

# EKSPRESS GRUPP

CONSOLIDATED INTERIM REPORT FOR THE FIRST QUARTER OF 2023

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JANUARY - MARCH  
unaudited



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# MANAGEMENT REPORT

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## SUMMARY OF RESULTS

### Q1 2023 in comparison with Q1 2022:

- **Sales revenue** EUR 16.8 million (EUR 13.4 million) +25%
- **The share of digital revenue** of group's revenue 80% (78%)
- **Digital subscriptions** in Baltics 161 thousand (140 thousand) +15%
- **EBITDA** EUR 1.2 million (EUR 0.6 million) +87%
- **Net loss\*** EUR -0.4 million (EUR -0.5 million) +20%
- **Earnings per share** EUR -0.0243 (EUR -0.0169)

\* Net loss does not include extraordinary expenses

## MANAGEMENT'S COMMENTS

**The revenue of AS Ekspress Grupp for the 1<sup>st</sup> quarter of 2023 increased by 25% and totalled EUR 16.8 million, and EBITDA increased by 87% to EUR 1.2 million. As expected, due to seasonality the Group's net operating loss in the 1<sup>st</sup> quarter of 2023 totalled EUR 0.4 million which is 20% lower than in the previous year. Digital revenue made up 80% of the Group's total revenue at the end of March.**

The Group continues to successfully increase its sales volumes in advertising and digital subscriptions, both through an increase in its market share and an increase in average prices. The Group's revenue for the 1<sup>st</sup> quarter demonstrated strong growth, increasing by 25% as compared to the same period last year. Excluding from revenue the acquisitions made in Lithuania (news portal Lrytas and news agency ELTA) in the second half of 2022, revenue growth was 18%. Elections both in Estonia and Lithuania helped boost advertising sales. In Latvia, where the advertising market had been under a strong pressure in the first months of the year, we achieved growth primarily through growth in the revenue of ticket sales companies and higher profits. Advertising revenue from outdoor screens also grew, due to the investments made by the Group in previous years. We are going to install more screens in Latvia and Estonia this year.

**EBITDA year-over-year growth of 87%**

The number of digital subscriptions of AS Ekspress Grupp increased by 15% year-over-year by the end of March 2023 and totalled 161.3 thousand subscriptions. The media companies of Ekspress Grupp gained more than 21 000 digital subscribers, solidifying our position as the leading Baltic media company with a digital business model. In relative terms, the Group's newest member, Geenius Meedia, showed the strongest growth, gaining 36% more digital subscribers in a year. Delfi Meedia with the largest number of subscribers achieved significant growth, gaining ca 13.5 thousand or 17% more digital subscriptions in a year. The growth of the digital subscriptions of Delfi's Latvian and Lithuanian subsidiaries, on a quarter-over-quarter and on a year-over-year basis, demonstrated that the subscription package reform implemented at the end of last year has been successful, and further growth may be expected in these markets in the future.

The earnings before interest, tax, depreciation and amortisation (EBITDA) of Ekspress Grupp totalled EUR 1.2 million in the 1<sup>st</sup> quarter, growing by 87% or almost doubling as compared to the same period last year. Profitability has been boosted by successful sales of online advertising and digital subscriptions in Estonia and Lithuania, and volume growth of ticket sales platforms and digital outdoor screens.

The acquisition of the 100% ownership interest in one of the most popular Lithuanian news portals [lytas.lt](https://lytas.lt) at the end of 2022 has not yet had a positive impact on the 1<sup>st</sup> quarter's EBITDA. The acquisition of Lrytas is an organic part of the Group's strategy, the positive impact of which is to be expected in the second half of the current year.

The consolidated net loss, excluding extraordinary expenses, totalled EUR 0.4 million in the 1<sup>st</sup> quarter of 2023 (Q1 2022: EUR 0.5 million), or the operating loss decreased by 20% as compared to the same period last year. In addition to expected seasonality, net profit was primarily impacted by higher depreciation charges related to the Group's investments and higher interest rates due to the increase in Euribor rates. Interest costs which almost doubled had a negative impact of EUR 0.2 million on net profit in the 1<sup>st</sup> quarter.

Including extraordinary expenses, the net loss totalled EUR 0.7 million, of which the one-off reserve cost totalled EUR 0.3 million, related to the closure of the home delivery service of AS Express Post. In the 1<sup>st</sup> quarter of 2023, the Supervisory Board of AS Express Post, 50% of which is owned by the Group, decided to liquidate the home delivery service business. The change will not affect the volume, frequency or home delivery conditions of Ekspress Group's paper publications for its subscribers. We expect to see a positive effect from the liquidation of the joint venture's unprofitable home delivery service on the Group's profitability in the second half of the year.

**Dividend proposal of 5 cents per share, EUR 1.5 million**

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 31 March 2023, the Group's monetary funds totalled EUR 7.3 million (31.12.2022: EUR 7.4 million). At the beginning of March this year, the Group completed its share buy-back programme, according to which 588 thousand shares at the price of EUR 1.70 per shares in the total amount of EUR 1 million were purchased in the market. The share buy-back programme generated keen interest among shareholders and created attractive market conditions for value generation. The ordinary general meeting of shareholders to be convened on 4 May 2023 will vote on the profit allocation proposal, according to which regular dividends of 5 euro cents per share in the total amount of EUR 1.5 million will be distributed to the shareholders. Thus, the Group's payments to its shareholders will total EUR 2.5 million in the first half of 2023.

## STRATEGY AND GOALS OF THE GROUP

### Mission – to serve democracy

#### Our goals

- Produce award-winning content, appreciated by our readers and media experts alike
- Be the leading digital publisher in Baltics (in terms of digital subscriptions, user time spent and number of real users)
- Maintain our quality paper-based media products for the audiences who value this format
- To act with social responsibility in mind and build strong and trusted brands
- Increase the value of the company for our shareholders

#### Group strategy

Ekspress Grupp continues focusing on the organic growth of the existing digital business as well as finding opportunities to increase its business volumes through acquisitions. The Group's goal is to increase the company's value by creating a synergy between the new businesses acquired and current media operations.

In the digital media segment, we are implementing a strategy of rapid growth, the goals of which are market development and at the same time increasing market share. In the printed media, we monitor cost efficiency and offer the highest quality journalism in the market. The Group is strengthening its existing core businesses with investments in organic growth and also increases the share of digital revenues through other digital businesses that potentially offer good synergies with the media. The growth of both the media and the supporting digital businesses is supported by financially optimal distribution of investments, moderate use of leverage and dividend policy that takes into account the growth objectives.

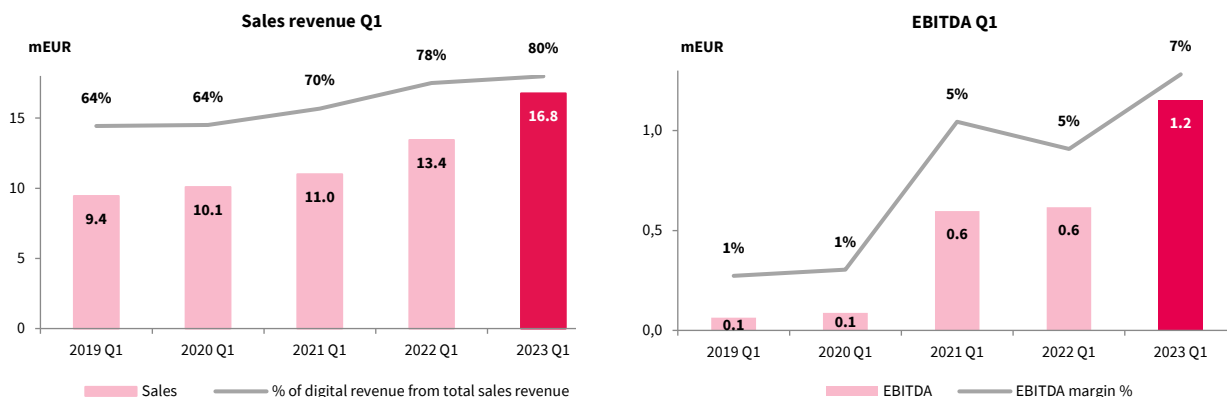
To implement the Group's strategy, our goal remains production of award-winning content valued by our readers and media experts alike while being a leading digital publisher in the Baltic States both in terms of digital subscriptions, the time spent online and the number of actual users. We wish to continue providing high-quality printed media in the market for those readers who value this format.

