

Company AS Ekspress Grupp  
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- EG\_II\_kvartal\_2023\_ENG.pdf (<http://oam.fi.ee/en/download?id=7597>)
- EG\_II\_kvartal\_2023\_EST.pdf (<http://oam.fi.ee/en/download?id=7598>)

Currency

Title AS Ekspress Grupp: Consolidated unaudited interim report for Q2 and 6 months of 2023

The revenue of AS Ekspress Grupp for the 2(nd) quarter of 2023 increased by 13% to EUR 18.5 million and EBITDA increased by 8% to EUR 2.4 million. The revenue for the first 6 months of 2023 increased by 18% to EUR 35.3 million and EBITDA increased by 25% to EUR 3.6 million as compared to last year. The Group's net profit for the 2(nd) quarter totalled EUR 0.6 million and for the first 6 months it totalled EUR 0.2 million, decreasing by 71% as compared to the same period last year. At the end of June, the share of digital revenue was 82% of the Group's total revenue. Digital revenue increased by 28% as compared to the same period last year.

The Group continued to be successful in increasing its sales volumes in both advertising and digital subscriptions. The 2(nd) quarter was successful in terms of increasing the market share in advertising as well as increasing the average price of digital subscriptions. The Group's 2(nd) quarter's revenue grew strongly and increased by 13% as compared to the same period last year. In terms of the first 6 months of the year, the total revenue increased by 18%. Excluding from revenue the acquisitions made in Lithuania (news portal Lrytas and news agency ELTA) in the second half of 2022, revenue growth was 12% in the first 6 months of the year. Advertising revenue was strong in Estonia and Lithuania where the market has been stable so far and the volumes have remained at the same level as last year.

In Latvia, the total market volume decreased, and the advertising revenue earned by Ekspress Group in Latvia is about 4% less than last year. This decrease has been offset by the increase in sales revenue of the ticket platform and digital screens. The ticket platform operated by the Group successfully sold the tickets for the Jubilee Song and Dance Festival held in Riga, which increased both the number of tickets sold as well as the company's sales.

The inflationary environment and high-interest rates will increase the risks to



advertising revenue in all Baltic States in the second half of the year.

The number of digital subscriptions of AS Ekspress Grupp increased by 24% year-over-year (Q2: 9%, 6 months: 20%) and totalled 175.4 thousand subscriptions. The number of the Group's digital subscriptions continued their fast growth in the first 6 months of the year, making up an increasingly higher share of the Group's revenue base. The Group has added nearly 34 000 readers with digital subscriptions in the Baltic States over the last year or 24% more as compared to the end of June last year. The Group's digital revenue base is increasingly based on the sales revenue from digital subscriptions. We have strengthened the quality and volume of content offered by the Group's media companies so as to be the leader in the field of digital subscriptions in all Baltic States. The Group is moving towards its strategic financial goals and aims to offer digital paid content to at least 340 000 subscribers by the year 2026.

The earnings before interest, tax, depreciation and amortisation (EBITDA) of Ekspress Grupp totalled EUR 2.4 million in the 2(nd) quarter, growing by 8%. The EBITDA in the first 6 months of the year totalled EUR 3.6 million, increasing by 25%. Profitability was positively impacted by successful sales of online advertising and digital subscriptions in Estonia and Lithuania, and the volume growth of ticket sales platforms and digital outdoor screens.

The net profit in the first 6 months of 2023 totalled EUR 0.2 million, which is 71% lower as compared to the previous year. Including one-off extraordinary expenses, the net loss for the first 6 months of the year totalled EUR -0.1 million. The decrease in net profit is mainly due to the one-off costs related to the liquidation of the home delivery services of Express Post and its unprofitable operations in the first 6 months of the year in the total amount of EUR -0.6 million. The home delivery services of Express Post were liquidated in the first 6 months of the year and one-off liquidation expenses and unprofitable operations will no longer incur in the next quarters of the Group. In addition, the level of net profit has been impacted by higher interest rates resulting from the increase in the Euribor and higher depreciation expenses resulting from the Group's investments. The negative impact of interest is twofold and manifested itself as an additional expense of EUR 0.3 million in the results for the first 6 months of the year.

