

Company AS Ekspress Grupp
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Attachments:

- EG_I_kvartal_2024_ENG.pdf (<http://oam.fi.ee/en/download?id=8377>)
- EG_I_kvartal_2024_EST.pdf (<http://oam.fi.ee/en/download?id=8378>)

Currency

Title AS Ekspress Grupp: Consolidated unaudited interim report for Q1 of 2024

The revenue of AS Ekspress Grupp for the 1(st) quarter of 2024 totalled EUR 16.2 million, EBITDA totalled EUR 0.4 million and net loss totalled EUR 1.2 million. Digital revenue increased by 2% as compared to the same period last year and made up 84% of the Group's total revenue. The digital subscription revenue of the Group's media companies and the number of people with digital subscriptions grew strongly year-over-year in all three countries. The revenue from ticket sales platforms and the advertising revenue from outdoor screens have also increased strongly.

As expected, the Group's results for the 1(st) quarter were primarily impacted by seasonality as a result of which the company's profitability is always under the greatest pressure in the 1(st) quarter each year. On the other hand, the advertising revenue in the 1(st) quarter this year was impacted by lower demand caused by the weak economic environment, which was exacerbated by the election cycles taking place in later quarters.

The revenue of Ekspress Grupp for the 1(st) quarter totalled EUR 16.2 million, decreasing by 3% as compared to the same period last year. The reasons for lower revenue also include last year's higher base of comparison: parliamentary elections were held both in Lithuania and Estonia in the 1(st) quarter of 2023, which additionally boosted advertising revenue. This year, elections in the Baltic States will be held in the second and third quarter and for this reason the impact on revenue is to be expected later. At the same time, the decline in the advertising market due to the general weak economic environment in the Baltic States also plays a role in the annual comparison, the greatest impact of which can be felt in Estonia. In the 1(st) quarter's results, this also impacts EBITDA. The decrease in advertising revenue is also compensated by the increase in the volume of ticket sales platforms and digital outdoor screens as well as the increase in digital subscription revenue.



In a year-over-year comparison, the Group received nearly 50 000 digital subscriptions in the Baltic States, i.e. 31% more than at the end of March last year. At the end of March 2024, digital subscriptions totalled 211 000. The Group's digital revenue is increasingly based on the revenue from digital subscriptions and it makes up an increasingly larger recurring revenue base without the need for additional sales activity (and costs). We have enhanced the quality and volume of the content offered by the Group's media companies in order to be the leader in the digital subscription field in all Baltic States. The Group is gradually moving towards its financial strategic goals and wishes to offer paid digital content to at least 340 000 subscribers by the year 2026.

In the 1(st) quarter, the earnings before interest, tax, depreciation and amortisation (EBITDA) of Ekspress Grupp totalled EUR 0.4 million, decreasing by -62%. Although the quarterly profitability fell against the background of the advertising market cooldown and the increasing pressure of input costs caused by the overall economic environment, the Group's earnings before interest, tax, depreciation and amortisation of the trailing 12-month period increased by EUR 0.1 million.

The net loss for the 1(st) quarter of 2024 amounted to EUR 1.2 million, which is 67% higher as compared to last year. Higher net loss is also primarily related to higher interest rates due to the increase in Euribor and higher depreciation expenses arising from the Group's investments.

The Group's liquidity continues to be strong. The Management Board considers it important to maintain liquidity reserves both for the use of potential new acquisitions and for situations related to further cooling of the economy. As of 31 March 2024, the Group's available cash totalled EUR 8.8 million (31.03.2023: EUR 7.3 million). The regular general meeting of shareholders to be held on 3 May 2024 will vote on the profit allocation proposal, according to which regular dividends of 6 euro cents per share will be paid to the shareholders in the total amount of EUR 1.8 million.

Q1 RESULTS

REVENUE

In the 1(st) quarter of 2024, the consolidated revenue totalled EUR 16.2 million (Q1 2023: EUR 16.8 million). The revenue for the 1(st) quarter decreased by -3% year-over-year. The Group's results for the 1(st) quarter were primarily impacted by seasonality as a result of which the company's profitability is always under the greatest pressure in the 1(st) quarter each year. On the other hand, the advertising revenue in the 1(st) quarter this year was impacted by lower demand caused by the weak economic environment, which was exacerbated by the election cycles taking place in later quarters. The reasons for lower revenue also include last year's higher base of comparison: parliamentary elections were held both in Lithuania and Estonia in the 1(st) quarter of 2023,



which additionally boosted advertising revenue. This year, elections in the Baltic States will be held in the second and third quarter and for this reason the impact on revenue is to be expected later. At the same time, the decline in the advertising market due to the general weak economic environment in the Baltic States also plays a role in the annual comparison, the greatest impact of which can be felt in Estonia. In the 1(st) quarter's results, this also impacts EBITDA. The decrease in advertising revenue is also compensated by the increase in the volume of ticket sales platforms and digital outdoor screens as well as the increase in digital subscription revenue. The share of the Group's digital revenue in total revenue was 84% at the end of the 1(st) quarter of 2024 (at the end of Q1 2023: 80% of total revenue). Digital revenue for the 1(st) quarter of 2024 increased by 2% as compared to the same period last year.