The Group's long-term strategic financial targets set by the Supervisory Board are related to business growth, digitalisation, profitability, and ability to pay dividends. The targets are based on the changes in the operating environment, the competitive landscape, and the progress of the transformation strategy. The Group's long-term financial targets have been confirmed on 1 April 2022.

#### Ekspress Grupp long-term strategic financial targets

Target by end of 2026	2026 target	2022 actual	2021 actual
Digital subscriptions in Baltics	>340 000	146 608	130 731
Share of digital revenues	>85%	78%	76%
EBITDA margin	>15%	14%	15%
Dividend pay-out rate	≥30%	37%	59%

## Q1 RESULTS



### REVENUE

In the 1<sup>st</sup> quarter of 2023, the consolidated revenue totalled EUR 16.8 million (Q1 2022: EUR 13.4 million). The revenue for the 1<sup>st</sup> quarter increased by 25% year-over-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 80% at the end of the 1<sup>st</sup> quarter of 2023 (at the end of Q1 2022: 78% of total revenue). Digital revenue for the 1<sup>st</sup> quarter of 2023 increased by 28% as compared to the same period last year.

### PROFITABILITY

In the 1<sup>st</sup> quarter of 2023, the consolidated EBITDA totalled EUR 1.2 million (Q1 2022: EUR 0.6 million). EBITDA grew by 87% as compared to last year and the EBITDA margin was 7% (Q1 2022: 5%). 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.

The consolidated net profit for the 1<sup>st</sup> quarter of 2023 (excl. extraordinary expenses) totalled EUR 0.4 million (Q1 2022: EUR 0.5 million). In the 1<sup>st</sup> quarter of 2023, net profit decreased by 20% as compared to last year. In addition to expected seasonality, net profit was primarily impacted by higher depreciation charges related to the Group's investments and higher interest rates due to the increase in Euribor rates. Interest costs which almost doubled had a negative impact of EUR 0.2 million on net profit in the 1<sup>st</sup> quarter.

Including extraordinary expenses, the net loss totalled EUR 0.7 million, of which the one-off reserve cost totalled EUR 0.3 million, related to the closure of the home delivery service of AS Express Post. In the 1<sup>st</sup> quarter of 2023, the Supervisory Board of AS Express Post, 50% of which is owned by the Group, decided to liquidate the home delivery service business. The change will not affect the volume, frequency or home delivery conditions of Ekspress Group's paper publications for its subscribers. We expect to see a positive effect from the liquidation of the joint venture's unprofitable home delivery service on the Group's profitability in the second half of the year.

### EXPENSES

In the 1<sup>st</sup> quarter of 2023, the cost of goods sold, marketing, and general and administrative costs totalled EUR 16.8 million (Q1 2022: EUR 13.8 million). Operating expenses increased by EUR 3.0 million (+21%) as compared to the same period last year. Labour costs increased the most, by EUR 1.4 million (+18%).

In the 1<sup>st</sup> quarter of 2023, the Group employed 969 employees which is 123 more as compared to the same period last year (Q1 2022: 846 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 Irytas.lt acquired in December 2022. 35 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 7.3 million and equity in the amount of EUR 53.7 million (53% of total assets). The comparable data as of 31 March 2022 were EUR 8.9 million and EUR 53.2 million (57% of total assets), respectively. As of 31 March 2023, the Group's net debt was EUR 13.6 million (31 March 2022: EUR 7.7 million).

In the 1<sup>st</sup> quarter of 2023, the Group's cash flows from operating activities totalled EUR 2.4 million (Q1 2022: EUR 0.5 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 1<sup>st</sup> quarter of 2023, the Group's cash flows from investing activities totalled EUR -0.7 million (Q1 2022: EUR -1.8 million, incl. EUR -1.0 million investments in new LED screens).

In the 1<sup>st</sup> quarter of 2023, the Group's cash flows from financing activities totalled EUR -1,9 million (Q1 2022: EUR -0.8 million), of which EUR -1,0 million is the share buy-back. Financing activities also include a net change in borrowings in the amount of EUR -0.4 million and lease liabilities in the amount of EUR -0.5 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.

In March 2023, the Group's Management Board proposed to pay 5 euro cents per share as dividends to shareholders from the net profit of the financial year 2022 in the total amount of 1.5 million. The profit allocation proposal will be made at the ordinary general meeting of shareholders on 4 May 2023.

## FINANCIAL INDICATORS AND RATIOS

Performance indicators (EUR thousand)	Q1 2023	Q1 2022	Change %	12 months 2022
<b>For the period</b>				
Sales revenue	16 755	13 426	25%	64 141
<b>EBITDA</b>	<b>1 153</b>	<b>616</b>	<b>87%</b>	<b>8 891</b>
<b>EBITDA margin (%)</b>	<b>6.9%</b>	<b>4.6%</b>		<b>13.9%</b>
Operating profit /(loss)	42	(332)	113%	4 797
Operating margin (%)	0.2%	-2.5%		7.5%
Interest expenses	(330)	(169)	-96%	(738)
Profit /(loss) of joint ventures under the equity method	(553)	(133)	-316%	(242)
<b>Net profit /(loss)*</b>	<b>(408)</b>	<b>(512)</b>	<b>20%</b>	<b>4 055</b>
<b>Net margin (%)*</b>	<b>-2.4%</b>	<b>-3.8%</b>		<b>6.3%</b>
Net profit /(loss) for the period in the financial statements	(730)	(512)	-43%	4 055
Net margin (%)	-4.4%	-3.8%		6.3%
Return on assets (ROA) (%)	4.0%	2.2%		4.3%
Return on equity (ROE) (%)	7.2%	3.7%		7.6%
<b>Earnings per share (euro) - continuing operations</b>				
Basic earnings per share	(0.0243)	(0.0169)		0.1335
Diluted earnings per share	(0.0235)	(0.0163)		0.1294

\* does not include expenditure related to the closure of home delivery business of the joint venture AS Express Post in the amount of EUR 322 thousand.

Balance sheet (EUR thousand)	31.03.2023	31.12.2022	Change %
<b>As of the end of the period</b>			
Current assets	19 714	19 444	1%
Non-current assets	80 790	80 392	0%
<b>Total assets</b>	<b>100 504</b>	<b>99 836</b>	<b>1%</b>
<i>incl. cash and cash equivalents</i>	7 272	7 448	-2%
<i>incl. goodwill</i>	48 779	48 779	0%
Current liabilities	24 223	22 422	8%
Non-current liabilities	22 580	21 991	3%
<b>Total liabilities</b>	<b>46 803</b>	<b>44 413</b>	<b>5%</b>
<i>incl. borrowings (excl. rental liabilities according to IFRS 16)</i>	20 838	20 763	0%
<b>Equity</b>	<b>53 701</b>	<b>55 423</b>	<b>-3%</b>
<b>Net debt</b>	<b>13 566</b>	<b>13 315</b>	<b>2%</b>
<b>Total capital</b>	<b>67 267</b>	<b>68 738</b>	<b>-2%</b>

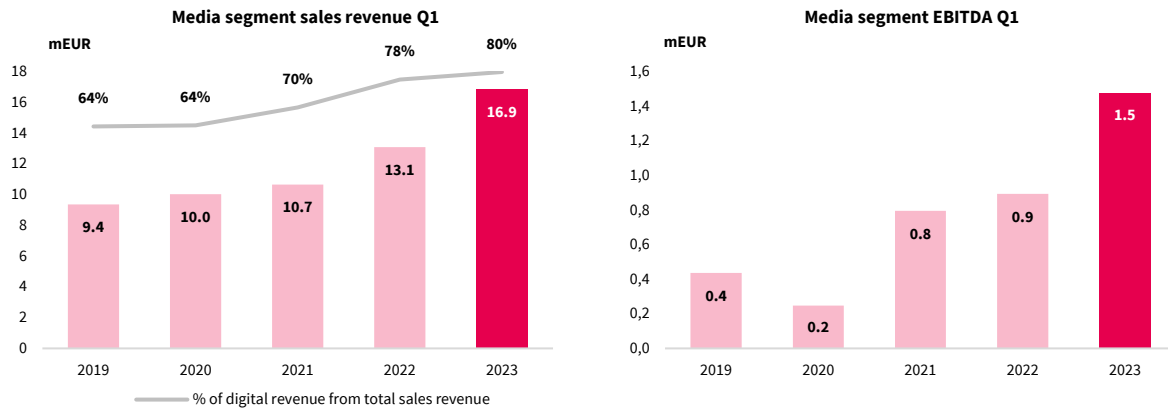


Financial ratios (%)	31.03.2023	31.12.2022	Change %
Equity ratio (%)	53%	56%	-4%
Debt to equity ratio (%)	48%	46%	4%
Debt to capital ratio (%)	25%	24%	4%
Total debt/EBITDA ratio	2.21	2.34	-5%
Liquidity ratio	0.81	0.87	-6%

