

Company AS Ekspress Grupp
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Attachments:

- EG_II_kvartal_2021_ENG.pdf (<http://oam.fi.ee/en/download?id=5667>)
- EG_II_kvartal_2021_EST.pdf (<http://oam.fi.ee/en/download?id=5668>)

Currency

Title AS Ekspress Grupp: Consolidated unaudited interim report for the Second Quarter and First

In the 2(nd) quarter of 2021, the revenue of AS Ekspress Grupp totalled EUR 17.9 million and the revenue for the first six months of the year totalled EUR 33.2 million. The Group's net profit for the 2(nd) quarter of 2021 was EUR 1.25 million and the net profit for the first 6 months of the year was EUR 0.98 million. At the end of June, the share of the Group's digital revenue was 53% of total revenue and 75% of media segment revenue.

In the 2(nd) quarter of 2021, the consolidated revenue totalled EUR 17.9 million (2(nd) quarter 2020: EUR 13.9 million), increasing by 28%. The revenue growth is attributable to the online advertising market which has recovered well and has gained momentum on account of other types of media, demonstrating good growth in all Baltic States. Print advertising revenue continues to be under pressure and it has still not regained its pre-pandemic level. The consolidated revenue for the first six months of 2021 was EUR 33.2 million, increasing by 12% year-over-year.

The number of the digital subscriptions of AS Ekspress Grupp increased by 76% by the end of June 2021 as compared to the same period last year and was more than 110 thousand subscriptions. The addition of digital subscribers will have a positive impact on the results of operations of Ekspress Grupp and is a proof of the viability of its long-term strategic direction.

The earnings before interest, tax, depreciation and amortisation (EBITDA) of Ekspress Grupp totalled EUR 2.67 million in the 2(nd) quarter which on EUR 1.01 million or 61% higher as compared to the 2(nd) quarter of 2020. Strong sales of online advertising and digital subscriptions in all Baltic States and continued cost reduction have helped improve profitability. The effects of the ongoing pandemic in the 2(nd) quarter have not turned out to be of the same magnitude as in the 2(nd) quarter of 2020 when advertising sales received a major setback. Upon enforcement of national restrictions, the economy did not suffer similarly



to 2020 but the restrictions enforced due to the pandemic still had an effect on outdoor advertising and ticket sales companies in the 2(nd) quarter of 2021. The advertising customers have adapted to the circumstances and the growth of the advertising business in all countries demonstrates that the majority of companies have been able to digitalise their business more; they have opened or adapted their ways of trading to e-channels and the need to advertise has recovered. Considering the availability of vaccines and the desire of people to move around and attend events, we are more optimistic about the recovery of the outdoor advertising and ticket sales business.

In the 2(nd) quarter, the consolidated net profit totalled EUR 1.25 million which is 114% more than in the same period in 2020. The net profit for the first six months totalled EUR 0.98 million which is EUR 1.14 million higher than in the same period last year.

A key event for the Group in the 2(nd) quarter was the receiving of the purchase offer for AS Printall from the company Trükitung OÜ, which is owned by Group's majority shareholder Hans Luik. Since the end of last year, the Group had considered various strategic alternatives for the printing services segment, including the sale of printing services, sale and leaseback of real estate properties and potential mergers. In July 2021, the shareholders approved this transaction and authorised the Management Board of AS Ekspress Grupp to complete the transaction which is planned to be finalised during the 3(rd) quarter. The outcome of the transaction will be the Group's exit from the business with significant CAPEX requirements that is not in line with the Group's strategy. Availability of new capital will provide additional capacity for the Group to fund the digital area.

In the 2(nd) quarter, the group company D Screens won a tender in Latvia relating to the right to lease the real estate properties in the ownership of the City of Riga. The lease agreement covers 91 advertising spaces owned by the City of Riga in excellent locations, the majority of which will be digitalised by the company. The investments in digital outdoor screens that are related to the new region will be completed at the end of 2022. The agreement will increase the network of the Group's digital screens, which covers the key roads of the City of Riga, more than 100 properties.

The new Estonian ticket sales platform Piletitasku (<https://www.piletitasku.ee/et/>) that had been launched at the beginning of the 2(nd) quarter gained momentum once the state of emergency was lifted and it has been well received by the event organisers and ticket buyers. We offer a fresh and convenient buying experience for ticket buyers and technologically a new level for organisers. We strive to make the entry and management of events and monitoring of reports and data as comprehensive as possible. The ticket sales platform is a good example of a digital business with a clear synergy with digital media that fits the strategy of the Group's current complementing digital businesses.

