

Company AS Ekspress Grupp
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- EG_II_kvartal_2022_ENG.pdf (<http://oam.fi.ee/en/download?id=6641>)
- EG_II_kvartal_2022_EST.pdf (<http://oam.fi.ee/en/download?id=6642>)

Currency

Title AS Ekspress Grupp: Consolidated unaudited interim report for the Second Quarter and First

In the 2(nd) quarter of 2022, the revenue of AS Ekspress Grupp totalled EUR 16.4 million and net profit totalled EUR 1.27 million. The revenue in the first 6 months of 2022 increased by 23% year-over-year to EUR 29.8 million and net profit increased by 12% to EUR 0.76 million. Digital revenue contributed 76% to the Group's total revenue at the end of June. Digital revenue increased by 28% as compared to the same period last year.

The Group's performance in the 2(nd) quarter met expectations: the consolidated revenue totalled EUR 16.4 million (Q2 2021: EUR 13.3 million), increasing by 23% as compared to the previous year. The Group's online advertising sales were strong, attributable to the total market growth as well as special digital advertising solutions offered to the customers. Advertising buyers continue to invest an increasing share of their funds in online channels which opens up new opportunities for Ekspress Group companies. In the first 6 months of the year, the revenue totalled EUR 29.8 million, increasing by 23% as compared to the last year. The growth in the first 6 months of the year was strong; however, the Group is aware of higher risks arising from weaker economy and a potential recession in the second half of the year. Net profit growth of 12% as compared to the previous year was hindered by a higher share of advertising sales through agencies which has a higher cost base for the Group, as well as higher labour and other input prices (primarily paper, energy and services).

The number of digital subscriptions of AS Ekspress Grupp increased by 34% by the end of June as compared to the same period last year and totalled 151 thousand subscriptions. In a year-over-year comparison, the number of digital subscriptions continued to demonstrate strong growth, but the growth rate slowed down slightly in the 2(nd) quarter this year. As expected, on the one hand this slowdown is related to the fact that the reference base as compared to previous periods continues to increase while on the other hand the overall inflation forces some consumers to regularly review their expenses. The average prices of



digital subscriptions have considerably continued to grow year after year.

The earnings before interest, tax, depreciation and amortisation (EBITDA) of Ekspress Grupp totalled EUR 2.22 million in the 2(nd) quarter and EUR 2.83 million in the first 6 months of the year. EBITDA growth was 1% both in the 2(nd) quarter as well as in the 1(st) half of the year as compared to the same period in 2021. Due to the growth of input prices and the pressure of the general economic environment on labour costs, the Group's EBITDA margin has fallen from 12% to 9%. We are aiming to find opportunities in the new economic environment for more efficient process management and revenue growth.

The consolidated net profit was EUR 1.27 million in the 2(nd) quarter of 2022 and EUR 0.76 million in the first half of 2022. The net profit in the first 6 months of 2022 increased by 12% as compared to last year.

In May, AS Ekspress Grupp entered into a contract to acquire the operations of the news agency ELTA in Lithuania. The acquisition of the news agency ELTA is part of the Group's organic growth strategy. The key purpose of the transaction is to enhance and modernize a news agency with one hundred years of experience, by offering a modern and objective source of information for the Lithuanian media and foreign channels, and to foster competition in the Lithuanian news production market.

The business environment in the first half of 2022 was volatile and it will create insecurity for the future, requiring flexibility and quick responses from the Group. Over the last two years, the Group has demonstrated its ability to quickly adapt to difficult conditions and maintain profitability even in weak economic conditions.

Q2 AND 6 MONTHS RESULTS

REVENUE

In the 2(nd) quarter of 2022, the consolidated revenue totalled EUR 16.4 million (Q2 2021: EUR 13.3 million). The revenue for the 2(nd) quarter increased by 23% year-over-year. The consolidated revenue for the first 6 months of 2022 totalled EUR 29.8 million (first 6 months 2021: EUR 24.3 million). The revenue for the first 6 months increased by 23% year-over-year. This growth was attributable to both online advertising revenue as well as digital subscriptions revenue. The share of the Group's digital revenue in total revenue was 76% at the end of the 2(nd) quarter of 2022 (at the end of the 2(nd) quarter 2021: 72% of total revenue). Digital revenue for the first 6 months of 2022 increased by 28% as compared to the same period last year.

