

Company AS Ekspress Grupp  
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Attachments:

- EkspressGr-10004573551-en.pdf (<http://oam.fi.ee/en/download?id=5187>)
- EkspressGr-10004573553-et.pdf (<http://oam.fi.ee/en/download?id=5188>)

Currency

Title AS Ekspress Grupp: Consolidated unaudited interim report for the Fourth Quarter and 12

The year 2020 as a whole was successful for AS Ekspress Grupp: despite the state of emergency and the economic uncertainty related to the corona crisis, the Group managed to strengthen its positions and significantly improve profitability. The revenue over the 12-month period decreased by 6% to EUR 63.2 million and net profit increased by 80% to EUR 2.5 million as compared to 2019. The share of the Group's digital revenue was 49% of the total revenue and 71% of the media segment revenue.

In the fourth quarter of 2020, the revenue of AS Ekspress Grupp totalled EUR 18.4 million and net profit totalled EUR 1.6 million. Considering the ongoing pandemic, the financial results of the Group were very strong in the 4(th) quarter. The revenue in the media segment demonstrated a strong recovery - as compared to the previous year, revenue remained at the same level, i.e. EUR 13 million. The media segment revenue for the entire year totalled EUR 43.7 million which is only 1% lower as compared to the previous year. The media segment revenue benefited from the strong sales of both online advertising as well as digital subscriptions.

The Group's 12-month revenue totalled EUR 63 million which is 6% lower than a year ago. The six per cent revenue drop is primarily related to the state of emergency in the 2(nd) quarter and the revenue drop of the printing services segment throughout the year.

In the 4(th) quarter, the digital revenue of Ekspress Grupp increased and accounted for 71% of the Group's media segment revenue and 49% of the Group's total revenue. In 2020, the volume of digital subscriptions of AS Ekspress Grupp increased by 73% in the Baltic States and was more than 81 thousand at the end of the year. The year 2020 was a breakthrough year for us in all of our markets in terms of the digital subscription growth of our periodicals. The key reason for subscription growth was the change in the people's attitudes and habits as



well as the major changes and processes occurring in the society. Paying for high-quality digital content in one's native language is becoming a norm these days. The general background also supported the change - dissemination of fake news and conspiracy theories on social media platforms has in turn laid importance on objective journalism in the society.

Earnings before interest, tax, depreciation and amortisation (EBITDA) of Ekspress Grupp totalled EUR 2.4 million in the 4(th) quarter which is EUR 0.7 million lower as compared to the 4(th) quarter of 2019. Due to the ongoing impact of the COVID-19 crisis on the economic situation, in the 4(th) quarter of 2020 the Group recognised a one-off impairment loss of property, plant and equipment in the amount of EUR 1.0 million and one-off public measures related to the corona crisis in the amount of EUR 0.4 million. The 12-month EBITDA totalled EUR 7.0 million, increasing by 3% year-over-year. While over the 12-month period, the Group's revenue was ca EUR 4.2 million lower as compared to 2019, primarily due to the impact of the COVID-19 pandemic, cost savings in the same period totalled EUR 5.4 million.

The Group's net profit totalled EUR 1.6 million in the 4th quarter and EUR 2.5 million over the 12-month period. The fourth quarter results were positively impacted by ongoing cost savings, revenue recovery and the adjustment of fair value of the unpaid future liability of the acquisition price of the ticket sales platform which was recognised as one-off financial income in the amount of EUR 0.7 million. The net profit earned in 2020 is 80% higher as compared to the previous year.

The state of emergency related to the COVID-19 crisis has impacted the activities of the Latvian ticket sales platform the most. The Latvian government has set a 50% limit on the occupancy rate of movie theatres and in November, a new state of emergency was declared that will last at least until 4 April 2021. Due to the state of emergency, all events have been cancelled as a result of which the activities of the ticket sales platform are considerably impaired. However, the ticket sales platform has been able to focus on the development of its web platform.

