



azerion

Azerion Q1 Update

June 2020

AZERION'S LEADERSHIP

HIGHLY EXPERIENCED MANAGEMENT TEAM WITH FOUNDERS STILL ACTIVE IN THE GROUP



Atila Aytekin

Group CEO & Co-founder, Chairman of the Board

Presenting today

- Serial entrepreneur for more than 20 years
- Entrepreneurial drive within technology and digital ecosystems
- Founder as well as acquirer of many technological and digital companies



Umut Akpınar

Group CEO & Co-founder, Chairman of the Board

- Serial entrepreneur for more than 20 years
- Founder as well as acquirer of many technological and digital companies, e.g. Triodor Software, Improve Digital, Widespace, Sellbranch and many other companies



Maria del Dado Alonso Sanchez

Group CFO & Executive Board Member

Presenting today

- 20 years of financial experience from global corporations
- Former Global Finance Director at OLX/Naspers, CFO at C&A Netherlands as well as various executive roles at Amazon and Siemens
- MA in Law, MA in Business Administration and MSc in IT Management



Joost Merks

Group CIO & Executive Board Member

Presenting today

- Serial entrepreneur for more than 12 years
- Founder of Yoki which was merged with Azerion in 2015
- Actively involved in the expansional growth of the global business



Sebastiaan Moesman

Group CRO & Executive Board Member

- Entrepreneur & media executive
- Former COO of GroupM Connect, CEO Improve Digital
- Founder of Reddion (later sold to the global media agency WPP)



Cyril Zimmermann

Group Strategic Projects & Executive Board Member

- Founder & CEO of AdUX and Felix Citybird, co-founder of Botnik
- Board member of a number of firms and an investor in companies such as Believe Digital, Botnik, Demotivateur, Frizbiz, Vialife

AGENDA



- 1. Introduction**
- 2. Leading Global Gaming and Monetization Company**
- 3. Stellar and Profitable Financial Growth**
- 4. A Global Gaming Company – Strong owned and 3rd Party Casual Gaming**
- 5. Owned Monetization Technology**
- 6. Azerion Philosophy**
- 7. Azerion Growth Strategy**
- 8. Azerion Financials**
- 9. Outlook Q2-2020**
- 10.Q&A**

