eniro

Q2 | 17

INTERIM REPORT 2017

JANUARY–JUNE

HALF YEAR: JANUARY–JUNE 2017

- Total operating revenue amounted to SEK 856 M (1,000), a decrease of 14%.
- EBITDA decreased by 63% to SEK 94 M (252). The EBITDA margin was 11.0% (25.2%).
- Net income for the period was SEK -104 M (-854).
- Earnings per ordinary share for the period were SEK -0.22 (-1.84) before and after dilution.

SECOND QUARTER: APRIL–JUNE 2017

- Total operating revenue amounted to SEK 426 M (496), a decrease of 14%.
- EBITDA decreased by 66% to SEK 39 M (116). The EBITDA margin was 9.2% (23.4%).
- Net income for the period was SEK -42 M (-852).
- Earnings per ordinary share for the period were SEK -0.08 (-1.80) before and after dilution.
- The 2017 Annual General Meeting resolved in favor of the recapitalization plan, in accordance with the Board's recommendation.
- The 2017 Annual General Meeting resolved that no dividend shall be paid, neither for the ordinary nor preference shares.
- The prospectus, "Offer to holders of preference shares and convertibles in Eniro AB (publ)," was published on June 9.

EVENTS AFTER THE END OF THE REPORTING PERIOD

- On July 27 Eniro announced the acceptance level and extended the acceptance period for the exchange offers until August 25, 2017. As per July 27 the exchange offers had been accepted by preference shareholders with a total holding corresponding to approximately 73% of all outstanding preference shares and by holders of convertible loans with a total holding corresponding to approximately 57% of the outstanding nominal value of the convertible loans in Eniro. A group of larger holders of convertible loans, corresponding to approximately 23% of the total outstanding convertibles, are waiting with acceptance of the exchange offers and have started discussions about complementing the recapitalization by underwriting the issue of SEK 275 M. The group of convertible holders intends to make available SEK 100 M provided that Eniro's lending banks agree to further adjustments of the interest rate and rate of repayment of Eniro's bank loans. In order to complete these discussions, Eniro has decided to extend the acceptance period for the exchange offers until August 25, 2017.

SEK M	Apr-Jun 2017	Apr-Jun 2016	Jan-Jun 2017	Jan-Jun 2016	Jul-Jun 2016/17	Jan-Dec 2016
Operating revenue	426	496	856	1,000	1,823	1,967
EBITDA	39	116	94	252	270	428
Adjusted EBITDA	66	118	128	237	331	440
Operating income	-16	-810	-61	-729	4	-664
Net income for the period	-42	-852	-104	-854	-112	-862
Cash flow from operating activities	-6	59	4	124	97	217
Interest-bearing net debt excluding convertible bond and pension obligations	-1,248	-1,210	-1,248	-1,210	-1,248	-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

A "new" Eniro

We are currently in the midst of a very exciting time. At the same time that we are working with a quite complicated recapitalization of Eniro, we are making a major change to our core business. From having sold mainly exposure on www.eniro.se and advertising on our own sites, we are moving toward an entirely new business in which we bring in complementary products that give our customers entirely new opportunities to run their businesses online with our help.

Our new offering is a subscription-based service that represents an entirely new approach between Eniro and our customers. An offering that has been well received by the market. Our new position as a "marketing partner" for this segment, with the customer promise to make it easy for small businesses to be successful in their digital marketing, is teeming with new opportunities and something that is entirely new. It both a challenge and an opportunity for our sales organization to offer Eniro´s customers something new. With our new, refined offering we are creating considerably greater customer value which will enable Eniro to grow again.

Second quarter 2017

In May our entire Swedish telesales organization began working with our new and expanded offering, which in short entails that Eniro will help small and medium-sized enterprises with their digital marketing. We are meeting an important need in this area, which is clearly shown by the pilot tests we have conducted. The launch of this offering is an exciting milestone in the intensive development work that has been in progress since last summer and that will create the conditions for our sales to begin growing again.

Second quarter results

Operating revenue amounted to SEK 426 M (496) during the second quarter, which is a decrease of 14% compared with the same period a year ago.

EBITDA for the second quarter was SEK 39 M (116), corresponding to an EBITDA margin of 9.2% (23.4%). Adjusted EBITDA was SEK 66 M (118).

Company and capital structure

Eniro's Annual General Meeting approved the recapitalization plan, which serves as the foundation for the Company to achieve a balanced and sound capital structure. A first step in this plan involves the conversion of preference shares and convertibles to ordinary shares. In July the offer was extended in order to achieve the goals of 95% for the acceptance level. At the same time, a group of convertible holders have become engaged and are willing to underwrite part of the cash issue that is directed at the former ordinary shareholders in step two of the recapitalization. A condition for this undertaking to take place is better terms from the banks for Eniro with respect to interest rates and repayment of existing bank loans after the recapitalization. The new date for completion of the conversion offer is August 25.

The timetable for the recapitalization has been revised, and the completion date will be later than what the Board previously anticipated. The Board is still of the opinion that we will be successful with the ongoing recapitalization, thereby giving Eniro entirely new conditions to operate and concentrate its work on developing its business activities.

Rest of 2017 and 2018

During the autumn we will continue working with Eniro's transformation, which is a natural consequence of the changed business logic. We look forward to the launches in Denmark and Norway. We continue to trim costs, and our sales focus will be on reversing the historic trend of a contracting customer base, which has been one of our greatest challenges. The combination of a new, compelling offer and growth of our customer base is a goal that we are working intensively within the Company.

Kista, August 15, 2017

Örjan Frid, President and CEO

First-half results 2017

Revenue

Operating revenue amounted to SEK 856 M (1,000), a decrease of 14%. Currency effects on revenue were SEK 6 M.

Geographically, operating revenue is broken down into Sweden SEK 314 M (428), Norway SEK 234 M (253), Denmark SEK 131 M (136), Finland SEK 73 M (78), and Poland SEK 104 M (105).

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 Company's mobile apps, including Eniro's local search app, Eniro Navigation and Eniro På Sjön. Added to these are Eniro's business information sites: proff.se, proff.no and proff.dk. 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, and display advertising via external networks.

Operating revenue from Digital search amounted to SEK 657 M (762), a decrease of 14%. Of operating revenue, SEK 573 M (695) came from Desktop/Mobile search and SEK 84 M (67) 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. With Mono Solutions' website platform, customers are offered an easy-to-handle, flexible solution that is automatically adapted for mobile use and is search engine friendly.