PROFITABILITY

In the 2(nd) quarter of 2022, the consolidated EBITDA totalled EUR 2.22 million



(Q2 2021: EUR 2.20 million). In the 2(nd) quarter of 2022, EBITDA increased by 1% as compared to the previous year and the EBITDA margin was 14% (Q2 2021: 17%). The consolidated EBITDA for the first 6 months of 2022 totalled EUR 2.83 million (6 months 2021: EUR 2.80 million). In the first 6 months of 2022, EBITDA increased by 1% as compared to the previous year and the EBITDA margin was 9% (6 months 2021: 12%).

The consolidated net profit for the 2(nd) quarter of 2022 totalled EUR 1.27 million (Q2 2021: EUR 1.12 million). In the 2(nd) quarter of 2022, the net profit increased by 13% as compared to the previous year. In the first 6 months of 2022, the consolidated net profit was EUR 0.76 million (6 months 2021: EUR 0.68 million). In the first 6 months of 2022, the net profit increased by 12% as compared to the previous year. The revaluation profit from the final acquisition instalment of Bi?eshu Parad?ze in the amount of EUR 0.2 million had a one-off effect on the net profit for the 2(nd) quarter.

EXPENSES

In the first 6 months of 2022, the cost of goods sold, marketing, general and administrative costs totalled EUR 29.20 million (6 months 2021: EUR 23.42 million). In the first 6 months of the year, operating expenses increased by EUR 5.78 million (25%), of which staff costs totalled EUR 3.31 million (26%). In the 2(nd) quarter of 2022, the number of employees increased by 13 people as compared to the same period last year and as of 30 June 2022, there were 145 employees more working at the Group as compared to the previous year. This growth is attributable to 47 employees of OÜ Geenius Meedia that was acquired at the end of 2021 and 98 employees of other media companies in Estonia, Latvia and Lithuania. In addition to inflationary pressures on salary growth, the employee cost base has increased due to additional expenditure related to the editorial staffs covering the war in Ukraine.

In the first 6 months of the year, one-off expenditure includes donations to Ukraine in the total amount of EUR 0.14 million (Q2 2022: additional donations of EUR 0.05 million).

The war in Ukraine has had a major negative effect on the GDP growth in the Baltic States. As a result, the economy has slowed down and created a high inflation environment (in June 2022, inflation was 21.9% in Estonia, 21% in Lithuania and 19.3% in Latvia as compared to the previous year). The Group has neither any operations nor any assets in Ukraine and Russia, and therefore, the war has only an indirect impact on the Group.

CASH POSITION

At the end of the reporting period, the Group had available cash in the amount of EUR 6.8 million and equity in the amount of EUR 52.1 million (56% of total assets). The comparable data as of 30 June 2021, including the printing services segment, were EUR 4.2 million and EUR 55.4 million (59% of total assets), respectively. As of 30 June 2022, the Group's net debt was EUR 15.7 million (31



December 2021: EUR 11.3 million).

In the first 6 months of 2022, the Group's cash flows from operating activities totalled EUR 2.57 million (6 months 2021: EUR 1.99 million, incl. printing services segment) that were positively impacted by the ticket sales platforms in Estonia and Latvia. The sales activity of the Latvian ticket sales platform has recovered and is in a better position due to higher ticket prices as compared to the pre-Covid-19 period.

In the first 6 months of 2022, the Group's cash flows from investing activities totalled EUR -3.60 million (6 months 2021: EUR -1.42 million), of which EUR -2.34 million was related to development and acquisition of property, plant and equipment, indicating higher investments in products and technologies. In the first 6 months of the year, the Group invested EUR -1.31 million in new LED screens, partly to be funded with finance lease in the second half of 2022.