Despite the pandemic, a conference Login (<https://login.lt/>) on the topic of



digital development was organised in Lithuania which lasted for 5 days and was available as a streaming in all the largest media portals of Lithuania. The interest of both participants and advertising customers was high. The largest digital conference of Lithuania acquired in 2019 is performing in line with the set goals.

As at 30 June 2021, the Group's available cash is in the amount of EUR 4.2 million (30 June 2020: EUR 6.3 million). The Group's liquidity is good, but in order to strengthen the Group's liquidity position and flexibility as well as to increase the working capital, the Group signed amendments to the loan agreements with AS SEB Pank in July 2021. The maturity dates of loans were extended by 5 years and monthly payments were reduced from EUR 0.2 million to EUR 0.06 million per month. As a result of the amendments, Ekspress Grupp will have another EUR 1.7 million available to strengthen the Group's current key activities and increase investments in its digital businesses.

Q2 AND 6 MONTHS RESULTS

REVENUE

The consolidated revenue for the 2(nd) quarter of 2021 totalled EUR 17.9 million (2(nd) quarter 2020: EUR 13.9 million). Revenue increased by 28% year-over-year in the 2(nd) quarter. Advertising revenue has demonstrated a strong recovery. The consolidated revenue for the first six months of 2021 totalled EUR 33.2 million (first six months of 2020: EUR 29.6 million). At the end of 2(nd) quarter of 2021, the share of the Group's digital revenue accounted for 53% of total revenue and 75% of media segment revenue (at the end of 2(nd) quarter 2020: 46% of total revenue and 68% media segment revenue, respectively). Digital revenue increased by 30% as compared to the same period last year.

PROFITABILITY

In the 2(nd) quarter of 2021, the consolidated EBITDA totalled EUR 2.67 million (2(nd) quarter 2020: EUR 1.65 million). In the 2(nd) quarter of 2021, EBITDA increased by 61% as compared to the previous year and the EBITDA margin was 14.9% (2(nd) quarter 2020: 11.9%). Strong sales of online advertising, digital subscriptions and tight cost controls in all Baltic States have helped to improve profitability. The consolidated EBITDA for the first six months of 2021 totalled EUR 3.76 million (first six months of 2020: EUR 2.33 million).

In the 2(nd) quarter of 2021, the consolidated net profit totalled EUR 1.25 million (2(nd) quarter 2020: EUR 0.58 million), which is EUR 0.67 million and 114% better as compared to 2020. The consolidated net profit for the first six months of 2021 totalled EUR 0.98 million (first six months of 2020 net loss: EUR -0.16 million), which is EUR 1.14 million and 714% better as compared to 2020.

CASH POSITION



At the end of the reporting period, the Group had available cash in the amount of EUR 4.2 million and equity in the amount of EUR 55.4 million (59% of total assets). The comparable data as of 30 June 2020 were EUR 6.3 million and EUR 51.5 million (54% of total assets), respectively. As of 30 June 2021, the Group's net debt was EUR 17.9 million (30 June 2020: EUR 16.3 million).

The cash position in 2020 was impacted by the agreements concluded with the banks due to the COVID-19 related state of emergency. An agreement was concluded 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 last year.

Key financial indicators for segments

(EUR thousand) Sales

| | | | | 12 months | | | |
|--|---------|---------|----------|-----------|---------|----------|---------|
| | Q2 2021 | Q2 2020 | Change % | 6M 2021 | 6M 2020 | Change % | 2020 |
| Media segment | 12 904 | 9 891 | 30% | 23 560 | 19 917 | 18% | 43 728 |
| incl. revenue from all digital and online channels | 9 939 | 7 021 | 42% | 17 603 | 13 526 | 30% | 30 963 |
| % of revenue from all digital and online channels | 77% | 71% | | 75% | 68% | | 71% |
| Printing services segment | 5 255 | 4 569 | 15% | 10 163 | 10 813 | -6% | 21 384 |
| Corporate functions | 1 054 | 520 | 103% | 2 106 | 1 035 | 103% | 2 761 |
| Inter-segment eliminations | (1 322) | (1 037) | | (2 648) | (2 118) | | (4 629) |
| TOTAL GROUP | 17 890 | 13 944 | 28% | 33 181 | 29 646 | 12% | 63 243 |



