



INTERIM REPORT 2019

Q3|19

JANUARY – SEPTEMBER

THIRD QUARTER: JULY – SEPTEMBER 2019

- Total operating revenue amounted to SEK 254 M (356), a decrease of 29%. Adjusted for divested units, the decrease was 9%.
- EBITDA amounted to SEK 2 M (60), including a capital loss of SEK 32 M. Adjusted EBITDA amounted to SEK 27 M (62). The EBITDA margin was 0.8 % (16.9%).
- Net income for the period was SEK -526 M (-21). The decrease is due to the write-down of deferred tax assets and intangible assets, as a result of time delays in the business plan.
- Earnings per ordinary share for the period were SEK -7.90 (-0.33) before and after dilution.
- Magdalena Bonde took office as President and CEO on July 17, 2019.
- The company's share capital was reduced for a transfer to unrestricted equity of SEK 53.4 M, without cancelation of shares.
- Eniro divested the Proff companies to Asiakastieto Group Plc and UC AB, upon which a cash purchase consideration of SEK 120 M plus interest SEK 3 M was paid on the closing date, July 1, 2019.
- Eniro called for arbitration against Asiakastieto Group Plc and UC AB regarding the claim for additional purchase consideration and accrued but not paid interest.
- The Board of Directors has resolved to conduct a review of the Group's long-term capital structure.

NINE-MONTH PERIOD: JANUARY – SEPTEMBER 2019

- Total operating revenue amounted to SEK 814 M (1,073), a decrease of 24%. Adjusted for divested units, the decrease was 9%.
- EBITDA amounted to SEK 54 M (169), including a capital loss of SEK 32 M. Adjusted EBITDA amounted to SEK 72 M (171). The EBITDA margin was 6.6% (15.8%).
- Net income for the period was SEK -589 M (-31).
- Earnings per ordinary share for the period were SEK -8.88 (-0.51) before and after dilution.

SEK M	Jul-Sep 2019*	Jul-Sep 2018	Jan-Sep 2019*	Jan-Sep 2018	Oct-Sep 2018/19	Jan-Dec 2018
Operating revenue	254	356	814	1,073	1,134	1,393
EBITDA	2	60	54	169	91	206
Adjusted EBITDA	27	62	72	171	110	209
Operating income	-342	21	-370	52	-935	-513
Net income for the period	-526	-21	-589	-31	-1,146	-588
Cash flow from operating activities	4	9	10	18	37	45
Interest-bearing net debt excluding convertible bond and pension obligations	-910	-868	-910	-868	-910	-822

* Effects of IFRS 16 Lease is included in 2019 but not in 2018, for more information see Note 1

Eniro is a Nordic company that helps small and medium-sized companies with their digital marketing. Eniro also has a search service that aggregates, filters and presents information to help individuals find and come into contact with each other and with companies. Eniro Group has about 1,000 employees and operates in Sweden, Norway, Denmark and Finland through the local domains eniro.se, qulesider.no, krak.dk and dequlesider.dk. Each week, Eniro Group's digital services have about 5.1 million unique visitors. Eniro is listed on Nasdaq Stockholm [ENRO] and its head office is located in Stockholm, Sweden.

CEO's comments



My first three months

My first three months as CEO for Eniro has passed. I will in this first CEO's comments, share my first observations and conclusion from this time.

The first positive that I want to share is that it is clear that the customer segment we have targeted, which are small and medium-sized companies in the Nordic countries, has a clear need to get help with digital marketing. A clear customer need is an important building block for creating a long-term business.

Furthermore, it is clear that our assets are in our subscription business model, our customer base, our strong brand, our sales force and the availability of a broad product portfolio.

One of the challenges we face is improving the scalability of our business. We need to streamline our processes to manage our large customer base with small and medium-sized customers. There are some companies globally that have managed this and it gives us inspiration to be able to accelerate that journey forward.

Another challenge is to increase customer satisfaction among our customers by showing the customer the value of the customer's investment in their marketing. Here, we need to work on clarifying the effect and to communicate it in an easily understandable way.

In my first CEO's comments, I want to report on our market and how it is performing, our assets and challenges, and ongoing development work for the third quarter.

A clear assignment in a growing market

- Our mission is to "democratize marketing" by providing modern tools and services so simple that anyone can use them.
- Our customer promise is to make life easy for the involuntary marketing manager.

- Our vision is to become the most popular one-stop marketing shop in the Nordic region.

In the customer segment in which we work, small and medium-sized companies in the Nordic region, there is a clear need for help with digital marketing. A distinct customer requirement is a key building block for long-term business – our "reason for being." The customers in our customer segment are facing a digital marketing arena that is fragmented and difficult to navigate. Small and medium-sized companies, as well as entrepreneurs, have their hands full every day taking care of their customers. Learning, understanding and working with companies' digital presence and winning customers can become an insurmountable task.

An attractive and exciting market to operate in, with distinct customer requirements and clear growth potential. The Nordic market for digital marketing is estimated to have annual growth of 10% (Source: IRM)

Assets and challenges

Our most important assets in the core operations comprise a business model with a subscription service, a customer base of about 74,000 customers, strong brands, a well-established sales team and a comprehensive offering with a broad product program.

Our challenges are to continue developing scalability in our business and to enhance the efficiency of our processes to manage our comprehensive customer base of small and medium-sized customers. Examples of successful companies are Hibu (UK) and Reach Local (U.S.), which gives us the inspiration to accelerate our own journey moving forward. We also need to be able to demonstrate the financial return of customer investments in their own marketing. In this area, we need to work together with the customer to clarify the results achieved and simplify the communication of these in an easily comprehensible manner.

A strong brand that needs repositioning

We have just begun to reposition Eniro's strong brand from being solely associated with local search sites to also include the self-evident one-stop marketing shop for the inexperienced marketing manager. In September, our campaigns could be seen as both TV commercials and advertising on public transport and in public environments. The initial feedback on the campaign was positive, which is gratifying. We will continue to invest in this brand repositioning.

Customer-centric product development

A significant building block for a long-term business is customers that are satisfied with the offering, products and the entire customer journey. We are now conducting concept testing with customer groups, in which Eniro's product managers are taking full responsibility for development and profitability. Eniro has competitive offerings and products for all companies that require effective and good marketing on the Internet, both as individual services and as customized package solutions. The customers must be visible on the net and that their basic information, such as opening hours and addresses, must be correct on all leading sites. For this, we offer partnerships on the largest leading sites, including **Google, Facebook, Bing, Yahoo**, and our own **Local Search** sites. We help our customers to gain increased customer traffic to all sites, such as through

Search Engine Optimization (SEO), services from **Google** or through such advertising services as **Google Ads** or **Display advertising** on our own sites and those of external parties.

Today, our customers can monitor the effect of their investment in digital marketing via Eniro's online interface, "**My Eniro**." In this area, we have the potential to further develop our online product toward online sales and various self-service options, such as invoice management.

