

Company AS Ekspress Grupp
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Attachments:

- EG_III_kvartal_2022_ENG.pdf (<http://oam.fi.ee/en/download?id=6860>)
- EG_III_kvartal_2022_EST.pdf (<http://oam.fi.ee/en/download?id=6861>)

Currency

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

In the 3(rd) quarter of 2022, the consolidated revenue of AS Ekspress Grupp totalled EUR 15.1 million and the net profit totalled EUR 0.86 million. The total revenue for the first nine months reached EUR 45.0 million, increasing by 20% year-over-year. The net profit for the first nine months totalled EUR 1.62 million, decreasing by EUR 0.2 million as compared to last year. Digital revenue increased by 25% as compared to the same period last year and digital revenue contributed 77% to the Group's total revenue at the end of September.

The Group's revenue for the 3(rd) quarter continued its growth as expected. The consolidated revenue for the quarter totalled EUR 15.1 million (Q3 2021: EUR 13.3 million), increasing by 14% as compared to last year. The Group's online advertising sales continued to grow at the time when the total market did not significantly grow. The Group's media companies managed to successfully grow at the expense of their competitors, providing the best solutions to their advertising customers in reaching consumers. Ad buyers direct an increasingly larger share of their marketing budget into online channels, ensuring the sustainability of the Group's key type of revenue. Nine-month revenue totalled EUR 45.0 million, increasing by 20% as compared to last year. In addition to advertising sales, better nine-month performance was attributable to a higher number of digital subscriptions and the growth in the average price of both paper and digital products.

The number of the digital subscriptions of AS Ekspress Grupp increased by 21% by the end of September as compared to the same period last year and totalled 151.4 thousand subscriptions. The number of digital subscriptions of Õhtuleht increased the most, indicating that the customer groups that until now had preferred print periodicals are also more willing to consumer more digital media. In percentage terms, the number of digital subscribers demonstrated the highest growth in Lithuania and Latvia where the transition to the digital subscription model started later than in Estonia and where the Group is



expecting to see further growth potential in the near future.

The earnings before interest, tax, depreciation and amortisation (EBITDA) of Ekspress Grupp totalled EUR 2.26 million in the 3(rd) quarter and EUR 5.1 million in the first nine months. EBITDA grew by 1% both in the 3(rd) quarter as well as in the first nine months as compared to last year. Due to the growth in input prices (primarily paper, printing and energy costs) and the pressure of the overall economic environment on wages, the Group's EBITDA margin for the first nine months fell from 13% to 11%. The Group is aware of the higher risks related to the weakening of the economic environment and the potential economic cooldown over the next 12 months. We have already reduced our cost base in the areas where revenue has not met the Group's expectations. The effect of cost reductions will be evident in the next quarters. In addition, we are looking for opportunities in the new economic environment for more efficient management of processes and increasing sales revenue.

In the 3(rd) quarter of 2022, the consolidated revenue totalled EUR 0.86 million and the net profit for the first nine months totalled EUR 1.62 million. In the first nine months, the net profit decreased by EUR 0.2 million (-11%) as compared to the previous year. Lower profit was attributable to higher losses of AS Express Post that is engaged in home delivery of print media and the growth in the depreciation charge due to higher capital expenditures as compared to the same period last year.

The Management Board of Ekspress Grupp considers the Group's 9-month results as positive: the Group was able to grow the digital revenue base (both the turnover and share of digital revenues as well as the number of digital subscribers) and maintain good profitability despite the unstable business environment and the increase in input prices and salary expenses. This shows that over the last two years, Ekspress Grupp has been able to adapt quickly and efficiently to changed business environment, but contradictory future forecasts require to stay flexible and react quickly also in the upcoming quarters.

Q3 AND 9 MONTHS RESULTS

REVENUE

In the 3(rd) quarter of 2022, the consolidated revenue totalled EUR 15.1 million (Q3 2021: EUR 13.3 million). The revenue for the 3(rd) quarter increased by 14% year-over-year. The consolidated revenue for the first 9 months of 2022 totalled EUR 45.0 million (9 months 2021: EUR 37.6 million). The revenue for the first 9 months increased by 20% 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 77% at the end of the 3(rd) quarter of 2022 (at the end of the 3(rd) quarter 2021: 74% of total revenue). Digital revenue for the first 9 months of 2022 increased by 25% as compared to the same period last year.



PROFITABILITY

In the 3(rd) quarter of 2022, the consolidated EBITDA totalled EUR 2.26 million (Q3 2021: EUR 2.25 million). In the 3(rd) quarter of 2022, EBITDA increased by 1% as compared to the previous year and the EBITDA margin was 15% (Q3 2021: 17%). The consolidated EBITDA for the first 9 months of 2022 totalled EUR 5.10 million (9 months 2021: EUR 5.05 million). In the first 9 months of 2022, EBITDA increased by 1% as compared to the previous year and the EBITDA margin was 11% (9 months 2021: 13%).

