

EKSPRESS GRUPP

Consolidated interim report for Q3
and 9 months of 2021

January–September 2021 | Unaudited



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MANAGEMENT REPORT

MANAGEMENT'S COMMENTS

In the 3rd quarter of 2021, the revenue of AS Ekspress Grupp totalled EUR 13.3 million and the revenue for the first nine months of the year totalled EUR 37.6 million. The Group's net profit for the 3rd quarter of 2021 was EUR 1.15 million and the net profit for the first 9 months of the year was EUR 1.82 million. At the end of September, the share of the Group's digital revenue was 74% of total revenue

In the 3rd quarter of 2021, the consolidated revenue totalled EUR 13.3 million (3rd quarter 2020: EUR 10.9 million), increasing by 22%. The revenue growth is attributable to the online advertising market which continues to grow as compared to traditional media channels. 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 businesses more; they have opened or adapted their ways of trading to e-channels and the need to advertise has recovered. However, the revenue of both ticket sales platforms as well as outdoor screens continues to be under pressure which is directly attributable to the effects of the COVID-19 pandemic. The effect is especially evident in the Latvian market where restrictions are currently considerably stricter than in other countries.

The number of the digital subscriptions of AS Ekspress Grupp increased by 75% by the end of September 2021 as compared to the same period last year and was approximately 122 thousand subscriptions.

**122k digital
subscriptions
(+75%)**

The additional growth in digital subscriptions is primarily attributable to new customers and it demonstrates that more readers who have not yet become subscribers to the Group's products are being addressed. The Group is able to come up with topics for an increasingly larger number of customers and thus those readers who have read articles for free also decide to sign up for digital subscriptions. The Group has also managed to keep its current digital subscribers for a longer period of time, lowering the share of those cancelling their subscriptions and increasing the average life of the subscription.

The earnings before interest, tax, depreciation and amortisation (EBITDA) of Ekspress Grupp totalled EUR 2.25 million in the 3rd quarter and EUR 5.05 million in the first 9 months of the year which is 38% and 62%, respectively, higher as compared to the same period in 2020. Strong sales of online advertising and digital subscriptions in all Baltic States and continued cost reductions have helped improve profitability. The net profit in the 3rd quarter totalled EUR 1.15 million which is 48% higher than in the same period last year. The net profit for the first 9 months of the year totalled EUR 1.82 million which is six times higher than in the same period last year (9 months 2020: EUR 0.29 million).

**Extraordinary
dividend of 10
cents/share**

At the beginning of September 2021, the Group concluded an agreement to sell Printall AS. The transaction was completed on 6 September 2021, as a result of which the Group incurred a sales loss in the amount of EUR 2.3 million and according to the agreement, after the adjustments to the sales price, the Group received a net amount of EUR 6.3 million. At the beginning of 2026, the

Group will receive another EUR 0.7 million, contingent upon the results of Printall in 2025. As a result of the transaction, the Group will exit the business with high CAPEX requirements that is not in line with the Group's digital revenue growth strategy. Availability of new capital will provide additional capacity for the Group to fund the digital area, both organically as well as through making new acquisitions. In this report, Ekspress Grupp presents the results for the 3rd quarter and 9 months of the current year as well as comparable periods in compliance with the requirements of IFRS set for interim reports, i.e. for its continuing operations. The loss from the sale of Printall and its operating results have been recognised as discontinued operations and are included in the Group's comprehensive income statement.

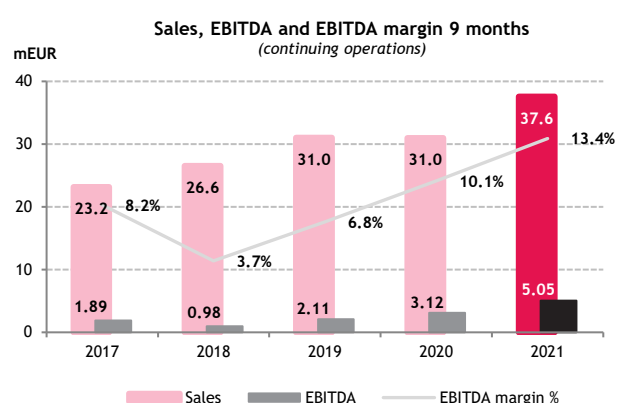
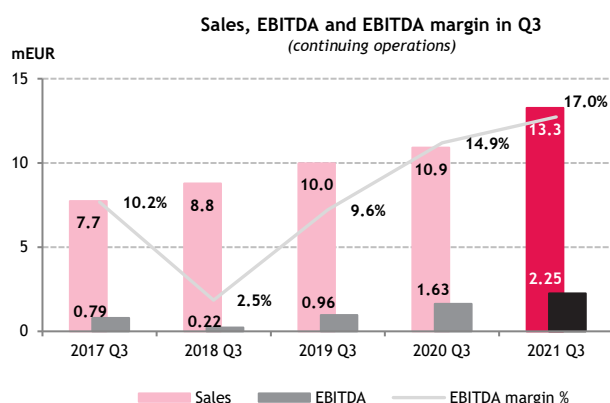
As of 30 September 2021, the Group had available cash in the amount of EUR 12.4 million (30 September 2020: EUR 5.8 million). The Group's liquidity continues to be good. In order to strengthen the Group's liquidity position and make more effective use of equity, the Group signed amendments to the loan 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.

Due to its strong liquidity position and additional available funds from the sale of Printall AS, the Management Board of Ekspress Grupp made a proposition to the shareholders on 13 October 2021 to distribute extraordinary dividends of 10 euro cents per share in the total amount of EUR 3.03 million. Shareholder resolutions will be adopted without calling an extraordinary general meeting on 4 November 2021. The shareholders included in the share register of shareholders on 19 November 2021 will be entitled to receive dividends and dividends will be distributed on 23 November 2021.

The Supervisory Board of AS Ekspress Grupp has approved the Group's dividends policy according to which Ekspress Grupp will distribute at least 30% of its annual profit as dividends starting from 2022.

Q3 AND 9 MONTHS RESULTS

In accordance with the decision of the extraordinary general meeting of shareholders of AS Ekspress Grupp from 13 July 2021, AS Ekspress Grupp and OÜ Trükitung concluded a sales agreement on 3 September 2021, according to which Ekspress Grupp sold its 100% ownership interest in its subsidiary Printall AS. The transaction was completed as of 6 September 2021. In the consolidated interim report for the 3rd quarter and the first 9 months of the year, the information is presented about continuing operations where the revenue and expenses of discontinued operations are shown in a separate line in the comprehensive income statement "Gain/-loss from discontinued operations". Until the sale, the business of Printall AS used to be recognised a separate printing services segment which the Group will disclose as a discontinued operation starting from this period. In the comprehensive income statement of the interim report and the segment overview, the comparative information of continuing operations has been restated. No restatements have been made to the consolidated balance sheet and cash flows in accordance with the requirements of IFRS. The assets of the printing services segment continue to be consolidated line-by-line in the balance sheet as of 31 December 2020, because the sale of Printall AS was not yet recognised as a discontinued operation as of 31 December 2020.



REVENUE

In the 3rd quarter of 2021, the consolidated revenue from continuing operations totalled EUR 13.3 million (3rd quarter 2020: EUR 10.9 million). Revenue increased by 22% year-over-year in the 3rd quarter. Both advertising as well as digital subscription revenue increased. The consolidated revenue from continuing operations for the first nine months of 2021 totalled EUR 37.6 million (first nine months of 2020: EUR 31.0 million). At the end of the 3rd quarter of 2021, the share of the Group's digital revenue accounted for 74% of total revenue (at the end of 3rd quarter 2020: 69% of total revenue). Digital revenue increased by 30% as compared to the same period last year.

PROFITABILITY

In the 3rd quarter of 2021, the consolidated EBITDA of continuing operations totalled EUR 2.25 million (3rd quarter 2020: EUR 1.63 million). In the 3rd quarter of 2021, EBITDA increased by 38% as compared to the previous year and the EBITDA margin was 17.0% (3rd quarter 2020: 14.9%). Strong sales of online advertising, digital subscriptions and tight cost controls in all Baltic States have helped to improve profitability. The consolidated EBITDA of continuing operations for the first nine months of 2021 totalled EUR 5.05 million (first nine months of 2020: EUR 3.12 million) increasing by 62% compared to last year.

