

Company AS Ekspress Grupp
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Attachments:

- EG_III_kvartal_2021_ENG.pdf (<http://oam.fi.ee/en/download?id=5846>)
- EG_III_kvartal_2021_EST.pdf (<http://oam.fi.ee/en/download?id=5847>)

Currency

Title AS Ekspress Grupp: Consolidated unaudited interim report for the Third Quarter and Nine

In the 3(rd) quarter of 2021, the revenue of AS Ekspress Grupp totalled EUR 13.3 million and the revenue for the first nine months of the year totalled EUR 37.6 million. The Group's net profit for the 3(rd) quarter of 2021 was EUR 1.15 million and the net profit for the first 9 months of the year was EUR 1.82 million. At the end of September, the share of the Group's digital revenue was 74% of total revenue

In the 3(rd) quarter of 2021, the consolidated revenue totalled EUR 13.3 million (3(rd) quarter 2020: EUR 10.9 million), increasing by 22%. The revenue growth is attributable to the online advertising market which continues to grow as compared to traditional media channels. The advertising customers have adapted to the circumstances and the growth of the advertising business in all countries demonstrates that the majority of companies have been able to digitalise their businesses more; they have opened or adapted their ways of trading to e-channels and the need to advertise has recovered. However, the revenue of both ticket sales platforms as well as outdoor screens continues to be under pressure which is directly attributable to the effects of the COVID-19 pandemic. The effect is especially evident in the Latvian market where restrictions are currently considerably stricter than in other countries.

The number of the digital subscriptions of AS Ekspress Grupp increased by 75% by the end of September 2021 as compared to the same period last year and was approximately 122 thousand subscriptions.

The additional growth in digital subscriptions is primarily attributable to new customers and it demonstrates that more readers who have not yet become subscribers to the Group's products are being addressed. The Group is able to come up with topics for an increasingly larger number of customers and thus those readers who have read articles for free also decide to sign up for digital subscriptions. The Group has also managed to keep its current digital



subscribers for a longer period of time, lowering the share of those cancelling their subscriptions and increasing the average life of the subscription.

The earnings before interest, tax, depreciation and amortisation (EBITDA) of Ekspress Grupp totalled EUR 2.25 million in the 3(rd) quarter and EUR 5.05 million in the first 9 months of the year which is 38% and 62%, respectively, higher as compared to the same period in 2020. Strong sales of online advertising and digital subscriptions in all Baltic States and continued cost reductions have helped improve profitability. The net profit in the 3(rd) quarter totalled EUR 1.15 million which is 48% higher than in the same period last year. The net profit for the first 9 months of the year totalled EUR 1.82 million which is six times higher than in the same period last year (9 months 2020: EUR 0.29 million).

At the beginning of September 2021, the Group concluded an agreement to sell Printall AS. The transaction was completed on 6 September 2021, as a result of which the Group incurred a sales loss in the amount of EUR 2.3 million and according to the agreement, after the adjustments to the sales price, the Group received a net amount of EUR 6.3 million. At the beginning of 2026, the Group will receive another EUR 0.7 million, contingent upon the results of Printall in 2025. As a result of the transaction, the Group will exit the business with high CAPEX requirements that is not in line with the Group's digital revenue growth strategy. Availability of new capital will provide additional capacity for the Group to fund the digital area, both organically as well as through making new acquisitions. In this report, Ekspress Grupp presents the results for the 3(rd) quarter and 9 months of the current year as well as comparable periods in compliance with the requirements of IFRS set for interim reports, i.e. for its continuing operations. The loss from the sale of Printall and its operating results have been recognised as discontinued operations and are included in the Group's comprehensive income statement.

As of 30 September 2021, the Group had available cash in the amount of EUR 12.4 million (30 September 2020: EUR 5.8 million). The Group's liquidity continues to be good. In order to strengthen the Group's liquidity position and make more effective use of equity, the Group signed amendments to the loan agreements with AS SEB Pank in July 2021. The maturity dates of loans were extended by 5 years and monthly payments were reduced from EUR 0.2 million to EUR 0.06 million per month.