**Formulas used to calculate the financial ratios**

EBITDA	Earnings before interest, tax, depreciation and amortisation. EBITDA does not include any impairment losses recognised during the period or result from restructuring.
EBITDA margin (%)	EBITDA/sales x 100
Operating margin (%)	Operating profit /sales x100
Net margin (%)	Net profit /sales x100
Earnings per share	Net profit attributable to owners of the parent / weighted average number of ordinary shares outstanding during the period
Diluted earnings per share	Net profit attributable to owners of the parent / (weighted average number of ordinary shares outstanding during the period + number of all potentially issued shares)
Equity ratio (%)	Equity/ (liabilities + equity) x100
Debt to equity ratio (%)	Interest bearing liabilities /equity x 100
Debt to capital ratio (%)	Interest bearing liabilities – cash and cash equivalents (net debt) / (net debt +equity) x 100
Total debt/EBITDA ratio	Interest bearing borrowings (excl. rental liabilities according IFRS 16) /trailing twelve months EBITDA
Liquidity ratio	Current assets / current liabilities
Return on assets ROA (%)	Trailing twelve months net profit /average assets x 100
Return on equity ROE (%)	Trailing twelve months net profit /average equity x 100

## SEGMENT OVERVIEW



### Key financial indicators for segments

(EUR thousand)	Sales			
	Q1 2023	Q1 2022	Change %	12 months 2022
Media segment	16 867	13 081	29%	62 690
<i>advertising revenue</i>	9 681	7 840	23%	37 613
<i>subscriptions (incl. single-copy sales)</i>	4 560	3 886	17%	16 819
<i>marketplaces</i>	636	353	80%	2 232
<i>outdoor screens</i>	688	402	71%	2 396
<i>sale of other goods and services</i>	1 302	600	117%	3 630
Corporate functions	1 226	1 092	12%	4 500
Inter-segment eliminations	(1 339)	(747)		(3 050)
<b>TOTAL GROUP</b>	<b>16 755</b>	<b>13 426</b>	<b>25%</b>	<b>64 141</b>
<i>incl. revenue from all digital channels</i>	13 384	10 434	28%	49 928
<i>% of revenue from all digital channels</i>	80%	78%		78%

(EUR thousand)	EBITDA			
	Q1 2023	Q1 2022	Change %	12 months 2022
Media segment	1 478	893	66%	10 183
Corporate functions	(321)	(230)	-39%	(1 122)
Inter-segment eliminations	(3)	(46)		(171)
<b>TOTAL GROUP</b>	<b>1 153</b>	<b>616</b>	<b>87%</b>	<b>8 891</b>

	Q1 2023	Q1 2022	12 months 2022
<b>EBITDA margin</b>			
Media segment	9%	7%	16%
<b>TOTAL GROUP</b>	<b>7%</b>	<b>5%</b>	<b>14%</b>

## **MEDIA SEGMENT**

In the 1<sup>st</sup> quarter of 2023, media segment revenue totalled EUR 16.9 million (Q1 2022: EUR 13.1 million). Revenue increased by 29% as compared to the 1<sup>st</sup> quarter of 2022. At the end of the 1<sup>st</sup> quarter of 2023, the share of the Group's digital revenue was 80% of total revenue.

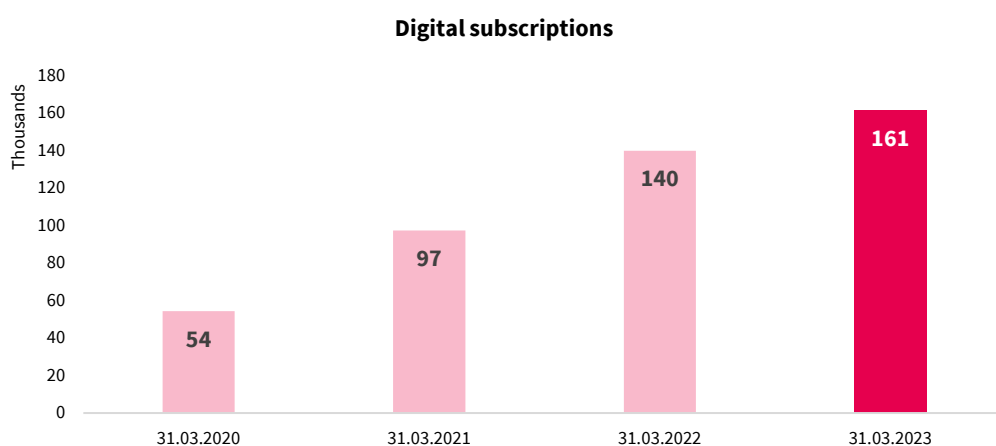
The Group continues to successfully grow its sales volumes in advertising and digital subscriptions both through an increase in its market share and an increase in average prices. Excluding from revenue the acquisitions made in Lithuania (news portal Lrytas and news agency ELTA) in the second half of 2022, the growth of media segment sales revenue was 22%. Elections both in Estonia and Lithuania helped boost advertising sales. In Latvia, where the advertising market was under strong pressure in the first months of the year, we achieved growth mainly through the increase in revenue and profits of the ticket sales company. Under the marketplaces, the Group reports the revenue of ticket sales platforms in Estonia and Latvia. In the 1<sup>st</sup> quarter, the revenue of the ticket sales platforms increased by 80%, primarily in Latvia, where ticket sales volumes increased as compared to 2019. Advertising revenue from outdoor screens also increased, due to the investments made by the Group in previous years. As of 31 March 2023, the Group's total number of outdoor screens is 113, incl. 64 in Latvia and 49 in Estonia (31.03.2022: 60 in total, 17 in Latvia and 43 in Estonia). This year, we will continue installing additional screens in Latvia and Estonia. In the 1<sup>st</sup> quarter, the revenue of outdoor screens increased by 71%.

Subscription revenue increased by 17% in the 1<sup>st</sup> quarter as compared to the same period last year. The growth is mainly due to the increase in the volumes of digital subscriptions and the average price of subscriptions in all media houses. From the Group's point of view, it is important to increase its digital subscriptions and thereby have less dependence on advertising revenue in the long term.

## DIGITAL SUBSCRIPTIONS

Detailed overview of digital subscriptions:

(number of subscriptions)	31.03.2023	31.12.2022	change	31.03.2022	change
AS Delfi Meedia	92 339	85 551	8%	78 799	17%
AS Õhtuleht Kirjastus	24 100	22 530	7%	23 935	1%
Geenius Meedia OÜ	6 058	5 616	8%	4 461	36%
<b>Estonia total</b>	<b>122 497</b>	<b>113 697</b>	<b>8%</b>	<b>107 195</b>	<b>14%</b>
Delfi AS (Latvia)	17 153	14 131	21%	13 746	25%
Delfi UAB (Lithuania)	21 628	18 780	15%	19 039	14%
<b>Ekspress Grupp total</b>	<b>161 278</b>	<b>146 608</b>	<b>10%</b>	<b>139 980</b>	<b>15%</b>



The number of digital subscriptions of AS Ekspress Grupp increased by 15% in total in the Baltic States year-over-year (10% in the 1<sup>st</sup> quarter) and totalled 161,278 at the end of March.

- The number of digital subscriptions of AS Delfi Meedia that publishes the news portal Delfi, newspapers Eesti Päevaleht, Maaleht, Eesti Ekspress and several popular magazines increased by 17% year-over-year (1<sup>st</sup> quarter: 8%) and totalled 92,339.
- The number of digital subscriptions of AS Õhtuleht, 50% of which is owned by Ekspress Grupp, increased by 1% year-over-year (1<sup>st</sup> quarter: 7%) and totalled 24,100.
- The number of digital subscriptions of Geenius Meedia OÜ increased by 36% year-over-year (1<sup>st</sup> quarter: 8%) and totalled 6,058.
- In Latvia, the number of digital subscriptions of Delfi A/S increased by 25% year-over-year (1<sup>st</sup> quarter: 21%) and totalled 17,153.
- In Lithuania, the number of digital subscriptions of Delfi increased by 14% year-over-year (1<sup>st</sup> quarter: 15%) and totalled 21,628.