The Group's liquidity continues to be strong. As of 31 December 2020, the Group's available cash totalled EUR 6.3 million (31.12.2019: EUR 3.6 million). Liquidity was positively impacted by the grace periods granted by banks, periodisation of the tax payment liability and the salary subsidy received from the Estonian Unemployment Insurance Fund. For the Group, it is important to maintain its liquidity position as the future scope of the crisis related to the coronavirus is still unknown in 2021.

The Management Board makes a proposal not to distribute the profit for 2020 as the Group's goal is to continue to make investments in order to grow its digital business line. The strategic focus of AS Ekspress Grupp is the development of the highest quality and most effective media organisation, growth of its digital business both organically and through new acquisitions as well as maintaining its leadership position in print media as many readers still prefer the printed



format in addition to digital media.

## SUMMARY OF THE RESULTS OF THE FOURTH QUARTER AND 12 MONTHS

In accordance with International Financial Reporting Standards (IFRS), 50% joint venture should be recognised under the equity method in the consolidated financial statements. To provide a clearer uniform overview of the financial statements to the readers of the financial statements, from the 1(st) quarter of 2020, only the information relating to the joint ventures recognised under the equity method is presented in the financial statements and their results are shown as one line in the finance income.

### REVENUE

The consolidated revenue for the 4(th) quarter of 2020 totalled EUR 18.4 million (4(th) quarter 2019: EUR 19.7 million). Revenue decreased by 7% year-over-year in the 4(th) quarter. The consolidated revenue for the 12 months of 2020 totalled EUR 63.2 million (12 months of 2019: EUR 67.5 million). For the full year the digital revenue accounted for 49% of total revenue and 71% of media segment revenue (12 months 2019: 45% of total revenue and 69% of media segment revenue, respectively).

### PROFITABILITY

In the 4(th) quarter of 2020, the consolidated EBITDA totalled EUR 2.45 million (4(th) quarter 2019: EUR 3.20 million) and in the 12 months of 2020, the consolidated EBITDA totalled EUR 7.00 million (12 months 2019: EUR 6.77 million). In the 4(th) quarter of 2020, EBITDA decreased by 23% year-over-year and the EBITDA margin was 13.3% (4(th) quarter 2019: 16.2%) and in the 12 months of 2020, EBITDA increased by 3% as compared to the previous year and the EBITDA margin was 11.1% (12 months 2019: 10.0%). Due to the continuing impact of COVID-19 on the economic situation, the Group has recognized a one-time impairment of property, plant and equipment in the amount of EUR 1.0 million in the 4(th) quarter of 2020. Profitability was positively impacted by cost savings implemented throughout the entire Group the 2(nd) to the 4(th) quarter and the salary subsidy of the Estonian Unemployment Insurance Fund in the amount of EUR 1.14 million that was received in the 2(nd) quarter and was accrued as income in the second, third and fourth quarters. The salary subsidy accounted for EUR 0.41 million of the EBITDA in the 4(th) quarter of 2020 and EUR 1.14 million of the EBITDA in the 12 months of 2020. Compared to 2019, the Group has lost approximately EUR 4.2 million in sales revenue, mainly due to the impact of the COVID-19 pandemic, while EUR 5.4 million have been saved in expenses compared to the same period.

In the 4(th) quarter of 2020, the consolidated net profit totalled EUR 1.61 million (4(th) quarter 2019: EUR 1.65 million) and for the 12 months of 2020 totalled EUR 2.54 million (12 months 2019: EUR 1.41) which is EUR 1.13 million and 80% higher than in 2019. The net profit of the 4(th) quarter was positively impacted by the continuous cost savings, the recovery of sales revenue and the



adjustment of fair value of unpaid future liability of the acquisition price of the ticket sales platform, which was recognized as a one-off financial income of EUR 0.7 million.