Due to its strong liquidity position and additional available funds from the sale of Printall AS, the Management Board of Ekspress Grupp made a proposition to the shareholders on 13 October 2021 to distribute extraordinary dividends of 10 euro cents per share in the total amount of EUR 3.03 million. Shareholder resolutions will be adopted without calling an extraordinary general meeting on 4 November 2021. The shareholders included in the share register of shareholders on 19 November 2021 will be entitled to receive dividends and dividends will be distributed on 23 November 2021.

The Supervisory Board of AS Ekspress Grupp has approved the Group's dividends



policy according to which Ekspress Grupp will distribute at least 30% of its annual profit as dividends starting from 2022.

Q3 AND 9 MONTHS RESULTS

In accordance with the decision of the extraordinary general meeting of shareholders of AS Ekspress Grupp from 13 July 2021, AS Ekspress Grupp and OÜ Trükitung concluded a sales agreement on 3 September 2021, according to which Ekspress Grupp sold its 100% ownership interest in its subsidiary Printall AS. The transaction was completed as of 6 September 2021. In the consolidated interim report for the 3(rd) quarter and the first 9 months of the year, the information is presented about continuing operations where the revenue and expenses of discontinued operations are shown in a separate line in the comprehensive income statement "Gain/-loss from discontinued operations". Until the sale, the business of Printall AS used to be recognised a separate printing services segment which the Group will disclose as a discontinued operation starting from this period. In the comprehensive income statement of the interim report and the segment overview, the comparative information of continuing operations has been restated. No restatements have been made to the consolidated balance sheet and cash flows in accordance with the requirements of IFRS. The assets of the printing services segment continue to be consolidated line-by-line in the balance sheet as of 31 December 2020, because the sale of Printall AS was not yet recognised as a discontinued operation as of 31 December 2020.

REVENUE

In the 3(rd) quarter of 2021, the consolidated revenue from continuing operations totalled EUR 13.3 million (3(rd) quarter 2020: EUR 10.9 million). Revenue increased by 22% year-over-year in the 3(rd) quarter. Both advertising as well as digital subscription revenue increased. The consolidated revenue from continuing operations for the first nine months of 2021 totalled EUR 37.6 million (first nine months of 2020: EUR 31.0 million). At the end of the 3(rd) quarter of 2021, the share of the Group's digital revenue accounted for 74% of total revenue (at the end of 3(rd) quarter 2020: 69% of total revenue). Digital revenue increased by 30% as compared to the same period last year.

PROFITABILITY

In the 3(rd) quarter of 2021, the consolidated EBITDA of continuing operations totalled EUR 2.25 million (3(rd) quarter 2020: EUR 1.63 million). In the 3(rd) quarter of 2021, EBITDA increased by 38% as compared to the previous year and the EBITDA margin was 17.0% (3(rd) quarter 2020: 14.9%). Strong sales of online advertising, digital subscriptions and tight cost controls in all Baltic States have helped to improve profitability. The consolidated EBITDA of continuing operations for the first nine months of 2021 totalled EUR 5.05 million (first nine months of 2020: EUR 3.12 million) increasing by 62% compared to last year.

In the 3(rd) quarter of 2021, the consolidated net profit from continuing operations totalled EUR 1.15 million (3(rd) quarter 2020: EUR 0.77 million),



which is EUR 0.37 million and 48% higher as compared to 2020. The consolidated net profit from continuing operations for the first nine months of 2021 totalled EUR 1.82 million (first nine months of 2020: EUR 0.29 million), which is EUR 1.53 million and 532% better as compared to 2020.

CASH POSITION

At the end of the reporting period, the Group had available cash in the amount of EUR 12.4 million and equity in the amount of EUR 54.4 million (61% of total assets). The comparable data as of 30 September 2020, including the printing services segment, were EUR 5.8 million and EUR 52.6 million (55% of total assets), respectively. As of 30 September 2021, the Group's net debt was EUR 6.2 million (30 September 2020: EUR 16.5 million). As of 30 September 2021, the cash position was positively impacted by net cash proceeds from the sale of the ownership interest in Printall AS in the amount of EUR 6.3 million (incl. premature payment of the outstanding loan balance of Printall AS to AS SEB Pank under the loan contract in the amount of EUR 2.06 million, see Note 7).