The media companies of Ekspress Grupp acquired more than 21,000 digital subscribers in a year which solidified the Group's position as the leading Baltic media company with a digital business model. The Group's newest member, Geenius Meedia, demonstrated the highest growth in relative terms, with a 36 per cent increase in digital subscribers in a year. Delfi Meedia, with the highest number of subscribers, has made a very significant increase, adding ca 13.5 thousand or 17% more digital subscriptions in a year.

Both the quarterly as well as the annual growth of Delfi's Latvian and Lithuanian subsidiaries is a proof of the success of the subscription package reform implemented at the end of last year, with further growth expected in these markets.

The digital revenue base of Ekspress Grupp is increasingly based on digital subscription revenue. The Group is making progress in attaining our financial goals and wish to offer digital paid content to at least 340,000 subscribers by the year 2026.

## SHARES AND SHAREHOLDERS OF AS EKSPRESS GRUPP

As of 31 March 2023, the company's share capital is EUR 18 478 105 (31.12.2022: EUR 18 478 105), which is divided into 30 796 841 (31.12.2022: 30 796 841) shares with a nominal value of 0.60 euros per share.

All shares are of one type and there are no ownership restrictions. The company does not have any shares granting specific controlling rights and the company lacks information about agreements dealing with the restrictions on voting rights of shareholders. The articles of association of the public limited company set no restrictions on the transfer of the shares of the public limited company. The agreements entered into between the public limited company and the shareholders set no restrictions on the transfer of shares. In the agreements concluded between the shareholders, they are only known to the company to the extent related to pledging of securities and that is public information.

### Structure of shareholders as of 31 March 2023

Name	Number of shares	%
Hans H. Luik and companies under his control	22 552 672	73.23%
<i>Hans H. Luik</i>	7 963 307	25.86%
<i>OÜ HHL Rühm</i>	14 589 365	47.37%
LHV Bank and funds managed by LHV Varahaldus	2 489 977	8.09%
Members of the Management Boards*	104 001	0.34%
Other minority shareholders	4 614 880	14.98%
Treasury shares	1 035 311	3.36%
<b>TOTAL</b>	<b>30 796 841</b>	<b>100.0%</b>

\* Members of the Management Board of AS Ekspress Grupp and its key subsidiaries

### Shares held by members of the Management Board and Supervisory Board

Mari-Liis Rüütsalu holds 36 924 shares.

Signe Kukin holds 38 140 shares.

Hans H. Luik holds 7 963 307 shares and OÜ HHL Rühm holds 14 589 365 shares, the ownership interest of Hans H. Luik as the ultimate beneficiary of AS Ekspress Grupp is 73.23% (22 552 672 shares).

## AS Ekspress Grupp

Consolidated Interim Report for the First Quarter of 2023

The price of the share of Ekspress Grupp (EEG1T) in euros and the trading statistics on NASDAQ Tallinn Stock Exchange from 1 January 2019 until 31 March 2023.



The share price comparison (%) with Nasdaq Tallinn Stock Exchange index from 1 January 2019 until 31 March 2023.



## Dividend policy

In October 2021, the Supervisory Board of AS Ekspress Grupp approved the Group's dividends policy according to which Ekspress Grupp will pay at least 30% of its annual net profit as dividends starting from 2022. The capital structure of Ekspress Grupp needs to be strong and sustainable to maintain the targeted operating freedom and make use of the growth opportunities of various economic cycles. The Group's task is to maintain a conservative capital allocation in order to provide the Company with the flexibility to make new investments in accordance with the requirements set for raising debt.

To support growth, Ekspress Grupp has set a goal of maintaining an optimal level for CAPEX, loan repayments and profit allocation from the point of view of the Group and its investors.

The Group will pay at least 30% of its previous year's net profit as dividends under the condition that there will be enough cash to fund its key operations and make new strategic investments. In the years of economic deceleration or when the cash flows are lower for other reasons, the Group may decide to lower the dividend payout rate or not to pay dividends.

## Dividends

In March 2023, the Management Board of the Group made a proposal to the shareholders to distribute dividends from the net profit of 2022 in the amount of 5 euro cents per share, i.e. in the total amount of EUR 1.5 million. The decision on dividend distribution will be made at the General Meeting of Shareholders on 4 May 2023.

Date of the General Meeting	13.06.2017	06.06.2018	04.11.2021	02.05.2022
Period for which dividends are paid	2016	2017	2020	2021
Dividend payment per share (EUR)	6 cents	7 cents	10 cents	8 cents
Total payment of dividends (EUR thousand)	1 787	2 085	3 028	2 425
Dividend pay-out ratio (%) - calculated on the net profit from continuing operations	131%	212%	119%	59%
Dividend pay-out ratio (%)	41%	66%	121%	108%
Date of fixing the list of dividend recipients	29.06.2017	20.06.2018	19.11.2021	16.05.2022
Date of dividend payment	06.07.2017	03.07.2018	23.11.2021	20.05.2022

## Share buyback programme

On 8 February 2023, AS Ekspress Grupp announced the buyback of up to 588,235 own shares (share of AS Ekspress Grupp, ISIN EE3100016965, hereinafter referred to as the *share*) from the shareholders at the price of EUR 1.70 per share and in the total amount of 1 million euros.

All shareholders could offer their shares to AS Ekspress Grupp for a buyback at equal terms. The period of placing share redemption orders began on 15<sup>th</sup> February 2023 and ended yesterday 6<sup>th</sup> March 2023.

162 investors submitted the orders to sell back 2,077,440 shares in the amount of 3,531,648 euros during the period of placing share redemption orders. As the total amount of the received redemption orders exceeded EUR 1,000,000, AS Ekspress Grupp distributed the shares to be bought back among the offers submitted by the shareholders proportionally (pro rata) so that the total buyback amount does not exceed EUR 1,000,000. As a result of the distribution, each investor can sell back 28.32% of the number of shares submitted in the redemption order.

If a pro rata distribution of shares to be bought back resulted in a number of shares that were not an integer, the corresponding number of shares rounded down to the nearest whole number of shares in accordance with the rounding rules. The balance resulting from the rounding was distributed among the shareholders on a random basis.

The transfer date of the shares and the funds was 9<sup>th</sup> March 2023.

## CORPORATE GOVERNANCE

### GROUP'S LEGAL STRUCTURE

As of 31 March 2023, the Group consists of 23 companies (31.12.2022: 23). A detailed list of group companies is disclosed in Note 1 to the financial statements.

#### **Changes in the Group's legal structure**

At 27 January 2023, the Supervisory Board of AS Express Post in which AS Ekspress Grupp has a 50% ownership interest, to shut down the home delivery business of Express Post during 2024. The company will still provide the call centre service and the management service for the subscriber bases of periodicals that make up ca 7% of the company's current business. The change will neither impact the volume and frequency of publishing the paper periodicals of Ekspress Grupp nor the home delivery conditions for its subscribers. As a result of the closure of the business line, AS Express Post will lay off approximately 450 employees. One-off expenditure related to the closure of the business line are recognised in the Group's results for the first quarter of 2023 in the amount of EUR 0.3 million.

In April 2023, the Supervisory Board decided to make several changes to the Group's structure, the aim of which is to increase management efficiency and transparency, simplify the Group's legal structure, and make the provision of the central financial services more efficient. The changes will also help meeting the bank's requirements. In Lithuania, the Supervisory Board decided to merge the Group's subsidiary UAB Satyre with UAB Lrytas that was acquired last year. In Estonia, the Group's wholly-owned subsidiary OÜ Ekspress Finants will be merged with the parent company AS Ekspress Grupp. Group-wide financing and accounting services will be provided by the parent company to the Group's subsidiaries in Estonia. According to §421(4) of the Commercial Code, approval of the merger with the merger decision is not required of AS Ekspress Grupp, because 100% of the share capital of the company being merged (Ekspress Finance) belongs to the merging company. A merger decision is necessary if it is requested by the shareholders of the merging joint-stock company, whose shares represent at least 1/20 of share capital. The shareholders of AS Ekspress Grupp will have until 28 May 2023 to submit this request.

These transactions will have no impact on the consolidated profit, assets or liabilities of the AS Ekspress Grupp.