#### CASH POSITION

At the end of the reporting period, the Group had available cash in the amount of EUR 6.3 million and equity in the amount of EUR 54.6 million (58% of total assets). The comparable data as of 31 December 2019 were EUR 3.6 million and EUR 51.6 million (54% of total assets), respectively. As of 31 December 2020, the Group's net debt totalled EUR 15.9 million (31 December 2019: EUR 20.7 million). Due to the state of emergency related to COVID-19, the Group concluded an agreement with AS SEB Pank to suspend loan payments in the period March-August 2020 (EUR 1.2 million) and with AS Citadele banka in the period of June-November 2020 (EUR 0.3 million). The salary subsidy received from the Estonian Unemployment Insurance Fund (EUR 1.14 million) and the postponement of the payment of tax arrears (EUR 1.60 million) due to the state of emergency for the period of 24 months had an additional positive impact on the Group's cash position.

#### Key financial indicators for segments

(EUR thousand)						
	Sales					
	Q4 2020	Q4 2019	Change %	12 months 2020	12 months 2019	Change %
Media segment	13 061	13 441	-3%	43 728	44 218	-1%
incl. revenue from all digital and online channels	9 625	9 842	-2%	30 963	30 534	1%
incl. % of revenue from all digital and online channels	74%	73%		71%	69%	
Printing services segment	5 670	6 906	-18%	21 384	25 695	-17%
Corporate functions	1 032	518	99%	2 761	2 076	33%
Inter-segment eliminations	(1 387)	(1 180)		(4 629)	(4 533)	



TOTAL GROUP	18 377	19 685	-7%	63 243	67 456	-6%
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incl. % of revenue  
from all digital  
and online  
channels

52%	50%	49%	45%
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(EUR thousand)

EBITDA

	Q4 2020	Q4 2019	Change %	12 months 2020	12 months 2019	Change %
Media segment	3 110	2 978	4%	6 601	5 966	11%
Printing services segment	790	567	39%	2 224	2 032	9%
Corporate functions	(394)	(296)	-33%	(720)	(1 150)	37%
Inter-segment eliminations*	(1 058)	(52)		(1 101)	(75)	
TOTAL GROUP	2 448	3 196	-23%	7 004	6 772	3%

\* Due to continuing impact of COVID-19 on economical situation the group has recognised an impairment loss for property, plant and equipment in amount of EUR 1.0 million in the 4(th) quarter 2020.

EBITDA margin	Q4 2020	Q4 2019	12 months 2020	12 months 2019
Media segment	24%	22%	15%	13%
Printing services segment	14%	8%	10%	8%
TOTAL GROUP	13%	16%	11%	10%

Consolidated balance sheet (unaudited)

(EUR thousand)

31.12.2020 31.12.2019

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ASSETS



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Current assets		
Cash and cash equivalents	6 269	3 647
Trade and other receivables	9 450	12 705
Corporate income tax prepayment	7	0
Inventories	2 756	3 120
Total current assets	18 482	19 472
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Non-current assets		
Other receivables and investments	982	975
Deferred tax asset	30	38
Investments in joint ventures	1 661	1 254
Investments in associates	2 253	2 356
Property, plant and equipment	14 134	14 943
Intangible assets	56 635	56 369
Total non-current assets	75 696	75 935
TOTAL ASSETS	94 177	95 407
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LIABILITIES		
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Current liabilities		
Borrowings	3 613	5 100
Trade and other payables	15 251	16 483
Corporate income tax payable	81	65
Total current liabilities	18 945	21 647
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Non-current liabilities		
Long-term borrowings	18 589	19 242
Other long-term liabilities	2 025	2 895
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Total non-current liabilities	20 613	22 137
TOTAL LIABILITIES	39 558	43 784
EQUITY		
Minority interest	126	100
Capital and reserves attributable to equity holders of parent company:		
Share capital	18 478	17 878
Share premium	14 277	14 277
Treasury shares	(209)	(22)
Reserves	1 758	1 688
Retained earnings	20 189	17 701
Total capital and reserves attributable to equity holders of parent company	54 493	51 522
TOTAL EQUITY	54 619	51 622
TOTAL LIABILITIES AND EQUITY	94 177	95 407