In the 3rd quarter of 2021, the consolidated net profit from continuing operations totalled EUR 1.15 million (3rd quarter 2020: EUR 0.77 million), which is EUR 0.37 million and 48% higher as compared to 2020. The consolidated net profit from continuing operations for the first nine months of 2021 totalled EUR 1.82 million (first nine months of 2020: EUR 0.29 million), which is EUR 1.53 million and 532% better as compared to 2020.

CASH POSITION

At the end of the reporting period, the Group had available cash in the amount of EUR 12.4 million and equity in the amount of EUR 54.4 million (61% of total assets). The comparable data as of 30 September 2020, including the printing services segment, were EUR 5.8 million and EUR 52.6 million (55% of total assets), respectively. As of 30 September 2021, the Group's net debt was EUR 6.2 million (30 September 2020: EUR 16.5 million). As of 30 September 2021, the cash position was positively impacted by net cash proceeds from the sale of the ownership interest in Printall AS in the amount of EUR 6.3 million (incl. premature payment of the outstanding loan balance of Printall AS to AS SEB Pank under the loan contract in the amount of EUR 2.06 million, see Note 7).

The cash position in 2020 was impacted by the agreements concluded with the banks due to the COVID-19 related state of emergency. Agreements were 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.

DIVIDENDS AND DIVIDEND POLICY

In conjunction with the sale of Printall AS, the Group's Management Board has proposed to the shareholders to distribute extraordinary dividends of 10 euro cents per share in the total amount of EUR 3.03 million. Shareholder resolutions will be adopted without calling the extraordinary general meeting of shareholders on 4 November 2021. The shareholders included in the register of shareholders on 19 November 2021 will be entitled to receive dividends and dividends will be distributed on 23 November 2021.

The Supervisory Board of AS Ekspress Grupp has approved the Group's dividends policy, according to which Ekspress Grupp will pay at least 30% of the annual profit as dividends starting from 2022.

FINANCIAL INDICATORS AND RATIOS

Performance indicators (EUR thousand)	Q3 2021	Q3 2020	Change %	9 months 2021	9 months 2020	Change %	12 months 2020
Continuing operations							
For the period							
Sales revenue	13 265	10 914	22%	37 573	30 978	21%	44 514
EBITDA	2 251	1 628	38%	5 051	3 122	62%	5 924
EBITDA margin (%)	17.0%	14.9%		13.4%	10.1%		13.3%
Operating profit / (loss)	1 401	925	51%	2 563	959	167%	3 071
<i>Operating margin (%)</i>	<i>10.6%</i>	<i>8.5%</i>		<i>6.8%</i>	<i>3.1%</i>		<i>6.9%</i>
Interest expenses	(175)	(182)	4%	(537)	(672)	20%	(860)
Profit / (loss) of joint ventures under the equity method	42	99	-57%	(128)	107	-220%	102
Net profit from continuing operations	1 145	772	48%	1 823	289	532%	2 566
Net margin (%) - continuing operations	8.6%	7.1%		4.9%	0.9%		5.8%
<i>Return on assets (ROA) (%)</i>	<i>1.6%</i>	<i>2.7%</i>		<i>1.6%</i>	<i>2.7%</i>		<i>2.7%</i>
<i>Return on equity (ROE) (%)</i>	<i>2.8%</i>	<i>5.0%</i>		<i>2.8%</i>	<i>5.0%</i>		<i>4.9%</i>
Earnings per share (euro) - continuing operations							
Basic earnings per share	0.04	0.03		0.06	0.01		0.09
Diluted earnings per share	0.04	0.02		0.06	0.01		0.08

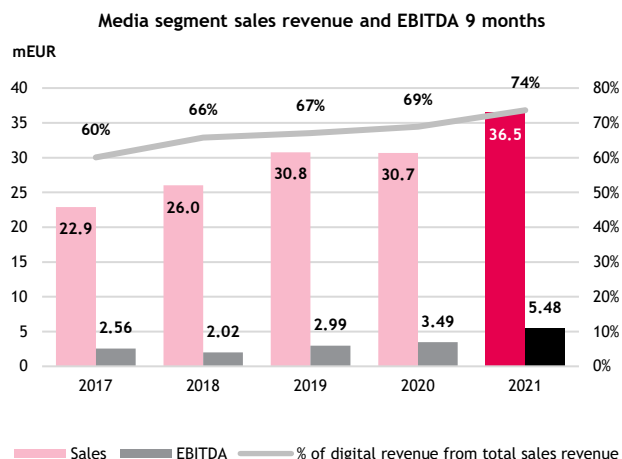
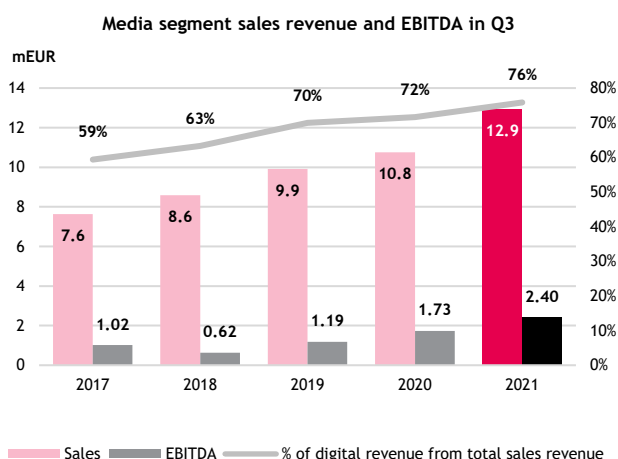
Balance sheet (EUR thousand)	30.09.2021	31.12.2020	Change %
As of the end of the period			
Current assets	21 743	18 482	18%
Non-current assets	67 687	75 696	-11%
Total assets	89 430	94 177	-5%
<i>incl. cash and cash equivalents</i>	<i>12 364</i>	<i>6 269</i>	<i>97%</i>
<i>incl. goodwill</i>	<i>43 366</i>	<i>43 085</i>	<i>1%</i>
Current liabilities	16 187	18 945	-15%
Non-current liabilities	18 892	20 613	-8%
Total liabilities	35 079	39 558	-11%
<i>incl. borrowings</i>	<i>18 517</i>	<i>22 202</i>	<i>-17%</i>
Equity	54 351	54 619	0%
Net debt	6 153	15 933	-61%
Total capital	60 504	70 552	-14%

Financial ratios (%)	30.09.2021	31.12.2020	Change %
Equity ratio (%)	61%	58%	5%
Debt to equity ratio (%)	34%	41%	-17%
Debt to capital ratio (%)	10%	23%	-57%
Total debt/EBITDA ratio	2.36	3.17*	-26%
Liquidity ratio	1.34	0.98	37%

* 31.12.2020 Total debt/EBITDA ratio calculated on the basis of EBITDA, which also includes EBITDA from discontinued operations.

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 (%) - continuing operations	Net profit from continuing operations in financial statements/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 /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

Starting from this interim report, the Group will be operating only in one continuing business area - the media segment.

Key financial indicators for segments (continuing operations)

(EUR thousand)	Sales						
	Q3 2021	Q3 2020	Change %	9 months 2021	9 months 2020	Change %	12 months 2020
Media segment	12 925	10 750	20%	36 485	30 667	19%	43 728
<i>incl. revenue from all digital and online channels</i>	10 061	7 812	29%	27 664	21 338	30%	30 963
<i>% of revenue from all digital and online channels</i>	78%	73%		76%	70%		71%
Corporate functions	999	693	44%	3 106	1 728	80%	2 761
Inter-segment eliminations	(660)	(529)		(2 018)	(1 417)		(1 975)
TOTAL GROUP	13 265	10 914	22%	37 573	30 978	21%	44 514
<i>% of revenue from all digital and online channels</i>	76%	72%		74%	69%		70%

(EUR thousand)	EBITDA						
	Q3 2021	Q3 2020	Change %	9 months 2021	9 months 2020	Change %	12 months 2020
Media segment	2 401	1 729	39%	5 478	3 491	57%	6 601
Corporate functions	(134)	(90)	-49%	(423)	(325)	-30%	(720)
Inter-segment eliminations	(16)	(11)		(3)	(43)		43
TOTAL GROUP	2 251	1 628	38%	5 051	3 122	62%	5 924

EBITDA margin	Q3 2021	Q3 2020	9 months 2021	9 months 2020	12 months 2020
Media segment	19%	16%	15%	11%	15%
TOTAL GROUP	17%	15%	13%	10%	13%

MEDIA SEGMENT

In the 3rd quarter of 2021, media segment revenue totalled EUR 12.9 million (3rd quarter 2020: EUR 10.8 million) and in the first nine months of 2021, revenue totalled EUR 36.5 million (first nine months of 2020: EUR 30.7 million). Revenue increased by 20% as compared to the 3rd quarter of last year. Advertising revenue has demonstrated a strong recovery, specifically in online media where the levels are higher as compared to pre-Covid times. Paper media advertising has not yet reached the 2019 levels and will remain challenging in the coming months. The advertising market has not grown in the Baltics, however the digital channels have gained momentum at the expense of other advertising channels which we believe will be a continuing trend in the future.