Organization

A flatter organization was created in the third quarter with more people and functions joining Eniro's management team, enabling the company to synchronize and more clearly prioritize strategies and activities at a senior level. I am satisfied with the broad and extensive skills and experience represented by the members of the new management team. We are continuously enhancing internal efficiency across the board, from new sales to connecting new customers.

Profitable growth not yet achieved

Our promise to the market is that we will deliver profitable growth. As previously announced, there is a delay before the turnaround of sales that we are now seeing in the market is converted into increased revenues. We see a customer base that has stabilized, which is a highly positive sign. We are continuing to

adapt the operations to achieve better business scalability.

One of the main reasons that we did not attain the expected EBITDA is the product mix of third-party products, for example, **Google** and **Facebook**, which have lower margins in relation to our own **Local Search** products with higher margins. Customers appreciate the product mix but the sales increase is not yet at anticipated levels.

Development during the third quarter

Our efforts to stabilize the customer base through an improved customer journey has yielded positive results. The earlier downward trend has slowed down and we are approaching a plateau.

Operating revenue for the third quarter amounted to SEK 254 M (356), corresponding to a decline of 29% compared with the same period a year ago. EBITDA for the third quarter amounted to SEK 2 M (60). The EBITDA margin was 0.8% (16.9%).

Following the sale of the Proff companies, Eniro has a solid liquidity level.

Kista, October 28, 2019

Magdalena Bonde, President and CEO

Third quarter results 2019

Revenue

Operating revenue for the third quarter amounted to SEK 254 M (356), a decrease of 29%. Adjusted for divested units, the decrease was 9%.

Currency effects impacted revenue positively by SEK 2 M (17).

Geographically, operating revenue is broken down into Sweden SEK 99 M (120), Norway SEK 52 M (81), Denmark SEK 43 M (49), Finland SEK 60 M (54), and Poland SEK 0 M (52).

Digital marketing

Digital marketing includes the Online search and Complementary digital marketing products revenue categories. Eniro's Online search services are among the most visited sites in their respective markets and include eniro.se, gulesider.no, krak.dk, dgs.dk along with the mobile apps, including Eniro's local search app, Eniro Navigation and "Eniro På Sjön". 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, Bing and Facebook, display advertising via external networks and website products.

Operating revenue from Digital marketing amounted to SEK 175 M (276), a decrease of 37%. Of operating revenue, SEK 133 M (234) came from Online search SEK 42 (42) from Complementary digital marketing products.

Business model

Eniro's offering contains a broad range of market-communication products and our customer promise is to help the involuntary marketing manager by becoming the marketing partner for small and medium-size companies.

Eniro has a competitive offering for all companies that need effective and successful online communication both as standalone services and as tailored packaged solutions.

The business model is primarily based on subscriptions, but Eniro also offers diverse campaign-based products, for example, different types of display products.

Market and traffic

Digital marketing currently accounts for approximately 50% of the media market in Sweden and according to IRM's forecasts for 2019, the expectation is that this will grow further by more than 10%. Each week, Eniro's sites in Sweden, Norway, and Denmark have about 5.1 million unique visitors. This creates favorable conditions for Eniro's future development.

Sales and customer base development

The total number of customers for "Digital marketing" in the three Scandinavian countries amounted to approximately 74,000 (88 000). At the beginning of the quarter, the number of customers amounted to approximately 76,000, that is a decline by approximately 4% during the quarter.

The sales organization has successively been adapted to meet new conditions with a new offering, new business model and a more value-generating approach. The aim is to create greater confidence and loyalty among customers. In this change, it has been necessary to implement several structural adaptations, which has led to a more efficient organization and a focus on growth, competence and customer value.

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. 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 1880 Nummeropplysningen, supplying 1880 and 1888).

In the preceding year, Finland initiated sales of digital marketing under the 0100100 trademark. During the start-up, this operation was jointly recognized with Voice. Since the business has grown, it has now been separated and is recognized under digital marketing.

Operating revenue from Voice amounted to SEK 79 M (80), a decline of 1%.

Market volumes for directory information services continue to decline due to 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 business, a development that is also occurring to some extent in Sweden.

Operating income

EBITDA for the Group was SEK 2 M (60), corresponding to an EBITDA margin of 0.8% (16.9%).

EBITDA is broken down as follows: SEK 16 M (46) relating to Digital marketing, SEK 19 M (18) relating to Voice, and SEK -33 M (-4) relating to other Group functions.

The Group's operating expenses, that is, expenses excluding amortization and impairment losses, totaled SEK -225 M (-299), where expenses for the period include SEK -25 M (-2) in items affecting comparability. Of these, SEK -2 M (0) relating to restructuring costs, SEK 9 M (0) IFRS 16, capital loss from sales of subsidiaries SEK -32 M (0) and SEK 0 M (-2) other items.

After adjustment for items affecting comparability, adjusted EBITDA for the Group amounted to SEK 27 M (62), a decrease of 56%. The adjusted EBITDA margin was 10.6% (17.4%).

Amortization and impairment losses

After amortization and impairment losses totaling SEK -336 M (-39), consolidated operating income amounted to SEK -342 M (21). The Group's total amortization amounted to SEK -38 M (-38) during the

third quarter of 2019. Amortization of the *Gule Sider* trademark totaled SEK -15 M (-15) and the amortization of the Krak trademark totaled SEK -3 M (-4).

The remaining amortization of SEK -20 M (-19) consists mainly of amortization of capitalized costs for product development and on right-of-use assets according to IFRS 16.

In comments on impairment testing in the year-end report and annual report 2018, it was stated that further impairment cannot be ruled out in the event that Eniro's transformation does not follow the plan on which the impairment test is based. Considering the Group's earnings trend and taking into account updated forecasts and elaborated business plans during the third quarter, the Board has decided to further write down goodwill of SEK -306 M, which in turn reduces the parent company's and the Group's equity.

Net financial items

Net financial items amounted to SEK -9 M (-52). Net financial items comprise: net interest expense SEK -7 M (-52) and exchange rate differences SEK -2 M (0).

Income before tax, and reported tax

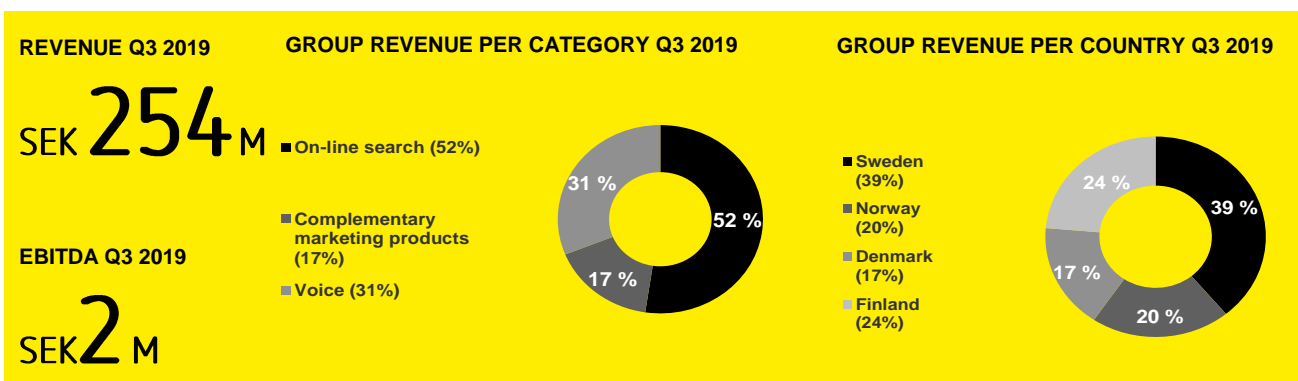
Income before tax amounted to SEK -351 M (-31). Reported tax totaled SEK -175 M (10), which is essentially attributable to the reversal of deferred tax assets.

