

Company AS Ekspress Grupp
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Attachments:

- EG_IV_kvartal_2023_ENG.pdf (<http://oam.fi.ee/en/download?id=8019>)
- EG_IV_kvartal_2023_EST.pdf (<http://oam.fi.ee/en/download?id=8020>)

Currency

Title AS Ekspress Grupp: Consolidated unaudited interim report for Q4 and 12 months of 2023

In the 4(th) quarter of 2023, the revenue of AS Ekspress Grupp increased by 11% to EUR 21.3 million and EBITDA also increased by 11% to EUR 4.2 million. The revenue for the 12-month period increased by 14% year-over-year to EUR 73.1 million and EBITDA increased by 15% to EUR 10.2 million. The Group's net profit for the 4(th) quarter totalled EUR 2.5 million and for the 12 months, it totalled EUR 3.7 million. Excluding one-off expenses, it decreased by 9% as compared to the same period last year. The decline in net profit was primarily impacted by higher interest rates related to the increase of Euribor and higher depreciation charges arising from the Group's investments. Digital revenue increased by 21% as compared to the same period last year and made up 83% of the Group's total revenue. The digital subscription revenue of the Group's media companies and the number of people with digital subscriptions increased strongly in all three countries. The revenue of ticket platforms and the advertising revenue of outdoor screens have demonstrated strong growth.

The Group's revenue for the 4(th) quarter showed strong growth, increasing by 11% as compared to the same period last year. Over the 12-month period, total revenue increased by 14%. If to exclude from revenue the acquisitions made in Lithuania the 2(nd) half of 2022 (news portal Lrytas and news agency ELTA), the 12-month revenue growth was 9%. Against the backdrop of the general economic slowdown, digital revenue growth has been in an upward trend both in Estonia and Lithuania, and in summary, the growth of total sales revenue is differentiated across all main business segments.

In Latvia, the total market volume decreased and the advertising revenue of Ekspress Grupp earned in Latvia was 6% lower than last year. This decrease has been offset by the revenue growth of the ticket platform and digital screens. The Group's ticket platform has increased sales both through the number of events in the portal as well as the growth in the average ticket price. For example, both the number of tickets sold as well as revenue were boosted by the



successful ticket sales of the jubilee song festival held in Riga.

Over the last year, the Group has gained almost 61 000 new digital subscriptions in the Baltic States, i.e. 41% more as compared to the end of December 2022, reaching 207 000 subscriptions. The Group's digital revenue is increasingly more based on digital subscription revenue, and an even more extensive monthly recurring revenue base is being created without the need for additional sales activity (costs). The average price, which was higher than before, also contributed positively to subscription revenue growth. We have also improved the quality and volume of the content provided by the Group's media companies, to be the leader in the field of digital subscriptions in all Baltic States.

On the Estonian market, the number of digital subscriptions of the largest media company, Delfi Meedia, increased by 20% and surpassed the 100 000-subscriber threshold for the first time in December. If to compare it to the population of Estonia, Delfi has most likely become one of the most successful media companies both in Europe and in the world with its share of digital subscriptions. The Group is moving step by step closer to its strategic goals and wishes to provide paid digital 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 4.2 million in the 4(th) quarter, increasing by 11%. The 12-month EBITDA was EUR 10.2 million, increasing by 15%. Profitability has primarily been driven by successful sales of online advertising and digital subscriptions in Estonia and Lithuania as well as the volume growth of ticket sales platforms and digital outdoor screens.

The net profit for the 12 months of 2023 totalled EUR 3.7 million, being 9% lower as compared to last year. Including one-off extraordinary expenses, the Group earned a profit of EUR 3.4 million in the 12-month period. The decrease in net profit was impacted by the one-off expenses related to the liquidation of the home delivery service of AS Express Post in the amount of EUR 0.3 million. From July 2023, the home delivery service of Express Post has been discontinued and the Group will no longer incur an additional loss from this area in the upcoming periods. In addition, the level of net profit has been affected by higher interest rates related to the increase in Euribor and higher depreciation charges related to the Group's investments. The negative impact of interest costs is twofold and impacts the 12-month results as an additional charge of EUR 0.8 million. The comparative base of 2022 is also higher due to the adjustment of the fair value of the unpaid future commitment related to the ticket sales platform that had been recognised as one-off finance income.