At the end of the 3rd quarter 2021, the share of the Group's digital revenue made up 74% of total revenue.

The EBITDA of the media segment in the 3rd quarter of 2021 totalled EUR 2.4 million (3rd quarter 2020: EUR 1.7 million) and in the first nine months of 2021, the EBITDA totalled EUR 5.5 million (first nine months of 2020: EUR 3.5 million). As compared to the 3rd quarter of the previous year, EBITDA increased by 39%. This was positively impacted a strong sales of online advertising, digital subscriptions and tight cost controls carried out throughout the Group.

The state of emergency related to COVID-19 has had the most profound impact on the Latvian ticket sales platform. In the 4th quarter of 2020, a state of emergency was imposed and all events were cancelled. The state of emergency in Latvia lasted until 4 April 2021 but strong restrictions remained in place until mid-June 2021. While most events took place in the 3rd quarter, starting from 11 October a state of emergency was reinstated in Latvia and from 21 October until 15 November 2021, all concerts will be cancelled and theatres will be closed in Latvia as additional restrictions.

Starting from April 2021 the Group also entered the Estonian market with the ticket sales platform [Piletitasku](#) in Estonia. With the expansion of the ticket sales business into Estonia, the Group will continue its current strategy, the purpose of which is to increase the share of digital revenue and identify synergies between new business lines and existing media activities. We wish to provide the most convenient platform both for ticket buyers as well as event organisers. The platform has been well received and we hope that Estonia will not suffer from such extreme restriction as Latvia.

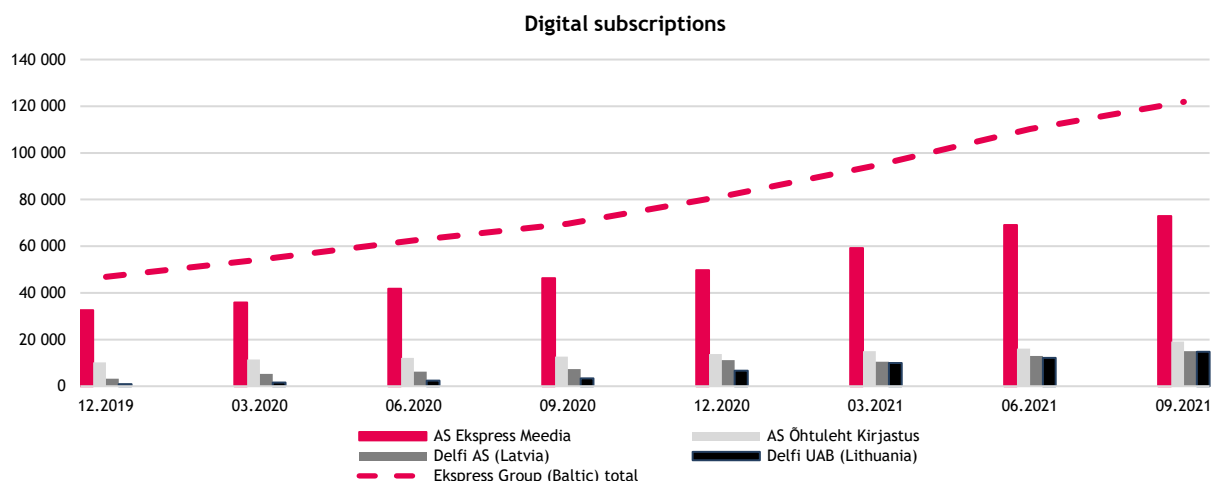
The Latvian outdoor media company SIA D Screens that won a public tender granting it the right to rent the real estate properties owned by the City of Riga in the first half of the year, will actively continue developing the outdoor screen network. The contract enables the company to expand its network to more than 100 screens and participate in the market with both large and small screen networks that cover the most important roads in Riga. New screens will be installed by end of 2022. Due to mobility restrictions in Latvia, between 21 October and 15 November 2021, it will difficult to maintain the revenue base of outdoor media.

The joint venture Õhtuleht Kirjastus AS, a key media company on the Estonian market is recognised under the equity method and included as one line item within finance income in the Group's results. In the 3rd quarter of 2021, the revenue of Õhtuleht Kirjastus AS totalled EUR 3.4 million (3rd quarter 2020: EUR 3.2 million) and in the first nine months of 2021, the revenue totalled EUR 10.3 million (first nine months of 2020: EUR 9.9 million).

DIGITAL SUBSCRIPTIONS

Detailed overview of digital subscriptions:

(number of subscribers)	30.09.2021	30.06.2021	Change %	31.12.2020	Change %	30.09.2020	Change %
AS Ekspress Meedia	72 860	69 082	5%	49 696	47%	46 362	57%
AS Õhtuleht Kirjastus	19 198	16 102	19%	13 820	39%	12 653	52%
Delfi AS (Latvia)	15 030	12 977	16%	11 143	35%	7 305	106%
Delfi UAB (Lithuania)	14 786	12 092	22%	6 595	124%	3 348	342%
Ekspress Grupp total	121 874	110 253	11%	81 254	50%	69 668	75%



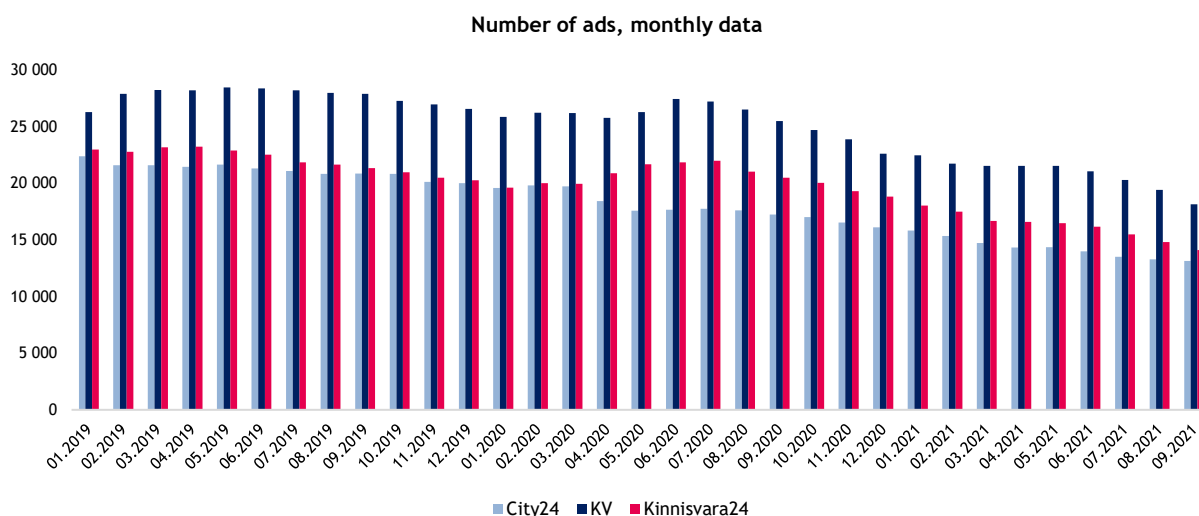
The number of digital subscriptions of the largest Baltic media group, AS Ekspress Grupp increased by 75% across the Baltic States year-over-year (11% in the 3rd quarter and 50% in the first nine months of 2021) and totalled 121 874 at the end of September.

