MetroXpress Denmark A/S

Langebrogade 6 E, 5.
1411 København K
Denmark

CVR no. 26 21 58 46

Annual report for the period 1 January – 31 December 2018

The annual report was presented and approved at the Company's annual general meeting on

31 May 2019

chairman

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Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of MetroXpress Denmark A/S for the financial year 1 January – 31 December 2018.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2018 and of the results of the Company's operations for the financial year 1 January – 31 December 2018.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the annual general meeting.

Copenhagen 31 May 2019
Executive Board:

Marcel René Kohler

Board of Directors:

Christoph Georg Tonini Chairman	Marcel René Kohler	Eric Raymond Thibaut

Independent auditor's report

To the shareholder of MetroXpress Denmark A/S

Opinion

We have audited the financial statements of MetroXpress Denmark A/S for the financial year 1 January – 31 December 2018 comprising income statement, balance sheet and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2018 and of the results of the Company's operations for the financial year 1 January – 31 December 2018 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter regarding matters in the financial statements

Without qualifying our opinion we wish to highlight that in note 8 and the Management's review it is stated that the Company's equity is negative with DKK 239 million as at 31 December 2018. The Company is financed by intra-group credit facilities and further funding could be necessary, which the shareholder has confirmed to provide if necessary for a period of at least 2019.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements in Denmark will always detect a material misstatement when it exists. Misstatements may arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

Independent auditor's report

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also

— identify and assess the risks of material misstatement of the company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

— obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

— evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

— conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

— evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Independent auditor's report

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 31 May 2019
KPMG
Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Martin Eiler
State Authorised
Public Accountant
mne32271

Management's review

Company details

MetroXpress Denmark A/S
Langebrogade 6 E, 5.
1411 København K
Denmark

CVR no.:	26 21 58 46
Established:	30 August 2001
Financial year:	1 January – 31 December

Board of Directors

Christoph Georg Tonini, Chairman
Marcel René Kohler
Eric Raymond Thibaut

Executive Board

Marcel René Kohler

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
DK-2100 Copenhagen
Denmark

Management's review

Operating review

Principal activities

On January 4 2013, 20 Minuten AG aquired 100% of the share capital of the Company from all shareholders. 20 Minuten AG is a subsidiary of Tamedia AG a company listed in Switzerland. 20 Minuten AG publishes free newspapers in Switzerland.

In January 2017, the primary activities of the Company, MetroXpress, was merged with BT. Following the merger, MetroXpress Denmark A/S owns 30% of the new company BTMX P/S. Remaining activities comprise "train TV" activities with television advertising on trains.

Development in activities and financial position

The income statement of the Company for 2018 shows a loss of DKK 11,620 thousand, which include impairment of shares in BTMX P/S of DKK 11,660 thousand, and at 31 December 2018 the balance sheet of the Company shows negative equity of DKK 238,911 thousand.

Uncertainty regarding recognition and measurement

Investments

The valuation of the investment in BTMX is based on a number of assumptions, including increased profitability, Cash flow, applied discount rate and growth in the terminal period. These assumptions are associated with an inherent risk of uncertainty and given the impairment in 2018 there is no headroom and any changes in key assumptions would lead to further impairment, which could be significant.

Claim relating to gambling ads

In 2011, the Company received a claim for confiscation of revenue relating to gambling ads inserted during a number of years. Management disagrees with the content of the claim, and based on the documentation presented and legal assessment, we asses that there is no considerable risk of the Company losing the case. Clarification of the claim awaits court ruling regarding other similar claims. There has been no development in the case in the last 12 months.

Outlook

In 2019, a small loss is expected.

Equity and capital structure

The Company has negative equity of DKK 238,911 thousand and is therefore comprised by the rules of section 119 of the Danish Companies Act regarding the Board of Directors' obligation to take measures to restore the share capital of the Company. The Board of Directors and the Executive Board are of the opinion that the share capital will be restored through the Company's future profits.

The Parent Company, Tamedia AG, has confirmed its intention to provide Metroxpress Denmark A/S with the liquidity required to settle its liabilities until the adoption of the annual report for 2019.

Subsequent events

No events materially affecting the assesment of the Annual Report have occured after the balance sheet date.

Financial statements 1 January – 31 December

Income statement

DKK'000	Note	2018	2017
Revenue		7,059	6,611
Other operating income	2	0	79,684
Other external costs		-4,315	-7,070
Gross profit		2,744	79,225
Staff costs	3	-2,211	-2,309
Operating profit		533	76,916
Write down of investments in group entities		-11,660	0
Financial expenses	4	-6,899	-6,732
Profit/loss before tax		-18,026	70,184
Tax on profit/loss for the year	5	6,406	-4,011
Loss for the year		-11,620	66,173

Proposed profit appropriation/distribution of loss

	2018	2017
Retained earnings	-11,620	66,173

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Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	31/12 2018	31/12 2017
ASSETS			
Fixed assets			
Investments	6		
Investments in associates		63,357	75,000
Total fixed assets		63,357	75,000
Current assets			
Receivables			
Trade receivables		490	181
Other receivables		0	8
Corporation tax		2,395	0
Prepayments		0	94
		2,885	283
Cash at bank and in hand		6,735	6,433
Total current assets		9,620	6,716
TOTAL ASSETS		72,977	81,716
EQUITY AND LIABILITIES			
Equity			
Contributed capital	7	662	662
Retained earnings		-239,573	-227,953
Total equity		-238,911	-227,291
Liabilities			
Non-current liabilities other than provisions	8		
Payables to group entities		310,958	304,059
Current liabilities other than provisions			
Trade payables		350	457
Corporation tax		0	4,011
Other payables		580	480
		930	4,948
Total liabilities		311,888	309,007
TOTAL EQUITY AND LIABILITIES		72,977	81,716

Contractual obligations, contingencies, etc.	9
Related party disclosures	10

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1 **Accounting policies**

The annual report of MetroXpress Denmark A/S for 2018 has been prepared in accordance with the provisions applying to reporting class B entities under the Danish Financial Statements Act with opt-in from higher reporting classes.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Financial Statements for 2018 are presented in TDKK.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Income statement

Revenue

Revenue from the sale of advertisements is recognised in the income statement when delivery and transfer of risk to the buyer have been made before year end.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Other income

Other income comprises items secondary to the activities of the entity, including gains on the disposal of intangible assets and property, plant and equipment.