Q1 FINANCIAL HIGHLIGHTS



Q1 2019 vs Q1 2020

REVENUE



41.3m to 48m EUR

EBITDA



1.8m to 2.2m EUR

MAU



66.9m to 78.8m

ARPPDAU



0.026 to 0.035 EUR

eCPM



1.23 to 0.95 EUR

BOND

€60 M
3 YEAR BOND
EURIBOR + 8.50 %

ACQUISITIONS



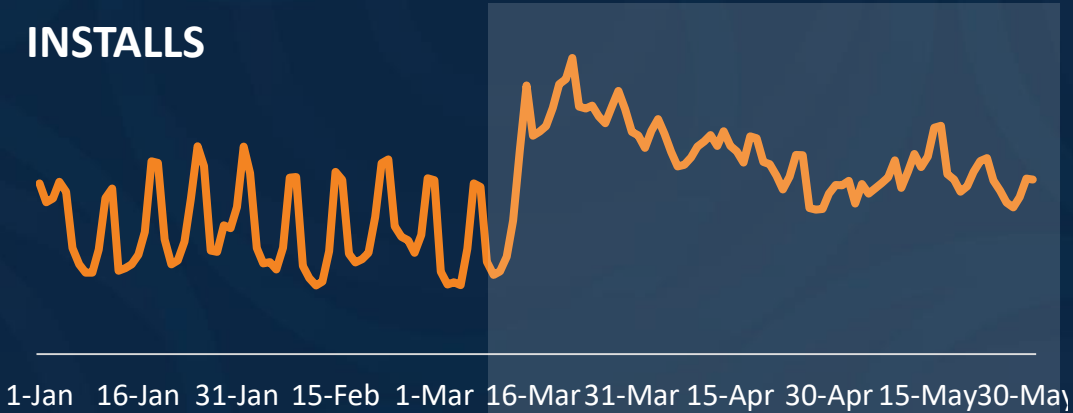