During the fourth quarter of 2016 a trial period was begun in which a few sales teams worked according to the new direction with a broadened product offering and subscription-based contracts. At the end of the first half of 2017 all sales teams in Sweden had changed over to working with this new focus. 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 43 M (49), a decrease of 12%.

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 156 M (189), a decrease of 17%.

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 94 M (252), corresponding to an EBITDA margin of 11.0% (25.2%). EBITDA is broken down as follows: SEK 113 M (212) pertained to Local search, SEK 20 M (59) pertained to Voice, and SEK -39 M (-19) pertained to other Group functions.

The Group's operating expenses, that is expenses excluding amortization and impairment losses, totaled SEK -762 M (-752), where expenses for the period include SEK -34 M (15) in items affecting comparability. Of these, SEK -5 M (-4) pertained to restructuring costs, SEK -17 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 19 M, net, which pertained mainly to a changed actuarial computation of the pension liability.

After adjusting for nonrecurring items, adjusted EBITDA for the Group amounted to SEK 128 M (237), a decrease of 46%. The adjusted EBITDA margin was 15.0% (23.7%).

After amortization and impairment losses totaling SEK -155 M (-981), consolidated operating income amounted to SEK -61 M (-729).

Amortization and impairment losses

The Group's total amortization amounted to SEK -146 M (-108) during the first half of the year. During the first half of the year, amortization of the Gule Sider trademark totaled SEK -29 M (-27) and the amortization of the Krak trademark totaled SEK -6 M (-6).

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 (-14), after which the trademark has been fully amortized. The remaining amortization of SEK -58 M (-61) consists mainly of amortization of capitalized costs for product development.

As per June 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 -9 M in impairment in Voice, compared with SEK -873 M in impairment losses in 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. Eniro's outcome 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 -9 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 -74 M (-117). Exchange rate differences affected net financial items by SEK -5 M (-46).

Income before tax, and reported tax

Income before tax amounted to SEK -135 M (-846). Reported tax totaled SEK 31 M (-8).

Net income for the period and earnings per ordinary share

Net income for the period was SEK -104 M (-854). Earnings per ordinary share were SEK -0.22 (-1.84) before and after dilution.

REVENUE YTD 2017

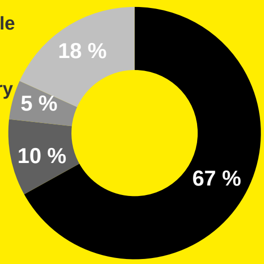
SEK **856** M

EBITDA YTD 2017

SEK **94** M

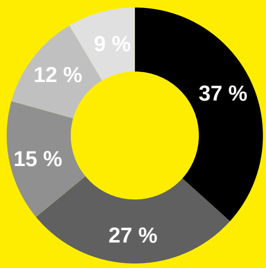
GROUP REVENUE PER CATEGORY YTD 2017

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



GROUP REVENUE PER COUNTRY YTD 2017

- Sweden
- Norway
- Denmark
- Poland
- Finland



Second quarter results 2017

Revenue

Operating revenue for the second quarter amounted to SEK 426 M (496), a decrease of 14%. Currency effects on revenue were SEK 4 M.

Geographically, operating revenue is broken down into Sweden SEK 151 M (209), Norway SEK 113 M (126), Denmark SEK 72 M (68), Finland SEK 38 M (41), and Poland SEK 52 M (52).

Digital search

Operating revenue from Digital search amounted to SEK 317 M (373), a decrease of 15%. Of operating revenue, SEK 273 M (339) came from Desktop/Mobile search and SEK 44 M (34) 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

Eniro continues to complement its traditional advertising services in Desktop/Mobile search. During the second quarter Eniro partnered with the company Mono Solutions to meet demand for easily accessible yet sophisticated business websites. With Mono Solutions' website platform, customers are offered an easy-to-handle, flexible solution that is automatically adapted for mobile use and is search engine friendly.

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

To support the transition to the new product offering, training activities continued according to plan, such as in insight-based sales as well as product training and certification of sales representatives in specific products.

Print

Operating revenue from Print amounted to SEK 29 M (25), an increase of 16%.

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 80 M (98), a decrease of 18%.

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

Operating income

EBITDA for the Group was SEK 39 M (116), corresponding to an EBITDA margin of 9.2% (23.4%). EBITDA is broken down as follows: SEK 57 M (98) pertained to Local search, SEK 5 M (31) pertained to Voice, and SEK -23 M (-13) pertained to other Group functions

The Group's operating expenses, that is expenses excluding amortization and impairment losses, totaled SEK -385 M (-381), where expenses for the period include SEK -27 M (-2) in items affecting comparability. Of these, SEK -4 M (-2) pertained to restructuring costs, SEK -11 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.

After adjusting for nonrecurring items, adjusted EBITDA for the Group amounted to SEK 66 M (118), a decrease of 44%. The adjusted EBITDA margin was 15.5% (23.8%).

After amortization and impairment losses totaling SEK -55 M (-926), consolidated operating income amounted to SEK -16 M (-810).

Amortization and impairment losses

The Group's total amortization amounted to SEK -46 M (-53) during the second quarter. During the second quarter, amortization of the Gule Sider trademark totaled SEK -14 M (-13), 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 was amortized by SEK -7 M during the second quarter last year. The remaining amortization of SEK -29 M (-30) consists mainly of amortization of capitalized costs for product development.

As per June 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 -9 M, compared with the impairment losses of SEK -873 M in 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. Eniro's outcome 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 -9 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 -38 M (-33). Exchange rate differences affected net financial items by SEK -3 M (3).

Income before tax, and reported tax

Income before tax amounted to SEK -54 M (-843). Reported tax totaled SEK 12 M (-9).

Net income for the period and earnings per ordinary share

Net income for the period was SEK -42 M (-852). Earnings per ordinary share were SEK -0.08 (-1.80) before and after dilution.