#### Consolidated statement of comprehensive income (unaudited)

(EUR thousand)	Q4 2020	Q4 2019	12 months 2020	12 months 2019
Sales	18 377	19 685	63 243	67 456
Cost of sales	(13 312)	(14 660)	(50 637)	(54 044)
Gross profit	5 065	5 025	12 607	13 412
Other income	784	157	2 040	607
Marketing expenses	(752)	(814)	(2 701)	(3 124)
Administrative expenses	(2 379)	(2 156)	(7 532)	(8 024)
Other expenses	(1 232)	(94)	(1 336)	(148)



Operating profit /(loss)	1 485	2 119	3 078	2 722
Interest income	9	4	28	22
Interest expenses	(219)	(229)	(877)	(784)
Other finance income/(costs)	675	(24)	614	(61)
Net finance cost	465	(249)	(235)	(823)
Profit/(loss) on shares of joint ventures	(5)	(22)	102	(38)
Profit/(loss) on shares of associates	(54)	(17)	(129)	(114)
Profit /(loss) before income tax	1 891	1 831	2 816	1 746
Income tax expense	(277)	(186)	(280)	(339)
Net profit /(loss) for the reporting period	1 614	1 645	2 536	1 407
Net profit /(loss) for the reporting period attributable to				
Equity holders of the parent company	1 603	1 637	2 510	1 394
Minority interest	11	8	26	13
Total comprehensive income /(loss)	1 614	1 645	2 536	1 407
Comprehensive income /(loss) for the reporting period attributable to				
Equity holders of the parent company	1 603	1 637	2 510	1 394
Minority interest	11	8	26	13
Basic earnings per share	0.05	0.05	0.08	0.05
Diluted earnings per share	0.05	0.05	0.08	0.05





Consolidated cash flow statement (unaudited)

(EUR thousand)

12 months 2020 12 months 2019

Cash flows from operating activities		
Operating profit for the reporting year	3 078	2 722
Adjustments for:		
Depreciation and amortisation	3 968	4 070
Gain from change in ownership interest in subsidiary	0	(31)
(Gain)/loss on sale, write-down and impairment of property, plant and equipment	986	(4)
Cash flows from operating activities:		
Trade and other receivables	3 274	(2 929)
Inventories	375	262
Trade and other payables	(1 201)	3 594
Cash generated from operations	10 480	7 684
Income tax paid	(263)	(270)
Interest paid	(903)	(740)
Net cash generated from operating activities	9 314	6 675
Cash flows from investing activities		
Acquisition of subsidiaries/ associates (less cash acquired)	(342)	(6 648)
Purchase and receipts of other investments	16	9
Cash paid-in/ received from equity-accounted investees	(83)	(63)
Interest received	2	14



Dividends received	150	0
Purchase of property, plant and equipment and intangible assets	(2 562)	(2 775)
Proceeds from sale of property, plant and equipment and intangible assets	308	19
Loans granted	(331)	(118)
Loan repayments received	0	303
Net cash used in investing activities	(2 841)	(9 259)
Cash flows from financing activities		
Payment of lease liabilities	(949)	(978)
Change in overdraft	(1 018)	(265)
Notes issued	0	5 000
Loans received / Repayments of bank loans	(1 884)	1 207
Proceeds from share issuance	600	0
Purchases of treasury shares	(600)	0
Net cash used in financing activities	(3 851)	4 964
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	2 621	2 379
Cash and cash equivalents at the beginning of the year	3 647	1 268
Cash and cash equivalents at the end of the year	6 269	3 647

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AS Ekspress Grupp is the leading media group in the Baltic States whose key activities include web media content production, publishing of newspapers and magazines and provision of printing services in Estonia, Latvia and Lithuania. The Group also manages the electronic ticket sales platform and ticket sales sites in Latvia. Ekspress Grupp that launched its operations in 1989 employs almost 1600 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.