#### **Changes in the management of the Group's subsidiaries**

On 19 December 2022, the Supervisory Board of AS Delfi Meedia, the subsidiary of AS Ekspress Grupp, decided to elect Sander Maasik as a new member of the Management Board from the January 1, 2023 until December 31, 2025. Sander Maasik will be responsible for the company's advertising area. Starting from January 1, 2023, the Management Board of Delfi Meedia will be as follows: Argo Virkebau (Chairman of the Board), Erle Laak-Sepp, Tarvo Ulejev, Urmo Soonvald, Piret Põldoja and Sander Maasik.

Due to the resignation of the member of the Management Board of AS Ekspress Grupp, Kaspar Hanni, as of February 1, 2023, there were changes in the supervisory and management boards of the key subsidiaries of Ekspress Grupp. The Supervisory Board of AS Delfi Meedia has three members: Hans Luik (chairman), Mari-Liis Rüütsalu and Signe Kukin. The Management Board of OÜ Ekspress Finants has two members: Mari-Liis Rüütsalu and Signe Kukin. Hans Luik will become a member of the Supervisory Board of the Latvian subsidiary A/S Delfi and the Supervisory Board has three members: Mari-Liis Rüütsalu (chairman), Hans Luik and Signe Kukin.

On 3 March 2023, the Supervisory Board of AS Delfi Meedia, the subsidiary of AS Ekspress Grupp, decided to extend the powers of the Management Board members Erle Laak-Sepp and Tarvo Ulejev until June 10, 2026 and the powers of Piret Põldoja until September 1, 2023. The Management Board of Delfi Meedia continues in former composition: Argo Virkebau (Chairman of the Board), Erle Laak-Sepp, Tarvo Ulejev, Urmo Soonvald, Piret Põldoja and Sander Maasik.



## SUPERVISORY BOARD

The Supervisory Board of AS Ekspress Grupp consists of four members and includes:

- Priit Rohumaa (chairman)
- Hans H. Luik
- Sami Jussi Petteri Seppänen
- Triin Hertmann

More information about supervisory board on the [website of AS Ekspress Grupp](#).

## MANAGEMENT BOARD

The Management Board of AS Ekspress Grupp operates with two members and includes:

- Mari-Liis Rüütsalu (chairman)
- Signe Kukin

Kaspar Hanni, the development director and member of the Management Board of AS Ekspress Grupp, left the company at his own request on February 2, 2023. Kaspar Hanni has been working as Group development director and member of the Management Board since December 2017.

More information about management board on the [website of AS Ekspress Grupp](#).

## SUPERVISORY AND MANAGEMENT BOARDS OF SUBSIDIARIES

The supervisory and management boards of AS Ekspress Grupp's key subsidiaries as of 31 March 2023 is shown below:

COMPANY*	SUPERVISORY BOARD	MANAGEMENT BOARD
Delfi Meedia AS (13 801 399)	Hans Luik (chairman), Mari-Liis Rüütsalu, Signe Kukin	Argo Virkebau (chairman) Urmo Soonvald, Tarvo Ulejev, Erle Laak-Sepp, Piret Põldoja, Sander Maasik
Delfi UAB (4 650 954)	Mari-Liis Rüütsalu (chairman), Signe Kukin, Hans Luik	Vytautas Benokraitis
SIA Biļešu Paradīze (3 896 105)	-	Jānis Ņuzulis (chairman), Jānis Daube
Delfi A/S (Latvia) (4 335 744)	Mari-Liis Rüütsalu (chairman), Hans Luik, Signe Kukin	Konstantins Kuzikovs (chairman), Filips Lastovskis, Maira Meija
Digital Matter UAB (359 078)	-	Gediminas Blažys
Ekspress Finants OÜ (16 609 426)	-	Mari-Liis Rüütsalu (chairman), Signe Kukin

\* The amount of equity of the key subsidiary that is held by the owners of the parent company as of 31 March 2023 is shown in parentheses.

# CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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## Consolidated balance sheet (unaudited)

(EUR thousand)	31.03.2023	31.12.2022
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	7 272	7 448
Trade and other receivables	12 090	11 661
Corporate income tax prepayment	74	49
Inventories	278	286
<b>Total current assets</b>	<b>19 714</b>	<b>19 444</b>
<b>Non-current assets</b>		
Other receivables and investments	1 580	1 580
Deferred tax asset	59	60
Investments in joint ventures	983	1 017
Investments in associates	2 225	2 279
Property, plant and equipment (Note 4)	9 104	8 736
Intangible assets (Note 4)	66 838	66 720
<b>Total non-current assets</b>	<b>80 790</b>	<b>80 392</b>
<b>TOTAL ASSETS</b>	<b>100 504</b>	<b>99 836</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Borrowings (Note 5)	3 050	3 393
Trade and other payables	21 152	19 004
Corporate income tax payable	21	25
<b>Total current liabilities</b>	<b>24 223</b>	<b>22 422</b>
<b>Non-current liabilities</b>		
Long-term borrowings (Note 5)	22 536	21 948
Other long-term liabilities	44	43
<b>Total non-current liabilities</b>	<b>22 580</b>	<b>21 991</b>
<b>TOTAL LIABILITIES</b>	<b>46 803</b>	<b>44 413</b>
<b>EQUITY</b>		
Minority interest	150	147
<b>Capital and reserves attributable to equity holders of parent company:</b>		
Share capital (Note 9)	18 478	18 478
Share premium	14 277	14 277
Treasury shares (Note 9)	(1 334)	(334)
Reserves (Note 9)	2 067	2 059
Retained earnings	20 063	20 796
<b>Total capital and reserves attributable to equity holders of parent company</b>	<b>53 551</b>	<b>55 276</b>
<b>TOTAL EQUITY</b>	<b>53 701</b>	<b>55 423</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>100 504</b>	<b>99 836</b>

The Notes presented on pages 23-28 form an integral part of the consolidated interim report.

## Consolidated statement of comprehensive income (unaudited)

(EUR thousand)	Q1 2023	Q1 2022	12 months 2022
Sales	16 755	13 426	64 141
Cost of sales	(13 641)	(11 034)	(48 185)
<b>Gross profit</b>	<b>3 114</b>	<b>2 393</b>	<b>15 956</b>
Other income	70	119	789
Marketing expenses	(571)	(655)	(2 979)
Administrative expenses	(2 551)	(2 147)	(8 823)
Other expenses	(20)	(42)	(146)
<b>Operating profit /(loss)</b>	<b>42</b>	<b>(332)</b>	<b>4 797</b>
Interest income	9	10	36
Interest expenses	(330)	(169)	(738)
Other finance income/(costs)	(11)	(14)	179
<b>Net finance cost</b>	<b>(331)</b>	<b>(172)</b>	<b>(523)</b>
Profit/(loss) on shares of joint ventures	(553)	(133)	(242)
Profit/(loss) on shares of associates	128	130	325
<b>Profit /(loss) before income tax</b>	<b>(715)</b>	<b>(508)</b>	<b>4 357</b>
Income tax expense	(16)	(4)	(302)
<b>Net profit /(loss) for the reporting period</b>	<b>(730)</b>	<b>(512)</b>	<b>4 055</b>
<b>Net profit /(loss) for the reporting period attributable to</b>			
Equity holders of the parent company	(733)	(511)	4 048
Minority interest	3	(1)	7
<b>Total comprehensive income /(loss)</b>	<b>(730)</b>	<b>(512)</b>	<b>4 055</b>
<b>Comprehensive income /(loss) for the reporting period attributable to</b>			
Equity holders of the parent company	(733)	(511)	4 048
Minority interest	3	(1)	7
<b>Earnings per share (euro) (Note 7)</b>			
Basic earnings per share	(0.0243)	(0.0169)	0.1335
Diluted earnings per share	(0.0235)	(0.0163)	0.1294

The Notes presented on pages 23-28 form an integral part of the consolidated interim report.