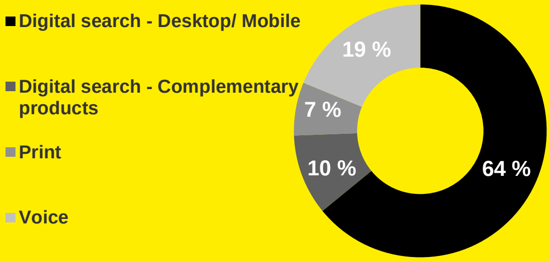
REVENUE Q2 2017

SEK 426 M

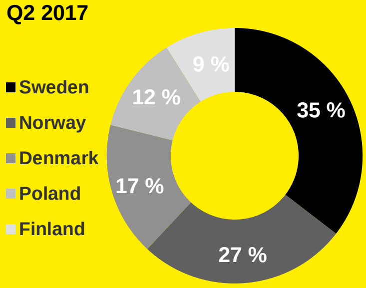
EBITDA Q2 2017

SEK 39 M

GROUP REVENUE PER CATEGORY Q2 2017



GROUP REVENUE PER COUNTRY Q2 2017



Operating revenue by category and operating segment

SEK M	Apr-Jun 2017	Apr-Jun 2016	%	Jan-Jun 2017	Jan-Jun 2016	%	Jul-Jun 2016/17	Jan-Dec 2016
Desktop/Mobile search	273	339	-19	573	695	-18	1,193	1,315
Complementary digital marketing products	44	34	29	84	67	25	161	144
Digital search	***317***	***373***	**-15**	***657***	***762***	**-14**	***1,354***	***1,459***
Print	29	25	16	43	49	-12	132	138
Local search	**346**	**398**	**-13**	**700**	**811**	**-14**	**1,486**	**1,597**
Voice	80	98	-18	156	189	-17	337	370
Total revenue	**426**	**496**	**-14**	**856**	**1,000**	**-14**	**1,823**	**1,967**

Reconciliation of operating income and adjusted EBITDA

SEK M	Apr-Jun 2017	Apr-Jun 2016	%	Jan-Jun 2017	Jan-Jun 2016	%	Jul-Jun 2016/17	Jan-Dec 2016
Operating income	-16	-810	98	-61	-729	92	4	-664
Depreciation/amortization	46	53		146	108		257	219
Impairment losses	9	873		9	873		9	873
Total EBITDA	**39**	**116**	**-66**	**94**	**252**	**-63**	**270**	**428**
Whereof Local search	57	98	-42	113	212	-47	271	370
Whereof Voice	5	31	-84	20	59	-66	78	117
Whereof Other	-23	-13	-77	-39	-19	-105	-79	-59
EBITDA margin %	***9.2***	***23.4***		***11.0***	***25.2***		***14.8***	***21.8***
Items affecting comparability								
Restructuring costs	4	2		5	4		13	12
Other items affecting comparability	23	-		29	-19		48	0
Total adjusted EBITDA	**66**	**118**	**-44**	**128**	**237**	**-46**	**331**	**440**
Adjusted EBITDA margin %	***15.5***	***23.8***		***15.0***	***23.7***		***18.2***	***22.4***

Interest-bearing net debt excluding convertible bond and pension obligations

SEK M	Jun. 30 2017	Jun. 30 2016	Dec. 31 2016
Borrowing	-1,476	-1,409	-1,442
Finance lease	-11	-	-12
Other current interest-bearing receivables	0	1	0
Other non-current interest-bearing receivables[1)]	200	153	189
Cash and cash equivalents	39	45	48
Interest-bearing net debt excluding convertible bond and pension obligations	**-1,248**	**-1,210**	**-1,217**

[1)] included in financial assets

Cash flow and financial position

Financial position

Total assets in the Group amounted to SEK 3,354 M (3,503), a decrease of 4%.

Intangible assets amounted to SEK 2,609 M (2,775), of which SEK 2,002 M (1,995) pertained to goodwill.

The Group's interest-bearing net debt excluding the convertible bond and pension obligations amounted to SEK 1,248 M (1,210) as per June 30.

The Group's indebtedness, expressed as interest-bearing net debt excluding the convertible bond and pension obligations in relation to EBITDA, was 4.6 (2.5) as per June 30.

As per June 30 the Group's outstanding net debt under existing credit facilities was NOK 199 M (199), DKK 46 M (40) and SEK 1,242 M (1,204). At the end of the period, Eniro had an unutilized credit facility of SEK 68 M (115). Cash and cash equivalents and unutilized credit facilities amounted to SEK 107 M (160).

The convertible bond is reported at cost and amounted to SEK 222 M (267) as per June 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 456 M (532) at June 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 June 30, 2017, total pledged funds amounted to SEK 200 M (153), including returns.

Prepaid revenue amounted to SEK 410 M (468) 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 also in Print in Sweden, where customers pay in advance, but the revenue is not recognized until the directories have been printed and distributed. The 12% decrease compared with June 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 pending the outcome of the proposed recapitalization.

Cash flow

Cash flow from operating activities was SEK 4 M (124). Lower EBITDA of SEK 94 M (252) and a negative change in working capital of SEK -14 M (3) were countered by lower tax payments of SEK -13 M (-14), lower financial items of SEK -49 M (-51), and lower other non-cash items of SEK -14 M (-66), 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 -20 M (-51), where net investments in operations amounted to SEK -20 M (-52). 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 8 M (-121). Long-term investments have increased by an additional SEK -11 M (-20) and pertain to pledged funds for continued credit insurance with PRI Pensionsgaranti.

Cash flow for the period amounted to SEK -8 M (-48).

Acquisitions/divestments

No acquisitions or divestments were carried out during the period.

Parent Company

Operating revenue amounted to SEK 11 M (10), which pertains to intra-Group services. Income for the period was SEK -30 M (-1,873). At June 30 the Parent Company's equity amounted to SEK 535 M (595), of which unrestricted equity amounted to SEK 4 M (102).

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 June 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 June 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

	Jun. 30 2017	Jun. 30 2016
Sweden	302	374
Norway	218	249
Denmark	133	170
Poland	576	632
Local search including Other	**1,229**	**1,425**
Sweden	98	111
Norway	26	28
Finland	168	159
Voice	**292**	**298**
Total Group	**1,521**	**1,723**

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.

One highly current risk is the risk associated with Eniro's loan agreement, and its liquidity and financing risk. In December 2016 Eniro reached an agreement with its lenders, entailing a deferment of loan amortization and a departure from key ratio covenants on the bank loans. During the term of the standstill agreement, Eniro negotiated with its lenders to adapt the terms of the Company's 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 lenders. If the recapitalization is carried out it will result in a changed capital structure, a new loan agreement, the write-off of bank loans and set-off of bank loans against ordinary shares. The 2017 Annual General Meeting resolved, among other things, 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. If the required acceptance level (95%) by holders of preference shares and convertibles is not achieved, no new loan agreement will come into effect, and the standstill agreement will end at the same time. As a consequence of this, Eniro will not be able to honor its loan obligations. The Board will then file for a company reorganization. In order to enable the completion of the recapitalization, Eniro extended the acceptance period for the exchange offers first until July 26, and thereafter to August 25, 2017.

