

Company AS Ekspress Grupp
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Attachments:

- EG_IV_kvartal_2021_ENG.pdf (<http://oam.fi.ee/en/download?id=6044>)
- EG_IV_kvartal_2021_EST.pdf (<http://oam.fi.ee/en/download?id=6045>)

Currency

Title AS Ekspress Grupp: Consolidated unaudited interim report for the Fourth Quarter and 12

In the 4(th) quarter of 2021, the revenue of AS Ekspress Grupp increased by 18%, totalling EUR 15.9 million and 12-month revenue increased by 20% to EUR 53.5 million. The Group's net profit for the 4(th) quarter of 2021 was EUR 2.3 million and 12-month net profit was EUR 4.1 million. At the end of December, digital revenue made up 76% of the Group's total revenue. In coordination with the Supervisory Board, the Management Board proposes to pay dividends to the shareholders in the amount of 5-euro cents per share.

The Group's performance in the fourth quarter was strong as expected. In the 4(th) quarter of 2021, the consolidated revenue reached EUR 15.9 million (4(th) quarter 2020: EUR 13.5 million), increasing by 18% as compared to the previous year. Revenue growth is attributable to the active online advertising market which continued to grow as compared to traditional media outlets. In the 4(th) quarter, the online advertising market in the Baltics increased by more than 20% year-over-year. Advertising customers have adapted to the economic 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. Thus, they need increasingly more flexible digital advertising solutions which major news portals are able to provide well.

The number of the digital subscriptions of AS Ekspress Grupp increased by 62% by the end of December 2021 as compared to the same period last year and reached 135 thousand subscriptions. As compared to the previous quarter, the growth in digital subscriptions was 8% or 9 662 subscriptions in the 4(th) quarter. The Latvian and Lithuanian media outlets demonstrated the strongest growth. The growth of digital subscriptions is as expected while additional growth is primarily attributable to new customers, demonstrating that the Group's periodicals address increasingly more those readers who until now have not been subscribers. In addition, the Group has managed to keep its current digital



subscribers, lowering the share of digital subscription cancellations and increasing the average life of digital subscriptions. We are witnessing a decent potential for further growth in Latvia and Lithuania.

The earnings before interest, tax, depreciation and amortisation (EBITDA) of Ekspress Grupp totalled EUR 3.2 million in the 4(th) quarter and EUR 8.2 million for the 12-month period which is 14% and 39%, 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 Group's net profit in the 4(th) quarter totalled EUR 2.3 million which is 1% higher than in the same period last year. The 12-month net profit totalled EUR 4.13 million which is 61% higher than in the same period last year (12 months 2020: EUR 2.57 million). The net profit of the 4(th) quarter of 2021 was impacted by recognition of one-off finance income in the amount of EUR 0.4 million for fair value adjustment of the future commitment related the purchase price of the ticket sales platform (4(th) quarter 2020: EUR 0.7 million). During the 12 months of 2021, the Group received a one-off state subsidy in the amount of EUR 0.41 million in Latvia to offset the effect of the COVID-19 pandemic. Its purpose was to support the activities of the ticket sales platform at a time when event organisation during a 7-month period was limited. In 2020, one-off COVID-19 pandemic-related state subsidies totalled EUR 0.9 million in Estonia and Latvia.

At the end of the 4(th) quarter, the Group acquired a 100% ownership interest in Geenius Meedia OÜ which is a modern media company with 13 online portals (geenius.ee (<https://geenius.ee/>)), a podcast and print magazines. The purpose of the acquisition is to grow and expand the digital media business into a niche that has not yet been regularly covered by the periodicals of Ekspress Grupp. The Group of Ekspress Grupp creates a synergy for Geenius Meedia in the functions promoting the media business which gives a greater growth potential for a fast-growing company. The joint objective of Ekspress Grupp and Geenius Meedia is to provide captivating content for its readers in technology, business and automotive segments.

The Group's liquidity is excellent. As of 31 December 2021, the Group's cash and cash equivalents totalled EUR 11 million (31.12.2020: EUR 6.3 million). The strong cash balance at the year-end was impacted by the proceeds in the amount of EUR 6.3 million from the sale of the printing house Printall in the 3(rd) quarter. The Group used this cash to make an extraordinary dividend distribution of 10 euro cents per share (a total of EUR 3.03 million) in 4(th) quarter of 2021.

In coordination with the Supervisory Board, the Management Board proposes to pay dividends from the net profit of the 2021 financial year to the shareholders in the amount of 5 euro cents per share, in the total amount of EUR 1.51 million, resulting in a dividend rate of 37% (calculated on the net profit from continuing operations). In autumn 2021, the Supervisory Board of AS Ekspress Grupp approved the Group's dividend policy pursuant to which Ekspress Grupp will pay at least 30% of its annual profit as dividends starting from 2022.



Q4 AND 12 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 4(th) quarter and 12 months of 2021, 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 was recognised as a separate printing services segment which the Group discloses as a discontinued operation in this report. 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 Printall AS did not meet the criteria to be classified as held for sale as of 31 December 2020.