## Consolidated statement of changes in equity (unaudited)

(EUR thousand)	Attributable to equity holders of parent company						Minority interest	Total equity
	Share capital	Share premium	Treasury shares	Reserves	Retained earnings	Total		
<b>Balance on 31.12.2021</b>	<b>18 478</b>	<b>14 277</b>	<b>(384)</b>	<b>1 920</b>	<b>19 261</b>	<b>53 552</b>	<b>140</b>	<b>53 692</b>
Share options	0	0	17	9	21	47	0	47
<i>Total transactions with owners</i>	<i>0</i>	<i>0</i>	<i>17</i>	<i>9</i>	<i>21</i>	<i>47</i>	<i>0</i>	<i>47</i>
Net profit /(loss) for the reporting period	0	0	0	0	(511)	(511)	(1)	(512)
<i>Total comprehensive income /(loss) for the reporting period</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>(511)</i>	<i>(511)</i>	<i>(1)</i>	<i>(512)</i>
<b>Balance on 31.03.2022</b>	<b>18 478</b>	<b>14 277</b>	<b>(367)</b>	<b>1 929</b>	<b>18 771</b>	<b>53 088</b>	<b>139</b>	<b>53 227</b>
<b>Balance on 31.12.2022</b>	<b>18 478</b>	<b>14 277</b>	<b>(334)</b>	<b>2 059</b>	<b>20 796</b>	<b>55 276</b>	<b>147</b>	<b>55 423</b>
Share options	0	0	0	8	0	8	0	8
Purchase of treasury shares	0	0	(1 000)	0	0	(1 000)	0	(1 000)
<i>Total transactions with owners</i>	<i>0</i>	<i>0</i>	<i>(1 000)</i>	<i>8</i>	<i>0</i>	<i>(992)</i>	<i>0</i>	<i>(992)</i>
Net profit /(loss) for the reporting period	0	0	0	0	(733)	(733)	3	(730)
<i>Total comprehensive income /(loss) for the reporting period</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>(733)</i>	<i>(733)</i>	<i>3</i>	<i>(730)</i>
<b>Balance on 31.03.2023</b>	<b>18 478</b>	<b>14 277</b>	<b>(1 334)</b>	<b>2 067</b>	<b>20 063</b>	<b>53 551</b>	<b>150</b>	<b>53 701</b>

The Notes presented on pages 23-28 form an integral part of the consolidated interim report.

## Consolidated cash flow statement (unaudited)

(EUR thousand)	Q1 2023	Q1 2022	12 months 2022
<b>Cash flows from operating activities</b>			
Operating profit /(loss) for the reporting year	42	(332)	4 797
<b>Adjustments for (non-cash):</b>			
Depreciation and amortisation (Note 4)	1 112	948	4 084
(Gain)/loss on sale, write-down and impairment of property, plant and equipment	(2)	(7)	29
Change in value of share option	8	9	29
<b>Cash flows from operating activities:</b>			
Trade and other receivables	(441)	(214)	(1 939)
Inventories	7	(6)	(9)
Trade and other payables	1 960	378	2 188
Income tax paid	(44)	(131)	(401)
Interest paid	(262)	(104)	(767)
<b>Net cash generated from operating activities</b>	<b>2 380</b>	<b>542</b>	<b>8 011</b>
<b>Cash flows from investing activities</b>			
Acquisition of subsidiaries/ associates (less cash acquired) and other investments / cash paid-in equity-accounted investees	(387)	(257)	(7 632)
Receipts of other investments	0	0	10
Interest received	0	1	2
Purchase of property, plant and equipment and intangible assets (Note 4)	(495)	(1 627)	(3 748)
Proceeds from sale of property, plant and equipment and intangible assets	2	25	66
Loans granted	0	(30)	(30)
Loan repayments received	0	86	86
Dividends received	199	0	601
<b>Net cash used in investing activities</b>	<b>(681)</b>	<b>(1 803)</b>	<b>(10 645)</b>
<b>Cash flows from financing activities</b>			
Dividends paid	0	0	(2 425)
Payment of lease liabilities	(456)	(402)	(1 751)
Loans received / Repayments of bank loans (Note 5)	(420)	(420)	3 296
Purchases of treasury shares	(1 000)	0	0
<b>Net cash used in financing activities</b>	<b>(1 876)</b>	<b>(823)</b>	<b>(880)</b>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(176)</b>	<b>(2 084)</b>	<b>(3 514)</b>
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	7 272	8 878	7 448

The Notes presented on pages 23-28 form an integral part of the consolidated interim report.

## SELECTED NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### Note 1. General information

The main fields of activity of AS Ekspress Grupp and its subsidiaries include online media, publishing of newspapers, magazines and books. AS Ekspress Grupp (registration number 10004677, address: Narva mnt 13, 10151 Tallinn) is a holding company registered and operating in the Republic of Estonia. The Group consists of the subsidiaries, joint ventures and associates listed below.

The Management Board approved and signed these financial statements on 27 April 2023. The interim consolidated financial statements of AS Ekspress Grupp (hereinafter the Group) reflect the results of operations of the following group companies.

Company name	Status	Ownership interest 31.03.2023	Ownership interest 31.12.2022	Main field of activity	Domicile
<b>Operating segment: corporate functions</b>					
Ekspress Grupp AS	Parent company			Holding company and support services	Estonia
Ekspress Finants OÜ	Subsidiary	100%	100%	Financing and book-keeping services	Estonia
<b>Operating segment: media (online and print media)</b>					
Delfi Meedia AS	Subsidiary	100%	100%	Online media, publishing of daily and weekly newspapers	Estonia
Delfi A/S	Subsidiary	100%	100%	Online media	Latvia
D Screens SIA	Subsidiary	100%	100%	Sale of outdoor advertising	Latvia
Biļešu Paradīze SIA	Subsidiary	100%	100%	Operation of the electronic ticket platform and box offices	Latvia
Altero SIA	Associate	25.48%	25.48%	Financial comparison and brokerage platform	Latvia
Delfi UAB	Subsidiary	100%	100%	Online media	Lithuania
Naujienu agentūra Elta UAB	Subsidiary	100%	100%	News agency	Lithuania
Sport Media UAB	Subsidiary	51%	51%	Currently dormant	Lithuania
Satyre UAB	Subsidiary	100%	100%	Holding company	Lithuania
Lrytas UAB	Subsidiary	100%	100%	Online media	Lithuania
Hea Lugu OÜ	Subsidiary	83%	83%	Book publishing	Estonia
Eesti Audioraamatute Keskus OÜ	Associate	33.33%	33.33%	Production and sale of audio books	Estonia
Digital Matter UAB	Subsidiary	100%	100%	Online advertising solutions and network	Lithuania
Digital Matter SIA	Subsidiary	100%	100%	Online advertising solutions and network	Latvia
Videotinklas UAB	Subsidiary	100%	100%	Production studio for content creation	Lithuania
Geenius Meedia OÜ	Subsidiary	100%	100%	Online media and publishing magazines	Estonia
Linna Ekraanid OÜ	Subsidiary	100%	100%	Sale of digital outdoor advertising	Estonia
Babahn Media OÜ	Subsidiary	100%	100%	Sale of video production, media and infrastructure solutions (liquidated on 05.04.2023)	Estonia
Õhtuleht Kirjastus AS	Joint venture	50%	50%	Newspaper and magazine publishing	Estonia
Express Post AS	Joint venture	50%	50%	Home delivery of periodicals	Estonia
Kinnisvarakeskkond OÜ	Associate	49%	49%	Development of a real estate portal	Estonia

## **Note 2. Bases of preparation**

The consolidated interim financial statements of AS Ekspress Grupp for the 1<sup>st</sup> quarter ended on 31 March 2023 have been prepared in accordance with IAS 34 “Interim Financial Reporting”. The condensed interim consolidated financial statements should be read together to the annual report for the financial year ended on 31 December 2022.

The Management Board estimates that the interim consolidated financial statements for the 1<sup>st</sup> quarter 2023 present a true and fair view of the Group’s operating results, and all group companies are going concerns. These interim financial statements have neither been audited nor reviewed in any other way by auditors. These consolidated interim financial statements are presented in thousands of euros, unless otherwise indicated.

The accounting policies used for preparation of these financial statements are the same as those used for preparation of the Group's consolidated annual report for the year ended 31 December 2022.

## **Note 3. Risk management**

The management of financial risks is an essential and integral part in managing the business processes of the Group. The ability of the management to identify, measure and verify different risks has a substantial impact on the profitability of the Group. The risk is defined by the management of the Group as a possible negative deviation from the expected financial performance.

Several financial risks are related to the activities of the Group, of which the more substantial ones include credit risk, liquidity risk, market risk (including foreign exchange risk, interest rate risk and price risk), operational risk and capital risk.

The risk management of the Group is based on the requirements established by the Tallinn Stock Exchange, Financial Supervision Authority and other regulatory bodies, compliance with the generally accepted accounting standards and good practice, internal regulations and policies of the Group and its subsidiaries. The management of risks at the Group level includes the definition, measurement and control of risks. The Group’s risk management programme focuses on unpredictability of financial markets and finding of possibilities to minimise the potential negative impacts arising from this on the Group’s financial activities.