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 Eniro announced a recapitalization plan that had been drawn up in close cooperation with the Company's lending banks.

The recapitalization entails a changed capital structure, a new loan agreement, amortization of bank loans and set-off of bank loans against ordinary shares ("the recapitalization").

The proposed recapitalization has been guided by the aim to create a balanced proposal for the respective equity holders while at the same time providing the Company with 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 prospectus "Offer to holders of preference shares and convertibles in Eniro AB (publ)," which details the exchange offers and the inclusion for trading of the new Class A ordinary shares on Nasdaq Stockholm, was approved and registered by the Swedish Financial Supervisory Authority on June 8, 2017.

Holders of preference shares are offered to exchange these for ordinary shares, whereby each preference share is assigned a value of SEK 400, which corresponds to 100% of the subscription price when the preference shares were issued, and 83% of the value of the preference shares entitled to over ordinary shares in the event of liquidation. Holders of convertibles are offered to set off these holdings against newly issued ordinary shares, whereby each convertible is assigned a value corresponding to 90% of the nominal amount. The settlement price of SEK 0.31 (31 öre) for the Company's ordinary shares corresponds to the volume-weighted average market price for Eniro's ordinary shares during the period March 20 through March 31, 2017, according to Nasdaq Stockholm AB's official price list.

The exchange offers are conditional upon acceptance by preference shareholders who together own at least 95% of all preference shares as well as by convertible bondholders who together hold at least 95% of the outstanding debt amount.

After the exchange offers have been completed, a new issue of approximately SEK 275 M in ordinary shares will be carried out with preferential rights for the Company's existing ordinary shareholders. The subscription price for the new issue shall be set at a 30% discount based on a theoretical price after the completed new issue, based on the lower of (i) SEK 0.31 (31 öre) or (ii) a volume-weighted average price during the ten trading days that follow the Company's public announcement that the exchange offers are carried out.

The proceeds from the new issue shall be used to amortize bank loans, where the lending banks write off an equal amount of bank loans, up to SEK 275 M. Provided that the new issue is fully subscribed through cash payment, bank loans will thereby decrease by SEK 550 M.

Ordinary shares not subscribed for with the support of warrants will be offered to other ordinary shareholders and others for subscription at the same subscription price, and in the event of an allotment to others than ordinary shareholders, allotment will be made primarily to existing holders of preference shares and convertibles. Ordinary shares not subscribed for by others in the new issue will be subscribed by the lending banks, with payment through set-off against bank loans. On July 27 Eniro announced that a group of investors has started to arrange a group of underwriters in order to secure that the cash issue is fully subscribed and paid, provided that the lending banks accept further adjustments of the interest rate and rate of repayment of Eniro's bank loans, and that a discussion has been initiated with the lending banks regarding an adjustment of the terms and the conditions for such adjustments.

After the requisite acceptance level has been achieved in the exchange offers, the lending banks will subscribe for new ordinary shares in the Company with payment through the set-off of SEK 150 M in bank loans.

Condensed balance sheet pro forma after capitalization

SEK M	Dec 31 2016	Recapital-ization	Proforma Dec 31 2016
Non-current assets	3,122	6	3,128
Current assets, excl cash equivalents	335		335
Cash and cash equivalents	48	-7	41
Total assets	**3,505**	**-1**	**3,504**
Shareholders equity	468	806	1,274
Borrowing	1,454	-602	852
Convertible bond	216	-216	0
Other non-current liabilities	597	11	608
Other current liabilities	770	0	770
Total equity and liabilities	**3,505**	**-1**	**3,504**
Net debt / EBITDA 2016, times	2.8		1.4
Debt/equity ratio, %	13 %		36 %

This pro forma balance sheet is based on a number of assumptions that may deviate from the actual outcome. The estimated cost for the recapitalization is assumed to be recognized against borrowing and shareholders' equity. How there costs are recognized depends on the final outcome of the recapitalization.

In addition to the decrease in bank loans by SEK 700 M, the Company's interest-bearing liabilities as at 31 December 2016 will decrease by an additional SEK 216 M if all convertible bondholders accept the exchange offer. The costs for the recapitalization amount to approximately SEK 98 M, net, of which advisory costs for the lending banks and the Company account for SEK 90 M. Of the advisory cost SEK 75 M will be financed by bank loans and the remaining part will settled by liquid funds. Eniro's total interest-bearing debt will thus decrease by a total of approximately SEK 818 M as at 31 December 2016, of which SEK 602 M consists of bank loans.

To avoid a situation in which the lending banks together will become the dominant owner, the shares that the banks subscribe for initially (SEK 150 M) and in the possible, concluding complementary set-off issue, will have one-tenth (1/10) of a vote. These shares can be converted to ordinary shares with one (1) vote each, which will take place in connection with future sales of shares.

Under the condition that the exchange offers are accepted to the requisite extent, the Company has negotiated with the lending banks on new and improved loan terms. Such a new loan agreement would grant the Company a fixed credit and a revolving credit facility. The term for such a loan agreement would apply for the period until the end of 2020 and would entail, among other things, a lower interest rate, amortization in 2017 and 2018 adapted to the Company's liquidity surplus, including a cash sweep with a certain, minimum level of amortization in 2018, and then a gradually increased rate of amortization that is aligned with the Company's new business plan. In addition, the key ratio requirements will be adjusted and adapted to the new business plan.

A new loan agreement is an integral part of the recapitalization and is contingent upon completion of the recapitalization. Until then, an extended deferment is in effect under the standstill agreement.

If the required acceptance level cannot be achieved for the exchange offers, no new loan agreement will come into effect. At the same time the standstill agreement will end. As a consequence of this, the Company will not be able to honor its loan obligations. The Board of Directors will then file for a company reorganization in district court, which will likely entail a total loss for Eniro's holders of ordinary and preferred shares, as well as for the convertible bondholders.

For further information, see the press releases "Eniro presents recapitalization plan" dated April 3, 2017, and "Eniro announces the current acceptance level and extends the acceptance period for the exchange offers," dated July 27, 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

In the event the Annual General Meeting does not adopt the required resolutions regarding the recapitalization or if the required acceptance of the exchange offers cannot be achieved, no new loan agreement will take effect. At the same time, the standstill agreement will end. As a consequence of this, the Company will not be able to honor its loan obligations. The Board will then file for reorganization in district court.