The consolidated net profit for the 3(rd) quarter of 2022 totalled EUR 0.86 million (Q3 2021: EUR 1.15 million). In the 3(rd) quarter of 2022, the net profit decreased by 25% as compared to the previous year. The consolidated net profit for the first 9 months of 2022 totalled EUR 1.62 million (9 months 2021: EUR 1.82 million). In the first 9 months of 2022, the net profit decreased by 11% as compared to the previous year. This decline is primarily related to the higher loss of AS Express Post for the period and the increase of the Group's depreciation charge due to higher capital expenditures as compared to the same period last year.

EXPENSES

In the first 9 months of 2022, the cost of goods sold, marketing, and general and administrative costs totalled EUR 43.29 million (9 months 2021: EUR 35.56 million). In the first 9 months of the year, operating expenses increased by EUR 7.73 million (+22%). Staff costs in the amount of EUR 4.39 million (+23%) increased the most. The significant growth in input expenses is linked to the outsourcing of the printing service related to print media as well as the home delivery service, the total growth was EUR 0.66 million (+16%).

As of 30 September 2022, the Group employed 861 employees which is 132 more as compared to the same period last year (30.09.2021: 729 employees). This growth is attributable to 56 employees who were transferred from OÜ Geenius Meedia acquired at the end of 2021 and the ELTA news agency acquired in the summer of 2022. 76 employees were hired in other companies in Estonia, Latvia and Lithuania. Given the general economic situation, we have selectively adjusted employee salaries in order to retain the best. In addition, we have started with cost reductions and layoffs, especially in Latvia where advertising sales have failed to meet the Group's internal targets. These activities will have an impact in the upcoming quarters.

In the first 9 months of the year, the one-off expenditure includes donations to Ukraine in the total amount of EUR 0.20 million (Q3 2022: additional donations of EUR 0.06 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 September 2022, inflation was 24.1% in Estonia, 22.5% in Lithuania and 22% in Latvia as compared to the previous year) which is one of



the highest in the Eurozone. 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 6.1 million and equity in the amount of EUR 53.0 million (57% of total assets). The comparable data as of 30 September 2021 were EUR 12.4 million and EUR 54.4 million (61% of total assets), respectively. As of 30 September 2022, the Group's net debt was EUR 15.8 million (31 December 2021: EUR 11.3 million).

In the first 9 months of 2022, the Group's cash flows from operating activities totalled EUR 3.89 million (9 months 2021: EUR 4.41 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 9 months of 2022, the Group's cash flows from investing activities totalled EUR -4.76 million (9 months 2021: EUR 4.98 million, incl. the sale of a discontinued operation in the amount of EUR 6.33 million), of which EUR -2.89 million was related to development and acquisition of property, plant and equipment and intangible assets, indicating higher investments in products and technologies. In the first 9 months of the year, the Group invested EUR -1.56 million in new LED screens, to be funded with a finance lease in the last quarter of 2022.

In the first 9 months of 2022, the Group's cash flows from financing activities totalled EUR -4.01 million (9 months 2021: EUR -3.29 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 9 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



	Q3 2022	Q3 2021	Change	%	9 months 2022	9 months 2021	Change	%	12 months 2021
Media segment	14 743	12 925	14%		43 887	36 485	20%		52 093
incl. revenue from all digital and online channels	12 006	10 061	19%		34 586	27 664	25%		40 453
% of revenue from all digital and online channels	81%	78%			79%	76%			78%
Corporate functions	1 161	999	16%		3 343	3 106	8%		4 118
Inter-segment eliminations	(784)	(660)			(2 274)	(2 018)			(2 695)
TOTAL GROUP	15 120	13 265	14%		44 956	37 573	20%		53 516
% of revenue from all digital and online channels	79%	76%			77%	74%			76%

(EUR thousand) EBITDA

	Q3 2022	Q3 2021	Change	%	9 months 2022	9 months 2021	Change	%	12 months 2021
Media segment	2 614	2 401	9%		6 007	5 478	10%		8 927
Corporate functions	(311)	(134)	-132%		(802)	(423)	-90%		(669)
Inter-segment eliminations	(39)	(16)			(109)	(3)			(18)
TOTAL GROUP	2 264	2 251	1%		5 096	5 051	1%		8 240

EBITDA margin Q3 2022 Q3 2021 9 months 2022 9 months 2021 12 months 2021



Media segment	18%	19%	14%	15%	17%
TOTAL GROUP	15%	17%	11%	13%	15%

Consolidated balance sheet (unaudited)

(EUR thousand) 30.09.2022 31.12.2021

ASSETS

Current assets

Cash and cash equivalents	6 077	10 962
Trade and other receivables	10 496	9 323
Corporate income tax prepayment	246	2
Inventories	317	266
Total current assets	17 136	20 553

Non-current assets

Other receivables and investments	1 586	1 671
Deferred tax asset	42	42
Investments in joint ventures	895	1 011
Investments in associates	2 255	2 210
Property, plant and equipment	8 829	7 964
Intangible assets	61 497	60 807
Total non-current assets	75 104	73 705
TOTAL ASSETS	92 240	94 258