The cash position in 2020 was impacted by the agreements concluded with the banks due to the COVID-19 related state of emergency. Agreements were 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). 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 last year.

DIVIDENDS AND DIVIDEND POLICY

In conjunction with the sale of Printall AS, the Group's Management Board has proposed to the shareholders to distribute extraordinary dividends of 10 euro cents per share in the total amount of EUR 3.03 million. Shareholder resolutions will be adopted without calling the extraordinary general meeting of shareholders on 4 November 2021. The shareholders included in the register of shareholders on 19 November 2021 will be entitled to receive dividends and dividends will be distributed on 23 November 2021.

The Supervisory Board of AS Ekspress Grupp has approved the Group's dividends policy, according to which Ekspress Grupp will pay at least 30% of the annual profit as dividends starting from 2022.

Key financial indicators for segments (continuing operations)

(EUR thousand) Sales

				9 months	9 months		12
Q3 2021	Q3 2020	Change	%	2021	2020	Change	% 2020



Media segment	12 925	10 750	20%	36 485	30 667	19%	43 728
incl. revenue from all digital and online channels	10 061	7 812	29%	27 664	21 338	30%	30 963
% of revenue from all digital and online channels	78%	73%		76%	70%		71%
Corporate functions	999	693	44%	3 106	1 728	80%	2 761
Inter-segment eliminations	(660)	(529)		(2 018)	(1 417)		(1 975)
TOTAL GROUP	13 265	10 914	22%	37 573	30 978	21%	44 514
% of revenue from all digital and online channels	76%	72%		74%	69%		70%

(EUR thousand) EBITDA

	Q3 2021	Q3 2020	Change %	9 months 2021	9 months 2020	Change %	12 months 2020
Media segment	2 401	1 729	39%	5 478	3 491	57%	6 601
Corporate functions	(134)	(90)	-49%	(423)	(325)	-30%	(720)
Inter-segment eliminations	(16)	(11)		(3)	(43)		43
TOTAL GROUP	2 251	1 628	38%	5 051	3 122	62%	5 924

EBITDA margin	Q3 2021	Q3 2020	9 months 2021	9 months 2020	12 months 2020
Media segment	19%	16%	15%	11%	15%
TOTAL GROUP	17%	15%	13%	10%	13%



Consolidated balance sheet (unaudited)

(EUR thousand)

30.09.2021 31.12.2020

ASSETS

Current assets

Cash and cash equivalents	12 364	6 269
Trade and other receivables	8 858	9 450
Corporate income tax prepayment	209	7
Inventories	312	2 756
Total current assets	21 743	18 482

Non-current assets

Other receivables and investments	1 662	982
Deferred tax asset	30	30
Investments in joint ventures	1 007	1 661
Investments in associates	2 094	2 253
Property, plant and equipment	6 191	14 134
Intangible assets	56 702	56 635
Total non-current assets	67 687	75 696
TOTAL ASSETS	89 430	94 177

LIABILITIES

Current liabilities

Borrowings	1 671	3 613
Trade and other payables	14 385	15 251
Corporate income tax payable	130	81
Total current liabilities	16 187	18 945



Non-current liabilities		
Long-term borrowings	16 846	18 589
Other long-term liabilities	2 046	2 025
Total non-current liabilities	18 892	20 613
TOTAL LIABILITIES	35 079	39 558
EQUITY		
Minority interest	130	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	(384)	(209)
Reserves	1 911	1 758
Retained earnings	19 939	20 189
Total capital and reserves attributable to equity holders of parent company	54 221	54 493
TOTAL EQUITY	54 351	54 619
TOTAL LIABILITIES AND EQUITY	89 430	94 177

Consolidated statement of comprehensive income (unaudited)

(EUR thousand)	Q3 2021	Q3 2020	9 months 2021	9 months 2020	12 months 2020
Continuing operations					
Sales	13 265	10 914	37 573	30 978	44 514
Cost of sales	(9 849)	(8 482)	(28 543)	(24 874)	(34 013)
Gross profit	3 415	2 432	9 030	6 105	10 501