Deferred tax assets

Due to the trend related to the impairment of goodwill and uncertainty regarding new rules on the restrictions to tax deductions on interest, the Board had decided to impair deferred tax assets by SEK 169 M.

Net income for the period and earnings per ordinary share

Net income for the period was SEK -526 M (-21). Earnings per ordinary share were SEK -7.90 (-0.33) before and after dilution.



Results January - September 2019

Revenue

Operating revenue for the period amounted to SEK 814 M (1,073), a decrease of 24%. Adjusted for divested units, the decrease was 9%.

Currency effects impacted revenue positively by SEK 12 M (36).

Geographically, operating revenue is broken down into Sweden SEK 310 M (371), Norway SEK 195 M (260), Denmark SEK 134 M (149), Finland SEK 175 M (139), and Poland SEK 0 M (154).

Digital marketing

Operating revenue from Digital marketing amounted to SEK 582 M (851), a decrease of 32%. Of operating revenue, SEK 453 M (726) came from Online search and SEK 129 M (125) from Complementary digital marketing products.

Voice

Operating revenue from Voice amounted to SEK 232 M (222), an increase of 5%.

Operating income

EBITDA for the Group was SEK 54 M (169), corresponding to an EBITDA margin of 6.6% (15.8%).

EBITDA is broken down as follows: SEK 57 M (144) pertained to Digital marketing, SEK 43 M (45) relating to Voice, and SEK -46 M (-20) relating to other Group functions.

The Group's operating expenses, that is, expenses excluding amortization and impairment losses, totaled SEK -737 M (-911), where expenses for the period include SEK -18 M (-2) in items affecting comparability. Of these, SEK -14 M (-1) relating to restructuring costs, SEK 28 M (0) IFRS 16, SEK -32 M (0) Capital loss on sale of subsidiaries and SEK 0 M (-1) other items.

After adjustment for items affecting comparability, adjusted EBITDA for the Group amounted to SEK 72 M

(171), a decrease of 58%. The adjusted EBITDA margin was 8.8% (15.9%).

After amortization and impairment losses totaling SEK -424 M (-117), consolidated operating income amounted to SEK -370 M (52).

Amortization and impairment losses

The Group's total amortization amounted to SEK -118 M (-114) during the January – September 2019 period. Amortization of the *Gule Sider* trademark totaled SEK -45 M (-44) and the amortization of the Krak trademark totaled SEK -10 M (-10).

The remaining amortization of SEK -63 M (-60) consists mainly of amortization of capitalized costs for product development and on right-of-use assets according to IFRS 16.

Considering the Group's earnings trend and taking into account updated forecasts and elaborated business plans during the third quarter, the Board has decided to further write down goodwill of SEK -306 M, which in turn reduces the parent company's and the Group's equity.

Net financial items

Net financial items amounted to SEK -47 M (-77). Net financial items comprise: net interest expense SEK -53 M (-79 and exchange rate differences SEK 6 M (2).

Income before tax, and reported tax

Income before tax amounted to SEK -417 M (-25). Reported tax totaled SEK -172 M (-6), which is essentially attributable to the reversal of deferred tax assets.

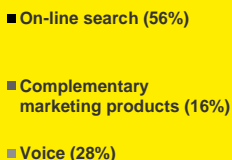
Net income for the period and earnings per ordinary share

Net income for the period was SEK -589 M (-31). Earnings per ordinary share were SEK -8.88 (-0.51) before and after dilution. The decline in earnings is mainly attributable to the write-down of intangible assets.

REVENUE YTD 2019

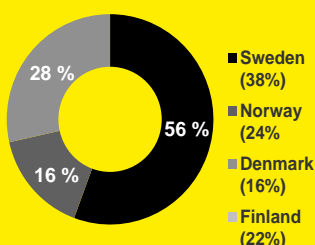
SEK **814**M

GROUP REVENUE PER CATEGORY YTD 2019

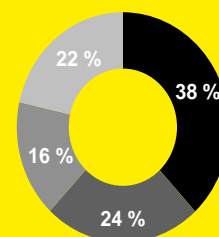


EBITDA YTD 2019

SEK **54**M



GROUP REVENUE PER COUNTRY YTD 2019



Operating revenue by category and operating segment

	Jul-Sep	Jul-Sep		Jan-Sep	Jan-Sep		Oct-Sep	Jan-Dec
SEK M	2019	2018	%	2019	2018	%	2018/19	2018
On-line search	133	234	-43	453	726	-38	647	920
Complementary digital marketing products	42	42	0	129	125	3	178	174
Digital marketing	175	276	-37	582	851	-32	825	1,094
Voice	79	80	-1	232	222	5	309	299
Total revenue	254	356	-29	814	1,073	-24	1,134	1,393

Reconciliation of operating income and adjusted EBITDA

	Jul-Sep	Jul-Sep		Jan-Sep	Jan-Sep		Oct-Sep	Jan-Dec
SEK M	2019	2018	%	2019	2018	%	2018/19	2018
Operating income	-342	21		-370	52		-935	-513
Depreciation/amortization	38	38	0	118	114	4	150	146
Impairment losses	306	1		306	3		876	573
Total EBITDA	2	60	-97	54	169	-68	91	206
Whereof Digital marketing	16	46	-65	57	144	-60	87	174
Whereof Voice	19	18	6	43	45	-4	54	56
Whereof Other	-33	-4	-725	-46	-20	-130	-50	-24
EBITDA margin %	0.8	16.9		6.6	15.8		8.0	14.8
Items affecting comparability								
Loss sale of subsidiary	32	0		32	0		32	0
Restructuring costs	2	0		14	1		15	2
IFRS 16 Lease	-9	2		-28	1		-28	1
Total adjusted EBITDA	27	62	-56	72	171	-58	78	209
Adjusted EBITDA margin %	10.6	17.4		8.8	15.9		6.9	15.0

Interest-bearing net debt excluding convertible bond and pension obligations

SEK M	Note	Sep. 30 2019	Sep. 30 2018	Dec. 31 2018
Borrowing		-1,037	-921	-993
Lease liability		-76	-8	-8
Other non-current interest-bearing receivables ¹⁾		10	13	14
Cash and cash equivalents		193	48	165
Interest-bearing net debt excluding convertible bond and pension obligations²⁾		-910	-868	-822

1) The amount pertain to pledged bank funds as a security for leases in Norway and Finland.

2) In addition to interest-bearing debt Eniro has SEK 182 M (200) pertains to pledged bank funds for future pension obligation.