The Group's liquidity is solid, and we consider it important to keep liquidity reserves for possible new acquisitions as well as for the possible economic cooldown. As of 30 June 2023, the Group's monetary funds totalled EUR 6.1 million (31.12.2022: EUR 7.4 million). In the first 6 months of the year, the Group repurchased shares in the amount of EUR 1 million and paid dividends to the shareholders in the amount of EUR 1.5 million. Thus, in the first 6 months of 2023 the Group made payments to the shareholders in the total amount of EUR 2.5 million.

## Q2 AND 6 MONTHS RESULTS



## REVENUE

In the 2(nd) quarter of 2023, the consolidated revenue totalled EUR 18.5 million (Q2 2022: EUR 16.4 million). The revenue for the 2(nd) quarter increased by 13% year-over-year. The consolidated revenue for the first 6 months of 2023 totalled EUR 35.3 million (6 months 2022: EUR 29.8 million). The revenue for the first 6 months of the year increased by 18% as compared to the previous year. This growth was attributable to both online advertising revenue as well as digital subscription revenue. The share of the Group's digital revenue in total revenue was 82% in the first 6 months of 2023 (6 months 2022: 76% of total revenue). Digital revenue for the first 6 months of 2023 increased by 28% as compared to the same period last year.

## PROFITABILITY

In the 2(nd) quarter of 2023, the consolidated EBITDA totalled EUR 2.4 million (Q2 2022: EUR 2.2 million). EBITDA increased by 8% as compared to last year and the EBITDA margin was 13% (Q2 2022: 14%). In the first 6 months of 2023, the consolidated EBITDA totalled EUR 3.6 million (6 months 2022: EUR 2.8 million). EBITDA increased by 25% as compared to last year and the EBITDA margin was 10% (6 months 2022: 9%). Profitability has been driven by successful sales of online advertising and digital subscriptions in Estonia and Lithuania, and the volume growth of ticket sales platforms and digital outdoor screens.

In the 2(nd) quarter of 2023, the consolidated net profit totalled 0.6 million (Q2 2022: EUR 1.3 million). In the first 6 months of 2023, the consolidated net profit, excluding extraordinary expenses, totalled EUR 0.2 million (6 months 2022: EUR 0.8 million). In the first 6 months of 2023, the net profit decreased by 71% as compared to last year. Including one-off extraordinary expenses, the net loss for the first 6 months of the year totalled EUR -0.1 million. The decrease in net profit is mainly due to higher interest rates resulting from the increase in the Euribor and higher depreciation expenses resulting from the Group's investments. The negative impact of interest is twofold and manifests itself as an additional expense of EUR 0.3 million in the results for the first 6 months of the year. The results for the first 6 months of the year were also impacted by the one-off costs in the amount of EUR 0.3 million related to the liquidation of the home delivery services of AS Express Post and the higher operating loss in the amount of EUR 0.3 million earned by the joint venture in the first 6 months of the year. Thus, the negative effect of the liquidation and the unprofitable operations of Express Post on the Group's net profit was EUR 0.6 million higher than in the same period last year. The home delivery services of Express Post were liquidated in the first 6 months of the year and the Group will no longer incur any additional losses on this business in the second half of the year.

In the first 6 months of 2022, the positive one-off impact on the net profit in the amount of EUR 0.2 million was attributable to the profit which arose on the



revaluation of the final payment related to the acquisition of Bi?eshu Parad?ze.

#### EXPENSES

In the first 6 months of 2023, the cost of goods sold, marketing, and general and administrative costs totalled EUR 34.0 million (6 months 2022: EUR 29.2 million). Operating expenses increased by EUR 4.8 million (+17%) as compared to the same period last year. Labour costs increased the most, by EUR 2.9 million (+18%).

In the first 6 months of 2023, the Group employed 974 employees on average which is 112 employees more as compared to the same period last year (6 months 2022: 862 employees). This growth is attributable to 88 employees who were transferred from the acquired companies, incl. ELTA news agency in Lithuania acquired in May 2022 and the news portal lrytas.lt acquired in December 2022. 24 employees were hired from other companies in Estonia, Latvia and Lithuania.

#### 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 53.1 million (51% of total assets). The comparable data as of 30 June 2022 were EUR 6.8 million and 52.1 million (56% of total assets), respectively. As of 30 June 2023, the Group's net debt totalled EUR 14.7 million (30 June 2022: EUR 10.5 million).