- The number of digital subscriptions of AS Ekspress Meedia that publishes the news portal Delfi, newspapers Eesti Päevaleht, Maaleht, Eesti Ekspress and several popular magazines increased by 57% year-over-year (5% in the 3rd quarter and 47% in the first 9 months of 2021) and totalled 72 860.
- The number of digital subscriptions of AS Õhtuleht, 50% of which is owned by Ekspress Grupp, increased by 52% year-over-year (19% in the 3rd quarter and 39% in the first 9 months of 2021) and totalled 19 198.
- In Latvia, the number of digital subscriptions of Delfi A/S more than doubled (16% in the 3rd quarter and 35% in the first 9 months of 2021) and totalled 15 030.
- In Lithuania, the number of digital subscriptions of Delfi increased by more than four times (22% in the 3rd quarter and 124% in the first 9 months of 2021) and totalled 14 786.

In the 3rd quarter of 2021, rapid digital subscription growth continued in all the countries in which Ekspress Grupp operates. Additional digital growth is primarily attributable to new customers, indicating that we are increasingly more able to reach those readers who have not yet subscribed to our products. The Group is able to come up with topics for an increasing number of customers which prompts the readers who have read articles for free to sign up for a digital subscription.

The addition of digital subscriptions will have a positive impact on the results of operations of Ekspress Grupp, confirming that its long-term strategic direction is appropriate. Ekspress Grupp has set digital subscription growth as one of its key objectives as it will provide a differentiated and an increasingly stronger digital revenue base for the Group's media outlets. The growth in digital subscription revenue is also important in terms of journalistic quality. Readers seek quality content that would prompt them to sign up and even higher quality content to remain subscribers.

REAL ESTATE PORTAL



The 3rd quarter of 2021 was characterised by a low number of properties/offers in the real estate portals and the entire real estate market. On the other hand, interest in real estate properties remained strong, evidenced by the record number of searches in the history of [Kinnisvara24.ee](https://www.kinnisvara24.ee) when 6 087 searches were made. The low number of offers is primarily due to the shortage of new developments in 2020, the normalisation of which may take additional 12 to 18 months depending on the construction duration of new projects.

PRINTING SERVICES SEGMENT (discontinued operation)

In September 2021, AS Ekspress Grupp sold its 100% ownership interest in its subsidiary Printall AS. Until the sale, the business of Printall AS constituted a printing services segment whose revenue was generated by the paper and printing services. The printing services segment is reported as a discontinued operation in the consolidated interim report for the 3rd quarter and first nine months of 2021 and this segment's income and expenses are shown in a separate line of "Gain/-loss from discontinued operations" in the consolidated income statement.

The key conditions of the share sales agreement are as follows:

- The share sales agreement is based on the enterprise value of EUR 10 million, plus the company's available cash at the time of the transfer of shares and less borrowings;
- Of the purchase price, EUR 1 million will be contingent on the results of operations of Printall for the year 2025, whereby EUR 0.7 million of this amount is made up of the deferred payment until the finalisation of the Company's results of operations for the year 2025;
- Ekspress Grupp and Printall will continue their cooperation.

As a result of the transaction completed on 6 September 2021, the Group's loss from the sale of the operation totals EUR 2.3 million and the Group's net cash flow totals EUR 6.3 million. The effect of the sales transaction on the Group's financial statements is disclosed in more detail in Note 7.

SHARES AND SHAREHOLDERS OF AS EKSPRESS GRUPP

As of 30 September 2021, the company's share capital is EUR 18 478 105 (31.12.2020: EUR 18 478 105), which is divided into 30 796 841 (31.12.2020: 30 796 841) shares with the 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 30 September 2021 according to the Estonian Central Register of Securities

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	2 541 583	8.25%
Members of the Management Boards*	70 923	0.23%
Other minority shareholders	5 117 691	16.62%
Treasury shares	513 972	1.67%
TOTAL	30 796 841	100.0%

*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.

Kaspra Hanni holds 18 462 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 67.55% (20 801 948 shares).

On 29 June 2021, an agreement was entered into, pursuant to which KJK Fund SICAV-SIF transferred all its 4 002 052 shares of AS Ekspress Grupp to OÜ HHL Rühm. The transferred shares are 13.00% of total AS Ekspress Grupp shares. The transaction was completed and the ownership of the shares was transferred on 12 August 2021.

Pursuant to the transaction, Hans Luik's share in AS Ekspress Grupp increased to 73.23% - OÜ HHL Rühm's shareholding increased to 47.37% (14 589 365 shares) and Hans Luik's shareholding remains the same 25.86% (7 963 307 shares).

The price of the share of Ekspress Grupp (EEG1T) in euros and the trading statistics on NASDAQ Tallinn Stock Exchange from 1 January 2017 until 30 September 2021.



The share price comparison (%) with Nasdaq Tallinn Stock Exchange index from 1 January 2017 until 30 September 2021.



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 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 conservative capital allocation in order to provide the Company with 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 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 conjunction with the sale of Printall AS, the Group's Management Board has proposed to the shareholders to distribute extraordinary dividends of 10 euro cents per share in the total amount of EUR 3.03 million. Shareholder resolutions will be adopted without calling the extraordinary general meeting of shareholders on 4 November 2021. The shareholders included in the register of shareholders on 19 November 2021 will be entitled to receive dividends. The date for changing the securities-related rights, i.e. ex-date is 18 November 2021. From this date, the persons who have acquired the shares will be no longer entitled to receive them.

The dividends will be distributed to shareholder's bank account linked with the shareholder's securities account on 23 November 2021.

CORPORATE GOVERNANCE

GROUP'S LEGAL STRUCTURE

As of 30 September 2021, the Group consists of 20 companies (31.12.2020: 22). A detailed list of group companies is disclosed in Note 1 to the financial statements.

Changes in the Group's legal structure

In July 2021, AS Ekspress Grupp acquired a 100% ownership interest in Babahh Media OÜ that is engaged in sales of video production, media and infrastructure solutions. Until then, AS Ekspress Grupp owned 49% of the company.

In September 2021, AS Ekspress Grupp sold its 100% ownership interest in its subsidiary Printall AS. The management decided to sell Printall AS in order to exit from a business sector that doesn't match with Group's strategy and sector with a significant CAPEX requirements. As a result of the transaction, the capital is released for financing Group's continued growth in digital media, for additional information, see Note 7.

In September 2021, a merger agreement was concluded to merge the wholly-owned subsidiary of A/S Delfi (the wholly-owned subsidiary of AS Ekspress Grupp), i.e. SIA Delfi Tickets Service with the wholly-owned subsidiary of A/S Delfi, i.e. SIA Biļešu Paradīze, agreeing that SIA Biļešu Paradīze as the acquiring company will acquire all assets and liabilities of SIA Delfi Tickets Service. The merger agreement was concluded for the purpose of simplifying the Group's management and legal structure. The merger will be completed within the next 6 months.

Changes in the management of the Group's subsidiaries

On 18 May 2021, the Supervisory Board of AS Ekspress Meedia decided to temporarily recall Karin Vene from the Management Board as of 15 August 2021. Karin Vene will be on a maternity leave. Piret Põldoja is elected as a member of the Management Board from the same date until 15 February 2023. Piret Põldoja will be responsible for the company's business development area. Starting from 15 August 2021, the Management Board of Ekspress Meedia will be as follows: Argo Virkebau (Chairman of the Board), Erle Laak-Sepp, Tarvo Ulejev, Urmo Soonvald and Piret Põldoja.

On 27 August 2021, AS Ekspress Grupp extended the mandate of Hans Luik and Mari-Liis Rüütsalu, members of the Supervisory Board of AS Ekspress Meedia - the 100% subsidiary of AS Ekspress Grupp - until 2 September 2026. The Supervisory Board of AS Ekspress Meedia will continue in the former four-member composition: Hans Luik (the Chairman), Mari-Liis Rüütsalu, Signe Kukin and Kaspar Hanni.

GENERAL MEETING OF SHAREHOLDERS

The general meeting is the highest governing body of AS Ekspress Grupp. Regular general meetings are held once a year not later than six months after the end of the financial year at the seat of the company. Extraordinary general meetings are allowed to be convened in cases prescribed by law.