Cash flow and financial position

Financial position

Total assets in the Group amounted to SEK 2,159 M (3,373), a decrease of 36%.

Intangible assets amounted to SEK 1,481 M (2,577), of which SEK 1,063 M (2,054) relating to goodwill.

The Group's interest-bearing net debt excluding the convertible bond and pension obligations amounted to SEK 910 M (868) 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 10.0 (4.1) as of September 30.

As per September 30, the Group's outstanding net debt under existing credit facilities was NOK 0 M (199), DKK 0 M (49) and SEK 1,037 M (637). Cash and cash equivalents amounted to SEK 193 M (48).

The convertible bond is reported at cost and amounted to SEK 29 M (27) as per September 30. The nominal debt at the same point in time was SEK 29 M (29), entailing that 471 (471) of the total 500 convertibles have been converted to ordinary shares.

The Group's pension obligations amounted to SEK 735 M (568) as per September 30. The higher pension liability was primarily attributable to low market interest rates (refer to Note 6).

Eniro has credit insurance with *PRI Pensionsgaranti* (PRI) which remains in force until September 30, 2020. Eniro has pledged bank funds for future obligations (a so-called enhanced pension guarantee). As per September 30, 2019, total pledged funds amounted to SEK 182 M (200), including returns. Pledged funds including returns are recognized as Other long-term interest-bearing receivables.

Contract liabilities amounted to SEK 229 M (396) at the end of the period. Contract liabilities arises mainly in the Online search segments, where certain customers pay one year in advance. The 42% decrease compared with September 30, 2018 is mainly attributable to the divestment of the Polish operation and the Proff companies.

Total shareholders' equity for the Group amounted to SEK -292 M (1,011) as per September 30. The negative shareholders' equity was mainly attributable to the increase in pension liabilities affected by the current low interest rates. Net income for the period was SEK -589 M (-31).

Cash flow

Cash flow from operating activities was SEK 10 M (18). Lower EBIT of SEK -370 M (52) and a negative change in working capital of SEK -77 M (-89), of which SEK -11 M (-17) exchange rate effect, were offset by lower financial items of SEK -1 M (-15) and better other non-cash items of SEK 39 M (-29), which mainly pertain to changes in provisions.

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

Cash flow from investing activities amounted to SEK 64 M (-58), of which the divestment of the Proff companies amounted to SEK 77 M (-) and net investments in operations to SEK -13 M (-58).

Cash flow from financing activities amounted to SEK -42 M (40). During the nine-month period, new borrowing amounted to SEK - M (52), while amortizations totaled SEK -37 M (-10). Rights issue amounted to SEK - M (3). Dividends to minority shareholders amounted to SEK 5 M (5).

Cash flow for the period amounted to SEK 32 M (0).

Improvements to capital structure

The Group's financing is guaranteed through a bond loan that matures at the end of 2021. The Board has, in light of the updated forecast and business plans that have been worked out in connection with the assessment of the of intangible assets, decided to now initiate a review of the improvements that can be made to the capital structure.

Divestments

In May 2019, Eniro entered into an agreement for the transfer of Proff, Eniro's B2B and financial search operations in Scandinavia, to Asiakastiето Group Plc together with its Swedish subsidiary UC AB. This sale is in line with Eniro's strategy of focusing on digital marketing services in the Nordic region. Cash purchase consideration of SEK 120 M, and interest of SEK 3 M calculated as annual interest of 5% based on SEK 120 M from January 1, 2019 until the closing date, was paid on the closing date of July 1, 2019.

The previously communicated positive cash flow of SEK 115 M was calculated on enterprise value, i.e. before consideration for cash remuneration. After reporting the actual values of assets and liabilities and adjusting for purchase price, among other things with regards to interest rate additions, a positive cash flow effect of SEK 77 M is reported, before taking into account transaction costs.

In the interim report show an impact on earnings of SEK -32 M. The additional claimed purchase price is not included in the gain as it is to be regarded as an contingent asset pending a decision in the arbitration proceeding.

Following the transaction, Eniro made a claim to the buyer for an additional payment of SEK 21 M plus accrued but not paid interest, refer to Disputes below, whereby the final outcome of the transaction may change.

Considering the uncertainty regarding the timing of settlement of the additional claimed purchase price including interest there on, the Board of Directors has determined that this is currently considered a contingent asset, which has not been taken into account in the calculation of earning on the sale of shares.

Disputes

Eniro announced on August 15, 2019 that Eniro had made a claim to Asiakastiето Group Plc and UC AB for additional payment of SEK 21 M plus accrued but not paid interest for the transfer of Proff. Asiakastiето and

UC have contested this claim and Eniro has called for arbitration with Asiakastiето Group Plc and UC AB.

Parent Company

Operating revenue amounted to SEK 16 M (13), which pertains to intra-Group services. Income for the period was SEK -491 M (-19). The decline in earnings is mainly attributable to write-down of shares in subsidiaries. At September 30, the Parent Company's equity amounted to SEK 150 M (1,419), of which unrestricted equity amounted to SEK 97 M (221).

After receiving permission from the Swedish Companies Registration Office on July 18, 2019 and in accordance with the Annual General Meeting's resolution on May 9, 2019, the company's share capital was reduced for transfer to unrestricted equity in the amount of SEK 587,898,596.06 without the cancelation of shares. Following the reduction in share capital, the company's share capital amounted to SEK 53,465,749.60,

distributed among a total of 66,832,187 shares, each with a quota value of 0.80 SEK. The reduction does not affect the number of shares in the company.

Shares and holdings of treasury shares

As of September 30, 2019, the total number of shares was 66,832,187, of which 66,573,410 are ordinary Class A shares and 258,777 are preference shares. The total number of votes as per September 30 was 66,599,287.7, of which ordinary Class A shares correspond to 66,573,410 votes and preference shares to 25,877.7 votes.

Upon full dilution resulting from conversion to shares, the number of shares will amount to a maximum of 67,039,506.

Eniro held 20,405 treasury shares on September 30 2019, of which 17,037 are ordinary Class A shares and 3,368 preference shares. The average holding of treasury shares during the period was 20,405.

Other information

Dividend

The 2019 Annual General Meeting 2019 decided not to pay any dividends – neither for ordinary nor preference shares.

Annual Report 2018

Eniro's 2018 Annual Report is available on the company's website www.enirogroup.com.

Reduction of share capital

The Annual General Meeting on May 9, 2019 passed two resolutions regarding the reduction of Eniro AB's share capital. The first resolution was a SEK 557 M reduction in share capital for the purpose of covering losses, without the cancelation of shares, and was registered with the Companies Registration Office. After this reduction, the share capital amounted to approximately SEK 641 M, distributed between an unchanged number of shares, 66,832,187, meaning that the quota value of the shares has reduced to about SEK 9.59 per share.

The second decision, which required permission from the Companies Registration Office to be executed, was the reduction of share capital by approximately SEK 588 M to about SEK 53.5 M for transfer to unrestricted shareholders' equity, without the cancelation of shares, which entails that the quota value of the shares will be reduced by an additional SEK 0.80 per share. Permission from the Companies Registration Office was granted on July 18, 2019.

