. A directed new issue of Class B ordinary shares to the banks, with payment being made through set-off of loan debt has an impact of SEK 87 M on the share capital. In addition to this, a directed new issue to current ordinary shareholders at a subscription price of approximately 7.5 öre, which upon full subscription increases the share capital by SEK 668 M. Since the cash issue is being carried out at a price below the shares' quota value, SEK 278 M of the increase in share capital is attributable to the issue proceedings and the remaining SEK 390 M is applied to share capital through a transfer from shareholders' equity. Finally, the share capital increases by SEK 27 M as the participants in the underwriting consortium that is underwriting the cash issue receive compensation of 10% of the underwritten amount in newly issued shares.

- 4) Change in other capital contributions as a result of the recapitalization.
- 5) Reduction of the share capital by SEK 435 M, effect of redemption of preference shares SEK -172 M, previous year's net profit SEK 164 M, issue costs SEK -18 M (net after tax), guaranteed issue SEK -27 M.
- 6) Against the background of the completion of the recapitalization, the long-term portion of borrowing, totaling SEK 792 M, is reclassified from short-term borrowing.
- 7) Effect of directed new issue of ordinary shares to holders of convertibles, where the acceptance level of 88.89% entails that the reported amount of the convertible loan decreases by SEK -195 M and is countered by SEK 3 M for expensing of previously capitalized costs.
- 8) Change in deferred tax due to expensing of previously capitalized borrowing costs.
- 9) Of the total additional loan costs (arrangement fee) of SEK 23 M, SEK 14 M falls due for payment two years after the loan agreement takes effect.
- 10) Reduction of interest-bearing bank loans by SEK -703 M, of which through set-off of bank loans against ordinary shares SEK -150 M, amortization of bank loans with issue proceeds SEK -278 M and write-off of bank loans SEK -275 M. This is countered by SEK 75 M in total additional advisory and issue costs, totaling SEK 94 M, and SEK 9 M of the arrangement fee being financed through bank loans. In addition to this, the carrying amount of SEK 37 M arising from the expensing of previously capitalized borrowing costs and SEK -23 M as a result of additional borrowing costs (arrangement fee) being capitalized and expensed over the term of the loan. Finally, the long-term portion of borrowing, totaling SEK -792 M, is reclassified to long-term borrowing.

Explanation of pro forma adjustments for the period ended September 30, 2017

- 11) Deferred tax asset attributable to previously capitalized loss carryforwards on SEK -18 M in Sweden is derecognized against the background of the tax-exempt gain on debt restructuring that arises in connection with the write-off of bank loans; this is countered by SEK 28 M in deferred tax attributable to transaction costs and lower interest cost.
- 12) Of additional transaction costs, SEK -19 M is settled with cash and cash equivalents, which is countered by advisory costs of SEK 8 M that have already been expensed in December 2016, and SEK 11 M is expensed during the nine-month period in 2017. Cash and cash equivalents are also assumed to increase as a result of lower interest payments by SEK 50 M due to amortization of SEK 703 M, additional amortization of SEK 15 M during the nine-month period and a lower interest margin of 2%, and SEK 7 M pertaining to the coupon on the convertible.
- 13) The 2017 Annual General meeting resolved in favor of carrying out a number of transactions that affect Eniro's share capital, as follows. A decrease in the share capital by SEK -435 M without extinguishing shares, for provision to unrestricted equity. A decrease in the share capital by SEK -0.1 M through the extinguishment of preference shares for repayment to the Eniro's preference shareholders. The redemption proceedings are used for payment of Class A ordinary shares within the framework of the preference share offering. A directed new issue of Class A ordinary shares to holders of preference shares affects the share capital by SEK 172 M assuming 88.89% acceptance of the preference share offering. A directed new issue of Class A ordinary shares to holders of convertibles affects the share capital by SEK 121 M assuming 74.12% acceptance of the convertible offering. A directed new issue of Class B ordinary shares to the banks, with payment being made through set-off of loan debt has an impact of SEK 87 M on the share capital. In addition to this, a directed new issue to current ordinary shareholders, at a subscription price of approximately SEK 0.075, which upon full subscription increases the share capital by SEK 668 M. Since the cash issue is being carried out at a price below the shares' quota value, SEK 278 M of the increase in share capital is attributable to the issue proceedings and the remaining SEK 390 M is applied to share capital through a transfer from shareholders' equity. Finally, the share capital increases by SEK 27 M as the participants in the underwriting consortium that is underwriting the cash issue receive compensation of 10% of the underwritten amount in newly issued shares.
- 14) Change in other capital contributions as a result of the recapitalization.
- 15) Reduction of the share capital by SEK 435 M, effect of redemption of preference shares SEK -172 M, previous year's net profit SEK 164 M and SEK 89 M for the current year, issue costs SEK -18 M (net after tax), transfer to share capital SEK -390 M in connection with the cash issue, and guaranteed issue SEK -27 M.
- 16) Against the background of the completion of the recapitalization, the long-term portion of borrowing, totaling SEK 792 M, is reclassified from short-term borrowing.
- 17) Effect of directed new issue of ordinary shares to holders of convertibles, where the acceptance level of 88.89% entails that the reported amount of the convertible loan decreases by SEK -195 M, which is countered by SEK 4 M for expensing of previously capitalized costs, and SEK -13 M pertaining to effective interest.
- 18) Change in deferred tax due to expensing of previously capitalized borrowing costs.
- 19) Of the total additional loan costs (arrangement fee) of SEK 23 M, SEK 14 M falls due for payment two years after the loan agreement takes effect.
- 20) Reduction of interest-bearing bank loans by SEK -703 M, of which through set-off of bank loans against ordinary shares SEK -150 M, amortization of bank loans with issue proceeds SEK -278 M and write-off of bank loans SEK -275 M. This is countered by SEK 75 M in total additional advisory and issue costs, totaling SEK 94 M, and SEK 9 M of the arrangement fee being financed through bank loans. In addition to this, the carrying amount of SEK 22 M arising from the expensing of previously capitalized borrowing costs and SEK -23 M as a result of additional borrowing costs (arrangement fee) being capitalized and expensed over the term of the loan. Reclassification of long-term portion of borrowing, SEK -792 M. Plus the effect of capitalized borrowing costs where an adjustment for previously capitalized borrowing costs of SEK 9 M is countered by additional, capitalized borrowing costs of SEK 6 M.