In May 2021, The Management Board of AS Ekspress Grupp proposed to the shareholders to adopt resolutions without convening a general meeting in accordance to § 2991 of the Commercial Code. The Management Board made this proposal in order to avoid physical gatherings during the corona pandemic. The notice of adoption of resolutions was published on 20 May 2021 in the stock exchange information system and on the company's homepage, as well as in the 21 May 2021 issue of newspaper LP Eesti Päevaleht.

On 15 June 2021, the shareholders of AS Ekspress Grupp adopted the following resolutions:

- The approval of the 2020 annual report of AS Ekspress Grupp for the financial year from 1st of January 2020 to 31st of December 2020.

- The approval of the profit distribution proposal for 2020. To distribute total 2 509 578 euros as follows: to increase statutory reserve by 125 479 euros; the remaining 2 384 099 euros to be allocated to the retained earnings.
- Extension of the mandate of Aleksandras Česnavičius as the Member of the Supervisory Board until 16.06.2025.

The extraordinary meeting of the shareholders of AS Ekspress Grupp was held on 13 July 2021 in the seat of the public limited company. All members of the Management Board and the Chairman of Supervisory Board participated in the meeting. The general meeting:

- Decided to give the Management Board of Ekspress Grupp its assent and authorise the Management Board of Ekspress Grupp to conclude a share sales agreement according to which Ekspress Grupp will sell all shares that it owns in Printall (registry code 10092701) to Trükitung OÜ (registry code 16253878), which is a company under control of the member of the Supervisory Board of Ekspress Grupp, Hans Luik. The share sales agreement will be concluded under the following basic conditions:
 - The share sales agreement is based on enterprise value of EUR 10 million, i.e. as at the closing available cash will be added and loan obligations will be deducted from the aforesaid amount;
 - EUR 1 million of the sales price will depend on the results of the financial year 2025 of Printall, including the deferred part of the sales price in the amount of EUR 700,000 which will be paid after the financial results of Printall in 2025 are known;
 - Ekspress Grupp and Printall will continue their cooperation.
- Decided to give the Management Board of Ekspress Grupp the right, at its discretion, to determine the remaining conditions of the share sales agreement, while considering the interests of Ekspress Grupp.
- Decided to authorise the Management Board of Ekspress Grupp to conclude all transactions and perform all operations that are necessary for conclusion and execution of the sales agreement.

SUPERVISORY BOARD

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

- Priit Rohumaa (Chairman)
- Hans H. Luik
- Indrek Kasela
- Aleksandras Česnavičius

On 15 June 2021, the mandate of Aleksandras Česnavičius as the Member of the Supervisory Board was extended until 16.06.2025.

The member of the Supervisory Board of AS Ekspress Grupp Peeter Saks who was member of the Supervisory Board of AS Ekspress Grupp since 26 October 2016, resigned from the position of the member of the Supervisory Board and of AS Ekspress Grupp on 11 January 2021.

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

MANAGEMENT BOARD

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

- Mari-Liis Rüütsalu (Chairman)
- Kaspar Hanni
- Signe Kukin

On 27 July 2021, the mandate of Signe Kukin as a Member of the Management Board was extended until 31.12.2024. At the same time, the mandate of Signe Kukin as a Member of the Supervisory Board of AS Ekspress Meedia - the 100% subsidiary of AS Ekspress Grupp - was also extended till 31.01.2026.

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 30 September 2021 is shown below:

COMPANY*	SUPERVISORY BOARD	MANAGEMENT BOARD
Ekspress Meedia AS (14 752 030)	Hans Luik (chairman), Mari-Liis Rüütsalu, Kaspar Hanni, Signe Kukin	Argo Virkebau (chairman) Urmo Soonvald, Tarvo Ulejev, Erle Laak-Sepp, Piret Põldoja
Delfi UAB (3 416 303)	Mari-Liis Rüütsalu (chairman), Kaspar Hanni, Signe Kukin	Vytautas Benokraitis
SIA Biļešu Paradīze** (419 049)	Mari-Liis Rüütsalu (chairman), Signe Kukin, Konstantins Kuzikovs	Jānis Kuzulis (chairman), Jānis Daube
Delfi A/S (Latvia) (3 736 101)	Mari-Liis Rüütsalu (chairman), Kaspar Hanni, Signe Kukin	Konstantins Kuzikovs (chairman), Ingus Bērziņš, Anatolijs Golubovs

* The amount of equity of the key subsidiary that is held by the owners of the parent company as of 30 September 2021 is shown in parentheses.

** No supervisory board based on articles of association; SIA Delfi Ticket Services management board executes the role.

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Consolidated balance sheet (unaudited)

(EUR thousand)	30.09.2021	31.12.2020
ASSETS		
Current assets		
Cash and cash equivalents	12 364	6 269
Trade and other receivables	8 858	9 450
Corporate income tax prepayment	209	7
Inventories	312	2 756
Total current assets	21 743	18 482
Non-current assets		
Other receivables and investments	1 662	982
Deferred tax asset	30	30
Investments in joint ventures	1 007	1 661
Investments in associates	2 094	2 253
Property, plant and equipment (Note 4)	6 191	14 134
Intangible assets (Note 4)	56 702	56 635
Total non-current assets	67 687	75 696
TOTAL ASSETS	89 430	94 177
LIABILITIES		
Current liabilities		
Borrowings (Note 5)	1 671	3 613
Trade and other payables	14 385	15 251
Corporate income tax payable	130	81
Total current liabilities	16 187	18 945
Non-current liabilities		
Long-term borrowings (Note 5)	16 846	18 589
Other long-term liabilities	2 046	2 025
Total non-current liabilities	18 892	20 613
TOTAL LIABILITIES	35 079	39 558
EQUITY		
Minority interest	130	126
Capital and reserves attributable to equity holders of parent company:		
Share capital (Note 10)	18 478	18 478
Share premium	14 277	14 277
Treasury shares (Note 10)	(384)	(209)
Reserves (Note 10)	1 911	1 758
Retained earnings	19 939	20 189
Total capital and reserves attributable to equity holders of parent company	54 221	54 493
TOTAL EQUITY	54 351	54 619
TOTAL LIABILITIES AND EQUITY	89 430	94 177

The Notes presented on pages 24-34 form an integral part of the consolidated interim report.

Consolidated statement of comprehensive income (unaudited)

(EUR thousand)	Q3 2021	Q3 2020*	9 months 2021	9 months 2020*	12 months 2020*
Continuing operations					
Sales	13 265	10 914	37 573	30 978	44 514
Cost of sales	(9 849)	(8 482)	(28 543)	(24 874)	(34 013)
Gross profit	3 415	2 432	9 030	6 105	10 501
Other income	291	521	609	1 036	1 691
Marketing expenses	(494)	(478)	(1 593)	(1 376)	(1 905)
Administrative expenses	(1 799)	(1 529)	(5 422)	(4 718)	(6 930)
Other expenses	(13)	(20)	(62)	(88)	(286)
Operating profit /(loss)	1 401	925	2 563	959	3 071
Interest income	9	7	25	19	28
Interest expenses	(175)	(182)	(537)	(672)	(860)
Other finance income/(costs)	(67)	(28)	(62)	(46)	634
Net finance cost	(233)	(204)	(574)	(699)	(198)
Profit/(loss) on shares of joint ventures	42	99	(128)	107	102
Profit/(loss) on shares of associates	16	(48)	83	(75)	(129)
Profit /(loss) before income tax	1 226	773	1 944	292	2 846
Income tax expense	(81)	(1)	(120)	(3)	(280)
Net profit from continuing operations	1 145	772	1 823	289	2 566
Net profit /(loss) from discontinued operation	(2 230)	310	(1 926)	633	(30)
Net profit /(loss) for the reporting period	(1 085)	1 081	(103)	921	2 536
Net profit /(loss) for the reporting period attributable to					
Equity holders of the parent company	(1 087)	1 074	(107)	906	2 510
Minority interest	2	7	4	15	26
Total comprehensive income /(loss)	(1 085)	1 081	(103)	921	2 536
Comprehensive income /(loss) for the reporting period attributable to					
Equity holders of the parent company	(1 087)	1 074	(107)	906	2 510
Minority interest	2	7	4	15	26
Earnings per share (euro) - continuing operations					
Basic earnings per share (Note 8)	0.04	0.03	0.06	0.01	0.09
Diluted earnings per share (Note 8)	0.04	0.02	0.06	0.01	0.08
Earnings per share (euro)					
Basic earnings per share (Note 8)	(0.04)	0.04	0.00	0.03	0.08
Diluted earnings per share (Note 8)	(0.03)	0.03	0.00	0.03	0.08

*2020 figures adjusted and show only the results of operations from continuing operations consolidated on a line-by-line basis (see Note 7).