56% 50% 53% 46% 49%

EBITDA

| | | | | | | | | 12 months |
|---------|---------|--------|---|---------|---------|--------|---|-----------|
| Q2 2021 | Q2 2020 | Change | % | 6M 2021 | 6M 2020 | Change | % | 2020 |
| 2 281 | 1 514 | 51% | | 3 076 | 1 762 | 75% | | 6 601 |
| 529 | 248 | 113% | | 1 022 | 831 | 23% | | 2 224 |
| (111) | (92) | -20% | | (289) | (236) | -23% | | (720) |
| (34) | (16) | | | (53) | (33) | | | (1 101) |
| 2 666 | 1 654 | 61% | | 3 755 | 2 325 | 62% | | 7 004 |

* 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 | Q2 2021 | Q2 2020 | 6M 2021 | 6M 2020 | 12 months 2020 |
|---------------------------|---------|---------|---------|---------|----------------|
| Media segment | 18% | 15% | 13% | 9% | 15% |
| Printing services segment | 10% | 5% | 10% | 8% | 10% |
| TOTAL GROUP | 15% | 12% | 11% | 8% | 11% |

Consolidated balance sheet (unaudited)

(EUR thousand) 30.06.2021 31.12.2020

ASSETS

Current assets

| | | |
|---------------------------|-------|-------|
| Cash and cash equivalents | 4 207 | 6 269 |
|---------------------------|-------|-------|



| | | |
|-----------------------------------|--------|--------|
| Trade and other receivables | 11 369 | 9 450 |
| Corporate income tax prepayment | 153 | 7 |
| Inventories | 2 596 | 2 756 |
| Total current assets | 18 325 | 18 482 |
| Non-current assets | | |
| Other receivables and investments | 948 | 982 |
| Deferred tax asset | 30 | 30 |
| Investments in joint ventures | 898 | 1 661 |
| Investments in associates | 2 336 | 2 253 |
| Property, plant and equipment | 15 014 | 14 134 |
| Intangible assets | 56 766 | 56 635 |
| Total non-current assets | 75 992 | 75 696 |
| TOTAL ASSETS | 94 316 | 94 177 |
| LIABILITIES | | |
| Current liabilities | | |
| Borrowings | 3 421 | 3 613 |
| Trade and other payables | 14 721 | 15 251 |
| Corporate income tax payable | 53 | 81 |
| Total current liabilities | 18 196 | 18 945 |
| Non-current liabilities | | |
| Long-term borrowings | 18 652 | 18 589 |
| Other long-term liabilities | 2 040 | 2 025 |
| Total non-current liabilities | 20 692 | 20 613 |
| TOTAL LIABILITIES | 38 888 | 39 558 |
| EQUITY | | |



| | | |
|---|--------|--------|
| Minority interest | 128 | 126 |
| Capital and reserves attributable to equity holders of parent company: | | |
| Share capital | 18 478 | 18 478 |
| Share premium | 14 277 | 14 277 |
| Treasury shares | (384) | (209) |
| Reserves | 1 903 | 1 758 |
| Retained earnings | 21 026 | 20 189 |
| Total capital and reserves attributable to equity holders of parent company | 55 300 | 54 493 |
| TOTAL EQUITY | 55 428 | 54 619 |
| TOTAL LIABILITIES AND EQUITY | 94 316 | 94 177 |

Consolidated statement of comprehensive income (unaudited)

| | | | | | |
|--------------------------|----------|----------|----------|----------|----------------|
| (EUR thousand) | Q2 2021 | Q2 2020 | 6M 2021 | 6M 2020 | 12 months 2020 |
| Sales | 17 890 | 13 944 | 33 181 | 29 646 | 63 243 |
| Cost of sales | (13 763) | (11 598) | (26 509) | (25 070) | (50 637) |
| Gross profit | 4 128 | 2 346 | 6 671 | 4 576 | 12 607 |
| Other income | 212 | 521 | 319 | 605 | 2 040 |
| Marketing expenses | (892) | (531) | (1 488) | (1 288) | (2 701) |
| Administrative expenses | (1 898) | (1 602) | (3 923) | (3 495) | (7 532) |
| Other expenses | (29) | (56) | (55) | (80) | (1 336) |
| Operating profit /(loss) | 1 521 | 678 | 1 524 | 319 | 3 078 |
| Interest income | 8 | 6 | 17 | 12 | 28 |
| Interest expenses | (202) | (217) | (412) | (441) | (877) |