Key ratios

	Sep. 30 2017	Sep. 30 2016	Dec. 31 2016
Equity, average 12 months, SEK M	332	808	624
Return on equity (ROE), 12 months, %	-57.8	-96.4	-139.3
Return on Assets (ROA), 12 months, %	-1.0	-15.8	-18.8
Earnings per ordinary share before dilution, SEK	-0.31	-1.79	-1.88
Earnings per ordinary share after dilution, SEK	-0.31	-1.79	-1.88
Interest-bearing net debt excluding convertible bond and pension obligations, SEK M	-1,268	-1,239	-1,217
Debt/equity ratio, times	4.75	3.39	2.60
Equity/assets ratio, %	8	10	13
Interest-bearing net debt excluding convertible bond and pension obligations/EBITDA 12 months, times	6.0	2.7	2.8
Interest-bearing net debt excluding convertible bond and pension obligations/adjusted EBITDA 12 months, times	4.7	2.6	2.8
Average number full-time employees	1,550	1,791	1,662
Number of full-time employees on closing date	1,443	1,705	1,656
Number of ordinary shares before dilution on closing date after deduction of treasury shares, 000s	528,384	489,922	528,384
Number of ordinary shares after dilution on closing date after deduction of treasury shares, 000s	682,080	682,080	682,080
Number of preference shares on closing date, 000s	1,000	1,000	1,000

Key ratios per share

	Sep. 30 2017	Sep. 30 2016	Dec. 31 2016
Equity per share, SEK	0.43	0.66	0.80
Share price for ordinary shares at end of period, SEK	0.23	0.38	0.25

Financial definitions

Eniro presents certain financial measures that are not defined in IFRS. Eniro believes that these measures provide valuable, complementary information to investors and to company management, as they enable assessment of Group's earnings and financial position. Since not all companies calculate financial measures in the same way, these are not always comparable with measures used by other companies. These financial measures shall therefore not be regarded as a substitute for the measures defined in IFRS.

Financial IFRS measures

Name	Definition	Calculation
Earnings per ordinary share for the period before dilution	Income for the period attributable to owners of the Parent Company less the portion of the approved dividend for the period for preference shares, divided by the average number of ordinary shares before dilution.	$(\text{Income for the period attributable to owners of the Parent Company} - \text{the portion of the approved dividend for the period for preference shares}) / (\text{Average number of ordinary shares before dilution}) \times 1,000$
Earnings per ordinary share for the period after dilution	Income for the period attributable to owners of the Parent Company less the portion of the approved dividend for the period for preference shares and interest expenses after tax pertaining to the convertible bond, divided by the average number of ordinary shares after full conversion.	$(\text{Income for the period attributable to owners of the Parent Company} - \text{the portion of the approved dividend for the period for preference shares} + \text{interest expenses after tax pertaining to the convertible bond}) / (\text{Average number of ordinary shares after full conversion}) \times 1,000$
Average number of ordinary shares before dilution	The average number of ordinary shares outstanding, excluding treasury shares.	$(\text{Average number of ordinary shares outstanding, excluding treasury shares, per quarter (CB+OB)/2 for the four last quarters})/4$
Average number of ordinary shares after dilution	The average number of ordinary shares excluding treasury shares, adjusted for full conversion of all potential ordinary shares in the convertible bond and warrant program.	$((\text{Average number of ordinary shares outstanding, excluding treasury shares, (CB+OB)/2 for the four last quarters})/4) + (\text{Adjustment for full conversion of all potential ordinary shares in the convertible bond and warrant program})$