The Group's liquidity is strong, and we consider it important to keep liquidity reserves for both new potential acquisitions as well as an economic downturn. As of 31 December 2023, the Group had monetary funds in the amount of EUR 9.6 million (31.12.2022: EUR 7.4 million). Over the 12-month period, the Group has bought back EUR 1 million shares and paid EUR 1.5 million of dividends to its shareholders. Thus, over the 12-month period of 2023, the Group has made payments to the shareholders in the total amount of EUR 2.5 million. The



Management Board will make a proposal regarding the dividends to be paid out of the profit for 2023 along with the notice to call an ordinary general meeting, proceeding from the previously approved dividend policy. The Group will pay out at least 30% of the last year's net profit as dividends under the condition that there will be sufficient monetary funds available to fund key operations and make new strategic investments.

Q4 AND 12 MONTHS RESULTS

REVENUE

In the 4(th) quarter of 2023, the consolidated revenue totalled EUR 21.3 million (Q4 2022: EUR 19.2 million). The revenue for the 4(th) quarter increased by 11% year-over-year. The consolidated revenue for the 12 months of 2023 totalled EUR 73.1 million (12 months 2022: EUR 64.1 million). The revenue for the 12-month period increased by 14% year-over-year. If to exclude from revenue the acquisitions made in the Lithuania in the 2(nd) half of 2022 (news portal Lrytas and news agency ELTA), the 12-month revenue growth was 9%. Digital advertising sales have been in an upward trend both in Estonia and Lithuania. This growth has been driven by online advertising revenue and digital subscription revenue. The share of the Group's digital revenue in total revenue was 83% at the end of the 4(th) quarter of 2023 (at the end of Q4 2022: 78% of total revenue). Digital revenue for the 12 months of 2023 increased by 21% as compared to the same period last year.

PROFITABILITY

In the 4(th) quarter of 2023, the consolidated EBITDA totalled EUR 4.2 million (Q4 2022: EUR 3.8 million). EBITDA increased by 11% as compared to last year and the EBITDA margin was 20% (Q4 2022: 20%). The consolidated EBITDA for the 12 months of 2023 totalled EUR 10.2 million (12 months 2022: EUR 8.9 million). EBITDA increased by 15% as compared to the previous year and the EBITDA margin was 14% (12 months 2022: 14%). Profitability has been boosted 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 consolidated net profit for the 4(th) quarter of 2023 totalled EUR 2.5 million (Q4 2022: EUR 2.4 million). The consolidated net profit for the 12 months of 2023, excluding one-off expenses, totalled EUR 3.7 million (12 months 2022: EUR 4.1 million). The consolidated net profit for the 12 months of 2023 decreased by 9% as compared to last year. Including one-off expenses, the consolidated net profit for the 12 months of 2023 totalled EUR 3.4 million. The decrease in net profit is primarily impacted by higher interest rates related to the increase in Euribor and higher depreciation charges related to the Group's investments. The negative impact of interest costs is twofold and impacts the 12-month results as an additional charge of EUR 0.8 million. The 12-month results were impacted by the one-off expenses related to the liquidation of the home delivery service of AS Express Post in the amount of EUR 0.3 million. From



July 2023, the home delivery service of Express Post has been discontinued and the Group will no longer incur an additional loss from this area in the upcoming periods.

The comparative base of 2022 is also higher due to the adjustment of fair value of the unpaid future commitment related to the ticket sales platform in the amount of EUR 0.2 million that had been recognised as one-off finance income.

EXPENSES

In the 12 months of 2023, the cost of goods sold, marketing, and general and administrative costs totalled EUR 67.4 million (12 months 2022: EUR 60.0 million). Operating expenses increased by EUR 7.4 million (+12%) as compared to the same period last year. Staff costs in the amount of EUR 5.0 million increased the most (+16%).