LIABILITIES

Current liabilities

Borrowings	1 865	3 201
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Trade and other payables	16 630	17 664
Corporate income tax payable	136	82
Total current liabilities	18 631	20 947
Non-current liabilities		
Long-term borrowings	20 023	19 018
Other long-term liabilities	601	601
Total non-current liabilities	20 624	19 619
TOTAL LIABILITIES	39 255	40 566
EQUITY		
Minority interest	141	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	(334)	(384)
Reserves	2 057	1 920
Retained earnings	18 365	19 261
Total capital and reserves attributable to equity holders of parent company	52 843	53 552
TOTAL EQUITY	52 984	53 692
TOTAL LIABILITIES AND EQUITY	92 240	94 258

Consolidated statement of comprehensive income (unaudited)

(EUR thousand)	Q3 2022	Q3 2021	9 months 2022	9 months 2021	12 months 2021
Continuing					



operations

Sales	15 120	13 265	44 956	37 573	53 516
Cost of sales	(11 272)	(9 849)	(34 712)	(28 543)	(39 674)
Gross profit	3 849	3 415	10 243	9 030	13 842
Other income	209	291	526	609	929
Marketing expenses	(695)	(494)	(2 133)	(1 593)	(2 359)
Administrative expenses	(2 125)	(1 799)	(6 442)	(5 422)	(7 435)
Other expenses	(54)	(13)	(139)	(62)	(113)
Operating profit / (loss)	1 183	1 401	2 056	2 563	4 864
Interest income	9	9	28	25	35
Interest expenses	(183)	(175)	(529)	(537)	(709)
Other finance income / (costs)	(3)	(67)	194	(62)	339
Net finance cost	(177)	(233)	(308)	(574)	(335)
Profit / (loss) on shares of joint ventures	(107)	42	(327)	(128)	(281)
Profit / (loss) on shares of associates	53	16	326	83	161
Profit / (loss) before income tax	953	1 226	1 747	1 944	4 409
Income tax expense	(94)	(81)	(129)	(120)	(276)
Net profit / (loss) from continuing operations	859	1 145	1 618	1 823	4 133
Net profit / (loss) from discontinued operation	0	(2 180)	0	(1 876)	(1 876)



Net profit /(loss) for the reporting period	859	(1 035)	1 618	(53)	2 257

Net profit /(loss) for the reporting period attributable to					

Equity holders of the parent company	857	(1 037)	1 617	(57)	2 243

Minority interest	2	2	1	4	14

Total comprehensive income /(loss)	859	(1 035)	1 618	(53)	2 257

Comprehensive income /(loss) for the reporting period attributable to					

Equity holders of the parent company	857	(1 037)	1 617	(57)	2 243

Minority interest	2	2	1	4	14

Earnings per share (euro) - continuing operations					

Basic earnings per share	0.0282	0.0377	0.0533	0.0602	0.1362

Diluted earnings per share	0.0273	0.0364	0.0515	0.0581	0.1316

Earnings per share (euro)					

Basic earnings per share	0.0282	(0.0343)	0.0533	(0.0019)	0.0742

Diluted earnings per share	0.0273	(0.0331)	0.0515	(0.0018)	0.0716

Consolidated cash flow statement (unaudited)

	12 months		
(EUR thousand)	9 months 2022	9 months 2021*	2021*
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Cash flows from operating activities			
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Operating profit /(loss) for the reporting year	2 056	709	3 060



Adjustments for (non-cash):			
Depreciation and amortisation	3 039	3 349	4 162
(Gain)/loss on sale, write-down and impairment of property, plant and equipment	30	35	(10)
Change in value of share option	27	27	36
Loss on sale of discontinued operation	0	2 077	2 077
Cash flows from operating activities:			
Trade and other receivables	(1 168)	(1 370)	(1 599)
Inventories	(51)	(79)	(33)
Trade and other payables	607	337	1 464
Income tax paid	(319)	(272)	(281)
Interest paid	(327)	(405)	(803)
Net cash generated from operating activities	3 892	4 409	8 073
Cash flows from investing activities			
Acquisition of subsidiaries/ associates (less cash acquired) and other investments / cash paid-in equity-accounted investees	(2 600)	(201)	(3 325)
Disposal of discontinued operation, net of cash disposed of	0	6 326	6 326
Receipts of other investments	10	51	51
Interest received	1	3	3
Purchase of property, plant and equipment and intangible assets	(2 891)	(1 901)	(2 786)
Proceeds from sale of property, plant and equipment and intangible assets	60	3	3
Loans granted	(30)	(130)	(212)



Loan repayments received	86	0	156
Dividends received	601	828	828
Net cash used in investing activities	(4 763)	4 978	1 044
Cash flows from financing activities			
Dividends paid	(2 425)	0	(3 028)
Payment of lease liabilities	(1 305)	(1 389)	(1 814)
Loans received / Repayments of bank loans	(284)	(1 455)	864
Purchases of treasury shares	0	(446)	(446)
Net cash used in financing activities	(4 014)	(3 290)	(4 424)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(4 885)	6 096	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	6 077	12 364	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.