REVENUE

In the 4(th) quarter of 2021, the consolidated revenue from continuing operations totalled EUR 15.9 million (4(th) quarter 2020: EUR 13.5 million). Revenue increased by 18% year-over-year in the 4(th) quarter. Both advertising as well as digital subscription revenue increased. The consolidated revenue from continuing operations for the twelve months of 2021 totalled EUR 53.5 million (12 months of 2020: EUR 44.5 million). At the end of 2021, the share of the Group's digital revenue accounted for 76% of total revenue (at the end of 2020: 70% of total revenue). Digital revenue increased by 31% as compared to the same period last year.

PROFITABILITY

In the 4(th) quarter of 2021, the consolidated EBITDA of continuing operations totalled EUR 3.19 million (4(th) quarter 2020: EUR 2.80 million). The consolidated EBITDA of continuing operations for the twelve months of 2021 totalled EUR 8.24 million (12 months of 2020: EUR 5.92 million). In 2021, EBITDA increased by 39% as compared to the previous year and the EBITDA margin was 15.4% (2020: 13.3%). Strong sales of online advertising, digital subscriptions and tight cost controls in all Baltic States have helped to improve profitability. During the 12 months of 2021, the Group received a one-off state subsidy in Latvia in the amount of EUR 0.41 million related to the ticket sales platform where events had been cancelled during the period of almost 7 months. In 2020, one-off COVID-19 pandemic-related state subsidies totalled EUR 0.9 million in Estonia and Latvia.



In the 4(th) quarter of 2021, the consolidated net profit from continuing operations totalled EUR 2.31 million (4(th) quarter 2020: EUR 2.28 million), which is EUR 0.03 million and 1% higher as compared to 2020. The consolidated net profit from continuing operations for the twelve months of 2021 totalled EUR 4.13 million (12 months of 2020: EUR 2.57 million), which is EUR 1.57 million and 61% better as compared to 2020. The net profit for the 4(th) quarter of 2021 was impacted by one-off finance income for fair value adjustment of the outstanding commitment related the purchase price of the ticket sales platform in the amount of EUR 0.4 million (4(th) quarter 2020: EUR 0.7 million).

CASH POSITION

At the end of the reporting period, the Group had available cash in the amount of EUR 11.0 million and equity in the amount of EUR 53.7 million (57% of total assets). The comparable data as of 31 December 2020, including the printing services segment, were EUR 6.3 million and EUR 54.6 million (58% of total assets), respectively. As of 31 December 2021, the Group's net debt was EUR 11.3 million (31 December 2020: EUR 15.9 million). As of 31 December 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 8) in September. Proceeds have been partially used for the extraordinary dividend payment (3.03 million euros) and for the acquisition of Geenius Meedia in the last quarter.

DIVIDENDS AND DIVIDEND POLICY

In conjunction with the sale of Printall AS, the group paid the extraordinary dividends of 10 euro cents per share in the total amount of EUR 3.03 million in November 2021.

The Management Board proposes to pay dividends from the net profit of the 2021 financial year to the shareholders in the amount of 5 euro cents per share, in the total amount of EUR 1.51 million, resulting in a dividend rate of 37% (calculated on the net profit from continuing operations) and dividend yield of 3.2%.

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		
		12 months	12 months



	Q4 2021	Q4 2020	Change	% 2021	2020	Change %
Media segment	15 608	13 061	20%	52 093	43 728	19%
incl. revenue from all digital and online channels	12 610	9 625	31%	40 453	30 963	31%
% of revenue from all digital and online channels	81%	74%		78%	71%	
Corporate functions	1 013	1 032	-2%	4 118	2 761	49%
Inter-segment eliminations	(677)	(558)		(2 695)	(1 975)	
TOTAL GROUP	15 943	13 535	18%	53 516	44 514	20%
% of revenue from all digital and online channels	79%	71%		76%	70%	

(EUR thousand)

EBITDA

	Q4 2021	Q4 2020	Change	% 12 months 2021	12 months 2020	Change %
Media segment	3 449	3 110	11%	8 927	6 601	35%
Corporate functions	(245)	(394)	38%	(669)	(720)	7%
Inter-segment eliminations	(15)	86		(18)	43	
TOTAL GROUP	3 189	2 802	14%	8 240	5 924	39%

EBITDA margin	Q4 2021	Q4 2020	12 months 2021	12 months 2020
Media segment	22%	24%	17%	15%



Consolidated balance sheet (unaudited)

(EUR thousand)