COVID IMPACT



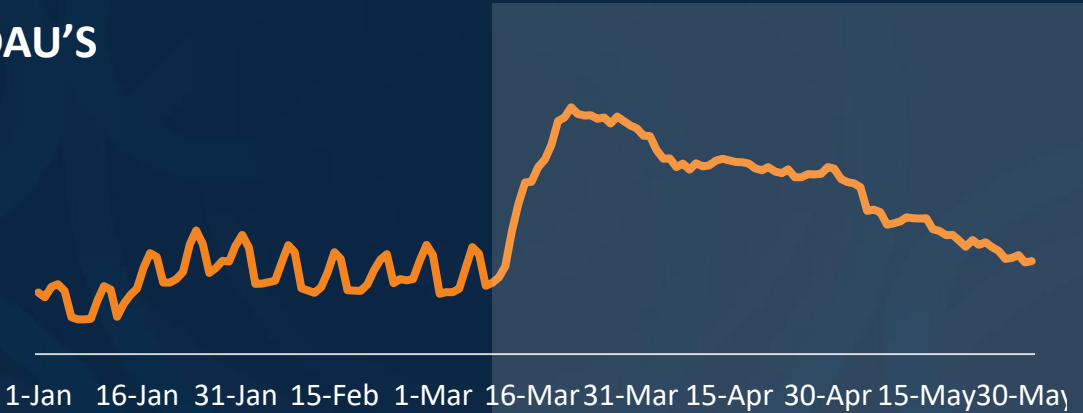
COVID-19 UPDATE



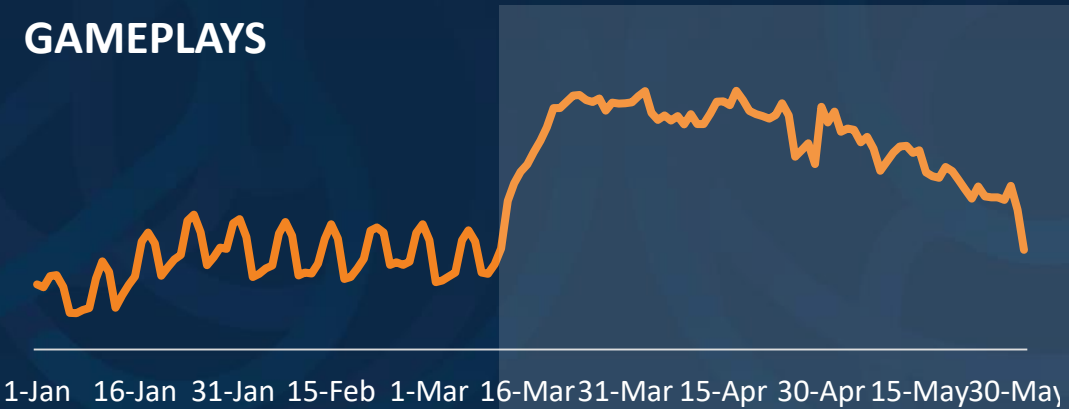
INSTALLS



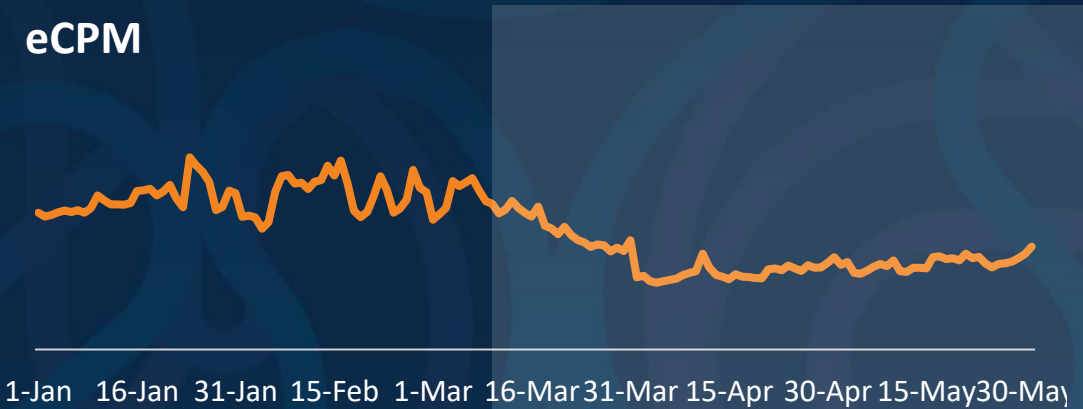
DAU'S



GAMEPLAYS



eCPM



AZERION AT A GLANCE

A LEADING GLOBAL **GAMING** AND MONETIZATION **TECHNOLOGY** COMPANY