To enable the second reduction of approximately SEK 588 M, the Annual General Meeting also resolved on an amendment of the Articles of Association such that the limits for share capital are to be not less than SEK 50,000,000 and not more than SEK 200,000,000, and that the limits for the number of shares are to be not fewer than 60,000,000 shares and not more than 240,000,000 shares.

Employees

Full-time employees at the end of the period

	Sep. 30 2019	Sep. 30 2018
Sw eden	174	225
Norw ay	110	159
Denmark	108	115
Finland	23	22
Poland	23	559
Digital marketing	438	1,080
Sw eden	55	54
Norw ay	20	22
Finland	244	222
Voice	319	298
Total Group	757	1,378

Risks and uncertainties

Eniro conducts risk analysis in an annual Enterprise Risk Management (ERM) 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 2018 Annual Report, pages 30-31.

Risks and uncertainties in the annual risk analysis that are judged to potentially affect the Group's performance in 2018 are related to high personnel turnover and higher competition from global actors in Online search, a lack of digital expertise among the sales representatives, difficulties in conveying customer benefit, as well as liquidity and financing risks.

New Board

The Annual General Meeting on May 9, 2019 resolved in accordance with the Nomination Committee's recommendations to re-elect Board member Johnny Sommarlund, Henrik Salwén, and Magdalena Bonde and to elect Arne Myhrman and Urban Hilding as new Board members. The Meeting also resolved to elect Arne Myhrman as Chairman of the Board.

Shareholders who wish to submit proposal to the Nomination Committee can do so via e-mail to nominationcommittee@eniro.com not later than January 21, 2020.

Shareholders who wish to have a matter dealt with at the AGM, must submit a proposal to the Chairman of the Board via e-mail to till ir@eniro.com not later than March 10, 2020, for the proposal to be included in the notice of the meeting.

Costs for outgoing CEO

The contract with former CEO Örjan Frid was terminated on May 22, 2019. This contract has a mutual six-month period of notice. Örjan Frid is not entitled to any severance pay. The total cost of remuneration for Örjan Frid during the period of notice amounted to SEK 2.4 M.

Review report

This interim report has been reviewed by auditors.

Nomination Committee and Annual General Meeting

Eniro's Annual General Meeting will be held on April 28, 2020 in Kista, Sweden. The Nomination Committee ahead of the 2020 Annual General Meeting has been appointed in accordance with the guidelines decided at Eniro's 2018 Annual General Meeting that remain valid and consists of the following individuals: Johnny Sommarlund (appointed by MGA Placeringar AB), Ilija Batljan (own holding sand via companies), Theodor Jeansson (own holdings), Carl Rosvall (appointed by Hajskäret Invest AB) and Arne Myhrman (Chairman of the Board of Eniro). The Nomination Committee elected Theodor Jeansson its Chairman. See also www.enirogroup.com.

Disclosure

This information is information that Eniro AB is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out above, at 20:30 a.m. CET on October 28, 2019.

Kista, October 28, 2019

Magdalena Bonde

President and CEO

FOR FURTHER INFORMATION, PLEASE CONTACT:

Magdalena Bonde

President and CEO

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Anne Langbraaten

CFO

Tel.: +46-8-553 310 00

FINANCIAL CALENDAR

Year-end report 2019

Interim report Jan-Mar 2020

Annual General Meeting 2020

Half year report 2020

Interim report Jan-Sep 2020

February 11, 2020

April 28, 2020

April 28, 2020

July 15, 2020

October 28, 2020

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, 2019, 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.

Emphasis of Matter

Without affecting our statements above, we would like to draw attention to the fact that Note 2 Goodwill states that the value of the company's intangible assets is dependent on a number of significant assumptions by management and the board of directors where the rate of growth in the transformation is the most significant. If the transformation of Eniro's business does not impact sales at the rate assumed by the management, or if other assumptions underlying the impairment test conducted by the management would change in a negative way, this will lead to further write-downs as the assumed cash flows do not will occur alternatively be pushed further in the future.

Stockholm, October 28, 2019

PricewaterhouseCoopers AB

Michael Bengtsson

Authorized Public Accountant

Carl Fogelberg

Authorized Public Accountant

Consolidated accounts

Consolidated income statement

SEK M	Note	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	Oct-Sep 2018/19	Jan-Dec 2018
Operating revenue		254	356	814	1,073	1,134	1,393
Production costs		-96	-105	-298	-297	-400	-399
Sales costs		-68	-119	-249	-377	-356	-484
Marketing costs		-30	-25	-78	-78	-101	-101
Administration costs		-43	-54	-145	-161	-197	-213
Product development costs		-26	-34	-85	-112	-117	-144
Other income/costs		-27	3	-23	7	-22	8
Impairment of non-current assets		-306	-1	-306	-3	-876	-573
Operating income	2	-342	21	-370	52	-935	-513
Financial items, net		-9	-52	-47	-77	-37	-67
Income before tax		-351	-31	-417	-25	-972	-580
Income tax		-175	10	-172	-6	-174	-8
Net income		-526	-21	-589	-31	-1,146	-588
Of which, attributable to:							
Owners of the Parent Company		-526	-22	-591	-34	-1,149	-592
Non-controlling interests		0	1	2	3	3	4
Net Income		-526	-21	-589	-31	-1,146	-588
Earnings per ordinary share before dilution, SEK	3	-7.90	-0.33	-8.88	-0.51	-17.27	-8.91
Earnings per ordinary share after dilution, SEK	3	-7.90	-0.33	-8.88	-0.51	-17.27	-8.91
Average number of ordinary shares before dilution, 000s		66,556	66,523	66,556	66,392	66,547	66,433
Average number of ordinary shares after dilution, 000s		66,763	66,987	66,763	66,857	66,754	66,898
Preference shares on closing date, 000s		259	259	259	259	259	259

Consolidated statement of comprehensive income

SEK M	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	Oct-Sep 2018/19	Jan-Dec 2018
Net income	-526	-21	-589	-31	-1,146	-588
Other comprehensive income						
Items that cannot be reclassified to income statement						
Revaluation of pension obligations	-24	-17	-164	-52	-165	-53
Tax attributable to revaluation pension obligations	4	3	34	11	35	12
Total	-20	-14	-130	-41	-130	-41
Items that have been or can be reclassified to the income statement						
Exchange rate differences	7	-13	34	56	-18	4
Hedge of net investments	0	4	0	-19	-3	-22
Tax attributable to hedge of net investments	0	-1	0	4	1	5
Total	7	-10	34	41	-20	-13
Other comprehensive income, net after tax	-13	-24	-96	0	-150	-54
Total comprehensive income	-539	-45	-685	-31	-1,296	-642
Of which, attributable to:						
Owners of the Parent Company	-539	-45	-689	-37	-1,299	-647
Non-controlling interests	0	0	4	6	3	5
Total comprehensive income	-539	-45	-685	-31	-1,296	-642