The main role upon the management of risks is vested in the management boards of the Parent and its subsidiaries. The Group assesses and limits risks through systematic risk management. For managing financial risks, the management of the Group has engaged the financial unit of the Group that deals with the financing of the Parent Company and its subsidiaries and hence also managing of liquidity risk and interest rate risk. The risk management at the joint ventures is performed in cooperation with the other shareholder of joint ventures.

More information about risk management on the [website of AS Ekspress Grupp](#).



## Note 4. Property, plant and equipment and intangible assets

(EUR thousand)	Property, plant and equipment		Intangible assets	
	Q1 2023	Q1 2022	Q1 2023	Q1 2022
<b>Balance at beginning of the period</b>				
Cost	17 324	14 493	89 406	82 081
Accumulated depreciation and amortisation	(8 588)	(6 529)	(22 686)	(21 274)
<b>Carrying amount</b>	<b>8 736</b>	<b>7 964</b>	<b>66 720</b>	<b>60 807</b>
Acquisitions and improvements	1 055	1 452	594	404
Disposals (at carrying amount)	0	(3)	0	0
Write-down, write-off and impairment of non-current assets	(26)	(39)	(25)	(51)
Reclassification	(0)	(5)	0	0
Acquired through business combinations	0	0	0	125
Depreciation and amortisation	(661)	(588)	(451)	(361)
<b>Balance at end of the period</b>				
Cost	18 339	15 879	90 000	82 584
Accumulated depreciation and amortisation	(9 236)	(7 098)	(23 162)	(21 660)
<b>Carrying amount</b>	<b>9 104</b>	<b>8 781</b>	<b>66 838</b>	<b>60 924</b>

## Note 5. Bank loans and borrowings

(EUR thousand)	Total amount	Repayment term	
		Up to 1 year	Between 1-5 years
<b>Balance as of 31.03.2023</b>			
Long-term bank loans	<b>14 226</b>	1 637	12 588
Notes	<b>5 000</b>	0	5 000
Lease liability	<b>6 360</b>	1 413	4 947
<b>Total</b>	<b>25 586</b>	<b>3 050</b>	<b>22 536</b>
<b>Balance as of 31.12.2022</b>			
Long-term bank loans	<b>14 646</b>	1 728	12 918
Notes	<b>5 000</b>	0	5 000
Lease liability	<b>5 695</b>	1 665	4 030
<b>Total</b>	<b>25 341</b>	<b>3 393</b>	<b>21 948</b>

## Note 6. Segment reporting

Operating segments have been specified by the management on the basis of the reports monitored by the Management Board of the Parent Company AS Ekspress Grupp. The Management Board considers the business from the company perspective.

**Media segment:** management of online news portals and classified portals, advertising sales in own portals in the Baltics and publishing of newspapers, magazines, customer and advertising fliers, publishing and publication of books as well as sale of digital outdoor advertising in Estonia and Latvia. The media segment also includes organisation of the technology and innovation conference *Login* in Lithuania and operation of the electronic ticket sales platform and box offices in Latvia, and production studio for content creation in Lithuania.

This segment includes subsidiaries Delfi Meedia AS (Estonia), AS Delfi (Latvia), UAB Delfi (Lithuania), OÜ Hea Lugu (Estonia), D Screens SIA (Latvia), Digital Matter (Lithuania, Estonia, Latvia), Linna Ekraanid OÜ (Estonia), SIA Biļešu Paradīze (Latvia), Videotinklas UAB (Lithuania), News agency ELTA UAB (Lithuania – since May 2022), Lrytas UAB (Lithuania – since December 2022) and Geenius Meedia OÜ (Estonia).

The revenue of the media segment is derived from sale of advertising banners and other advertising space and products and digital subscriptions in its own portals in Estonia, Latvia and Lithuania. Sale of advertising space in newspapers and magazines, revenue from subscriptions and single copy sales of newspapers and magazines. Sale of books and miscellaneous book series, services fees for preparation of customer fliers and other projects. In addition, sale of digital outdoor advertising and electronic ticket sales platforms in Estonia and Latvia.

The **Group's corporate functions** are shown separately and they do not form a separate business segment. It includes the Parent Company AS Ekspress Grupp, which provides legal advisory and IT services to its group companies and Ekspress Finants OÜ, which provides accounting services to group companies.

The Management Board assesses the performance of the operating segments based on revenue, EBITDA and the EBITDA margin. Internal management fees and goodwill impairment are not included in segment results.

According to the estimate of the Parent Company's management, the inter-segment transactions have been carried out on an arm's length basis and they do not differ significantly from the conditions of the transactions concluded with third parties.

Q1 2023 (EUR thousand)	Media	Corporate functions	Eliminations	Total Group
<b>Sales to external customers</b>	<b>16 356</b>	<b>399</b>	<b>0</b>	<b>16 755</b>
Inter-segment sales	511	827	(1 339)	0
Total segment sales	16 867	1 226	(1 339)	16 755
<b>EBITDA</b>	<b>1 478</b>	<b>(321)</b>	<b>(3)</b>	<b>1 153</b>
<b>EBITDA margin</b>	<b>9%</b>			<b>7%</b>
Depreciation				1 112
Operating profit /(loss)				42
Investments				1 649

Q1 2022 (EUR thousand)	Media	Corporate functions	Eliminations	Total Group
<b>Sales to external customers</b>	<b>13 047</b>	<b>379</b>	<b>0</b>	<b>13 426</b>
Inter-segment sales	34	713	(747)	0
Total segment sales	13 081	1 092	(747)	13 426
<b>EBITDA</b>	<b>893</b>	<b>(230)</b>	<b>(46)</b>	<b>616</b>
<b>EBITDA margin</b>	<b>7%</b>			<b>5%</b>
Depreciation				948
Operating profit /(loss)				(332)
Investments				1 857

## Note 7. Earnings per share

**Basic earnings per share** have been calculated by dividing the profit attributable to equity holders of the Parent Company by the weighted average number of shares outstanding during the period. Treasury shares owned by the Parent Company are not taken into account as shares outstanding.

**Diluted earnings per share** have been calculated by dividing the profit attributable to equity holders of the Parent Company by the weighted average number of shares outstanding during the period, taking into account the number of shares potentially issued. Treasury shares owned by the Parent Company are not taken into account as shares outstanding.

EUR	Q1 2023	Q1 2022	12 months 2022
Profit / (loss) attributable to equity holders	(732 565)	(510 858)	4 047 812
Average number of ordinary shares at the end of the period	30 205 974	30 283 354	30 320 378
Number of ordinary shares potentially issued as the part of option program at the end of the period	958 617	1 064 071	958 617
<b>Basic earnings per share</b>	<b>(0.0243)</b>	<b>(0.0169)</b>	<b>0.1335</b>
<b>Diluted earnings per share</b>	<b>(0.0235)</b>	<b>(0.0163)</b>	<b>0.1294</b>

## Note 8. Share option plan

### Program approved in 2020

In September 2020, the General Meeting of Shareholders approved a new share option plan for the management of AS Ekspress Grupp and its group companies for the period 2021-2023. As of 31 March 2023 total amount of share options granted was 959 thousand (31.12.2022: 959 thousand), each giving a right to acquire one share at the nominal price (currently 60 euro cents) of the shares at the time of the issuing the options.

The options are vesting proportionally 1/3 per year over three-year period. The exercise of the options and issue of the shares shall be performed by means of an increase of the share capital of AS Ekspress Grupp and issue of new shares that shall take place in Q1 2024. As of 31 March 2023 the number of options issued is 719 thousand.

Upon approving the share option, the option was recognised at its fair value and recognised on the one hand in the profit or loss statement as labour cost and, on the other hand, as a share option reserve in equity. As of 31 March 2023 this reserve totalled EUR 73 thousand (31.12.2022 EUR 65 thousand).

### Program approved in 2022

In February 2022, the General Meeting of Shareholders approved a new share option plan that entitles the option holders to acquire the shares of AS Ekspress Grupp in exchange for the underlying asset of the options issued by Geenius Meedia OÜ in 2020. Share option plan was approved up to 371 thousand options, each of which grants the right to receive one share of the company free of charge, with the exercise date May 2023. The exercise of these options will be performed in exchange for the own shares of Ekspress Grupp. No new shares shall be issued under this program. The program enables AS Ekspress Grupp to comply with the commitment arising from the purchase and sale agreement of the shares of Geenius Meedia OÜ entered into on 17 December 2021. As of 31 March 2023, the liability of the mentioned share option amounted to EUR 378 thousand (31.12.2022: EUR 378 thousand).

