

Company AS Ekspress Grupp  
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Attachments:

- EG\_I\_kvartal\_2021\_ENG.pdf (<http://oam.fi.ee/en/download?id=5474>)
- EG\_I\_kvartal\_2021\_EST.pdf (<http://oam.fi.ee/en/download?id=5475>)

Currency

Title AS Ekspress Grupp: Consolidated unaudited interim report for the First Quarter of 2021

In the 1(st) quarter of 2021, the Group managed to further strengthen its market position and improve profitability, despite the worsening pandemic in the Baltic States. The revenue in the first three months of the year declined by 3% to EUR 15.3 million as compared to 2020 while the Group's profitability improved by 64% and net loss decreased to EUR 0.26 million. The share of the Group's digital revenue was 50% of total revenue and 72% of media segment revenue.

In the 1(st) quarter of 2021, consolidated revenue totalled EUR 15.3 million (1(st) quarter 2020: EUR 15.7 million). The revenue decline is primarily attributed to the drop in export volumes in the printing services segment due to the European coronavirus restrictions. In the 1(st) quarter, digital revenue accounted for 50% of the Group's total revenue and 72% of media segment revenue (1(st) quarter 2020: 41% of total revenue and 65% of media segment revenue, respectively). Digital revenue increased by 18% as compared to the same period last year. The revenue of the media segment is primarily impacted by continued strong sales of online advertising and digital subscriptions.

The volume of digital subscriptions of AS Ekspress Grupp increased by 74% by the end of March as compared to the same period last year and totalled ca 95 thousand subscriptions. Readers' interest in high-quality content has been increasing. We have maintained our leadership position as compared to our competitors, although competition in the area of digital subscriptions is intensifying. Ekspress Grupp has set digital subscription growth as one of its key goals because it will create a differentiated and increasingly stronger digital revenue base for the Group's media outlets.

The earnings before interest, tax, depreciation and amortisation (EBITDA) of Ekspress Grupp totalled EUR 1.09 million in the 1(st) quarter which is EUR 0.4 million or 62% higher as compared to the 1(st) quarter of 2020. Ongoing cost reduction and strong sales of online advertising and digital subscriptions in



all Baltic States have helped improve profitability. The effects of the ongoing pandemic in the 1(st) quarter have not turned out to be of the same magnitude as in March 2020 when advertising sales received a major setback. The buyers of online advertisements have adjusted to the new environment and reality, however, the share of print media advertising has decreased. The Group's net loss in the 1(st) quarter was EUR 0.26 million which is EUR 0.48 million or 64% lower as compared to the 1(st) quarter of 2020.

The state of emergency related to COVID-19 has the greatest impact on the ticket sales platform in Latvia where all cultural events were cancelled in the 1(st) quarter. The activities related to the ticket sales area have been extremely limited over the last 12 months. We have used this period to focus on the development of the ticket sales platform and since April, we also launched the ticket sales platform Piletitasku (<https://www.piletitasku.ee/en>) in Estonia. With the expansion of the ticket sales business into Estonia, Ekspress Grupp will continue its current strategy, the purpose of which is to increase the share of digital revenue and identify synergies between new business lines and existing media activities. We wish to provide the most convenient platform both for ticket buyers as well as event organisers.

The 1(st) quarter marked a major milestone for the largest Estonian news portal Delfi, because we launched a portal with a revamped design and several changes. In addition to the visual layout, the web technologies of the entire portal and the internal tools of the editorial staff were upgraded in order to bring quality news even faster to the readers in the future. In addition to upgrading photo, video, multimedia and text entry tools, the administration settings of the Delfi comments block were also totally overhauled in order to facilitate substantive and reduce unsuitable commentary. Machines and other modern automated tools are now used to screen comments.

The need for the technological upgrade of the Delfi portal also arose due to the increasing shift of news consumption from desktop to mobile devices. At the moment, about two thirds of the visitors of Delfi use mobile devices due to which most of the upgrades were related to the mobile layout of Delfi. The entire revamped portal is visually cleaner and noise-free, the article viewing is smoother and moving to the following articles is easier and faster.

The new Delfi logo and the visual language are dynamic, modern and friendly, and they fit well into the broad digital media portfolio. The revamped portals were designed by the team of the designers of Ekspress Meedia. More than 30 people in the Baltic States worked on the development and launch of the new Delfi platform over the period of 18 months.