In the 12-month period of 2023, the Group employed 976 employees on average which is 92 more as compared to the same period last year (12 months 2022: 884 employees). This growth is attributable to 72 employees who were transferred from the companies acquired, incl. ELTA news agency acquired in Lithuania in May 2022 and the news portal lrytas.lt acquired in December 2022. An additional 20 employees were transferred 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 9.6 million and equity in the amount of EUR 56.5 million (53% of total assets). The comparable data as of 31 December 2022 were EUR 7.4 million and EUR 55.4 million (56% of total assets), respectively. As of 31 December 2023, the Group's net debt was EUR 10.6 million (31 December 2022: EUR 13.3 million).

In the 12 months of 2023, the Group's cash flows from operating activities totalled EUR 12.2 million (12 months 2022: EUR 8.0 million) that were positively impacted by the ticket sales platforms in Estonia and Latvia. The key effect came from Latvia where ticket sales volumes are increasing, despite a weaker economic environment.

In the 12 months of 2023, the Group's cash flows from investing activities totalled EUR -3.9 million (12 months 2022: EUR -10.6 million), of which EUR -3.4 million was related to development and acquisition of property, plant and equipment and intangible assets, indicating higher investments in products and technologies. In the 12 months of the year, the Group invested EUR -1.2 million in new LED screens, funded with a finance lease.

In the 12 months of 2023, the Group's cash flows from financing activities totalled EUR -6.2 million (12 months 2022: EUR -0.9 million), of which EUR -1.0 million was the share buy-back and EUR -1.5 million was the dividend payment to the shareholders of AS Ekspress Grupp. Financing activities also include a net



change in borrowings in the amount of EUR -1.7 million and lease liabilities in the amount of EUR -2.0 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			12 months 2023	12 months 2022	Change %
	Q4 2023	Q4 2022	Change %			
Media segment	21 276	18 803	13%	73 365	62 690	17%
advertising revenue	11 856	11 623	2%	42 074	37 613	12%
subscriptions (incl. single-copy sales)	5 132	4 677	10%	19 016	16 819	13%
marketplaces	1 335	822	62%	3 434	2 232	54%
outdoor screens	1 181	749	58%	3 530	2 396	47%
sale of other goods and services	1 773	933	90%	5 311	3 630	46%
Corporate functions	167	1 157	-86%	2 642	4 500	-41%
Inter-segment eliminations	(131)	(776)		(2 920)	(3 050)	
TOTAL GROUP	21 313	19 185	11%	73 086	64 141	14%
incl. revenue from all digital						



channels	17 518	15 342	14%	60 460	49 928	21%
% of revenue from all digital channels	82%	80%		83%	78%	

(EUR thousand)	EBITDA					
	Q4 2023	Q4 2022	Change %	12 months 2023	12 months 2022	Change %
Media segment	4 721	4 175	13%	11 695	10 183	15%
Corporate functions	(500)	(319)	-57%	(1 477)	(1 122)	-32%
Inter-segment eliminations	3	(61)		(1)	(171)	
TOTAL GROUP	4 225	3 795	11%	10 217	8 891	15%
EBITDA margin	Q4 2023	Q4 2022	12 months 2023	12 months 2022		
Media segment	22%	22%	16%	16%		
TOTAL GROUP	20%	20%	14%	14%		

Consolidated statement of financial position (unaudited)

(EUR thousand)	31.12.2023	31.12.2022
ASSETS		
Current assets		
Cash and cash equivalents	9 606	7 448
Trade and other receivables	13 143	11 661
Corporate income tax prepayment	24	49
Inventories	321	286
Total current assets	23 094	19 444
Non-current assets		



Other receivables and investments	1 628	1 580
Deferred tax asset	130	60
Investments in joint ventures	851	1 017
Investments in associates	2 197	2 279
Property, plant and equipment	10 384	8 736
Intangible assets	67 482	66 720
Total non-current assets	82 672	80 392
TOTAL ASSETS	105 766	99 836
LIABILITIES		
Current liabilities		
Borrowings	4 353	3 393
Trade and other payables	23 046	19 004
Corporate income tax payable	39	25
Total current liabilities	27 438	22 422
Non-current liabilities		
Long-term borrowings	21 765	21 948
Other long-term liabilities	22	43
Total non-current liabilities	21 787	21 991
TOTAL LIABILITIES	49 225	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	2 285	2 059
Retained earnings	22 558	20 796
Total capital and reserves attributable to equity holders of parent company	56 541	55 276
TOTAL EQUITY	56 541	55 423
TOTAL LIABILITIES AND EQUITY	105 766	99 836