In the first 6 months of 2023, the Group's cash flows from operating activities totalled EUR 4.4 million (6 months 2022: EUR 2.6 million), 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 2023, the Group's cash flows from investing activities totalled EUR -1.5 million (6 months 2022: EUR -3.6 million), of which EUR -1.2 million was related to the development and acquisition of tangible and intangible assets, demonstrating higher investments in products and technologies. In the first 6 months of the year, the Group invested EUR -0.9 million in new LED screens using a finance lease.

In the first 6 months of 2023, the Group's cash flows from financing activities totalled EUR -4.3 million (6 months 2022: EUR -3.1 million), of which EUR -1.0 million is the share buy-back and EUR -1.5 million is the dividend payment to the shareholders of AS Ekspress Grupp. The financing activities also include the net change in borrowings in the amount of EUR -0.8 million and lease liabilities in the amount of EUR -0.9 million.

#### SHARE BUY-BACK AND DIVIDENDS

Within the framework of the share buy-back programme, on 9 March 2023 AS



Ekspress Grupp purchased 588 235 shares at the price of EUR 1.70 per share in the total amount of EUR 1.0 million.

At the regular general meeting of shareholders of AS Ekspress Grupp held on 4 May 2023, it was decided to pay a dividend of 5 euro cents per share in the total amount of EUR 1.49 million. Dividends were paid to shareholders on 24 May 2023.

## SEGMENT OVERVIEW

### Key financial indicators for segments

(EUR thousand)	Sales									
	Q2 2023	Q2 2022	Change %	6M 2023	6M 2022	Change %	12 months 2022			
Media segment	18 766	16 062	17%	35 634	29 144	22%	62 690			
advertising revenue	11 124	9 562	16%	20 805	17 402	20%	37 613			
subscriptions (incl. single-copy sales)	4 658	4 050	15%	9 219	7 936	16%	16 819			
marketplaces	603	475	27%	1 239	828	50%	2 232			
outdoor screens	837	637	31%	1 526	1 039	47%	2 396			
sale of other goods and services	1 543	1 338	15%	2 845	1 938	47%	3 630			
Corporate functions	1 081	1 090	-1%	2 308	2 182	6%	4 500			
Inter-segment eliminations	(1 320)	(743)		(2 658)	(1 490)		(3 050)			
TOTAL GROUP	18 528	16 409	13%	35 283	29 836	18%	64 141			
incl. revenue from all digital channels	15 412	12 494	23%	28 796	22 580	28%	49 928			
% of revenue										



from all digital channels	83%	76%	82%	76%	78%
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(EUR thousand) EBITDA

	Q2 2023	Q2 2022	Change %	6M 2023	6M 2022	Change %	12 months 2022
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Media segment	2 643	2 501	6%	4 121	3 394	21%	10 183
Corporate functions	(240)	(261)	8%	(561)	(491)	-14%	(1 122)
Inter-segment eliminations	(4)	(24)		(8)	(70)		(171)
TOTAL GROUP	2 399	2 216	8%	3 552	2 832	25%	8 891

EBITDA margin	Q2 2023	Q2 2022	6M 2023	6M 2022	12 months 2022
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Media segment	14%	16%	12%	12%	16%
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TOTAL GROUP	13%	14%	10%	9%	14%
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#### Consolidated balance sheet (unaudited)

(EUR thousand) 30.06.2023 31.12.2022

#### ASSETS

#### Current assets

Cash and cash equivalents	6 111	7 448
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Trade and other receivables	17 298	11 661
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Corporate income tax prepayment	144	49
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Inventories	259	286
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Total current assets	23 813	19 444
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#### Non-current assets

Other receivables and investments	1 580	1 580
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Deferred tax asset	69	60
Investments in joint ventures	690	1 017
Investments in associates	2 030	2 279
Property, plant and equipment	9 165	8 736
Intangible assets	66 982	66 720
Total non-current assets	80 517	80 392
TOTAL ASSETS	104 330	99 836
LIABILITIES		
Current liabilities		
Borrowings	2 558	3 393
Trade and other payables	25 734	19 004
Corporate income tax payable	82	25
Total current liabilities	28 375	22 422
Non-current liabilities		
Long-term borrowings	22 852	21 948
Other long-term liabilities	41	43
Total non-current liabilities	22 893	21 991
TOTAL LIABILITIES	51 268	44 413
EQUITY		
Minority interest	0	147
Capital and reserves attributable to equity holders of parent company:		
Share capital	18 478	18 478
Share premium	14 277	14 277
Treasury shares	(1 057)	(334)