In the first 6 months of 2022, the Group's cash flows from financing activities totalled EUR -3.14 million (6 months 2021: EUR -2.64 million), of which EUR -2.43 million was the dividend payment to the shareholders of AS Ekspress Grupp. Financing activities also include a net change in borrowings and principal lease payments, where the changes made to SEB loan contracts entered into in summer 2021 had a positive impact. In the first 6 months of 2021, treasury shares were purchased in the amount of EUR 0.45 million.

DIVIDENDS

At the regular General Meeting of Shareholders of AS Ekspress Grupp held on 2 May 2022, it was decided to pay a dividend of 8 euro cents per share in the total amount of EUR 2.43 million. Dividends were paid to shareholders on 20 May 2022.

Key financial indicators for segments

(EUR thousand)	Sales								12 months	
	Q2 2022	Q2 2021	Change	%	6M 2022	6M 2021	Change	%	2021	
Media segment	16 062	12 904	24%		29 144	23 560	24%		52 093	
incl. revenue from all digital and online channels	12 494	9 939	26%		22 580	17 603	28%		40 453	
% of revenue from all digital										



and online channels	78%	77%		77%	75%		78%
Corporate functions	1 090	1 054	3%	2 182	2 106	4%	4 118
Inter-segment eliminations	(743)	(652)		(1 490)	(1 357)		(2 695)
TOTAL GROUP	16 409	13 306	23%	29 836	24 308	23%	53 516
% of revenue from all digital and online channels	76%	75%		76%	72%		76%

(EUR thousand)

EBITDA

	Q2 2022	Q2 2021	Change %	6M 2022	6M 2021	Change %	12 months 2021
Media segment	2 501	2 281	10%	3 394	3 076	10%	8 927
Corporate functions	(261)	(111)	-136%	(491)	(289)	-70%	(669)
Inter-segment eliminations	(24)	33		(70)	13		(18)
TOTAL GROUP	2 216	2 204	1%	2 832	2 800	1%	8 240
EBITDA margin	Q2 2022	Q2 2021	6M 2022	6M 2021	12 months 2021		
Media segment	16%	18%	12%	13%	17%		
TOTAL GROUP	14%	17%	9%	12%	15%		

Consolidated balance sheet (unaudited)

(EUR thousand)

30.06.2022 31.12.2021

ASSETS

Current assets



Cash and cash equivalents	6 793	10 962
Trade and other receivables	10 786	9 323
Corporate income tax prepayment	181	2
Inventories	293	266
Total current assets	18 053	20 553
Non-current assets		
Other receivables and investments	1 617	1 671
Deferred tax asset	42	42
Investments in joint ventures	833	1 011
Investments in associates	2 170	2 210
Property, plant and equipment	9 100	7 964
Intangible assets	61 017	60 807
Total non-current assets	74 779	73 705
TOTAL ASSETS	92 831	94 258
LIABILITIES		
Current liabilities		
Borrowings	2 379	3 201
Trade and other payables	17 621	17 664
Corporate income tax payable	40	82
Total current liabilities	20 040	20 947
Non-current liabilities		
Long-term borrowings	20 098	19 018
Other long-term liabilities	601	601
Total non-current liabilities	20 699	19 619
TOTAL LIABILITIES	40 739	40 566



EQUITY		
Minority interest	138	140
Capital and reserves attributable to equity holders of parent company:		
Share capital	18 478	18 478
Share premium	14 277	14 277
Treasury shares	(362)	(384)
Reserves	2 048	1 920
Retained earnings	17 513	19 261
Total capital and reserves attributable to equity holders of parent company	51 954	53 552
TOTAL EQUITY	52 092	53 692
TOTAL LIABILITIES AND EQUITY	92 831	94 258

Consolidated statement of comprehensive income (unaudited)

(EUR thousand)	Q2 2022	Q2 2021	6M 2022	6M 2021	12 months 2021
Continuing operations					
Sales	16 409	13 306	29 836	24 308	53 516
Cost of sales	(12 407)	(9 691)	(23 441)	(18 693)	(39 674)
Gross profit	4 002	3 615	6 395	5 615	13 842
Other income	198	212	317	318	929
Marketing expenses	(783)	(682)	(1 437)	(1 099)	(2 359)
Administrative expenses	(2 170)	(1 747)	(4 317)	(3 623)	(7 435)
Other expenses	(43)	(25)	(85)	(49)	(113)
Operating profit /(loss)	1 205	1 373	873	1 162	4 864