Gaming and Monetization Company

GLOBAL



24 OFFICES
+950 EMPLOYEES

Strong Owned and 3rd Party Casual Gaming IP's

GAMING



350M GAMEPLAYS
80M MAU

Owned Monetization Technology/Infrastructure

TECH



+400M USERS REACHED
+5.5BN SOLD DIGITAL ADS

Stellar Growth and Profitable

PROFIT

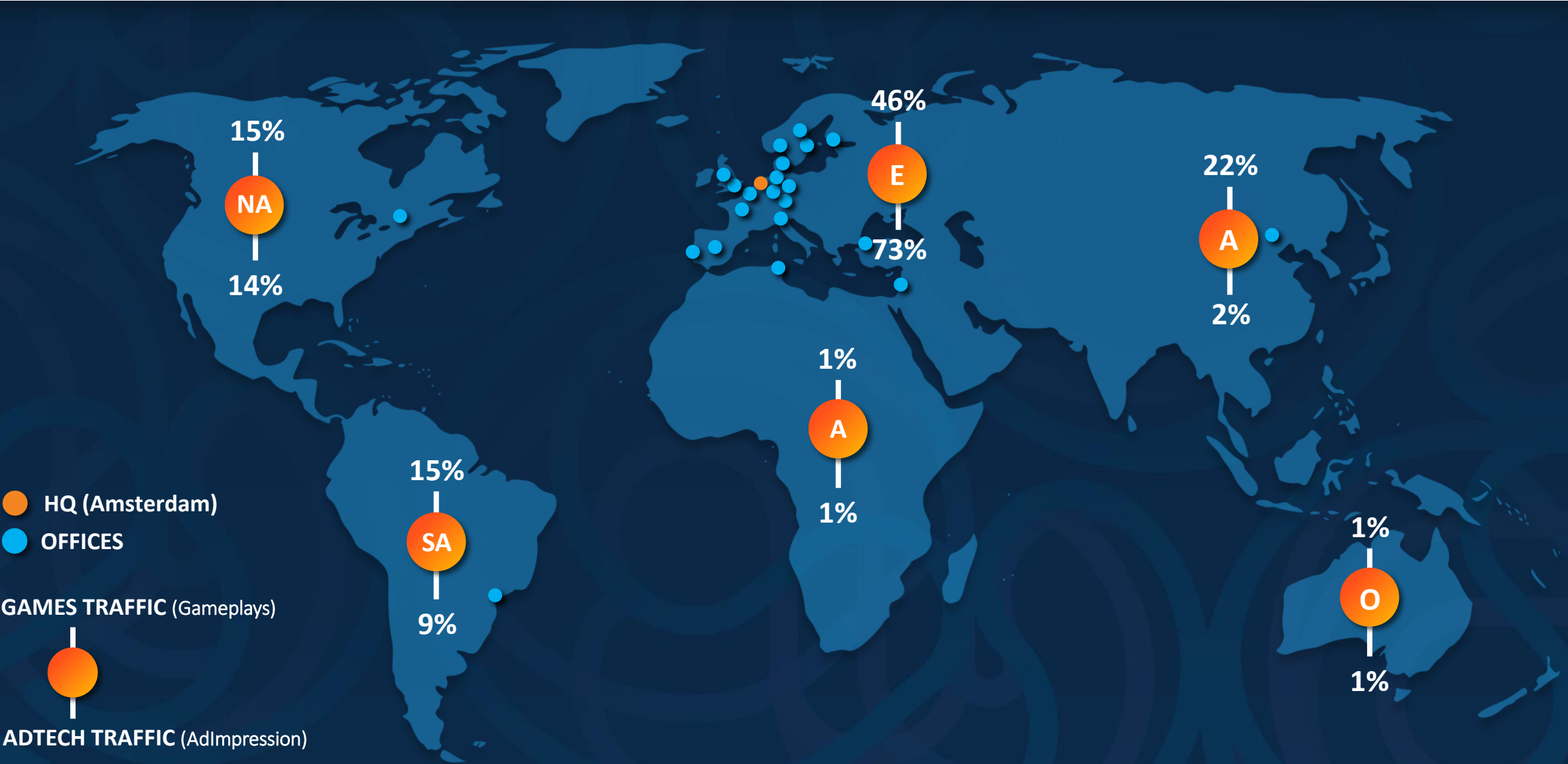


+125% REVENUE CAGR FY15 –FY19
+EUR 17.1M ADJ. EBITDA FY19



LEADING GLOBAL GAMING AND MONETIZATION COMPANY



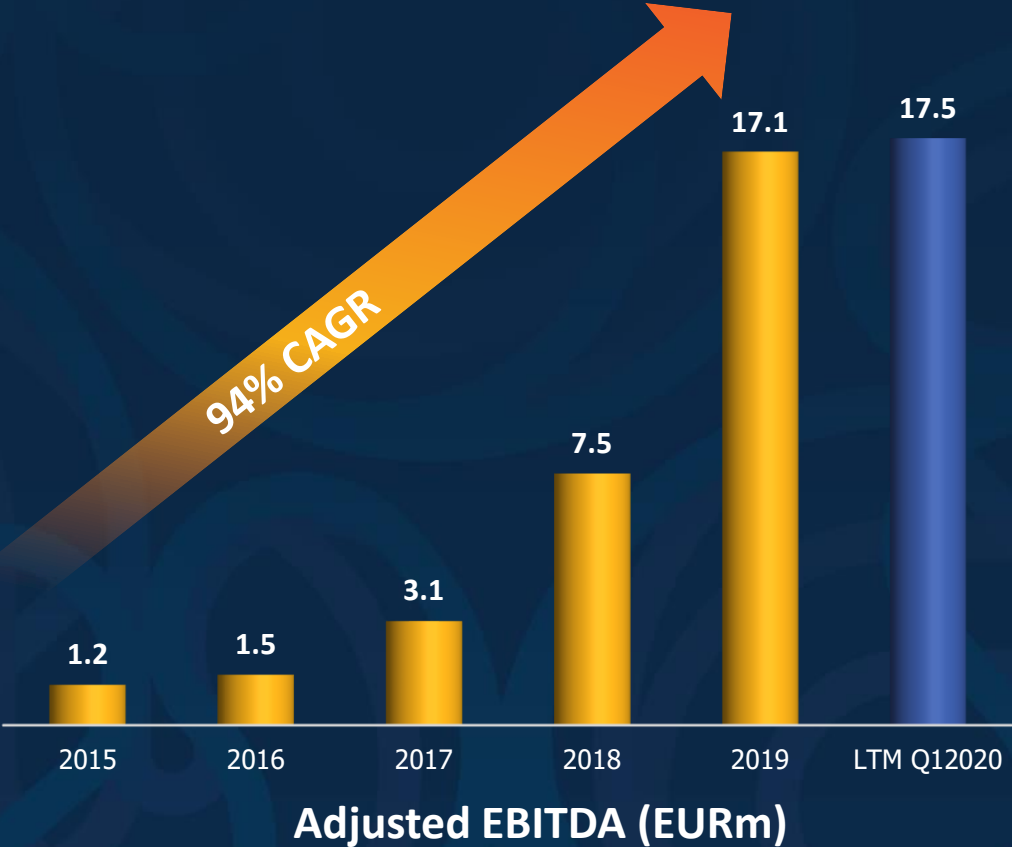
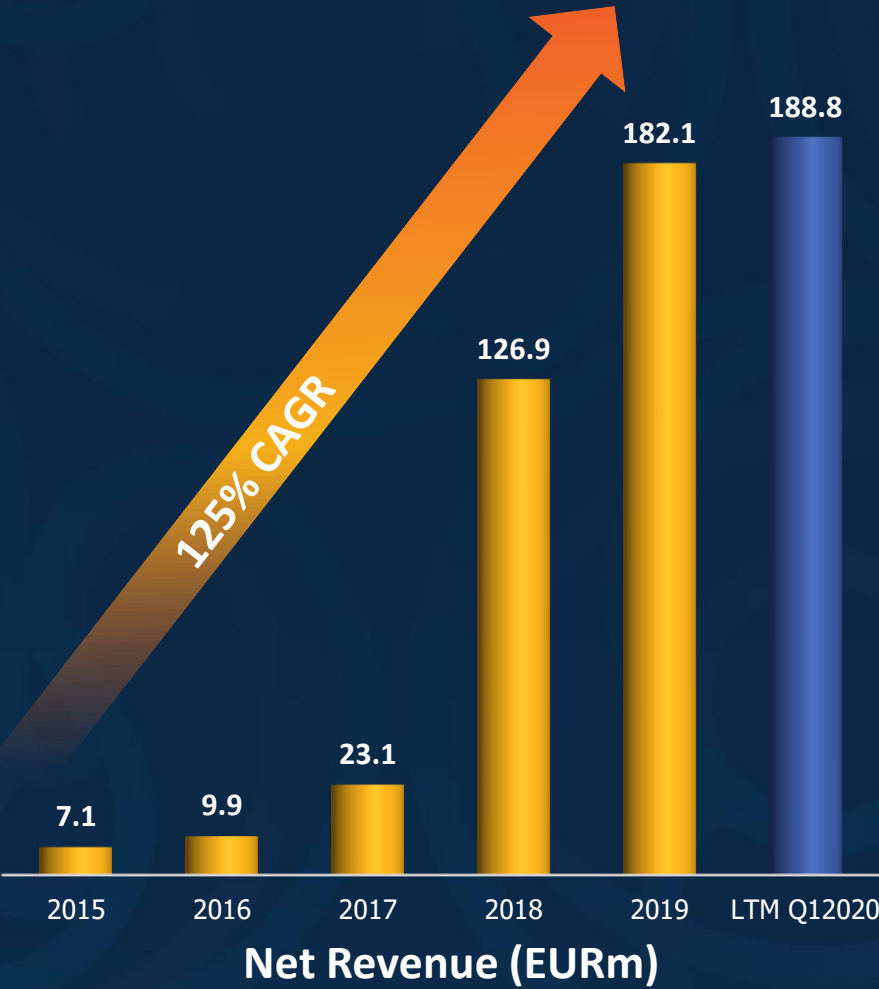