Reserves	2 275	2 059
Retained earnings	19 089	20 796
Total capital and reserves attributable to equity holders of parent company	53 062	55 276
TOTAL EQUITY	53 062	55 423
TOTAL LIABILITIES AND EQUITY	104 330	99 836

Consolidated statement of comprehensive income (unaudited)

(EUR thousand)	Q2 2023	Q2 2022	6M 2023	6M 2022	12 months 2022
Sales	18 528	16 409	35 283	29 836	64 141
Cost of sales	(14 107)	(12 407)	(27 748)	(23 441)	(48 185)
Gross profit	4 422	4 002	7 535	6 395	15 956
Other income	110	198	181	317	789
Marketing expenses	(791)	(783)	(1 362)	(1 437)	(2 979)
Administrative expenses	(2 376)	(2 170)	(4 927)	(4 317)	(8 823)
Other expenses	(120)	(43)	(140)	(85)	(146)
Operating profit /(loss)	1 245	1 205	1 287	873	4 797
Interest income	10	9	19	19	36
Interest expenses	(347)	(178)	(677)	(347)	(738)
Other finance income/(costs)	(11)	210	(21)	197	179
Net finance cost	(347)	41	(679)	(131)	(523)
Profit/(loss) on shares of joint ventures	(242)	(87)	(795)	(220)	(242)
Profit/(loss) on shares of associates	2	143	130	273	325
Profit /(loss) before					





income tax	658	1 302	(57)	794	4 357
Income tax expense	(46)	(31)	(62)	(36)	(302)
Net profit /(loss) for the reporting period	612	1 271	(118)	759	4 055
Net profit /(loss) for the reporting period attributable to					
Equity holders of the parent company	613	1 272	(120)	761	4 048
Minority interest	(1)	(1)	2	(2)	7
Total comprehensive income /(loss)	612	1 271	(118)	759	4 055
Comprehensive income /(loss) for the reporting period attributable to					
Equity holders of the parent company	613	1 272	(120)	761	4 048
Minority interest	(1)	(1)	2	(2)	7
Earnings per share (euro)					
Basic earnings per share	0.0205	0.0419	(0.0040)	0.0251	0.1335
Diluted earnings per share	0.0199	0.0405	(0.0039)	0.0242	0.1294

#### Consolidated cash flow statement (unaudited)

(EUR thousand)	12 months		
	6M 2023	6M 2022	2022
Cash flows from operating activities			
Operating profit /(loss) for the reporting year	1 287	873	4 797
Adjustments for (non-cash):			
Depreciation and amortisation	2 265	1 959	4 084
(Gain)/loss on sale, write-down and impairment of property, plant and equipment	(4)	2	29



Change in value of share option	16	18	29
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Cash flows from operating activities:			
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Trade and other receivables	(5 409)	(1 385)	(1 939)
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Inventories	26	(27)	(9)
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Trade and other payables	6 885	1 572	2 188
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Income tax paid	(108)	(262)	(401)
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Interest paid	(540)	(181)	(767)
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Net cash generated from operating activities	4 420	2 569	8 011
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Cash flows from investing activities			
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Acquisition of subsidiaries/ associates (less cash acquired) and other investments / cash paid-in equity-accounted investees	(949)	(1 971)	(7 632)
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Receipts of other investments	13	10	10
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Interest received	2	1	2
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Purchase of property, plant and equipment and intangible assets	(1 232)	(2 335)	(3 748)
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Proceeds from sale of property, plant and equipment and intangible assets	3	40	66
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Loans granted	0	(30)	(30)
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Loan repayments received	0	86	86
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Dividends received	674	601	601
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Net cash used in investing activities	(1 489)	(3 598)	(10 645)
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Cash flows from financing activities			
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Dividends paid	(1 488)	(2 425)	(2 425)
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Payment of lease liabilities	(940)	(851)	(1 751)
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Loans received / Repayments of bank loans	(840)	136	3 296
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Purchases of treasury shares	(1 000)	0	0



Net cash used in financing activities	(4 268)	(3 140)	(880)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(1 337)	(4 169)	(3 514)
Cash and cash equivalents at the beginning of the period	7 448	10 962	10 962
Cash and cash equivalents at the end of the period	6 111	6 793	7 448

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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 offices in Estonia and Latvia. Ekspress Grupp launched its operations in 1989 and employs almost 1100 people.