Financial non-IFRS measures

Name	Definition	Calculation	Purpose
Return on shareholders' equity (%)	Moving 12-month earnings attributable to owners of the Parent Company divided by average shareholders' equity	$(\text{Moving 12-month earnings attributable to owners of the Parent Company}) / (\text{Average shareholders' equity})$	Return on shareholders' equity measures the Group's return on the capital the owners have invested in the business and thereby how profitable the Group is for its shareholders
Return on total assets (%)	Moving 12-month operating income and financial income less exchange rate losses on financial items divided by average total assets	$(\text{Moving 12-month operating income} + \text{financial income} - \text{exchange rate losses on financial items}) / (\text{Average total assets}) \times 1,000$	Return on total capital shows the business's effectiveness independent from how the capital is financed. This measure is used to assess whether the Group's business generates an acceptable return on its resources
EBITDA	Operating income before depreciation, amortization and impairment losses	Operating income excluding depreciation, amortization and impairment losses See the calculation in "Reconciliation of operating income and adjusted EBITDA"	EBITDA is a measure of operating income before interest, taxes, depreciation, amortization and impairment losses and is used to monitor the operating activities. EBITDA is the measure that best coincides with cash flow

Financial non-IFRS measures, cont.

Name	Definition	Calculation	Purpose
EBITDA margin (%)	EBITDA divided by operating revenue	$(\text{EBITDA} / \text{Operating revenue}) \times 100$ See "Calculation of EBITDA margin"	EBITDA in relation to operating revenue is used to measure the profitability of operations and shows the Group's cost effectiveness
Shareholders' equity per share	Shareholders' equity attributable to owners of the Parent Company divided by the number of shares at the end of the period, excluding treasury shares	$(\text{Shareholders' equity attributable to owners of the Parent Company}) / (\text{Number of shares at the end of the period, excluding treasury shares}) \times 100$	Shareholders' equity per share measures the Group's net value per share
Adjusted EBITDA	EBITDA excluding restructuring costs and other items affecting comparability	EBITDA excluding restructuring costs and other items affecting comparability. See "Reconciliation of operating income and adjusted EBITDA"	Adjusted EBITDA increases comparability by adjusting for restructuring costs, the effect of acquisitions/divestments and other nonrecurring items
Adjusted EBITDA margin (%)	Adjusted EBITDA divided by operating revenue	$(\text{Adjusted EBITDA} / \text{Operating revenue}) \times 100$. See "Calculation of adjusted EBITDA margin"	Adjusted EBITDA in relation to operating revenue shows a more comparable measure of the profitability of operations and the Group's cost effectiveness
Operating cash flow	Cash flow from operating activities and cash flow from investing activities excluding company acquisitions and divestments	Cash flow from operating activities + cash flow from investing activities – company acquisitions and divestments	Operating cash flow measures the cash flow that is generated before the effects of acquisitions and divestments, and cash flows attributable to the Company's financing
Interest-bearing net debt excluding convertible bond and pension obligations	Borrowings less cash and cash equivalents and interest-bearing assets	Borrowings – cash and cash equivalents – interest-bearing assets. See "Reconciliation of interest-bearing net debt excluding convertible bond and pension obligations"	Interest-bearing net debt shows the Group's liabilities to lenders less cash and cash equivalents and interest-bearing assets.
Interest-bearing net debt excluding convertible bond and pension obligations/EBITDA	Interest-bearing net debt excluding convertible bond and pension obligations/EBITDA	$(\text{Interest-bearing net debt excluding convertible bond and pension obligations}) / (\text{EBITDA, 12 months})$. See "Calculation of interest-bearing net debt excluding convertible bond and pension obligations/EBITDA 12 months, times"	Net debt in relation to EBITDA gives an estimation of the Group's capacity to reduce its debt. It represents the number of years it would take to pay back its loans if net debt and EBITDA were to remain constant, without taking into account cash flow pertaining to interest and tax
Debt/equity ratio (%)	Interest-bearing net debt excluding the convertible bond and pension obligations divided by shareholders' equity, including non-controlling interests	$(\text{Interest-bearing net debt excluding the convertible bond and pension obligations}) / (\text{Total shareholders' equity})$	The debt/equity ratio measures the extent to which the Group is financed by debt
Equity/assets ratio (%)	Shareholders' equity including non-controlling interests divided by total assets	$(\text{Total shareholders' equity}) / (\text{Total assets})$	The equity/assets ratio indicates how much the Group's assets are financed by shareholders' equity. The size of shareholders' equity in relation to other liabilities describes the Group's long-term ability to pay
Total operating expenses	Costs for production, sales, marketing, administration and product development, excluding depreciation, amortization and impairment losses	See "Reconciliation of operating expenses"	
Average total assets	Total assets for the last four quarters divided by four	$(\text{Total assets for the last four quarters}) / 4$	
Average shareholders' equity	Average shareholders' equity attributable to owners of the Parent Company per quarter, based on the opening and closing balance for each quarter	$(\text{Average shareholders' equity attributable to owners of the Parent Company per quarter (OB+CB)}) / 2$ for the last four quarters/4	