The Notes presented on pages 24-34 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					Total	Minority interest	Total equity
	Share capital	Share premium	Treasury shares	Reserves	Retained earnings			
Balance on 31.12.2019	17 878	14 277	(22)	1 688	17 701	51 522	100	51 622
Increase of statutory reserve capital	0	0	0	70	(70)	0	0	0
<i>Total transactions with owners</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>70</i>	<i>(70)</i>	<i>0</i>	<i>0</i>	<i>0</i>
Other changes	0	0	0	0	9	9	0	9
Net profit / (loss) for the reporting period	0	0	0	0	906	906	15	921
<i>Total comprehensive income / (loss) for the reporting period</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>906</i>	<i>906</i>	<i>15</i>	<i>921</i>
Balance on 30.09.2020	17 878	14 277	(22)	1 758	18 546	52 437	115	52 552
Balance on 31.12.2020	18 478	14 277	(209)	1 758	20 189	54 493	126	54 619
Increase of statutory reserve capital	0	0	0	126	(126)	0	0	0
Purchase of treasury shares	0	0	(446)	0	0	(446)	0	(446)
Share options	0	0	271	27	(17)	281	0	281
<i>Total transactions with owners</i>	<i>0</i>	<i>0</i>	<i>(175)</i>	<i>153</i>	<i>(143)</i>	<i>(165)</i>	<i>0</i>	<i>(165)</i>
Net profit / (loss) for the reporting period	0	0	0	0	(107)	(107)	4	(103)
<i>Total comprehensive income / (loss) for the reporting period</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>(107)</i>	<i>(107)</i>	<i>4</i>	<i>(103)</i>
Balance on 30.09.2021	18 478	14 277	(384)	1 911	19 939	54 221	130	54 351

The Notes presented on pages 24-34 form an integral part of the consolidated interim report.

Consolidated cash flow statement (unaudited)

(EUR thousand)	9 months 2021	9 months 2020	12 months 2020
Cash flows from operating activities			
Operating profit for the reporting year (Note 6)	709	1 593	3 078
Adjustments for (non-cash):			
Depreciation and amortisation (Note 4)	3 349	2 974	3 968
(Gain)/loss on sale, write-down and impairment of property, plant and equipment	35	(1)	986
Change in value of share option	27	0	0
Loss on sale of discontinued operation (Note 7)	2 077	0	0
Cash flows from operating activities:			
Trade and other receivables	(1 370)	1 880	3 274
Inventories	(79)	214	375
Trade and other payables	337	327	(1 201)
Cash generated from operations	5 086	6 987	10 480
Income tax paid	(272)	(91)	(263)
Interest paid	(405)	(453)	(903)
Net cash generated from operating activities	4 409	6 443	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)
Disposal of discontinued operation, net of cash disposed of (Note 7)	6 326	0	0
Receipts of other investments	51	84	16
Interest received	3	1	2
Purchase of property, plant and equipment and intangible assets (Note 4)	(1 901)	(1 623)	(2 562)
Proceeds from sale of property, plant and equipment and intangible assets	3	29	308
Loans granted	(130)	(187)	(331)
Dividends received	828	150	150
Net cash used in investing activities	4 978	(1 750)	(2 841)
Cash flows from financing activities			
Payment of lease liabilities	(1 389)	(693)	(949)
Change in overdraft	0	(1 018)	(1 018)
Loans received / Repayments of bank loans (Note 5)	(1 455)	(868)	(1 884)
Proceeds from share issuance	0	0	600
Purchases of treasury shares	(446)	0	(600)
Net cash used in financing activities	(3 290)	(2 579)	(3 851)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	6 096	2 114	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	12 364	5 760	6 269

The Notes presented on pages 24-34 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 and provision of printing services. AS Ekspress Grupp (registration number 10004677, address: Parda 6, 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 28 October 2021. 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 30.09.2021	Ownership interest 31.12.2020	Main field of activity	Domicile
Operating segment: corporate functions					
Ekspress Grupp AS	Parent company			Holding company and support services	Estonia
Ekspress Finants OÜ	Subsidiary	100%	100%	Financing and book-keeping services (established in March 2020 through a spin-off from AS Printall)	Estonia
Operating segment: media (online and print media)					
Ekspress 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
Delfi Ticket Service SIA	Subsidiary	100%	100%	Holding company	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
Sport Media UAB	Subsidiary	51%	51%	Currently dormant	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 (established in March 2020)	Estonia
Adnet Media UAB	Subsidiary	100%	100%	Online advertising solutions and network	Lithuania
Adnet Media SIA	Subsidiary	100%	100%	Online advertising solutions and network	Latvia
Videotinklas UAB	Subsidiary	100%	100%	Production studio for content creation	Lithuania
Õhtuleht Kirjastus AS	Joint venture	50%	50%	Newspaper and magazine publishing	Estonia
Express Post AS	Joint venture	50%	50%	Home delivery of periodicals	Estonia
Linna Ekraanid OÜ	Subsidiary	100%	100%	Sale of digital outdoor advertising	Estonia
Babahh Media OÜ	Subsidiary	100%	49%	Sale of video production, media and infrastructure solutions	Estonia
Kinnisvarakeskkond OÜ	Associate	49%	49%	Development of a real estate portal	Estonia
Operating segment: printing services (discontinued operation)					
Printall AS	Subsidiary	0%	100%	Printing services (disposed in September 2021)	Estonia

Note 2. Bases of preparation

The consolidated interim financial statements of AS Ekspress Grupp for the 3rd quarter and 9 months ended on 30 September 2021 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 2020.

The Management Board estimates that the interim consolidated financial statements for the 3rd quarter and 9 months 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 2020.

Note 3. Financial 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	
	9 months 2021	9 months 2020	9 months 2021	9 months 2020
Balance at beginning of the period				
Cost	42 714	41 551	77 076	75 854
Accumulated depreciation and amortisation	(28 580)	(26 608)	(20 441)	(19 485)
Carrying amount	14 134	14 943	56 635	56 369
Acquisitions and improvements*	2 907	1 316	1 347	845
Disposals (at carrying amount)	(2)	0	0	0
Write-down, write-off and impairment of non-current assets	(61)	(2)	(51)	(25)
Reclassification	39	0	(40)	0
Acquired through business combinations	41	1	282	457
Disposed through business combinations	(8 608)	0	(382)	0
Depreciation and amortisation	(2 260)	(1 911)	(1 089)	(1 063)
Balance at end of the period				
Cost	12 610	42 799	77 657	77 118
Accumulated depreciation and amortisation	(6 419)	(28 451)	(20 955)	(20 535)
Carrying amount	6 191	14 348	56 702	56 583

* Acquisition and improvements of property, plant and equipment in 2021 include the recognition of right of use leased assets in the amount of EUR 1 332 thousand according to the accounting standard IFRS 16 "Leases".

Note 5. Bank loans and borrowings

(EUR thousand)	Total amount	Repayment term		
		Up to 1 year	Between 1-5 years	More than 5 years
Balance as of 30.09.2021				
Overdraft	0	0	0	0
Long-term bank loans	9 031	1 320	7 711	0
Notes	5 000	0	0	5 000
Lease liability	4 486	351	4 135	0
Total	18 517	1 671	11 846	5 000
Balance as of 31.12.2020				
Overdraft	0	0	0	0
Long-term bank loans	12 545	2 401	10 144	0
Notes	5 000	0	0	5 000
Lease liability	4 657	1 212	3 445	0
Total	22 202	3 613	13 589	5 000

Within the framework of the sale transaction of ownership interest in Printall AS, the premature payment of the outstanding loan balance of Printall AS to AS SEB Pank under the loan contract in the amount of EUR 2.06 million was made.