Consolidated balance sheet

SEK M	Note	Sep. 30 2019	Sep. 30 2018	Dec. 31 2018
Assets				
Non-current assets				
Right-of-use assets		67	-	-
Other tangible assets		8	14	14
Intangible assets	5	1,481	2,577	1,948
Deferred tax assets		23	207	164
Financial assets		237	259	241
Total non-current assets		1,816	3,057	2,367
Current assets				
Contract assets		29	60	35
Accounts receivable - trade and other receivables		73	165	88
Current tax assets		16	17	12
Other current receivables		32	26	25
Cash and cash equivalents		193	48	165
Total current assets		343	316	325
TOTAL ASSETS		2,159	3,373	2,692
Shareholders' equity and liabilities				
Shareholders' equity				
Share capital		53	1,198	1,198
Additional paid in capital		5,829	5,829	5,829
Reserves		-295	-275	-327
Retained earnings		-5,918	-5,781	-6,342
Shareholders' equity, owners of the Parent Company		-331	971	358
Non-controlling interests		39	40	39
Total Shareholders' equity		-292	1,011	397
Non-current liabilities				
Borrowing		1,037	-	993
Lease liabilities		38	-	-
Convertible bond		29	27	27
Deferred tax liabilities		126	149	130
Pension obligations	6	735	568	566
Other non-current liabilities		8	24	16
Total non-current liabilities		1,973	768	1,732
Current liabilities				
Accounts payable - trade		35	69	45
Current tax liabilities		7	6	7
Accrued liabilities		104	127	112
Contract liabilities		229	396	321
Other current liabilities		54	61	64
Provisions		11	6	6
Borrowing		-	921	-
Lease liabilities		38	8	8
Total current liabilities		478	1,594	563
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		2,159	3,373	2,692

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, 2018	1,192	5,829	-313	-5,702	1,006	39	1,045
Total comprehensive income	-	-	38	-75	-37	6	-31
Set-off issue of issue expenses	5	-	-	-3	2	-	2
Set-off issue	1	-	-	-1	0	-	0
Dividend non-controlling interest	-	-	-	-	-	-5	-5
Closing balance, Sep 30, 2018	1,198	5,829	-275	-5,781	971	40	1,011
Opening balance, January 1, 2018	1,192	5,829	-313	-5,702	1,006	39	1,045
Total comprehensive income	-	-	-14	-633	-647	5	-642
Set-off issue of issue expenses	5	-	-	-3	2	-	2
Set-off issue	1	-	-	-1	0	-	0
Advisory expenses	-	-	-	-3	-3	-	-3
Dividend non-controlling interest	-	-	-	-	-	-5	-5
Closing balance, December 31, 2018	1,198	5,829	-327	-6,342	358	39	397
Opening balance, January 1, 2019	1,198	5,829	-327	-6,342	358	39	397
Total comprehensive income	-	-	32	-721	-689	4	-685
Reduction of the share capital	-1,145	-	-	1,145	0	-	0
Dividend non-controlling interest	-	-	-	-	-	-4	-4
Closing balance, Sep 30, 2019	53	5,829	-295	-5,918	-331	39	-292

Consolidated statement of cash flows

SEK M	Note	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	Oct-Sep 2018/19	Jan-Dec 2018
Operating income		-342	21	-370	52	-935	-513
Adjustments for							
Depreciation, amortization and impairment		336	39	424	117	1,026	719
Capital gain/loss and other non-cash items		35	-4	39	-29	35	-33
Financial items, net		-1	-5	-1	-15	-22	-36
Income tax paid		-2	-2	-5	-18	2	-11
Cash flow from operating activities before changes in working capital		26	49	87	107	106	126
Changes in working capital		-22	-40	-77	-89	-69	-81
Cash flow from operating activities		4	9	10	18	37	45
Acquisitions/divestments of Group companies and other assets		77	-	77	-	93	16
Investments in non-current assets, net		-3	-6	-13	-58	-21	-66
Cash flow from investing activities		74	-6	64	-58	72	-50
Proceeds from borrowings		-	18	-	52	979	1,031
Repayment of borrowings		-37	0	-37	-10	-952	-925
Long-term investments		-	-	-	-	18	18
Dividend on preference shares		-	-	-	-	-	-
Dividend non controlling interests		-3	-2	-5	-5	-5	-5
Rights issue		-	1	-	3	-3	-
Cash flow from financing activities		-40	17	-42	40	37	119
Cash flow for the period		38	20	32	0	146	114
Cash and cash equivalents at start of period		155	29	165	51	48	51
Cash flow for the period		38	20	32	0	146	114
Exchange rate differences in cash and cash equivalents		0	-1	-4	-3	-1	0
Cash and cash equivalents at end of period		193	48	193	48	193	165

Parent Company accounts

Income statement

	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	Oct-Sep	Jan-Dec
SEK M	2019	2018	2019	2018	2018/19	2018
Operating revenue	3	4	16	13	24	21
Administration costs	-8	-11	-28	-36	-40	-48
Other income/costs	-1	0	-2	-1	-2	-1
Operating income	-6	-7	-14	-24	-18	-28
Financial items, net	-387	1	-424	4	-1,200	-772
Income before tax	-393	-6	-438	-20	-1,218	-800
Income tax	-55	-2	-53	1	-47	7
Net income	-448	-8	-491	-19	-1,265	-793

Balance sheet

SEK M	Sep. 30	Sep. 30	Dec. 31
	2019	2018	2018
Assets			
Shares in subsidiaries	1,086	443	1,462
Deferred tax assets	0	47	53
Receivables on group companies	0	776	0
Financial assets	217	235	217
Total non-current assets	1,303	1,501	1,732
Accounts receivable - trade	11	3	6
Other current receivables	11	12	3
Cash and cash equivalents	4	21	5
Total current assets	26	36	14
TOTAL ASSETS	1,329	1,537	1,746
Shareholders equity and liabilities			
Shareholders' equity			
Share capital	53	1,198	1,198
Restricted equity	53	1,198	1,198
Share premium reserve	704	704	704
Retained earnings	-116	-464	-468
Net profit	-491	-19	-793
Non-restricted equity	97	221	-557
Total equity	150	1,419	641
Borrowing	1,037	0	993
Convertible bond	29	27	27
Pension obligations	72	73	73
Total non-current liabilities	1,138	100	1,093
Accounts payable	3	11	6
Liabilities to group companies	33	0	0
Other current liabilities	5	7	6
Total current liabilities	41	18	12
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	1,329	1,537	1,746

Notes to the consolidated accounts

Note 1 Accounting policies

This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting.

The Parent Company prepares its statements in accordance with the Swedish Annual Accounts Act and Swedish Financial Reporting Board's recommendation RFR 2.

The accounting policies applied in this interim report correspond with those contained in the Annual Report for the financial year ending December 31, 2018, which was prepared in accordance with International Financial Reporting Standard (IFRS) and IFRIC interpretations as endorsed by the European Union (EU) and should be read in combination with these. However, consideration must be given to the new standard on leasing that came into force in 2019.