## SUMMARY OF THE RESULTS OF THE FIRST QUARTER

### REVENUE

The consolidated revenue for the 1(st) quarter of 2021 totalled EUR 15.3 million



(1(st) quarter 2020: EUR 15.7 million). Revenue decreased by 3% year-over-year in the 1(st) quarter. The revenue decline is primarily attributed to the drop in export volumes in the printing services segment due to the European coronavirus restrictions. In the 1(st) quarter of 2021, the share of the Group's digital revenue accounted for 50% of total revenue and 72% of media segment revenue (1(st) quarter 2020: 41% of total revenue and 65% media segment revenue, respectively). Digital revenue increased by 18% as compared to the same period last year.

#### PROFITABILITY

In the 1(st) quarter of 2021, the consolidated EBITDA totalled EUR 1.09 million (1(st) quarter 2020: EUR 0.67 million). In the 1(st) quarter of 2021, EBITDA increased by 62% as compared to the previous year and the EBITDA margin was 7.1% (1(st) quarter 2020: 4.3%). Ongoing cost reduction and strong sales of online advertising and digital subscriptions in all Baltic States have helped improve profitability.

In the 1(st) quarter of 2021, the consolidated net loss totalled EUR 0.26 million (1(st) quarter 2020: EUR -0,74 million), which is EUR 0.48 million and 64% lower as compared to 2020.

#### CASH POSITION

At the end of the reporting period, the Group had available cash in the amount of EUR 4.6 million and equity in the amount of EUR 54.1 million (58% of total assets). The comparable data as of 31 March 2020 were EUR 3.5 million and EUR 50.9 million (54% of total assets), respectively. As of 31 March 2021, the Group's net debt was EUR 18.2 million (31 March 2020: EUR 20.4 million).

The cash position in 2020 was impacted by the agreements concluded with the banks due to the COVID-19 related state of emergency. An agreement was concluded with AS SEB Pank to suspend loan payments in the period March-August 2020 (EUR 1.2 million) and with AS Citadele banka in the period of June-November 2020 (EUR 0.3 million). In December 2020, an extraordinary one-off payment was made in the amount of EUR 0.35 million to cover principal payments in the period from January to June 2021. The salary subsidy received from the Estonian Unemployment Insurance Fund (EUR 1.14 million) and the postponement of the payment of tax arrears (EUR 1.60 million) due to the state of emergency for the period of 24 months had an additional positive impact on the Group's cash position.

#### Key financial indicators for segments

(EUR thousand)

Sales

Q1 2021 Q1 2020 Change % 12 months 2020



Media segment	10 656	10 026	6%	43 728
incl. revenue from all digital and online channels	7 663	6 505	18%	30 963
% of revenue from all digital and online channels	72%	65%		71%
Printing services segment	4 908	6 243	-21%	21 384
Corporate functions	1 052	515	104%	2 761
Inter-segment eliminations	(1 326)	(1 082)		(4 629)
TOTAL GROUP	15 290	15 703	-3%	63 243
% of revenue from all digital and online channels	50%	41%		49%

(EUR thousand)

EBITDA

Q1 2021 Q1 2020 Change % 12 months 2020

Media segment	795	248	221%	6 601
Printing services segment	493	584	-16%	2 224
Corporate functions	(178)	(143)	-24%	(720)
Inter-segment eliminations*	(20)	(17)		(1 101)
TOTAL GROUP	1 089	671	62%	7 004

\* Due to continuing impact of COVID-19 on economical situation the group has recognised an impairment loss for property, plant and equipment in amount of EUR 1.0 million in the 4(th) quarter 2020.

EBITDA margin	Q1 2021	Q1 2020	12 months 2020
Media segment	7%	2%	15%
Printing services segment	10%	9%	10%
TOTAL GROUP	7%	4%	11%

Consolidated balance sheet (unaudited)



(EUR thousand)

31.03.2021 31.12.2020

ASSETS

Current assets

Cash and cash equivalents	4 571	6 269
Trade and other receivables	9 269	9 450
Corporate income tax prepayment	85	7
Inventories	2 746	2 756
Total current assets	16 671	18 482

Non-current assets

Other receivables and investments	949	982
Deferred tax asset	30	30
Investments in joint ventures	1 676	1 661
Investments in associates	2 339	2 253
Property, plant and equipment	15 286	14 134
Intangible assets	56 682	56 635
Total non-current assets	76 962	75 696
TOTAL ASSETS	93 633	94 177