Other external costs

Other external expenses comprise indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc.

Staff costs

Staff costs comprise wages and salaries, including holiday allowance, pension and other social security costs, etc., to the Company's employees, excluding reimbursements from public authorities.

Depreciation

Depreciation comprise/depreciation of property, plant and equipment.

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1 Accounting policies (continued)

Financial income and expenses

Financial income and expenses comprise interest income and expense, financial costs regarding finance leases, gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation and impairment of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Dividends from equity investments in associates measured at cost are recognised as income in the Parent Company's income statement in the financial year when the dividends are declared.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

The Company is jointly taxed with Danish Group companies. The tax effect of the joint taxation with the Group companies is allocated to Danish enterprises showing profits or losses in proportion to their taxable incomes (full allocation with credit for tax losses). The jointly taxed enterprises have adopted the on-account taxation scheme.

Balance sheet

Equity investments in associates

Equity investments in associates are measured at cost. If cost exceeds the net realisable value, write-down is made to this lower value.

Impairment of fixed assets

The carrying amount of equity investments in associates is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the forecast net cash flows from the use of the asset or the group of assets, including forecast net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

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1 Accounting policies (continued)

Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable or a portfolio of receivables has been impaired. If there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Receivables with no objective indication of individual impairment are assessed for objective indication of impairment on a portfolio basis. The portfolios are primarily based on the debtors' registered offices and credit rating in accordance with the Company's credit risk management policy. The objective indicators used in relation to portfolios are determined on the basis of historical loss experience.

Write-downs are calculated as the difference between the carrying amount of receivables and the present value of forecast cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Prepayments and deferred income

Prepayments comprise prepayment of costs incurred relating to subsequent financial years.

Liabilities other than provisions

Financial liabilities are recognised at cost at the date of borrowing, corresponding to the proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost using the effective interest method. Accordingly, the difference between cost and the nominal value is recognised in the income statement over the term of the loan together with interest expenses.

Finance lease obligation comprise the capitalised residual lease obligation of finance leases.

Other liabilities are measured at amortised cost, substantially corresponding to nominal value.

	DKK'000	2018	2017
2	**Other income**		
	Profit from divestment of MetroXpress activity	0	79,684
3	**Staff costs**		
	Wages and salaries	2,015	1,618
	Pensions	196	557
	Other social security costs	0	134
		2,211	2,309
	Average number of full-time employees	4	7

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Notes

DKK'000	2018	2017

4 Financial expenses

	2018	2017
Interest expense to group entities	6,899	6,731
Exchange losses	0	1
	6,899	6,732

5 Tax on profit/loss for the year

	2018	2017
Current tax for the year	0	-4,011
Tax credit scheme (development costs) for the year	738	0
Adjustment of tax concerning previous years	4,011	0
Tax credit scheme (development costs) concerning previous years	1,657	0
	6,406	-4,011

6 Investments in associates

DKK'000	31/12 2018	31/12 2017
Cost at 1 January 2018	75,000	0
Additions for the year	17	75,000
Cost at 31 December 2018	75,017	75,000
Revaluations at 1 January 2018	0	0
Impairment write down	-11,660	0
Revaluations 31 December 2018	-11,660	0
Carrying amount at 31 December 2018	63,357	75,000

Name/legal form	Registered office	Voting rights and ownership interest	Equity	Profit/loss for the year
			DKK'000	DKK'000
BTMX P/S	Copenhagen	30%	181,156	-10,253
BTMX General Partner ApS	Copenhagen	30%	40	-5
			181,196	-10,258

7 Equity

The contributed capital consists of 662 shares of a nominal value of DKK 1,000 each.

All shares rank equally.

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8 Non-current liabilities

DKK'000	31/12 2018	31/12 2017
After 5 years	310,958	304,059

The Parent Company Tamedia AG has confirmed its intention to provide MetroXpress Denmark A/S with the liquidity required to settle its liabilities until the adoption of the annual report for 2019.

9 Contractual obligations, contingencies, etc.

In 2011, the Company received a claim for confiscation of revenue relating to gambling ads inserted during a number of years. Management disagrees with the content of the claim, and based on the documentation presented and legal assessment, we asses that there is no considerable risk of the Company losing the case. Clarification of the claim awaits court ruling regarding other similar claims. There has been no development in the case in the last 12 months.

The Company's deferred tax asset amounts DKK 63 million. The tax asset has not been recognized as utilization is uncertain.

10 Related party disclosures

The Company's related parties comprise Tamedia AG (owner) and Trendsales A/S (sister company).

Consolidated financial statements

The company is consolidated in the Financial Statements of Tamedia AG.

The Group Annual Report for Tamedia AG may be obtained at the following address:
https://www.tamedia.ch/en/group/investor-relations/reports.