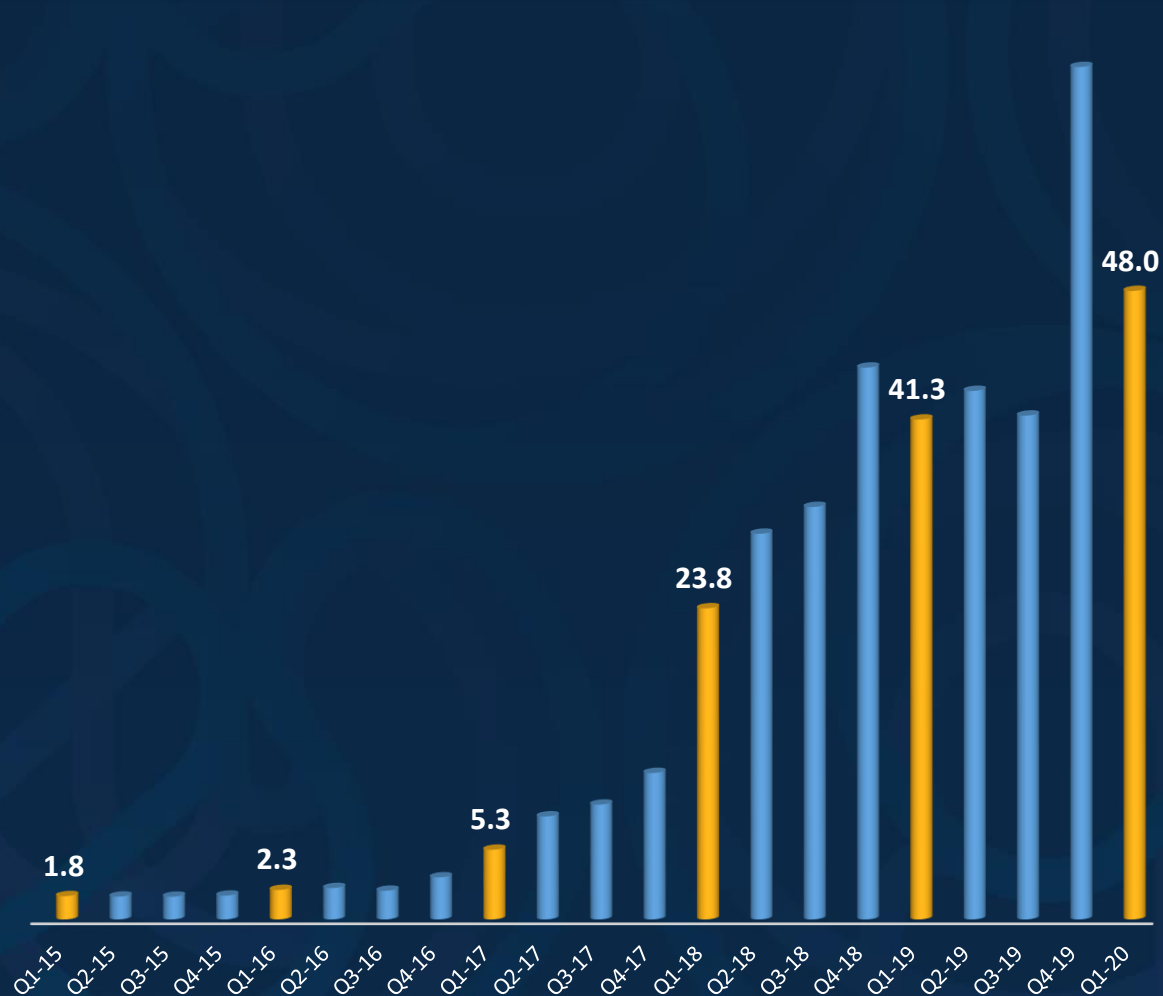
STELLAR AND PROFITABLE FINANCIAL GROWTH



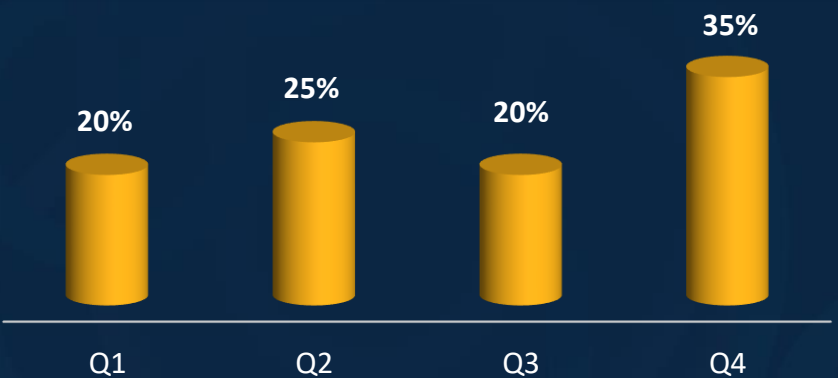
STELLAR & PROFITABLE FINANCIAL GROWTH



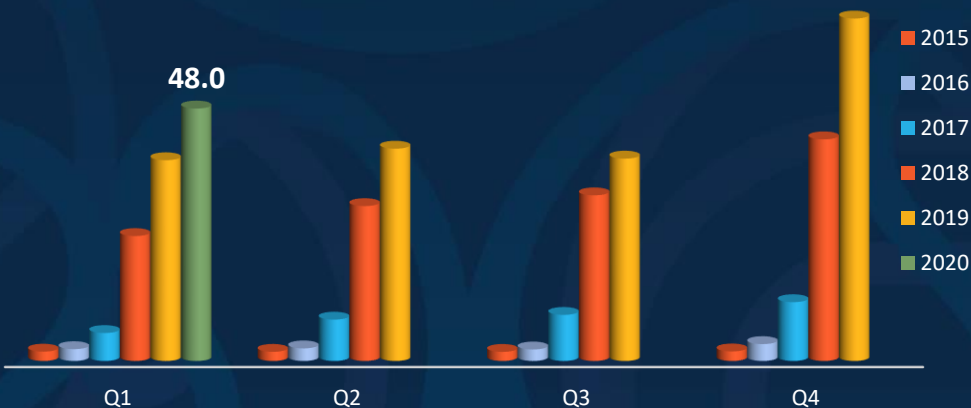
STELLAR & PROFITABLE FINANCIAL GROWTH Q-COMPARISON