Consolidated statement of comprehensive income (unaudited)

(EUR thousand)	Q4 2023	Q4 2022	12 months 2023	12 months 2022
Sales	21 313	19 185	73 086	64 141
Cost of sales	(14 915)	(13 473)	(55 046)	(48 185)
Gross profit	6 398	5 712	18 040	15 956
Other income	234	263	581	789
Marketing expenses	(792)	(847)	(2 803)	(2 979)
Administrative expenses	(2 402)	(2 381)	(9 582)	(8 823)
Other expenses	(475)	(7)	(737)	(146)
Operating profit /(loss)	2 962	2 740	5 499	4 797
Interest income	29	9	60	36
Interest expenses	(439)	(208)	(1 499)	(738)
Other finance income/(costs)	(20)	(14)	(55)	179
Net finance cost	(431)	(214)	(1 494)	(523)
Profit/(loss) on shares of joint ventures	65	85	(661)	(242)
Profit/(loss) on shares of associates	44	(1)	239	325



Profit /(loss) before income tax	2 640	2 610	3 583	4 357
Income tax expense	(119)	(173)	(232)	(302)
Net profit /(loss) for the reporting period	2 521	2 438	3 351	4 055
Net profit /(loss) for the reporting period attributable to				
Equity holders of the parent company	2 522	2 431	3 349	4 048
Minority interest	0	7	2	7
Total comprehensive income /(loss)	2 521	2 438	3 351	4 055
Comprehensive income /(loss) for the reporting period attributable to				
Equity holders of the parent company	2 522	2 431	3 349	4 048
Minority interest	0	7	2	7
Earnings per share (euro)				
Basic earnings per share	0.0837	0.0801	0.1113	0.1335
Diluted earnings per share	0.0813	0.0776	0.1081	0.1294

Consolidated cash flow statement (unaudited)

(EUR thousand)

12 months 2023 12 months 2022

Cash flows from operating activities		
Operating profit /(loss) for the reporting year	5 499	4 797
Adjustments for (non-cash):		
Depreciation and amortisation	4 719	4 084
(Gain)/loss on sale, write-down and impairment of property, plant and equipment	387	29



Change in value of share option	26	29
Cash flows from operating activities:		
Trade and other receivables	(1 539)	(1 939)
Inventories	(35)	(9)
Trade and other payables	4 921	2 188
Income tax paid	(263)	(401)
Interest paid	(1 476)	(767)
Net cash generated from operating activities	12 239	8 011
Cash flows from investing activities		
Acquisition of subsidiaries/ associates (less cash acquired) and other investments / cash paid-in equity-accounted investees	(1 469)	(7 632)
Receipts of other investments	13	10
Interest received	28	2
Purchase of property, plant and equipment and intangible assets	(3 391)	(3 748)
Proceeds from sale of property, plant and equipment and intangible assets	275	66
Loans granted	0	(30)
Loan repayments received	8	86
Dividends received	674	601
Net cash used in investing activities	(3 862)	(10 645)
Cash flows from financing activities		
Dividends paid	(1 488)	(2 425)
Payment of lease liabilities	(2 004)	(1 751)
Loans received / Repayments of bank loans	(1 727)	3 296
Purchases of treasury shares	(1 000)	0



Net cash used in financing activities	(6 219)	(880)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	2 158	(3 514)
Cash and cash equivalents at the beginning of the period	7 448	10 962
Cash and cash equivalents at the end of the period	9 606	7 448

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AS Ekspress Grupp is the leading Baltic media group whose key activities include web media content production, and publishing of newspapers, magazines and books. The Group also operates an electronic ticket sales platform and ticket sales offices and offers outdoor screen service in Estonia and Latvia. Ekspress Grupp launched its operations in 1989 and employs almost 1,100 people