The assessment that the recapitalization plan is implementable remains, despite the fact that the exchange offers have only been accepted by holders of preference shares with a total holding corresponding to 73% of all outstanding preference shares and by convertible holders with a total holding corresponding to approximately 57% of the outstanding nominal convertible amount.

The assessment is based on the ongoing discussions with a of group investors and the banks regarding an underwriting of the cash issue and adjustment of the terms of the loan agreement.

Against the background of the above, Eniro's board of directors has made the assessment that a significant uncertainty exists that could lead to substantial doubt regarding the Company's ability to continue operating. However, the Board has made the assessment that it is realistic that the plan that has been drawn up in close cooperation with the Company's lenders will be carried out and that, despite the aforementioned doubt, there are grounds to assume the principle of the Company's continued operation as a going concern.

Events after the end of the period

Eniro has lost a legal dispute in arbitration against Fonecta Oy in Finland regarding the right to use the domain name eniro.fi. The arbitral tribunal announced its ruling on July 31, whereby the arbitral tribunal ordered Eniro to pay for Fonecta's legal costs relating to the dispute as well as the costs for the arbitral tribunal. After deduction of previously paid costs, Eniro shall pay approximately EUR 1.2 M. These costs are included in earnings as per June 30.

Eniro has prepared a supplement to the prospectus "Offer to holders of preference shares and convertibles in Eniro AB (publ)". The prospectus supplement has been prepared in part due to Eniro's announcement on July 27 of the acceptance level and the extension of the acceptance period for the exchange offers as well as the ongoing discussions regarding an underwriting of the cash issue and further adjustments to the interest rate and repayment plan of Eniro's bank loans, and partly due to the Company's loss of a dispute against Fonecta Oy. As per July 27 the exchange offers have been accepted by preference shareholders with a total holding corresponding to approximately 73% of all outstanding preference shares and by holders of convertible loans with a total holding corresponding to approximately 57% of the outstanding nominal convertible amount. A group of larger holders of convertible loans, corresponding to approximately 23% of the outstanding convertibles, are waiting with accepting the exchange offers and have started discussions about complementing the recapitalization by underwriting the cash issue of SEK 275 M. The group of convertible holders intends to make available approximately SEK 100 M provided that Eniro's lending banks agree to further adjustments of the interest rate and rate of repayment of Eniro's bank loans. In order to complete these discussions, Eniro has decided to extend the acceptance period for the exchange offers until August 25, 2017.

The prospectus supplement was approved and registered by the Swedish Financial Supervisory Authority on August 2, 2017. For further information, see "Supplement to the prospectus regarding the offer to holders of preference shares and convertibles in Eniro AB (publ)" on Eniro's website: www.enirogroup.com.

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 08:00 (CET) on August 15, 2017.

Certification by the Board of Directors and President

The Board of Directors and President certify that the six-month report provides an accurate overview of the Parent Company's and the Group's operations, financial position and results, and that it describes the significant risks and uncertainties by the Parent Company and the companies in the Group.

Kista, August 15, 2017

Björn Björnsson	**Joachim Berner**	**Örjan Frid**	**Ola Salmén**	**Katarina Emilsson Thudén**
Chairman of the Board	*Board member*	*President and CEO, board member*	*Board member*	*Employee representative*

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FINANCIAL CALENDAR

Interim report Jan.-Sept. 2017 October 25, 2017

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 June 30 2017, and the six-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 “Risks and Uncertainties” and “The Board’s assessment regarding the going concern principle” on page 9-11 in the interim report in which it is stated that the Company needs a recapitalization. The recapitalization is dependent on a certain minimum acceptance level. This circumstance, together with the circumstances stated in the section, imply that there is an element of substantial uncertainty which could result in significant doubt as to whether the Company can continue as a going concern.

Stockholm, August 15, 2017

PricewaterhouseCoopers AB

Michael Bengtsson

Authorized Public Accountant

Consolidated accounts

Consolidated income statement

SEK M	Apr-Jun 2017	Apr-Jun 2016	Jan-Jun 2017	Jan-Jun 2016	Jul-Jun 2016/17	Jan-Dec 2016
Operating revenue	**426**	**496**	**856**	**1,000**	**1,823**	**1,967**
Production costs	-112	-111	-213	-217	-436	-440
Sales costs	-147	-156	-309	-334	-649	-674
Marketing costs	-32	-52	-118	-91	-221	-194
Administration costs	-83	-69	-144	-112	-277	-245
Product development costs	-57	-46	-124	-106	-233	-215
Other income/costs	-2	1	0	4	6	10
Impairment of non-current assets	-9	-873	-9	-873	-9	-873
Operating income	**-16**	**-810**	**-61**	**-729**	**4**	**-664**
Financial items, net	-38	-33	-74	-117	-146	-189
Income before tax	**-54**	**-843**	**-135**	**-846**	**-142**	**-853**
Income tax	12	-9	31	-8	30	-9
Net income	**-42**	**-852**	**-104**	**-854**	**-112**	**-862**
Of which, attributable to:						
Owners of the Parent Company	-43	-854	-106	-857	-118	-869
Non-controlling interests	1	2	2	3	6	7
Net Income	**-42**	**-852**	**-104**	**-854**	**-112**	**-862**
Earnings per ordinary share before dilution, SEK	-0.08	-1.80	-0.22	-1.84	-0.30	-1.88
Earnings per ordinary share after dilution, SEK	-0.08	-1.80	-0.22	-1.84	-0.30	-1.88
Average number of ordinary shares before dilution after deduction of treasury shares, 000s	528,384	482,230	528,384	478,384	513,961	488,961
Average number of ordinary shares after dilution after deduction of treasury shares, 000s	682,080	674,388	682,080	670,541	667,657	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	Apr-Jun 2017	Apr-Jun 2016	Jan-Jun 2017	Jan-Jun 2016	Jul-Jun 2016/17	Jan-Dec 2016
Net income	**-42**	**-852**	**-104**	**-854**	**-112**	**-862**
Other comprehensive income						
Items that cannot be reclassified to income statement						
Revaluation of pension obligations	13	-86	-31	-149	79	-39
Tax attributable to revaluation pension obligations	-3	19	7	33	-17	9
Total	**10**	**-67**	**-24**	**-116**	**62**	**-30**
Items that have been or can be reclassified to the income statement						
Exchange rate differences	-1	48	-5	138	42	185
Hedge of net investments	5	-7	8	-14	-5	-27
Tax attributable to hedge of net investments	-1	1	-2	3	4	9
Total	**3**	**42**	**1**	**127**	**41**	**167**
Other comprehensive income, net after tax	***13***	***-25***	***-23***	***11***	***103***	***137***
Total comprehensive income	**-29**	**-877**	**-127**	**-843**	**-9**	**-725**
Of which, attributable to:						
Owners of the Parent Company	-29	-880	-127	-848	-15	-736
Non-controlling interests	0	3	0	5	6	11
Total comprehensive income	**-29**	**-877**	**-127**	**-843**	**-9**	**-725**