31.12.2021 31.12.2020

ASSETS

Current assets

Cash and cash equivalents 10 962 6 269

Trade and other receivables 9 323 9 450

Corporate income tax prepayment 2 7

Inventories 266 2 756

Total current assets 20 553 18 482

Non-current assets

Other receivables and investments 1 671 982

Deferred tax asset 42 30

Investments in joint ventures 1 011 1 661

Investments in associates 2 210 2 253

Property, plant and equipment 7 964 14 134

Intangible assets 60 807 56 635

Total non-current assets 73 705 75 695

TOTAL ASSETS 94 258 94 177

LIABILITIES

Current liabilities

Borrowings 3 201 3 613

Trade and other payables 17 664 15 251



Corporate income tax payable	82	81
Total current liabilities	20 947	18 945
Non-current liabilities		
Long-term borrowings	19 018	18 589
Other long-term liabilities	601	2 024
Total non-current liabilities	19 619	20 613
TOTAL LIABILITIES	40 566	39 558
EQUITY		
Minority interest	140	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	1 920	1 758
Retained earnings	19 261	20 189
Total capital and reserves attributable to equity holders of parent company	53 552	54 493
TOTAL EQUITY	53 692	54 619
TOTAL LIABILITIES AND EQUITY	94 258	94 177

Consolidated statement of comprehensive income (unaudited)

(EUR thousand)	Q4 2021	Q4 2020	12 months 2021	12 months 2020
Continuing operations				
Sales	15 943	13 535	53 516	44 514



Cost of sales	(11 132)	(9 139)	(39 674)	(34 013)
Gross profit	4 811	4 396	13 842	10 501
Other income	320	654	929	1 691
Marketing expenses	(766)	(529)	(2 359)	(1 905)
Administrative expenses	(2 013)	(2 212)	(7 435)	(6 930)
Other expenses	(51)	(198)	(113)	(286)
Operating profit /(loss)	2 301	2 112	4 864	3 071
Interest income	9	9	35	28
Interest expenses	(172)	(188)	(709)	(860)
Other finance income/(costs)	401	680	339	634
Net finance cost	239	501	(335)	(198)
Profit/(loss) on shares of joint ventures	(153)	(5)	(281)	102
Profit/(loss) on shares of associates	78	(54)	161	(129)
Profit /(loss) before income tax	2 465	2 554	4 409	2 846
Income tax expense	(156)	(277)	(276)	(280)
Net profit from continuing operations	2 310	2 277	4 133	2 566
Net profit /(loss) from discontinued operation	0	(663)	(1 876)	(30)
Net profit /(loss) for the reporting period	2 310	1 614	2 257	2 536
Net profit /(loss) for the reporting period attributable to				
Equity holders of the parent company	2 300	1 603	2 243	2 510
Minority interest	10	11	14	26



Total comprehensive income /(loss)	2 310	1 614	2 257	2 536
Comprehensive income /(loss) for the reporting period attributable to				
Equity holders of the parent company	2 300	1 603	2 243	2 510
Minority interest	10	11	14	26
Earnings per share (euro) - continuing operations				
Basic earnings per share	0.08	0.08	0.14	0.09
Diluted earnings per share	0.07	0.07	0.13	0.08
Earnings per share (euro)				
Basic earnings per share	0.08	0.05	0.07	0.08
Diluted earnings per share	0.07	0.05	0.07	0.08

Consolidated cash flow statement (unaudited)

(EUR thousand)	12 months 2021	12 months 2020
Cash flows from operating activities		
Operating profit for the reporting year	3 060	3 078
Adjustments for (non-cash):		
Depreciation and amortisation	4 162	3 968
(Gain)/loss on sale, write-down and impairment of property, plant and equipment	(10)	986
Change in value of share option	36	0
Loss on sale of discontinued operation	2 077	0
Cash flows from operating activities:		



Trade and other receivables	(1 599)	3 274
Inventories	(33)	375
Trade and other payables	1 464	(1 201)
Cash generated from operations	9 157	10 480
Income tax paid	(281)	(263)
Interest paid	(803)	(903)
Net cash generated from operating activities	8 073	9 314
Cash flows from investing activities		
Acquisition of subsidiaries/ associates (less cash acquired) and other investments / cash paid-in equity-accounted investees	(3 325)	(425)
Disposal of discontinued operation, net of cash disposed of	6 326	0
Receipts of other investments	51	16
Interest received	3	2
Purchase of property, plant and equipment and intangible assets	(2 786)	(2 561)
Proceeds from sale of property, plant and equipment and intangible assets	3	308
Loans granted	(212)	(331)
Loan repayments received	156	0
Dividends received	828	150
Net cash used in investing activities	1 044	(2 841)
Cash flows from financing activities		
Dividends paid	(3 028)	0
Payment of lease liabilities	(1 814)	(949)
Change in overdraft	0	(1 018)



Loans received / Repayments of bank loans	864	(1 884)
Proceeds from share issuance	0	600
Purchases of treasury shares	(446)	(600)
Net cash used in financing activities	(4 424)	(3 851)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	4 693	2 622
Cash and cash equivalents at the beginning of the period	6 269	3 647
Cash and cash equivalents at the end of the period	10 962	6 269

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AS Ekspress Grupp is the leading media group in the Baltic States whose key activities include web media content production and publishing of newspapers, magazines and books. The Group also manages the electronic ticket sales platform and ticket sales sites in Estonia and Latvia. Ekspress Grupp that launched its operations in 1989 employs more than 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.

