

The Board of Directors  
North Media A/S  
Gladsaxe Møllevej 28  
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Denmark

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## Capital Allocation Roadmap, Portfolio Monetization, and Rightsizing the War Chest

Dear Board and Management,

Firstly, we commend you on the operational progress achieved in recent years. FK Distribution's sustained profitability, the rapid automation of SDR, and BoligPortal's transformation into a high margin digital franchise all reflect sound strategic judgment and disciplined execution.

As long-term investors and close observers of North Media A/S (the "Group" or "Company"), we believe the current market valuation fails to reflect the Company's underlying asset value. The persistent and increasing discount on net asset value, in our view, **remains a structural signal of lacking investor confidence in the Group's capital allocation and portfolio management strategy.**

Despite having turned 50 MDKK in 1993 into approximately DKK 2.4 billion in combined book equity and dividend value, alongside DKK 1.3 billion in excess intrinsic value – a compound annual growth rate of roughly 15%, well above Berkshire Hathaway's 13.5% and the Danish KFX index at 9.8% over the same period – the market continues to assign an increasing discount to the Company's shares. This paradox, despite the exceptional record of historical value creation, **underscores the need for capital allocation policy realignment.**

### The role and current size of the war chest

We recognize the importance of a robust liquidity reserve ("war chest") to safeguard the Company through cyclical downturns and to protect employment and know-how. That said, the present war chest **has grown disproportionately and unjustifiably large** relative to all metrics. As of end October, we estimate the equity portfolio at ~875 MDKK, with the Nvidia position alone at ~410 MDKK; U.S. technology stocks now appear to account for three quarters of the portfolio.

Combined with the Company's investment properties, financial assets exceed 130% of North Media's market capitalization (898 MDKK @ 50,- DKK, adjusted for treasury shares). This represents a significant imbalance and overcapitalization in assets unrelated to the Group's core activities. Strikingly, the stock portfolio's weighted average earnings yield is calculated to be around ~2.2% (TTM), rising to only ~3% on 2026 estimates - **levels that embed unrealistic expectations and material downside risk** (e.g. Nvidia trading at 40× 2026E P/E and overall portfolio EV/EBIT at ~35×).

By our estimates, North Media's stock trades at roughly one tenth the portfolio's valuation on normalized earnings. A compelling signal that increasing ownership in the core business via buybacks and **reducing non-core financial exposure is indisputably the most rational and best risk-adjusted use of shareholder's capital today.**

### **Foundation perspective (legacy, tax and alignment)**

We understand from our (limited) legal knowledge it is sensible to increase the proportion of operational assets (or reduce the financial). Also, from a mandate standpoint, improving alignment with the Company's mission. Releasing a concise outline of the foundation's mandate and constraints would further improve transparency and market understanding.

Moreover, if the Company proceeds with meaningful share buybacks, it would not only strengthen investor confidence, but also mark a defining moment in cunning capital allocation. **Such decisive action would likely be recognized as setting a new standard for disciplined stewardship**, placing Mr. Bunck among the most respected capital allocators in the Nordic region.

### **Our proposed policy framework**

#### **1) Portfolio monetization**

Trim and exit non-core financial positions while valuations remain elevated, locking in gains and reducing single stock and sector concentration risks. Prioritize the realization of all non-core financial investments, preferably within year-end.

#### **2) Rightsizing the war chest**

Adopt a liquidity management policy targeting:

- Cash: approximately 10% of annual revenues
- Public equities/financial assets (cash equivalents): max 10% of revenues

These targets provide ample resilience for downturns while preventing structural overcapitalization. Temporary deviations should require explicit board authorization with a published rationale and a dated plan to return within bounds.

### **3) Capital allocation**

**Share buybacks** should be a recurring default policy for shareholder capital return, with the agility to execute significant and extraordinary opportunistic repurchases within the following framework:

- If NAV/SOTP discount >20%, allocate at least 75% of net profit to buybacks.
- Execute sizeable, extraordinary buybacks whenever discounts is 30%+.

**With today's estimated ~70% discount to the conservatively assessed net asset value, it would be irresponsible not to execute an outsized, immediate buyback.**

**Dividends** should be regular, moderate and secondary means of shareholder return, and give stability to the foundations needs:

- Re-establish a predictable, moderate ordinary dividend, e.g. 25% of net profit.

Dividends should only be payable, whenever the NAV discount buyback framework does not favor repurchasing the Company's own shares.

Introducing a regular annual dividend on the back of a normalization in the Company's stock valuation, will further bolster confidence and broaden the shareholder base.

### **4) Transparency and alignment**

Provide explicit disclosures on portfolio strategy and concentration limits, investment rationale, risk management, buyback and dividend targets, trigger levels, net cash thresholds, and the Board's policy for opportunistic actions during deep NAV discounts.

A public summary of Mr. Bunck's foundation mandate would likewise enhance visibility.

### **In closing**

Recent volatility in large cap high-multiple blue-chips (such as the -40% drawdown in Novo Nordisk since mid-June) underscores the risk of concentrating capital in assets detached from our operating fundamentals. In contrast, **buying back North Media shares at substantial discount is inherently value accretive and squarely within our circle of competence.**

**We strongly believe that a transparent plan to monetize non-core holdings, right-size the war chest, and codify the capital return triggers above will: 1) strengthen investor confidence, 2) unlock value, 3) narrow the NAV discount, and 4) attract a broader institutional base focused on consistent, predictable returns.**

We would appreciate a written response and, if convenient, a short conference call after the Q3 report. We value the progress achieved under current leadership and look forward to a constructive dialogue on capital allocation strategy.

Thank you for your time and consideration.

Respectfully,

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Bjørn Kristian Stadheim - Idealkapital AS, BKS Capital AS

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