Consolidated balance sheet

SEK M	Jun. 30 2017	Jun. 30 2016	Dec. 31 2016
Assets			
Non-current assets			
Tangible assets	24	22	29
Intangible assets	2,609	2,775	2,761
Deferred tax assets	116	108	97
Financial assets	247	197	235
Total non-current assets	**2,996**	**3,102**	**3,122**
Current assets			
Accounts receivable - trade	196	207	210
Current tax assets	26	18	16
Other current receivables	97	130	109
Other interest-bearing receivables	0	1	0
Cash and cash equivalents	39	45	48
Total current assets	**358**	**401**	**383**
TOTAL ASSETS	**3,354**	**3,503**	**3,505**
Shareholders' equity and liabilities			
Shareholders' equity			
Share capital	531	493	531
Additional paid in capital	5,554	5,528	5,554
Reserves	-325	-365	-327
Retained earnings	-5,461	-5,406	-5,332
Shareholders' equity, owners of the Parent Company	**299**	**250**	**426**
Non-controlling interests	39	40	42
Total Shareholders' equity	**338**	**290**	**468**
Non-current liabilities			
Borrowing	9	1,226	10
Convertible bond	222	267	216
Deferred tax liabilities	139	162	164
Pension obligations	456	532	428
Provisions	0	5	5
Other non-current liabilities	0	-	0
Total non-current liabilities	**826**	**2,192**	**823**
Current liabilities			
Accounts payable - trade	56	87	52
Current tax liabilities	5	12	12
Prepaid revenues	410	468	449
Other current liabilities	235	259	248
Provisions	6	12	9
Borrowing	1,478	183	1,444
Total current liabilities	**2,190**	**1,021**	**2,214**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**3,354**	**3,503**	**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	-	-	125	-973	-848	5	**-843**
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, June 30, 2016	**493**	**5,528**	**-366**	**-5,405**	**250**	**40**	**290**
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	-	-	3	-130	-127	0	**-127**
Dividend non-controlling interest	-	-	-	-	-	-3	**-3**
Closing balance, June 30, 2017	**531**	**5,554**	**-325**	**-5,461**	**299**	**39**	**338**

Consolidated statement of cash flows

SEK M	Apr-Jun 2017	Apr-Jun 2016	Jan-Jun 2017	Jan-Jun 2016	Jul-Jun 2016/17	Jan-Dec 2016
Operating income	**-16**	**-810**	**-61**	**-729**	**4**	**-664**
Adjustments for						
Depreciation, amortization and impairment	55	926	155	981	266	1,092
Capital gain/loss and other non-cash items	-6	-21	-14	-66	-19	-71
Financial items, net	-29	-31	-49	-51	-99	-101
Income tax paid	-6	-3	-13	-14	-13	-14
Cash flow from operating activities before changes in working capital	**-2**	**61**	**18**	**121**	**139**	**242**
Changes in working capital	-4	-2	-14	3	-42	-25
Cash flow from operating activities	**-6**	**59**	**4**	**124**	**97**	**217**
Acquisitions/divestments of Group companies and other assets	-	-	-	1	-	1
Investments in non-current assets, net	-12	-35	-20	-52	-61	-93
Cash flow from investing activities	**-12**	**-35**	**-20**	**-51**	**-61**	**-92**
Proceeds from borrowings	9	12	34	12	46	24
Repayment of borrowings	-	-86	-	-86	-	-86
Long-term investments	-	-20	-11	-20	-47	-56
Dividend on preference shares	-	-12	-12	-24	-36	-48
Dividend non controlling interests	-3	-4	-3	-4	-7	-8
Warrant incentive program	-	1	-	1	0	1
Cash flow from financing activities	**6**	**-109**	**8**	**-121**	**-44**	**-173**
Cash flow for the period	**-12**	**-85**	**-8**	**-48**	**-8**	**-48**
Cash and cash equivalents at start of period	**51**	**130**	**48**	**91**	**45**	**91**
Cash flow for the period	-12	-85	-8	-48	-8	-48
Exchange rate differences in cash and cash equivalents	0	0	-1	2	2	5
Cash and cash equivalents at end of period	**39**	**45**	**39**	**45**	**39**	**48**

Parent Company accounts

Income statement

SEK M	Apr-Jun 2017	Apr-Jun 2016	Jan-Jun 2017	Jan-Jun 2016	Jul-Jun 2016/17	Jan-Dec 2016
Operating revenue	**6**	**4**	**11**	**10**	**24**	**23**
Administration costs	-30	-20	-51	-37	-101	-87
Other income/costs	0	1	0	2	0	2
Operating income	**-24**	**-15**	**-40**	**-25**	**-77**	**-62**
Financial items, net	-32	-1,844	-7	-1,861	-139	-1,993
Appropriations, Group contributions received	-	-	-	-	76	76
Income before tax	**-56**	**-1,859**	**-47**	**-1,886**	**-140**	**-1,979**
Income tax	10	7	17	13	16	12
Net income	**-46**	**-1,852**	**-30**	**-1,873**	**-124**	**-1,967**

Eniro AB has during 2016 written 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	Jun. 30 2017	Jun. 30 2016	Dec. 31 2016
Non-current assets	2,528	2,570	2,519
Current assets	132	287	185
TOTAL ASSETS	**2,660**	**2,857**	**2,704**
Shareholders' equity	535	595	565
Provisions	76	77	78
Non-current liabilities	2,019	2,070	2,014
Current liabilities	30	115	47
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**2,660**	**2,857**	**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 Costumer 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.