Other income	291	521	609	1 036	1 691
Marketing expenses	(494)	(478)	(1 593)	(1 376)	(1 905)
Administrative expenses	(1 799)	(1 529)	(5 422)	(4 718)	(6 930)
Other expenses	(13)	(20)	(62)	(88)	(286)
Operating profit /(loss)	1 401	925	2 563	959	3 071
Interest income	9	7	25	19	28
Interest expenses	(175)	(182)	(537)	(672)	(860)
Other finance income/(costs)	(67)	(28)	(62)	(46)	634
Net finance cost	(233)	(204)	(574)	(699)	(198)
Profit/(loss) on shares of joint ventures	42	99	(128)	107	102
Profit/(loss) on shares of associates	16	(48)	83	(75)	(129)
Profit /(loss) before income tax	1 226	773	1 944	292	2 846
Income tax expense	(81)	(1)	(120)	(3)	(280)
Net profit from continuing operations	1 145	772	1 823	289	2 566
Net profit /(loss) from discontinued operation	(2 230)	310	(1 926)	633	(30)
Net profit /(loss) for the reporting period	(1 085)	1 081	(103)	921	2 536
Net profit /(loss) for the reporting period attributable to Equity holders of the					



parent company	(1 087)	1 074	(107)	906	2 510
Minority interest	2	7	4	15	26
Total comprehensive income /(loss)	(1 085)	1 081	(103)	921	2 536
Comprehensive income /(loss) for the reporting period attributable to					
Equity holders of the parent company	(1 087)	1 074	(107)	906	2 510
Minority interest	2	7	4	15	26
Earnings per share (euro) - continuing operations					
Basic earnings per share	0.04	0.03	0.06	0.01	0.09
Diluted earnings per share	0.04	0.02	0.06	0.01	0.08
Earnings per share (euro)					
Basic earnings per share	(0.04)	0.04	0.00	0.03	0.08
Diluted earnings per share	(0.03)	0.03	0.00	0.03	0.08

Consolidated cash flow statement (unaudited)

(EUR thousand)	9 months 2021	9 months 2020	12 months 2020
Cash flows from operating activities			
Operating profit for the reporting year	709	1 593	3 078
Adjustments for (non-cash):			
Depreciation and amortisation	3 349	2 974	3 968



(Gain)/loss on sale, write-down and impairment of property, plant and equipment	35	(1)	986
Change in value of share option	27	0	0
Loss on sale of discontinued operation	2 077	0	0
Cash flows from operating activities:			
Trade and other receivables	(1 370)	1 880	3 274
Inventories	(79)	214	375
Trade and other payables	337	327	(1 201)
Cash generated from operations	5 086	6 987	10 480
Income tax paid	(272)	(91)	(263)
Interest paid	(405)	(453)	(903)
Net cash generated from operating activities	4 409	6 443	9 314
Cash flows from investing activities			
Acquisition of subsidiaries/ associates (less cash acquired) and other investments / cash paid-in equity-accounted investees	(201)	(203)	(425)
Disposal of discontinued operation, net of cash disposed of	6 326	0	0
Receipts of other investments	51	84	16
Interest received	3	1	2
Purchase of property, plant and equipment and intangible assets	(1 901)	(1 623)	(2 562)
Proceeds from sale of property,			



plant and equipment and intangible assets	3	29	308
Loans granted	(130)	(187)	(331)
Dividends received	828	150	150
Net cash used in investing activities	4 978	(1 750)	(2 841)
Cash flows from financing activities			
Payment of lease liabilities	(1 389)	(693)	(949)
Change in overdraft	0	(1 018)	(1 018)
Loans received / Repayments of bank loans	(1 455)	(868)	(1 884)
Proceeds from share issuance	0	0	600
Purchases of treasury shares	(446)	0	(600)
Net cash used in financing activities	(3 290)	(2 579)	(3 851)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	6 096	2 114	2 621
Cash and cash equivalents at the beginning of the period	6 269	3 647	3 647
Cash and cash equivalents at the end of the period	12 364	5 760	6 269

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AS Ekspress Grupp is the leading Baltic media group whose key activities include web media content production, publishing of newspapers and magazines. The Group also manages the electronic ticket sales platform and ticket sales sites in



Latvia and Estonia. Ekspress Grupp that launched its operations in 1989 employs almost 1400 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.