PROFITABILITY

In the 1(st) quarter of 2024, the consolidated EBITDA totalled EUR 0.4 million (Q1 2023: EUR 1.2 million). EBITDA decreased by -62% as compared to last year and the EBITDA margin was 3% (Q1 2023: 7%). The decrease in profitability is impacted by the decline in the advertising market due to the general weak economic environment in the Baltic States and the increasing pressure of input costs.

The consolidated net loss for the 1(st) quarter of 2024 totalled EUR -1.2 million (Q1 2023: EUR -0.7 million). In addition to expected seasonality, higher net loss is also primarily related to higher interest rates due to the increase in Euribor rates and higher depreciation expenses arising from the Group's investments.

EXPENSES

In the 1(st) quarter of 2024, the cost of goods sold, marketing, and general and administrative costs totalled EUR 17.3 million (Q1 2023: EUR 16.8 million). Operating expenses increased by EUR 0.5 million (+3%) as compared to the same period last year. Labour costs increased the most, by EUR 0.4 million (+5%).

CASH POSITION

At the end of the reporting period, the Group had available cash in the amount of EUR 8.8 million and equity in the amount of EUR 55.7 million (53% of total assets). The comparable data as of 31 March 2023 were EUR 7.3 million and EUR 53.7 million (53% of total assets), respectively. As of 31 March 2024, the Group's net debt was EUR 10.8 million (31 March 2023: EUR 13.6 million).

In the 1(st) quarter of 2024, the Group's cash flows from operating activities totalled EUR 0.9 million (Q1 2023: EUR 2.4 million).

In the 1(st) quarter of 2024, the Group's cash flows from investing activities totalled EUR -0.9 million (Q1 2023: EUR -0.7 million), of which EUR -1.1 million was related to development and acquisition of property, plant and equipment and



intangible assets, indicating higher investments in products and technologies.

In the 1(st) quarter of 2024, the Group's cash flows from financing activities totalled EUR -0.8 million (Q1 2023: EUR -1.9 million, of which EUR -1.0 million was the share buy-back). Financing activities also include a net change in borrowings in the amount of EUR -0.6 million and lease liabilities in the amount of EUR -0.6 million.

DIVIDENDS

In March 2024, the Group's Management Board proposed to pay 6 euro cents per share as dividends to shareholders from the net profit of the financial year 2023 in the total amount of EUR 1.8 million. The profit allocation proposal will be made at the ordinary general meeting of shareholders on 3 May 2024.

SEGMENT OVERVIEW

Key financial indicators for segments

(EUR thousand)	Sales			
	Q1 2024	Q1 2023	Change %	12 months 2023
Media segment	16 205	16 867	-4%	73 365
advertising revenue	8 800	9 681	-9%	42 074
subscriptions (incl. single-copy sales)	5 043	4 560	11%	19 016
marketplaces	910	636	43%	3 434
outdoor screens	783	688	14%	3 530
sale of other goods and services	669	1 302	-49%	5 311
Corporate functions	170	1 226	-86%	2 642
Inter-segment eliminations	(155)	(1 339)		(2 920)
TOTAL GROUP	16 220	16 755	-3%	73 086
incl. revenue from all digital channels	13 668	13 384	2%	60 460
% of revenue from all digital channels	84%	80%		83%



(EUR thousand)	EBITDA			
	Q1 2024	Q1 2023	Change %	12 months 2023
Media segment	914	1 478	-38%	11 695
Corporate functions	(477)	(321)	-48%	(1 477)
Inter-segment eliminations	4	(3)		(1)
TOTAL GROUP	442	1 153	-62%	10 217

EBITDA margin	Q1 2024	Q1 2023	12 months 2023
Media segment	6%	9%	16%
TOTAL GROUP	3%	7%	14%

Consolidated statement of financial position (unaudited)