	Local search				Voice			
SEK M	Apr-Jun 2017	Apr-Jun 2016	Jan-Jun 2017	Jan-Jun 2016	Apr-Jun 2017	Apr-Jun 2016	Jan-Jun 2017	Jan-Jun 2016
Operating revenue								
Sweden	119	165	251	341	32	44	63	87
Norway	103	113	214	229	10	13	20	24
Denmark	72	68	131	136	-	-	-	-
Finland	-	-	-	-	38	41	73	78
Poland	52	52	104	105	-	-	-	-
Total	**346**	**398**	**700**	**811**	**80**	**98**	**156**	**189**
Adjusted EBITDA	**61**	**101**	**117**	**197**	**11**	**31**	**26**	**59**
Items affecting comparability[1]	-4	-2	-4	16	-6	-	-6	-
EBITDA	**57**	**99**	**113**	**213**	**5**	**31**	**20**	**59**
Depreciation/amortization	-44	-51	-143	-105	-2	-2	-3	-3
Impairment losses	-	-851	-	-851	-9	-22	-9	-22
Operating income	**13**	**-803**	**-30**	**-743**	**-6**	**7**	**8**	**34**
Net financial items								
Taxes								
Net income for the period								

	Other				Total			
SEK M	Apr-Jun 2017	Apr-Jun 2016	Jan-Jun 2017	Jan-Jun 2016	Apr-Jun 2017	Apr-Jun 2016	Jan-Jun 2017	Jan-Jun 2016
Operating revenue								
Sweden	-	-	-	-	**151**	**209**	**314**	**428**
Norway	-	-	-	-	**113**	**126**	**234**	**253**
Denmark	-	-	-	-	**72**	**68**	**131**	**136**
Finland	-	-	-	-	**38**	**41**	**73**	**78**
Poland	-	-	-	-	**52**	**52**	**104**	**105**
Total	**-**	**-**	**-**	**-**	**426**	**496**	**856**	**1,000**
Adjusted EBITDA	**-6**	**-14**	**-15**	**-19**	**66**	**118**	**128**	**237**
Items affecting comparability[1]	-17	-	-24	-1	**-27**	**-2**	**-34**	**15**
EBITDA	**-23**	**-14**	**-39**	**-20**	39	116	94	252
Depreciation/amortization	0	-	0	-	**-46**	**-53**	**-146**	**-108**
Impairment losses	-	-	-	-	**-9**	**-873**	**-9**	**-873**
Operating income	**-23**	**-14**	**-39**	**-20**	**-16**	**-810**	**-61**	**-729**
Net financial items					-38	-33	-74	-117
Taxes					12	-9	31	-8
Net income for the period					-42	-852	-104	-854

[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	Apr-Jun 2017	Apr-Jun 2016	Jan-Jun 2017	Jan-Jun 2016	Jul-Jun 2016/17	Jan-Dec 2016
Earnings attributable to owners of the Parent Company	-43	-854	-106	-857	-118	-869
Dividend established for cumulative preference shares during the period	-	-12	-12	-24	-36	-48
Earnings used for calculating earnings per ordinary share, before dilution	**-43**	**-866**	**-118**	**-881**	**-154**	**-917**
Cupon rate for convertible bonds	3	4	6	8	13	15
Earnings used for calculating earnings per ordinary share, after dilution	**-40**	**-862**	**-112**	**-873**	**-141**	**-902**
Earnings per ordinary share						
before dilution, SEK	-0.08	-1.80	-0.22	-1.84	-0.30	-1.88
after dilution, SEK	-0.08	-1.80	-0.22	-1.84	-0.30	-1.88
Average number of ordinary shares after deduction of treasury shares						
before dilution, 000s	528,384	482,230	528,384	478,384	513,961	488,961
after dilution, 000s	682,080	674,388	682,080	670,541	667,657	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	Jun. 30 2017	Jun. 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	209	222	222
Cash and cash equivalents	39	45	48
TOTAL	**448**	**420**	**459**
Other financial liabilities			
Non-current liabilities			
Borrowing	0	1,226	0
Convertible bond	222	267	216
Finance lease	9	-	10
Current liabilities			
Borrowing	1,476	183	1,442
Finance lease	2	-	2
Accounts payable - trade	56	87	52
TOTAL	**1,765**	**1,763**	**1,722**

Note 5 Goodwill

SEK M	Jun. 30 2017	Jun. 30 2016	Dec. 31 2016
At start of year	2,018	2,808	2,808
Reclassifications	-	-	-
Impariment loss for the year	-9	-873	-873
Exchange rate difference	-7	60	83
Carrying amount	**2,002**	**1,995**	**2,018**

Impairment testing of goodwill and trademarks with indefinite useful life

Accumulated impairment losses for goodwill amounted to SEK -9 M (-873) as per June 30. 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 June 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 -9 M, compared with the impairment losses of SEK -873 M in the preceding year, where SEK -22 M was attributable to Voice and SEK -851 M to Local search. Of the impairment losses in Voice, SEK 0 M (-9) pertains to Sweden, SEK -9 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. 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 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, %	**Jun. 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 Events after the balance sheet date

Eniro has lost a legal dispute in arbitration against Fonecta Oy in Finland regarding the right to use the domain name eniro.fi. The arbitral tribunal announced its ruling on July 31, whereby the arbitral tribunal ordered Eniro to pay for Fonecta's legal costs relating to the dispute as well as the costs for the arbitral tribunal. After deduction of previously paid costs, Eniro shall pay approximately EUR 1.2 M. These costs are included in earnings as per June 30.

Eniro has prepared a supplement to the prospectus "Offer to holders of preference shares and convertibles in Eniro AB (publ)." The supplement to the prospectus has been prepared in part due to Eniro's announcement on July 27 of the acceptance level and the extension of the acceptance period for the exchange offers as well as the ongoing discussions regarding an underwriting of the Cash Issue and further adjustments to the interest rate and repayment plan of Eniro's bank loans, and partly due to the Company's loss of the dispute against Fonecta Oy.

As per July 27 the exchange offers have been accepted by preference shareholders with a total holding corresponding to approximately 73% of all outstanding preference shares and by holders of convertible loans with a total holding corresponding to approximately 57% of the outstanding nominal convertible amount. A group of larger holders of convertible loans, corresponding to approximately 23% of the outstanding convertibles, are waiting with accepting the exchange offers and have started discussions about complementing the recapitalization by underwriting the cash issue of SEK 275 M. The group of convertible holders intends to make available approximately SEK 100 M provided that Eniro's lending banks agree to further adjustments of the interest rate and rate of repayment of Eniro's bank loans. In order to complete these discussions, Eniro has decided to extend the acceptance period for the exchange offers until August 25, 2017.