LIABILITIES

Current liabilities

Borrowings	3 695	3 613
Trade and other payables	14 863	15 251
Corporate income tax payable	76	81
Total current liabilities	18 635	18 945

Non-current liabilities



Long-term borrowings	19 073	18 589
Other long-term liabilities	1 785	2 025
Total non-current liabilities	20 858	20 613
TOTAL LIABILITIES	39 493	39 558
EQUITY		
Minority interest	127	126
Capital and reserves attributable to equity holders of parent company:		
Share capital	18 478	18 478
Share premium	14 277	14 277
Treasury shares	(420)	(209)
Reserves	1 768	1 758
Retained earnings	19 910	20 189
Total capital and reserves attributable to equity holders of parent company	54 013	54 493
TOTAL EQUITY	54 140	54 619
TOTAL LIABILITIES AND EQUITY	93 633	94 177

#### Consolidated statement of comprehensive income (unaudited)

(EUR thousand)	Q1 2021	Q1 2020	12 months 2020
Sales	15 290	15 703	63 243
Cost of sales	(12 747)	(13 472)	(50 637)
Gross profit	2 544	2 230	12 607
Other income	107	84	2 040
Marketing expenses	(596)	(757)	(2 701)



Administrative expenses	(2 025)	(1 893)	(7 532)
Other expenses	(26)	(24)	(1 336)
Operating profit /(loss)	4	(359)	3 078
Interest income	9	6	28
Interest expenses	(211)	(224)	(877)
Other finance income/(costs)	11	(16)	614
Net finance cost	(191)	(234)	(235)
Profit/(loss) on shares of joint ventures	(107)	(127)	102
Profit/(loss) on shares of associates	35	(20)	(129)
Profit /(loss) before income tax	(259)	(740)	2 816
Income tax expense	(5)	(2)	(280)
Net profit /(loss) for the reporting period	(264)	(742)	2 536
Net profit /(loss) for the reporting period attributable to			
Equity holders of the parent company	(265)	(743)	2 510
Minority interest	1	1	26
Total comprehensive income /(loss)	(264)	(742)	2 536
Comprehensive income /(loss) for the reporting period attributable to			
Equity holders of the parent company	(265)	(743)	2 510
Minority interest	1	1	26
Basic earnings per share	(0.01)	(0.02)	0.08
Diluted earnings per share	(0.01)	(0.02)	0.08

#### Consolidated cash flow statement (unaudited)

(EUR thousand)

Q1 2021 Q1 2020



Cash flows from operating activities		
Operating profit for the reporting year	4	(359)
Adjustments for:		
Depreciation and amortisation	1 111	1 039
(Gain)/loss on sale, write-down and impairment of property, plant and equipment	(1)	0
Change in value of share option	10	0
Cash flows from operating activities:		
Trade and other receivables	192	1 588
Inventories	10	(213)
Trade and other payables	(573)	(308)
Cash generated from operations		
Income tax paid	(88)	(93)
Interest paid	(128)	(127)
Net cash generated from operating activities	536	1 526
Cash flows from investing activities		
Acquisition of subsidiaries/ associates (less cash acquired) and other investments / cash paid-in equity-accounted investees	(80)	(84)
Receipts of other investments	51	0
Interest received	2	1
Purchase of property, plant and equipment and intangible assets	(628)	(610)
Proceeds from sale of property, plant and equipment and intangible assets	1	1
Loans granted	(40)	(59)
Net cash used in investing activities	(696)	(752)





Cash flows from financing activities		
Payment of lease liabilities	(498)	(310)
Change in overdraft	0	(25)
Loans received / Repayments of bank loans	(618)	(562)
Purchases of treasury shares	(422)	0
Net cash used in financing activities	(1 537)	(897)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(1 697)	(123)
Cash and cash equivalents at the beginning of the period	6 269	3 647
Cash and cash equivalents at the end of the period	4 571	3 524

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AS Ekspress Grupp is the leading media group in the Baltic States whose key activities include web media content production, publishing of newspapers and magazines and provision of printing services in Estonia, Latvia and Lithuania. The Group also manages the electronic ticket sales platform and ticket sales sites in Latvia. Ekspress Grupp that launched its operations in 1989 employs almost 1600 people, owns leading web media portals in the Baltic States and publishes the most popular daily and weekly newspapers as well as the majority of the most popular magazines in Estonia.