(EUR thousand)	31.03.2024	31.12.2023

ASSETS		

Current assets		

Cash and cash equivalents	8 761	9 606

Trade and other receivables	12 772	13 143

Corporate income tax prepayment	93	24

Inventories	332	321

Total current assets	21 958	23 094

Non-current assets		

Other receivables and investments	1 624	1 628

Deferred tax asset	132	130

Investments in joint ventures	890	851

Investments in associates	2 175	2 197



Property, plant and equipment	10 440	10 384
Intangible assets	67 749	67 482
Total non-current assets	83 011	82 672
TOTAL ASSETS	104 968	105 766
LIABILITIES		
Current liabilities		
Borrowings	3 766	4 353
Trade and other payables	23 648	23 046
Corporate income tax payable	38	39
Total current liabilities	27 453	27 438
Non-current liabilities		
Long-term borrowings	21 829	21 765
Other long-term liabilities	22	22
Total non-current liabilities	21 851	21 787
TOTAL LIABILITIES	49 304	49 225
EQUITY		
Share capital	18 478	18 478
Share premium	14 277	14 277
Treasury shares	(147)	(1 057)
Reserves	2 242	2 285
Retained earnings	20 814	22 558
TOTAL EQUITY	55 664	56 541
TOTAL LIABILITIES AND EQUITY	104 968	105 766



Consolidated statement of comprehensive income (unaudited)

(EUR thousand)	Q1 2024	Q1 2023	12 months 2023
Sales	16 220	16 755	73 086
Cost of sales	(13 569)	(13 641)	(55 046)
Gross profit	2 652	3 114	18 040
Other income	156	70	581
Marketing expenses	(858)	(571)	(2 803)
Administrative expenses	(2 834)	(2 551)	(9 582)
Other expenses	(21)	(20)	(737)
Operating profit /(loss)	(906)	42	5 499
Interest income	36	9	60
Interest expenses	(457)	(330)	(1 499)
Other finance income/(costs)	(11)	(11)	(55)
Net finance cost	(432)	(331)	(1 494)
Profit/(loss) on shares of joint ventures	39	(553)	(661)
Profit/(loss) on shares of associates	80	128	239
Profit /(loss) before income tax	(1 218)	(715)	3 583
Income tax expense	(4)	(16)	(232)
Net profit /(loss) for the reporting period	(1 221)	(730)	3 351
Net profit /(loss) for the reporting period attributable to			
Equity holders of the parent company	(1 221)	(733)	3 349
Minority interest	0	3	2
Total comprehensive income /(loss)	(1 221)	(730)	3 351
Comprehensive income /(loss) for the reporting period attributable to			



Equity holders of the parent company	(1 221)	(733)	3 349
Minority interest	0	3	2
Earnings per share (euro)			
Basic earnings per share	(0.0404)	(0.0243)	0.1113
Diluted earnings per share	(0.0404)	(0.0235)	0.1081

Consolidated cash flow statement (unaudited)

(EUR thousand)	Q1 2024	Q1 2023	12 months 2023
Cash flows from operating activities			
Operating profit /(loss) for the reporting year	(906)	42	5 499
Adjustments for (non-cash):			
Depreciation and amortisation	1 353	1 112	4 719
(Gain)/loss on sale, write-down and impairment of property, plant and equipment	4	(2)	387
Change in value of share option	0	8	26
Cash flows from operating activities:			
Trade and other receivables	367	(441)	(1 539)
Inventories	(11)	7	(35)
Trade and other payables	469	1 960	4 921
Income tax paid	(73)	(44)	(263)
Interest paid	(336)	(262)	(1 476)
Net cash generated from operating activities	867	2 380	12 239
Cash flows from investing activities			
Acquisition of subsidiaries/ associates (less cash acquired) and other investments / cash paid-in equity-accounted investees	0	(387)	(1 469)



Receipts of other investments	0	0	13
Interest received	36	0	28
Purchase of property, plant and equipment and intangible assets	(1 082)	(495)	(3 391)
Proceeds from sale of property, plant and equipment and intangible assets	3	2	275
Loan repayments received	4	0	8
Dividends received	102	199	674
Net cash used in investing activities	(937)	(681)	(3 862)
Cash flows from financing activities			
Dividends paid	0	0	(1 488)
Payment of lease liabilities	(557)	(456)	(2 004)
Repayments of bank loans	(561)	(420)	(1 727)
Proceeds from sale of treasury shares	343	0	0
Purchases of treasury shares	0	(1 000)	(1 000)
Net cash used in financing activities	(775)	(1 876)	(6 219)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(845)	(176)	2 158
Cash and cash equivalents at the beginning of the period	9 606	7 448	7 448
Cash and cash equivalents at the end of the period	8 761	7 272	9 606

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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