The 2017 Annual General Meeting resolved in favor of carrying out the recapitalization plan in accordance with the Board's recommendation. The proposed recapitalization entails a changed capital structure, a new loan agreement, the write-off of bank loans and set-off of bank loans against ordinary shares. For a detailed description, see the section "Eniro's recapitalization plan" on page 9.

Key ratios

	Jun. 30 2017	Jun. 30 2016	Dec. 31 2016
Equity, average 12 months, SEK M	338	1,001	624
Return on equity (ROE), 12 months, %	-34.9	-76.8	-139.3
Return on Assets (ROA), 12 months, %	0.1	-13.7	-18.8
Earnings per ordinary share before dilution, SEK	-0.22	-1.84	-1.88
Earnings per ordinary share after dilution, SEK	-0.22	-1.84	-1.88
Interest-bearing net debt excluding convertible bond and pension obligations, SEK M	-1,248	-1,210	-1,217
Debt/equity ratio, times	3.69	4.17	2.60
Equity/assets ratio, %	10	8	13
Interest-bearing net debt excluding convertible bond and pension obligations/EBITDA 12 months, times	4.6	2.5	2.8
Interest-bearing net debt excluding convertible bond and pension obligations/adjusted EBITDA, times	3.8	2.5	2.8
Average number full-time employees	1,589	1,800	1,662
Number of full-time employees on closing date	1,521	1,723	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

	Jun. 30 2017	Jun. 30 2016	Dec. 31 2016
Equity per share, SEK	0.56	0.51	0.80
Share price for ordinary shares at end of period, SEK	0.21	0.56	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.	(Income for the period attributable to owners of the Parent Company – the portion of the approved dividend for the period for preference shares)/(Average number of ordinary shares before dilution) x 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.	(Income for the period attributable to owners of the Parent Company – the portion of the approved dividend for the period for preference shares + interest expenses after tax pertaining to the convertible bond)/(Average number of ordinary shares after full conversion) x 1,000
Average number of ordinary shares before dilution	The average number of ordinary shares outstanding, excluding treasury shares.	(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.	((Average number of ordinary shares outstanding, excluding treasury shares, (CB+OB)/2 for the four last quarters)/4) + (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	(Moving 12-month earnings attributable to owners of the Parent Company)/(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	(Moving 12-month operating income + financial income – exchange rate losses on financial items)/(Average total assets) x 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	(EBITDA/Operating revenue) x 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	(Shareholders’ equity attributable to owners of the Parent Company)/(Number of shares at the end of the period, excluding treasury shares) x 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	(Adjusted EBITDA/Operating revenue) x 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	(Interest-bearing net debt excluding convertible bond and pension obligations)/(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	(Interest-bearing net debt excluding the convertible bond and pension obligations)/(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	(Total shareholders’ equity)/(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	(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	(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	Apr-Jun 2017	Apr-Jun 2016	Jan-Jun 2017	Jan-Jun 2016	Jul-Jun 2016/17	Jan-Dec 2016
	Operating income	-16	-810	-61	-729	4	-664
+	Depreciation/amortization	46	53	146	108	257	219
+	Impairment losses	9	873	9	873	9	873
=	**Total EBITDA**	**39**	**116**	**94**	**252**	**270**	**428**
	Items affecting comparability						
+	Restructuring costs	4	2	5	4	13	12
+	Other items affecting comparability	23	-	29	-19	48	0
=	**Total adjusted EBITDA**	**66**	**118**	**128**	**237**	**331**	**440**

Calculation of EBITDA margin

		Apr-Jun 2017	Apr-Jun 2016	Jan-Jun 2017	Jan-Jun 2016	Jul-Jun 2016/17	Jan-Dec 2016
	EBITDA	39	116	94	252	270	428
÷	Operating revenue	426	496	856	1,000	1,823	1,967
=	**EBITDA margin %**	**9.2**	**23.4**	**11.0**	**25.2**	**14.8**	**21.8**

Calculation of adjusted EBITDA margin

		Apr-Jun 2017	Apr-Jun 2016	Jan-Jun 2017	Jan-Jun 2016	Jul-Jun 2016/17	Jan-Dec 2016
	Adjusted EBITDA	66	118	128	237	331	440
÷	Operating revenue	426	496	856	1,000	1,823	1,967
=	**Adjusted EBITDA margin %**	**15.5**	**23.8**	**15.0**	**23.7**	**18.2**	**22.4**

Reconciliation of operating expenses

	SEK M	Apr-Jun 2017	Apr-Jun 2016	Jan-Jun 2017	Jan-Jun 2016	Jul-Jun 2016/17	Jan-Dec 2016
	Production costs	-112	-111	-213	-217	-436	-440
+	Sales costs	-147	-156	-309	-334	-649	-674
+	Marketing costs	-32	-52	-118	-91	-221	-194
+	Administration costs	-83	-69	-144	-112	-277	-245
+	Product development costs	-57	-46	-124	-106	-233	-215
+	Deduction of depreciation	3	4	5	8	15	18
+	Deduction of amortization	43	49	141	100	242	201
=	**Operating expenses**	**-385**	**-381**	**-762**	**-752**	**-1,559**	**-1,549**

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

	SEK M	Jun. 30 2017	Jun. 30 2016	Dec. 31 2016
	Borrowing	-1,476	-1,409	-1,442
+	Finance lease	-11	-	-12
+	Other current interest-bearing receivables	0	1	0
+	Other non-current interest-bearing receivables[1)]	200	153	189
+	Cash and cash equivalents	39	45	48
=	**Interest-bearing net debt excluding convertible bond and pension obligations**	**-1,248**	**-1,210**	**-1,217**

[1)] included in financial assets

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

		Jun. 30 2017	Jun. 30 2016	Dec. 31 2016
-	Interest-bearing net debt excluding convertible bond and pension obligations	-1,248	-1,210	-1,217
÷	EBITDA 12 month	270	493	428
=	**Interest-bearing net debt excluding convertible bond and pension obligations/EBITDA 12 months, times**	**4.6**	**2.5**	**2.8**

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

		Jun. 30 2017	Jun. 30 2016	Dec. 31 2016
-	Interest-bearing net debt excluding convertible bond and pension obligations	-1,248	-1,210	-1,217
÷	Adjusted EBITDA 12 month	331	491	440
=	**Interest-bearing net debt excluding convertible bond and pension obligations/adjusted EBITDA 12 months, times**	**3.8**	**2.5**	**2.8**

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