In July 2021 AS Ekspress Grupp and AS SEB Pank signed amendments to the loan agreements, as a result of which the new due date of the loans is 18 July 2026 instead of the previous date of 25 April 2022. According to the new agreement, the monthly repayment was reduced from EUR 204 thousand a month to EUR 60 thousand a month.

In addition, a new loan agreement was concluded with AS SEB Pank to refinance the loan of AS Citadele banka in the amount of EUR 2.1 million with due date 3 June 2024. According to the new agreement the loan repayment schedule will remain unchanged, the new due date is 18 July 2026.

According to the new agreements the interest margin will be in the range of 1.75%-1.9% instead of the previous 1.9%-3.9%. Other key terms of the loan agreements remained unchanged.

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.

In September 2021, AS Ekspress Grupp sold its 100% ownership interest in its subsidiary Printall AS. Until the sale, the operations of Printall AS made up the printing services segment. The printing services segment is recognised as a discontinued operation in the consolidated interim report for the 3rd quarter and first nine months of 2021, and this segment's income and expenses are shown in a separate line "Gain/-loss from discontinued operations" in the consolidated comprehensive income statement.

Beginning with this interim report, the Group will have only one continued operating segment, i.e. the media segment.

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 (bilesuparadize.lv) and box offices in Latvia, and production studio for content creation in Lithuania.

This segment includes subsidiaries Ekspress Meedia AS (Estonia), AS Delfi (Latvia), UAB Delfi (Lithuania), OÜ Hea Lugu (Estonia), D Screens SIA (Latvia), Adnet Media (Lithuania, Estonia, Latvia), Linna Ekraanid OÜ (Estonia), Babahh Media OÜ (Estonia), SIA Biļešu Paradīze (Latvia) and Videotinklas UAB (Lithuania).

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. Volume-based and other fees payable to advertising agencies have not been deducted from the advertising sales of segments, because the Group's management monitors the gross income of companies and segments. Discounts and volume rebates are reported as a reduction of the consolidated sales revenue and are shown in the aggregate line of eliminations. 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.

Q3 2021 (EUR thousand)	Media	Printing services (discontinued)*	Corporate functions	Eliminations	Total Group (continuing+ discontinued)*
Sales to external customers	12 910	2 729	321	0	15 959
Inter-segment sales	15	353	679	(1 047)	0
Total segment sales	12 925	3 082	999	(1 047)	15 959
EBITDA	2 401	264	(134)	(32)	2 500
EBITDA margin	19%	9%			16%
Depreciation (Note 4)					1 043
Operating profit /(loss)					(816)
Investments (Note 4)					707

* see Note 7

Q3 2020 (EUR thousand)	Media	Printing services (discontinued)*	Corporate functions	Eliminations	Total Group (continuing+ discontinued)*
Sales to external customers	10 737	4 331	152	0	15 220
Inter-segment sales	13	570	542	(1 125)	0
Total segment sales	10 750	4 901	693	(1 125)	15 220
EBITDA	1 729	603	(90)	(11)	2 231
EBITDA margin	16%	12%			15%
Depreciation (Note 4)					963
Operating profit /(loss)					1 274
Investments (Note 4)					597

* see Note 7

9 months 2021 (EUR thousand)	Media	Printing services (discontinued)*	Corporate functions	Eliminations	Total Group (continuing+ discontinued)*
Sales to external customers	36 440	11 707	993	0	49 140
Inter-segment sales	45	1 537	2 113	(3 695)	0
Total segment sales	36 485	13 244	3 106	(3 695)	49 140
EBITDA	5 478	1 286	(423)	(85)	6 255
EBITDA margin	15%	10%			13%
Depreciation (Note 4)					3 349
Operating profit /(loss)					709
Investments (Note 4)					4 254

* see Note 7

9 months 2020 (EUR thousand)	Media	Printing services (discontinued)*	Corporate functions	Eliminations	Total Group (continuing+ discontinued)*
Sales to external customers	30 620	13 941	306	0	44 867
Inter-segment sales	47	1 773	1 423	(3 243)	0
Total segment sales	30 667	15 714	1 728	(3 243)	44 867
EBITDA	3 491	1 434	(325)	(43)	4 556
EBITDA margin	11%	9%			10%
Depreciation (Note 4)					2 974
Operating profit /(loss)					1 593
Investments (Note 4)					2 162

* see Note 7

(EUR thousand)	Sales			
	Q3 2021	Q3 2020	9 months 2021	9 months 2020
Total Group (continuing+discontinued)	15 959	15 220	49 140	44 867
Elimination of discontinued operation	(3 082)	(4 901)	(13 244)	(15 714)
Inter-segment eliminations	387	595	1 677	1 826
TOTAL GROUP	13 265	10 914	37 573	30 978

(EUR thousand)	EBITDA			
	Q3 2021	Q3 2020	9 months 2021	9 months 2020
Total Group (continuing+discontinued)	2 500	2 231	6 255	4 556
Elimination of discontinued operation	(264)	(603)	(1 286)	(1 434)
Inter-segment eliminations	16	0	83	0
TOTAL GROUP	2 251	1 628	5 051	3 122

Note 7. Discontinued operation

In September 2021, AS Ekspress Grupp sold its 100% ownership interest in its subsidiary Printall AS. The management decided to sell Printall AS in order to exit from a business sector that doesn't match with Group's strategy and sector with a significant CAPEX requirements. As a result of the transaction, the capital is released for financing Group's continued growth in digital media.

In accordance with the decision of the extraordinary general meeting of shareholders of AS Ekspress Grupp from 13 July 2021, AS Ekspress Grupp and OÜ Trükitung concluded a sales agreement on 3 September 2021, according to which Ekspress Grupp sold its 100% ownership interest in its subsidiary Printall AS. The transaction was completed as of 6 September 2021. In the consolidated interim report for the 3rd quarter and the first 9 months of the year, the information is presented about continuing operations where the revenue and expenses of discontinued operations are shown in a separate line in the comprehensive income statement "Gain/-loss from discontinued operations". Until the sale, the business of Printall AS used to be recognised a separate printing services segment which the Group will disclose as a discontinued operation starting from this period. In the comprehensive income statement of the interim report and the segment overview, the comparative information of continuing operations has been restated. No restatements have been made to the consolidated balance sheet and cash flows in accordance with the requirements of IFRS. The assets of the printing services segment continue to be consolidated line-by-line in the balance sheet as of 31 December 2020, because the sale of Printall AS was not yet recognised as a discontinued operation as of 31 December 2020.

Results of discontinued operation

(EUR thousand)	9 months 2021	9 months 2020	12 months 2020
Segment sales revenue	13 244	15 714	21 384
Elimination of inter-segment revenue	(1 677)	(1 826)	(2 655)
Sales to external customers	11 567	13 888	18 730
Segment expenses	(12 898)	(15 081)	(21 414)
Elimination of expenses related to inter-segment sales	1 677	1 826	2 655
External expenses	(11 221)	(13 256)	(18 760)
Net profit /(loss) for the reporting period	346	633	(30)
Loss on sale of discontinued operation	(2 272)	-	-
Net profit /(loss) from discontinued operation	(1 926)	633	(30)
Basic earnings per share (euro)	(0.06)	0.02	0.00
Diluted earnings per share (euro)	(0.06)	0.02	0.00

Cash flows from (used in) discontinued operation

(EUR thousand)	9 months 2021	9 months 2020	12 months 2020
Net cash generated from operating activities	1 079	2 293	3 350
Net cash used in investing activities	6 151	(406)	(512)
Net cash used in financing activities	(1 514)	(1 528)	(2 236)
Net cash flows for the period	5 716	359	602

Effect of disposal on the financial position of the Group

(EUR thousand)	2021
Net assets and liabilities	(9 312)
Consideration received, satisfied in cash	6 340
Deferred payment	700
Cash and cash equivalents disposed of	(14)
Net cash inflows	6 326