Other measures

Name	Definition	Calculation	Purpose
Average number of full-time employees	Calculated as the average of number of full-time employees at the start and end of the year	(Average number of full-time employees at the start and end of the year)/2	

Reconciliation Financial non-IFRS measures

Reconciliation of operating income and adjusted EBITDA

SEK M	Jul-Sep 2017	Jul-Sep 2016	Jan-Sep 2017	Jan-Sep 2016	Oct-Sep 2016/17	Jan-Dec 2016
Operating income	3	40	-58	-689	-33	-664
+ Depreciation/amortization	42	54	188	162	245	219
+ Impairment losses	1	10	10	883	0	873
= Total EBITDA	46	104	140	356	212	428
Items affecting comparability						
+ Restructuring costs	13	3	18	7	23	12
+ Other items affecting comparability	5	19	34	0	34	0
= Total adjusted EBITDA	64	126	192	363	269	440

Calculation of EBITDA margin

	Jul-Sep 2017	Jul-Sep 2016	Jan-Sep 2017	Jan-Sep 2016	Oct-Sep 2016/17	Jan-Dec 2016
EBITDA	46	104	140	356	212	428
÷ Operating revenue	365	488	1,221	1,488	1,700	1,967
= EBITDA margin %	12.6	21.3	11.5	23.9	12.5	21.8

Calculation of adjusted EBITDA margin

	Jul-Sep 2017	Jul-Sep 2016	Jan-Sep 2017	Jan-Sep 2016	Oct-Sep 2016/17	Jan-Dec 2016
Adjusted EBITDA	64	126	192	363	269	440
÷ Operating revenue	365	488	1,221	1,488	1,700	1,967
= Adjusted EBITDA margin %	17.5	25.8	15.7	24.4	15.8	22.4

Reconciliation of operating expenses

SEK M	Jul-Sep 2017	Jul-Sep 2016	Jan-Sep 2017	Jan-Sep 2016	Oct-Sep 2016/17	Jan-Dec 2016
Production costs	-92	-106	-305	-323	-422	-440
+ Sales costs	-136	-159	-445	-493	-626	-674
+ Marketing costs	-30	-47	-148	-138	-204	-194
+ Administration costs	-54	-75	-198	-187	-256	-245
+ Product development costs	-52	-54	-176	-160	-231	-215
+ Deduction of depreciation	4	4	9	12	15	18
+ Deduction of amortization	38	50	179	150	230	201
= Operating expenses	-322	-387	-1,084	-1,139	-1,494	-1,549

Reconciliation of interest-bearing net debt excluding convertible bond and pension obligations

SEK M	Sep. 30 2017	Sep. 30 2016	Dec. 31 2016
Borrowing	-1,493	-1,452	-1,442
+ Finance lease	-10	-	-12
+ Other current interest-bearing receivables	0	0	0
+ Other non-current interest-bearing receivables ¹⁾	200	153	189
+ Cash and cash equivalents	35	60	48
= Interest-bearing net debt excluding convertible bond and pension obligations	-1,268	-1,239	-1,217
¹⁾ included in financial assets			

Calculation of interest-bearing net debt excluding convertible bond and pension obligations/EBITDA 12 months, times

	Sep. 30 2017	Sep. 30 2016	Dec. 31 2016
- Interest-bearing net debt excluding convertible bond and pension obligations	-1,268	-1,239	-1,217
÷ EBITDA 12 month	212	463	428
= Interest-bearing net debt excluding convertible bond and pension obligations/EBITDA 12 months, times	6.0	2.7	2.8

Calculation of interest-bearing net debt excluding convertible bond and pension obligations/adjusted EBITDA 12 months, times

	Sep. 30 2017	Sep. 30 2016	Dec. 31 2016
- Interest-bearing net debt excluding convertible bond and pension obligations	-1,268	-1,239	-1,217
÷ Adjusted EBITDA 12 month	269	482	440
= Interest-bearing net debt excluding convertible bond and pension obligations/adjusted EBITDA 12 months, times	4.7	2.6	2.8



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