Leases (IFRS 16)

IFRS 16 Leases replaces IAS 17 leases and established the principles for recognizing, measuring, presenting and providing disclosures in leases. The changes to the standard require differentiation between finance and operating leases and require that the lessee recognize assets and lease liabilities for most leases in the balance sheet. In the income statement, operating expenses are replaced by depreciation of the assets and interest expenses for the lease liabilities. In the cash flow statement, payments attributable to amortization of the lease liability will be recognized in financing activities and payments attributable to the interest portion will be recognized in the operating activities.

The Eniro Group has applied IFRS 16 from the required application date, January 1, 2019, without restating comparative information.

Lease liabilities are initially calculated on transition at the present value of future lease payments, discounted by the incremental borrowing rate on commencement on January 1, 2019. Right-of-use assets are initially recognized at an amount corresponding to the lease liability, adjusted by any prepaid lease payments. Short leases with a term of less than one year and low-value leases are exempted in accordance with the exemptions permitted by the standard. After the commencement date, the lease liability is remeasured to reflect retesting and amendments to leases. Revaluations of the lease liability are adjusted to the right-of-use assets.

The Parent Company has chosen the option in RFR 2 to not apply IFRS 16, which means that the recognition of leases in the Parent Company has not changed.

At year-end, the effect of IFRS 16 is expected to have a positive impact on EBITDA of approximately SEK 26 M and an increase of total assets by approximately SEK 75 M.

In connection with the preparation of the interim report, a retroactive adjustment has been made in accordance with IFRS 16, which means that EBITDA reported in the previous quarter would have been SEK 8 M lower with SEK 4 M per quarter.

Note 2 Segment information

Eniro reports its financial results distributed among the *Digital marketing* and *Voice* business areas. Digital marketing has cross-border functions for *Products & Technology* (formerly *Digital Solutions*), *Sales and Marketing* (formerly *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	Digital marketing				Voice			
	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018
Operating revenue								
Sweden	82	99	259	302	17	21	51	69
Norway	44	72	172	233	8	9	23	27
Denmark	43	49	134	149	0	0	0	0
Finland	6	4	17	13	54	50	158	126
Poland	0	52	0	154	0	0	0	0
Total	175	276	582	851	79	80	232	222
EBITDA	16	46	57	144	19	18	43	45
Loss sale of subsidiary								
Items affecting comparability ¹⁾	-4	0	-9		-3		-5	1
Adjusted EBITDA	12	46	48	144	16	18	38	46
Depreciation/amortization	-32	-35	-100	-107	-7	-3	-19	-7
Impairment losses	-265	0	-265	0	-41	-1	-41	-3
Operating income	-281	11	-308	37	-29	14	-17	35

SEK M	Other				Total			
	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018
Operating revenue								
Sweden	-	-	-	-	99	120	310	371
Norway	-	-	-	-	52	81	195	260
Denmark	-	-	-	-	43	49	134	149
Finland	-	-	-	-	60	54	175	139
Poland	-	-	-	-	-	52	-	154
Total	-	-	-	-	254	356	814	1,073
EBITDA	-33	-4	-46	-20	2	60	54	169
Loss sale of subsidiary	32		32		32	0	32	0
Items affecting comparability ¹⁾	0	2	0	1	-7	2	-14	2
Adjusted EBITDA	-1	-2	-14	-19	27	62	72	171
Depreciation/amortization	0	0	0	0	-38	-38	-118	-114
Impairment losses	0	0	0	0	-306	-1	-306	-3
Operating income	-33	-4	-46	-20	-342	21	-370	52
Net financial items					-9	-52	-47	-77
Taxes					-175	10	-172	-6
Net income for the period					-526	-21	-589	-31

1) Items affecting comparability consist of restructuring costs and adjustments in accordance with IFRS 16 Leasing.

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 and adjusted for bonus issue effect on new issue.

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 and adjusted for bonus issue effect on new issue.

SEK M	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	Oct-Sep 2018/19	Jan-Dec 2018
Earnings attributable to owners of the Parent Company	-526	-22	-591	-34	-1,149	-592
Dividend established for cumulative preference shares during the period	-	-	-	-	-	-
Earnings used for calculating earnings per ordinary share, before dilution	-526	-22	-591	-34	-1,149	-592
Coupon rate for convertible bonds	1	1	1	1	1	1
Earnings used for calculating earnings per ordinary share, after dilution	-525	-21	-590	-33	-1,148	-591
Average number of ordinary shares before dilution, 000s	66,556	66,523	66,556	66,392	66,547	66,433
Adjustments for the calculation of earnings per ordinary share after dilution:						
- Convertible bonds	207	207	207	207	207	207
- Warrants ²⁾	-	257	-	257	-	258
Average number of ordinary shares after dilution, 000s	66,763	66,987	66,763	66,856	66,754	66,898
Earnings per ordinary share before dilution, SEK	-7.90	-0.33	-8.88	-0.51	-17.27	-8.91
Earnings per ordinary share after dilution, SEK ¹⁾	-7.90	-0.33	-8.88	-0.51	-17.27	-8.91
Preference shares on closing date, 000s	259	259	259	259	259	259

¹⁾ As earnings per ordinary share after dilution resulted in a reduced loss, the ordinary shares did not give cause to any dilution effect.

²⁾ The decision at the annual general meeting 2016 regarding the warrant program directed to the board and to certain leading executives has in 31 May 2019 expired without any warrant used.

Note 4 Financial instruments by category

Assets and liabilities on the balance sheet	Sep. 30	Sep. 30	Dec. 31
SEK M	2019	2018	2018
Financial assets valued to accrued acquisition value			
<i>Non-current assets</i>			
Interest-bearing receivables, blocked bank funds	192	213	196
<i>Current assets</i>			
Accounts receivable - trade and other receivables	72	172	94
Cash and cash equivalents	193	48	165
TOTAL	457	433	455
Financial liabilities valued to accrued acquisition value			
<i>Non-current liabilities</i>			
Borrowing	1,037	-	993
Lease liability	38	-	-
Convertible bond	29	27	27
Other financial liabilities	8	24	16
<i>Current liabilities</i>			
Borrowing	-	921	-
Lease liability	38	8	8
Accounts payable - trade and other liabilities	89	69	109
TOTAL	1,239	1,049	1,153

Note 5 Goodwill

SEK M	Sep. 30	Sep. 30	Dec. 31
	2019	2018	2018
At start of year	1,470	2,006	2,006
Write down goodwill relating to Proff	-124 *	0	0
Impairment loss for the period	-306	-3	-568
Exchange rate difference	23	51	32
Carrying amount	1,063	2,054	1,470

* This amount has been recognized as a deduction from the result of the sale of shares in subsidiaries.

Impairment testing

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., Digital marketing 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.

Testing of the value of all of the Group's intangible assets is conducted annually or when indications of significant changes in assumptions have been identified. When preparing the accounts for the interim report, the company performed a detailed analysis of the carrying amount of the Group's operating assets including goodwill, known as an impairment test.

An impairment test is based on a number of different assumptions regarding the future performance of the operations. Such assumptions are always associated with varying degrees of uncertainty.