Revenue per quarter 2015-2019 in mEUR



Average organic seasonality 2015-2019



Year-over-year revenue per quarter 2015-2019



A GLOBAL GAMING COMPANY

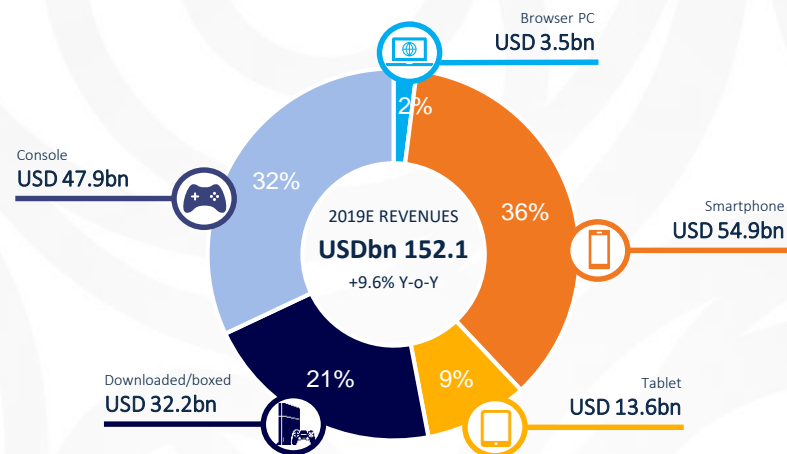
STRONG OWNED AND 3RD PARTY CASUAL GAMING



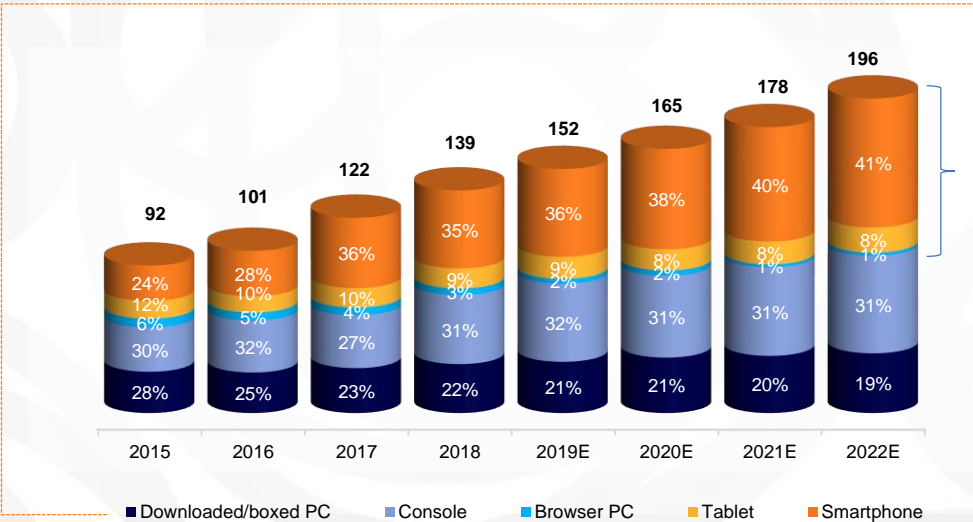
GLOBAL GAMING LANDSCAPE



REVENUE (EURbn)



REVENUE (EURbn)



MOBILE GAMING APPS ACCOUNT FOR...

33% ...of all mobile downloads

10% ...of all time spent on mobile

74% ...of all consumer spend in app stores

GAMING LANDSCAPE AT AZERION



PORTFOLIO

LARGE GAMES (15)



F2P GAMES (400)



F2P PORTALS (150)

AGAME.COM

KIZI

HUZ

DISTRIBUTION (18,000)