| | | | | | |
|---|-------|-------|-------|--------|-------|
| Other finance income/(costs) | (15) | (12) | (4) | (28) | 614 |
| Net finance cost | (209) | (223) | (400) | (457) | (235) |
| Profit/(loss) on shares of joint ventures | (63) | 135 | (170) | 8 | 102 |
| Profit/(loss) on shares of associates | 32 | (8) | 67 | (28) | (129) |
| Profit /(loss) before income tax | 1 281 | 582 | 1 021 | (158) | 2 816 |
| Income tax expense | (34) | (1) | (39) | (2) | (280) |
| Net profit /(loss) for the reporting period | 1 247 | 582 | 982 | (160) | 2 536 |
| Net profit /(loss) for the reporting period attributable to | | | | | |
| Equity holders of the parent company | 1 246 | 575 | 980 | (168) | 2 510 |
| Minority interest | 1 | 7 | 2 | 8 | 26 |
| Total comprehensive income /(loss) | 1 247 | 582 | 982 | (160) | 2 536 |
| Comprehensive income /(loss) for the reporting period attributable to | | | | | |
| Equity holders of the parent company | 1 246 | 575 | 980 | (168) | 2 510 |
| Minority interest | 1 | 7 | 2 | 8 | 26 |
| Basic earnings per share | 0.04 | 0.02 | 0.03 | (0.01) | 0.08 |
| Diluted earnings per share | 0.04 | 0.02 | 0.03 | (0.01) | 0.08 |

Consolidated cash flow statement (unaudited)



(EUR thousand)

6M 2021 6M 2020 12 months 2020

| | | | |
|--|---------|---------|---------|
| Cash flows from operating activities | | | |
| Operating profit for the reporting year | 1 524 | 319 | 3 078 |
| Adjustments for: | | | |
| Depreciation and amortisation | 2 281 | 2 011 | 3 968 |
| (Gain)/loss on sale, write-down and impairment of property, plant and equipment | 36 | (3) | 986 |
| Change in value of share option | 19 | 0 | 0 |
| Cash flows from operating activities: | | | |
| Trade and other receivables | (1 150) | 2 470 | 3 274 |
| Inventories | 160 | 68 | 375 |
| Trade and other payables | (390) | 1 515 | (1 201) |
| Cash generated from operations | 2 481 | 6 379 | 10 480 |
| Income tax paid | (212) | (56) | (263) |
| Interest paid | (277) | (306) | (903) |
| Net cash generated from operating activities | 1 992 | 6 017 | 9 314 |
| Cash flows from investing activities | | | |
| Acquisition of subsidiaries/ associates (less cash acquired) and other investments / cash paid-in equity-accounted investees | (201) | (203) | (425) |
| Receipts of other investments | 51 | 0 | 16 |
| Interest received | 2 | 1 | 2 |
| Purchase of property, plant and equipment and intangible assets | (1 268) | (1 037) | (2 562) |
| Proceeds from sale of property, plant and equipment and intangible assets | 1 | 29 | 308 |



| | | | |
|--|---------|---------|---------|
| Loans granted | (82) | (98) | (331) |
| Dividends received | 78 | 150 | 150 |
| Net cash used in investing activities | (1 419) | (1 158) | (2 841) |
| Cash flows from financing activities | | | |
| Payment of lease liabilities | (954) | (519) | (949) |
| Change in overdraft | 0 | (1 018) | (1 018) |
| Loans received / Repayments of bank loans | (1 235) | (662) | (1 884) |
| Proceeds from share issuance | 0 | 0 | 600 |
| Purchases of treasury shares | (446) | 0 | (600) |
| Net cash used in financing activities | (2 635) | (2 200) | (3 851) |
| NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS | (2 062) | 2 659 | 2 621 |
| Cash and cash equivalents at the beginning of the period | 6 269 | 3 647 | 3 647 |
| Cash and cash equivalents at the end of the period | 4 207 | 6 306 | 6 269 |

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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.