Note 8. 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	Q3 2021			Q3 2020		
	Continuing operations	Discontinued operation	Total	Continuing operations	Discontinued operation	Total
Profit / (loss) attributable to equity holders	1 142 254	(2 229 612)	(1 087 357)	764 593	309 544	1 074 137
Average number of ordinary shares at the end of the period	30 282 869	30 282 869	30 282 869	29 779 314	29 779 314	29 779 314
Number of ordinary shares potentially issued at the end of the period	1 064 071	1 064 071	1 064 071	2 853 966	2 853 966	2 853 966
Basic earnings per share	0.04	(0.07)	(0.04)	0.03	0.01	0.04
Diluted earnings per share	0.04	(0.07)	(0.03)	0.02	0.01	0.03

EUR	9 months 2021			9 months 2020		
	Continuing operations	Discontinued operation	Total	Continuing operations	Discontinued operation	Total
Profit / (loss) attributable to equity holders	1 818 958	(1 925 904)	(106 946)	273 402	632 778	906 180
Average number of ordinary shares at the end of the period	30 229 763	30 229 763	30 229 763	29 779 314	29 779 314	29 779 314
Number of ordinary shares potentially issued at the end of the period	1 064 071	1 064 071	1 064 071	2 853 966	2 853 966	2 853 966
Basic earnings per share	0.06	(0.06)	0.00	0.01	0.02	0.03
Diluted earnings per share	0.06	(0.06)	0.00	0.01	0.02	0.03

Note 9. Share option plan

In June 2017, the General Meeting of Shareholders approved the share option plan for key employees, which was mostly exercised at the end of 2020 and in the 1st quarter of 2021.

By 30 September 2021, the balance of issued options of the share option plan approved in 2017 was 69 thousand (as of 31.12.2020: 450 thousand options issued), each of which grants the right to receive one share of the company free of charge. As a rule, 1/3 of the options can be earned in each calendar year. Equity options were exercisable from December 2020. As of 30 September 2021, the remaining liability of the mentioned stock option amounted to EUR 51 thousand (31.12.2020: EUR 289 thousand).

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 30 September 2021 total amount of share options granted was 1 064 thousand, each giving a right to acquire one share at the nominal price of the shares at the time of the issuing the options. 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.

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 30 September 2021 this reserve totalled EUR 27 thousand (31.12.2020 EUR 0).

Note 10. Equity and dividends

Share capital

As of 30 September 2021, the company's share capital is EUR 18 478 105 (31.12.2020: EUR 18 478 105), which is divided into 30 796 841 (31.12.2020: 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

In the first 9 months 2021, within the framework of the share option plan the option owners were transferred 374 611 shares and bought back 547 162 shares. As a result, the balance of treasury shares increased by EUR 175 thousand.

As of 30 September 2021, the Company had 513 972 treasury shares (31.12.2020: 341 421) in the total amount of EUR 384 thousand (31.12.2020: EUR 209 thousand) to be used for the current share option plan.

Dividends

In conjunction with the sale of Printall AS, the Group's Management Board has proposed to the shareholders to distribute extraordinary dividends of 10 euro cents per share in the total amount of EUR 3.03 million. Shareholder resolutions will be adopted without calling the extraordinary general meeting of shareholders on 4 November 2021. The shareholders included in the register of shareholders on 19 November 2021 will be entitled to receive dividends. The date for changing the securities-related rights, i.e. ex-date is 18 November 2021. From this date, the persons who have acquired the shares will be no longer entitled to receive them.

The dividends will be distributed to shareholder's bank account linked with the shareholder's securities account on 23 November 2021.

As of 30 September 2021, it is possible to distribute dividends without income tax payment in the total amount of EUR 27.5 million.

Note 11. 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)	9 months 2021		30.09.2021		31.12.2020	
	Sales	Purchases	Receivables	Payables	Receivables	Payables
Companies controlled by the Key Management Personnel*	29	486	711	282	1	9
Associates	122	21	196	0	186	0
Joint ventures	1 018	1 463	122	213	218	197
Total	1 169	1 970	1 029	495	405	206

(EUR thousand)	9 months 2020		30.09.2020		31.12.2019	
	Sales	Purchases	Receivables	Payables	Receivables	Payables
Companies controlled by the Key Management Personnel	4	314	2	24	9	12
Associates	121	24	161	2	182	0
Joint ventures	320	834	279	185	107	116
Total	445	1 172	442	211	297	128

* since September 2021, Printall AS is a company related to a member of the Supervisory Board, and transactions and balances related to Printall AS are reported in the line "Companies controlled by the Key Management Personnel". Previously, Printall AS was a Group company and transactions and balances related to it are not reflected in the note "Related party transactions".

According to the decision of the General Meeting held on 4 May 2012, Hans H. Luik will be paid a guarantee fee for granting the financing agreements, of 1.5% per annum on the guarantee amount for the personal guarantee of EUR 4 million until the provided guarantee expires. In the first 9 months 2021, a payment of EUR 45 thousand (9 months 2020: EUR 41 thousand) was paid for the personal guarantee and there are no outstanding liabilities as of 30 September 2021 and 31 December 2020.

Remuneration of members of the Management Boards of the consolidation group

(EUR thousand)	9 months 2021	9 months 2020
Salaries and other benefits (without social tax)	1 309	1 132
Share option	22	24
Total (without social tax)	1 331	1 156

The members of all management boards of the group companies (incl. key management of foreign subsidiaries if these companies do not have management board as per Estonian Commercial Code) (hereinafter Key Management) are entitled to receive compensation upon expiry or termination of their contracts in accordance with the terms laid down in their employment contracts. The Key Management terminations benefits are payable only in case the

termination of contracts is originated by the company. If a member of the Key Management is recalled without a substantial reason, a notice thereof shall be given up to 3 months in advance and the member shall be paid compensation for termination of the contract in the amount of up to 8 months' salary. Upon termination of an employment relationship, no compensation shall be usually paid if a member of the Key Management leaves at his or her initiative or if a member of the Key Management is removed by the Supervisory Board with a valid reason. As of 30 September 2021, the maximum gross amount of potential Key Management termination benefits was EUR 704 thousand (31.12.2020: EUR 759 thousand). No remuneration is paid separately or in addition to the members of the Supervisory Boards of the Group companies and no compensation is paid if they are recalled.

Note 12. Contingent assets and liabilities

On 28 April 2020, Harju County Court forwarded a statement of claim of MM Grupp OÜ to AS Ekspress Meedia, in which MM Grupp OÜ demands EUR 2.0 million from AS Ekspress Meedia for compensation of non-patrimonial or alternatively future patrimonial damages caused by the publication of allegedly false factual allegations. On 17 March 2021, Harju County Court made a decision in the action of MM Grupp OÜ against AS Ekspress Meedia, in which the court dismissed the claim for the compensation of damage in the amount of EUR 2.0 million and satisfied the action in the claim to refute one factual allegation. The court ordered both parties to cover their own procedural expenses. MM Grupp OÜ appealed the judgement to Tallinn Circuit Court.

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 34 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>	28.10.2021
Signe Kukin	member of the Management Board	<i>signed digitally</i>	28.10.2021
Kaspar Hanni	member of the Management Board	<i>signed digitally</i>	28.10.2021

BRIEF OVERVIEW OF THE GROUP

Ekspress Grupp with its 30-year history is the leading media group in the Baltic States that owns four media companies in Estonia, Latvia and Lithuania and one of the largest printing houses in the Baltic States. We have a strong internal capability for provision of digital content and advertising solutions, and we arrange impressive and memorable entertainment events.

Our customers are media content consumers (retail and business customers), advertising buyers and other organisations that purchase the services of our companies.

- **Key activity:** creation of journalistic content, editing of news portals, publishing of newspapers, magazines and books throughout the Baltic States.
- **Development of digital lines of business:** the share of digital revenue is constantly rising.
- We provide **printing services** to Estonian and foreign customers, as well as to all of our own periodicals (until August 2021).
- **The key activities are supported by** information technology development, audio-visual production solutions, renting of advertising space, home delivery of paper periodicals.
- Management of the **real estate portal** in Estonia.
- Organisation of an increasing number of **entertainment and other events**.
- **The operation of the electronic ticket platform and box offices** in Latvia.

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 67.55%.

Ekspress Grupp in figures 2020 - continuing and discontinued operations



*The number of digital subscriptions, periodicals, online media platforms, companies and employees also includes the data of joint ventures and associates.



*Brands that AS Ekspress Grupp owns or has invested in

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