## Note 9. Equity and dividends

### Share capital

As of 31 March 2023, the company's share capital is EUR 18 478 105 (31.12.2022: EUR 18 478 105), which is divided into 30 796 841 (31.12.2022: 30 796 841) shares with the nominal value of 0.60 euros per share.

The maximum amount of share capital as stipulated by the articles of association is EUR 25 564 656.

**Treasury shares**

On March 9, 2023, within the framework of the share buyback program, AS Ekspress Grupp bought back 588 235 shares at a price of 1.70 euros per share in the total amount of EUR 1.0 million.

As of 31 March 2023, the Company had 1 035 311 treasury shares (31.12.2022: 447 076) in the total amount of EUR 1 334 thousand (31.12.2022: EUR 334 thousand). Treasury shares to be partially used for the share option plans due to be exercised in 2023.

**Dividends**

In March 2023, the Management Board of the Group made a proposal to the shareholders to distribute dividends from the net profit of 2022 in the amount of 5 euro cents per share, i.e. in the total amount of EUR 1.5 million.

As of 31 March 2023, it is possible to distribute dividends without income tax payment in the total amount of EUR 22.5 million.

**Note 10. Related party transactions**

Transactions with related parties are transactions with Key Management Personnel and companies controlled by the Key Management Personnel, associates and joint ventures. The Key Management Personnel are members of the Group's and Group companies' Supervisory Board and Management Board.

The ultimate controlling individual of AS Ekspress Grupp is Hans H. Luik.

The Group has purchased from (goods for resale, manufacturing materials, non-current assets) and sold its goods and services to (lease of non-current assets, management services, other services) to the following related parties.

(EUR thousand)	Q1 2023		31.03.2023		31.12.2022	
	Sales	Purchases	Receivables	Payables	Receivables	Payables
Companies controlled by the Key Management Personnel	41	717	720	388	712	171
Associates	31	3	110	0	133	1
Joint ventures	387	498	174	217	166	236
<b>Total</b>	<b>459</b>	<b>1 218</b>	<b>1 004</b>	<b>605</b>	<b>1 011</b>	<b>408</b>

(EUR thousand)	Q1 2022		31.03.2022		31.12.2021	
	Sales	Purchases	Receivables	Payables	Receivables	Payables
Companies controlled by the Key Management Personnel	34	678	712	359	717	252
Associates	41	0	177	0	192	0
Joint ventures	364	516	146	217	145	226
<b>Total</b>	<b>439</b>	<b>1 194</b>	<b>1 035</b>	<b>576</b>	<b>1 055</b>	<b>478</b>

## Management Board's confirmation of the Group's interim financial statements

The Management Board confirms that the management report and interim consolidated financial statements of AS Ekspress Grupp disclosed on pages 3 to 31 present a true and fair view of the key events which have occurred during the reporting period and their effect on the Group's financial position, results and cash flows, and they include a description of major risks and related party transactions of great significance.

Mari-Liis Rüütsalu	chairman of the Management Board	<i>signed digitally</i>	27.04.2023
Signe Kukin	member of the Management Board	<i>signed digitally</i>	27.04.2023

## BRIEF OVERVIEW OF THE GROUP

Ekspress Grupp with its more than 30-year history is the leading media group in the Baltic States that owns five media companies in Estonia, Latvia and Lithuania. In addition, the Group owns several portals and companies providing digital entertainment solutions. It organises cultural and sports as well as other events on socially important topics in all Baltic States. The key focus is to provide the best solutions to media consumers, advertising customers and cooperation partners using modern digital solutions and services.

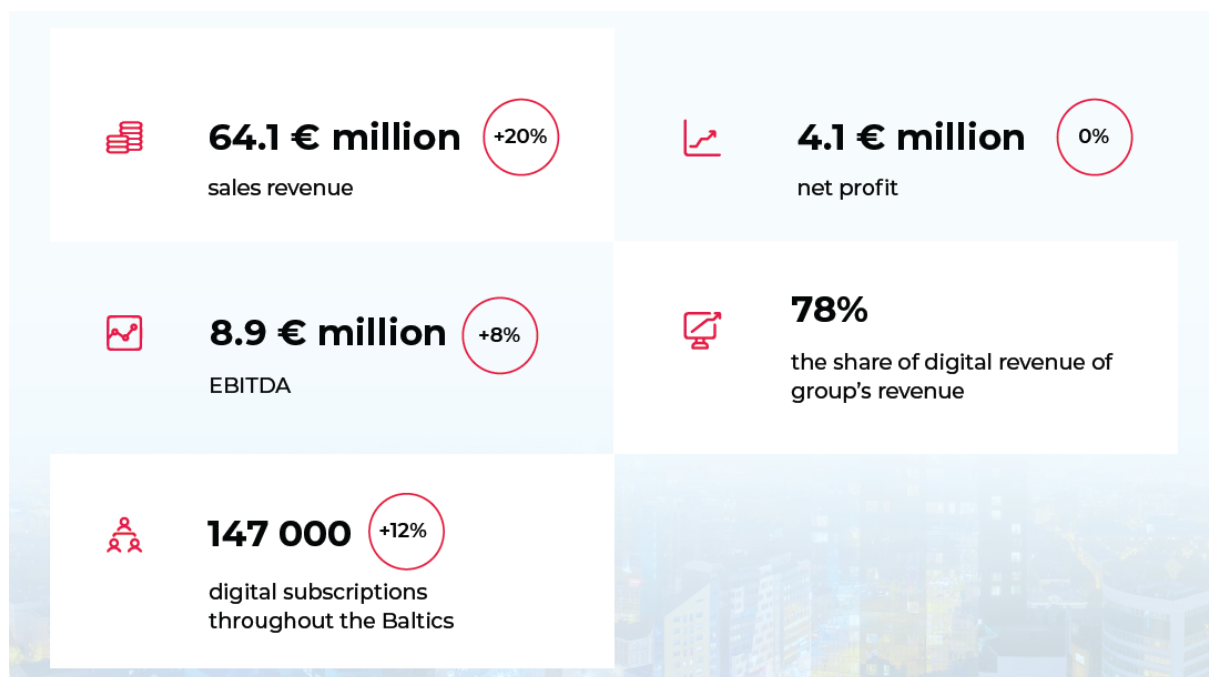
- **Key activity:** production of journalistic content and sale of advertisements to digital platforms in all Baltic States. Publishing of newspapers, magazines and books in Estonia.
- **Key activities are supported by** IT development, solutions of audio-visual production, rental of advertising space, home delivery of paper periodicals.
- **Development of digital business lines:** At the end of 2022, digital products/services contributed 78% to the Group's total revenue (2021: 76%).
- Management of the **ticket sales platform** and **ticket sales sites** in Estonia and Latvia.
- Advertising sales on **digital outdoor screens** in Estonia and Latvia.
- Importance of organisation of **entertainment events and thematic conferences** will increase.

**The customers of Ekspress Grupp are divided into three major groups:**

- Consumers of media content (both retail and business customers),
- Advertising buyers,
- Other private and legal customers that buy the services of group companies.

The shares of AS Ekspress Grupp have been listed on NASDAQ Tallinn Stock Exchange since 5 April 2007. The key shareholder is Hans H. Luik, whose ownership interest as the final beneficiary through various entities is 73.23%.

### Ekspress Grupp in figures (2022)



Digital  
Matter

altero.ee

ELTA

BIĻĒŠU  
PARADĪZE

LINNA EKRAANID

Ds  
dscreens.lv

HEA  
LUGU

lrytas.lt

KINNIS-  
VARA  
24

geenius

exP  
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Õhtuleht  
Kirjastus

Delfi

●●● EestiPäevaleht

EESTI EKSPRESS

Maaleht

Kroonika

NAINE

anne  
& stül

PERE ja KODU

MAAKODU

Oma Maitse

Tervis

piletitasku

Õhtuleht

Tiiu

Naisteleht

Naisteleht  
55+

tv  
teleleht

Eesti Mets

Kalale! / LOODUSES

\*Brands that AS Ekspress Grupp owns or has invested in

\*Detailed information about our brands and businesses on the [website of AS Ekspress Grupp](#)