Interest income	9	8	19	17	35
Interest expenses	(178)	(181)	(347)	(362)	(709)
Other finance income/(costs)	210	(11)	197	4	339
Net finance cost	41	(184)	(131)	(341)	(335)
Profit/(loss) on shares of joint ventures	(87)	(63)	(220)	(170)	(281)
Profit/(loss) on shares of associates	143	32	273	67	161
Profit /(loss) before income tax	1 302	1 157	794	718	4 409
Income tax expense	(31)	(34)	(36)	(39)	(276)
Net profit /(loss) from continuing operations	1 271	1 124	759	679	4 133
Net profit /(loss) from discontinued operation	0	123	0	304	(1 876)
Net profit /(loss) for the reporting period	1 271	1 247	759	982	2 257
Net profit /(loss) for the reporting period attributable to					
Equity holders of the parent company	1 272	1 246	761	980	2 243
Minority interest	(1)	1	(2)	2	14
Total comprehensive income /(loss)	1 271	1 247	759	982	2 257
Comprehensive income /(loss) for the reporting period attributable to					
Equity holders of the parent company	1 272	1 246	761	980	2 243
Minority interest	(1)	1	(2)	2	14
Earnings per share (euro) - continuing operations					
Basic earnings per share	0.0419	0.0371	0.0251	0.0224	0.1362



Diluted earnings per share	0.0405	0.0357	0.0242	0.0216	0.1316
Earnings per share (euro)					
Basic earnings per share	0.0419	0.0412	0.0251	0.0325	0.0742
Diluted earnings per share	0.0405	0.0396	0.0242	0.0312	0.0716

Consolidated cash flow statement (unaudited)

(EUR thousand)	6M 2022	6M 2021*	12 months 2021*
Cash flows from operating activities			
Operating profit /(loss) for the reporting year	873	1 524	3 060
Adjustments for (non-cash):			
Depreciation and amortisation	1 959	2 281	4 162
(Gain)/loss on sale, write-down and impairment of property, plant and equipment	2	36	(10)
Change in value of share option	18	19	36
Loss on sale of discontinued operation	0	0	2 077
Cash flows from operating activities:			
Trade and other receivables	(1 385)	(1 150)	(1 599)
Inventories	(27)	160	(33)
Trade and other payables	1 572	(390)	1 464
Income tax paid	(262)	(212)	(281)
Interest paid	(181)	(277)	(803)
Net cash generated from operating activities	2 569	1 992	8 073
Cash flows from investing activities			
Acquisition of subsidiaries/ associates (less cash acquired) and			



other investments / cash paid-in equity-accounted investees	(1 971)	(201)	(3 325)
Disposal of discontinued operation, net of cash disposed of	0	0	6 326
Receipts of other investments	10	51	51
Interest received	1	2	3
Purchase of property, plant and equipment and intangible assets	(2 335)	(1 268)	(2 786)
Proceeds from sale of property, plant and equipment and intangible assets	40	1	3
Loans granted	(30)	(82)	(212)
Loan repayments received	86	0	156
Dividends received	601	78	828
Net cash used in investing activities	(3 598)	(1 419)	1 044
Cash flows from financing activities			
Dividends paid	(2 425)	0	(3 028)
Payment of lease liabilities	(851)	(954)	(1 814)
Loans received / Repayments of bank loans	136	(1 235)	864
Purchases of treasury shares	0	(446)	(446)
Net cash used in financing activities	(3 140)	(2 635)	(4 424)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(4 169)	(2 062)	4 693
Cash and cash equivalents at the beginning of the period	10 962	6 269	6 269
Cash and cash equivalents at the end of the period	6 793	4 207	10 962

*No adjustments have been made to the consolidated cash flows for 2021 in accordance with the requirements of IFRS. Cash flows related to the printing services segment are still consolidated line-by-line.



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AS Ekspress Grupp is the leading Baltic media group whose key activities include web media content production, publishing of newspapers, magazines and books. The Group also operates an 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.