Given that the Group still is in a transition phase of its business model, some uncertainty remains. The most critical assumption concerns the management's assessment at what speed the transformation that Eniro is undergoing, Eniro estimates that the customer base will increase in the coming years. Eniro further estimates that the customer base who will use Eniros's supplemental digital marketing products (CDMP), will increase double-digit in the coming years.

The customer acceptance of Eniro as a digital marketing partner is an important prerequisite for meeting the assumed continued slowdown and planning of today's core business. Unless the transformation of Eniro's service offering will have a breakthrough in sales at the rate adopted by the management, or if other assumptions underlying impairment testing would change in a negative way, this will lead to further write-downs as the assumed cash flow will not occur or be

postponed further in the future. Considering the uncertainty as to when and at what speed the transformation will take place, Eniro has in this impairment test increased the risk premium in the WACC by an additional 1.8% compared with last year. Together with other changed assumptions, this resulted in an impairment of SEK -306 M.

Supplementary disclosure – deferred taxes

Another consequence of the impairment test is a changed assessment of the Group's deferred tax assets. The increased complexity that the new rules on interest deduction restriction has been taken into account. Overall, meaning that these assets were impaired in the amount of SEK 169 M.

Note 6 Pension obligations

The present value of pension obligations depends on a number of factors that are established by an independent actuary based on a number of assumptions. Each change in these assumptions will impact the carrying amount of pension obligations. Key assumptions are the discount rate, expected return on plan assets, future salary increases, inflation and demographic conditions.

The low market interest rates are reflected in the change in the discount rate for measuring the pension liability in accordance with IAS 19. The sharp decline in the assumption for the discount rate in 2019 from 2.3% at the start of the year to 1.3% on September 30, 2019 resulted in a significant increase in the pension liability.

The considerably higher charge to the balance sheet due to IAS 19 not only impacts Eniro but also a large number of other companies.

Key ratios

	Sep. 30 2019	Sep. 30 2018	Dec. 31 2018
Equity, average 12 months, SEK M	292	915	935
Return on equity (ROE), 12 months, %	-393.5	21.5	-63.3
Return on Assets (ROA), 12 months, %	-21.3	10.1	-23.7
Earnings per ordinary share before dilution, SEK	-8.88	-0.51	-8.91
Earnings per ordinary share after dilution, SEK	-8.88	-0.51	-8.91
Interest-bearing net debt excluding convertible bond and pension obligations, SEK M	-910	-868	-822
Debt/equity ratio, times	-3.1	0.9	2.1
Equity/assets ratio, %	-14	30	15
Interest-bearing net debt excluding convertible bond and pension obligations/EBITDA 12 months, times	10.0	4.1	4.0
Interest-bearing net debt excluding convertible bond and pension obligations/adjusted EBITDA 12 months, times	11.7	3.1	3.9
Average number full-time employees	823	1,404	1,461
Number of full-time employees on closing date	757	1,378	889
Number of ordinary shares before dilution on closing date after deduction of treasury shares, 000s	66,556	66,556	66,556
Number of ordinary shares after dilution on closing date after deduction of treasury shares, 000s	66,763	67,021	67,021
Number of preference shares on closing date, 000s	259	259	259

Key ratios per share

	Sep. 30 2019	Sep. 30 2018	Dec. 31 2018
Equity per share, SEK	-4.95	14.53	5.36
Share price for ordinary shares at end of period, SEK	1.54	2.04	1.09

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, calculated on a daily basis.
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, calculated on a daily basis + 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 100.	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, and amortization and impairment losses and is used to monitor the operating activities. EBITDA is the measure that best coincides with cash flow.
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) * 1,000.	Shareholders' equity per share measures the Group's net value per share.

Financial non-IFRS measures, cont.

Name	Definition	Calculation	Purpose
Adjusted EBITDA	EBITDA excluding restructuring costs and other items affecting comparability. Other items affecting comparability include, gain/loss from the divestment of companies, legal expenses from disputes that are not part of ordinary operations, severance expenses for persons in executive management and other major nonrecurring items.	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	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	Oct-Sep 2018/19	Jan-Dec 2018
Operating income	-342	21	-370	52	-935	-513
+ Depreciation/amortization	38	38	118	114	150	146
+ Impairment losses	306	1	306	3	876	573
= Total EBITDA	2	60	54	169	91	206
Items affecting comparability						
+ Loss sale subsidiary	32	0	32	0	32	0
+ Restructuring costs	2	0	14	1	15	2
+ IFRS 16 Lease	-9	2	-28	1	-28	1
= Total adjusted EBITDA	27	62	72	171	78	209

Calculation of EBITDA margin

	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	Oct-Sep 2018/19	Jan-Dec 2018
EBITDA	2	60	54	169	91	206
÷ Operating revenue	254	356	814	1,073	1,134	1,393
= EBITDA margin %	0.8	16.9	6.6	15.8	8.0	14.8

Calculation of adjusted EBITDA margin

	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	Oct-Sep 2018/19	Jan-Dec 2018
Adjusted EBITDA	27	62	72	171	78	209
÷ Operating revenue	254	356	814	1,073	1,134	1,393
= Adjusted EBITDA margin %	10.6	17.4	8.8	15.9	6.9	15.0

Reconciliation of operating expenses

SEK M	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	Oct-Sep 2018/19	Jan-Dec 2018
Production costs	-96	-105	-298	-297	-400	-399
+ Sales costs	-68	-119	-249	-377	-356	-484
+ Marketing costs	-30	-25	-78	-78	-101	-101
+ Administration costs	-43	-54	-145	-161	-197	-213
+ Product development costs	-26	-34	-85	-112	-117	-144
+ Deduction of depreciation	10	3	32	10	34	12
+ Deduction of amortization	28	35	86	104	116	134
= Operating expenses	-225	-299	-737	-911	-1,021	-1,195

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

SEK M	Sep. 30 2019	Sep. 30 2018	Dec. 31 2018
Borrowing	-1,037	-921	-993
+ Lease liability	-76	-8	-8
+ Other non-current interest-bearing receivables ¹⁾	10	13	14
+ Cash and cash equivalents	193	48	165
= Interest-bearing net debt excluding convertible bond and pension obligations²⁾	-910	-868	-822

1) The amount pertain to pledged bank funds as a security for leases in Norway and Finland.

2) In addition to interest-bearing debt Eniro has SEK 182 M (200) pertains to pledged bank funds for future pension obligations.

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

	Sep. 30 2019	Sep. 30 2018	Dec. 31 2018
Interest-bearing net debt excluding convertible			
- bond and pension obligations	-910	-868	-822
÷ EBITDA 12 month	91	213	206
Interest-bearing net debt excluding convertible bond and pension obligations/EBITDA 12 months, times	10.0	4.1	4.0

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

	Sep. 30 2019	Sep. 30 2018	Dec. 31 2018
Interest-bearing net debt excluding convertible			
- bond and pension obligations	-910	-868	-822
÷ Adjusted EBITDA 12 month	78	233	209
Interest-bearing net debt excluding convertible bond and pension obligations/adjusted EBITDA 12 months, times	11.7	3.7	3.9



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