ZOOMIN

GAME DISTRIBUTION

azerion

REACH

80m

MAU

+5m

DAU

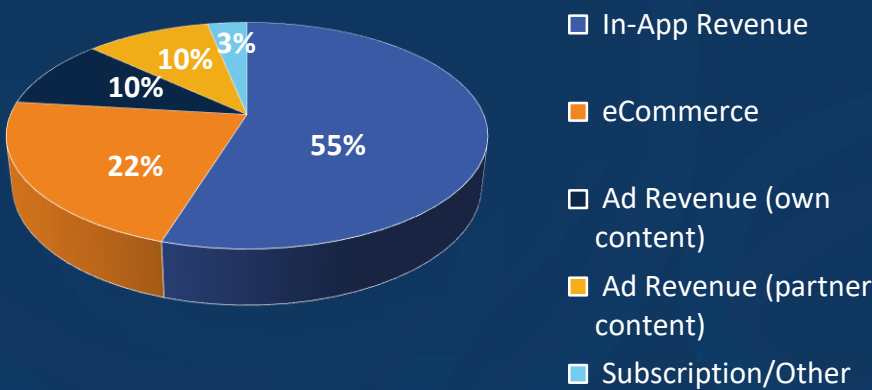
+350m

MONTHLY
GAMEPLAYS

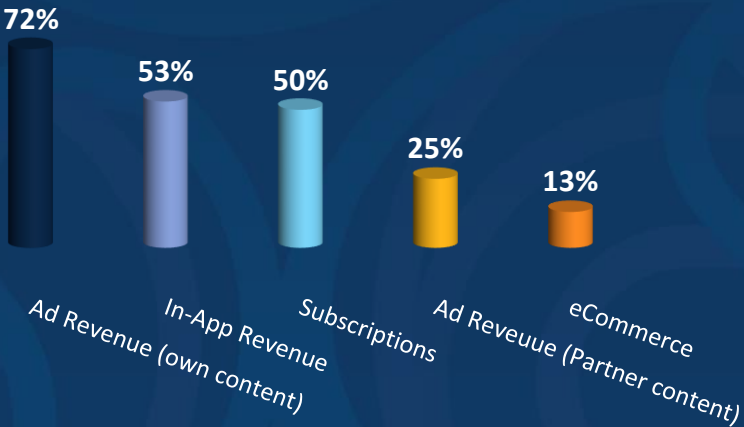
+460m

LIFETIME APP
DOWNLOADS

REVENUE SOURCES



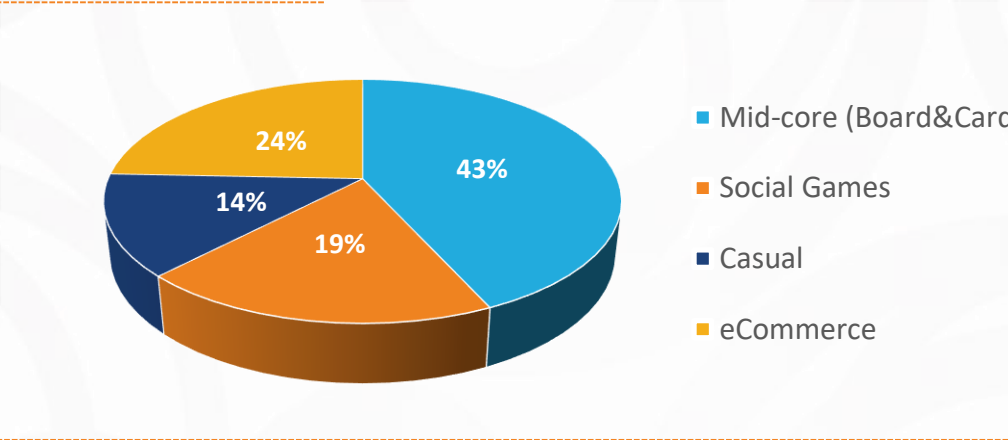
Gross margins



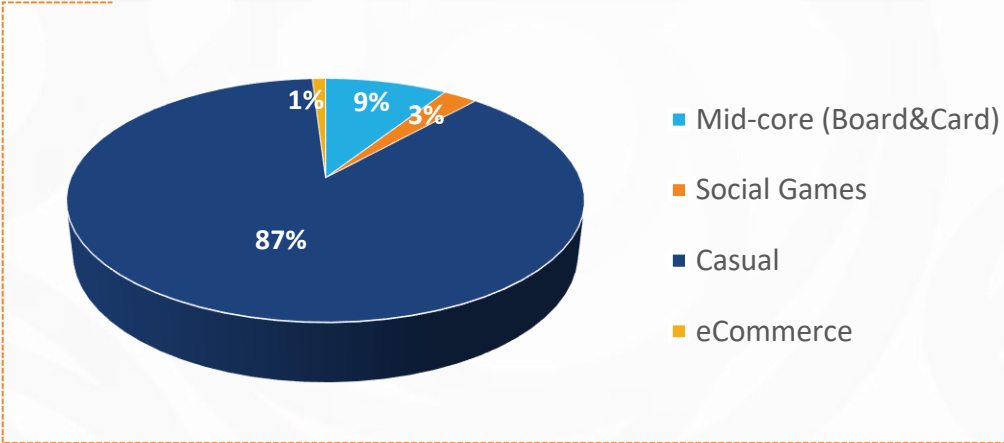
GAMING KEY FINANCIAL PARAMETERS



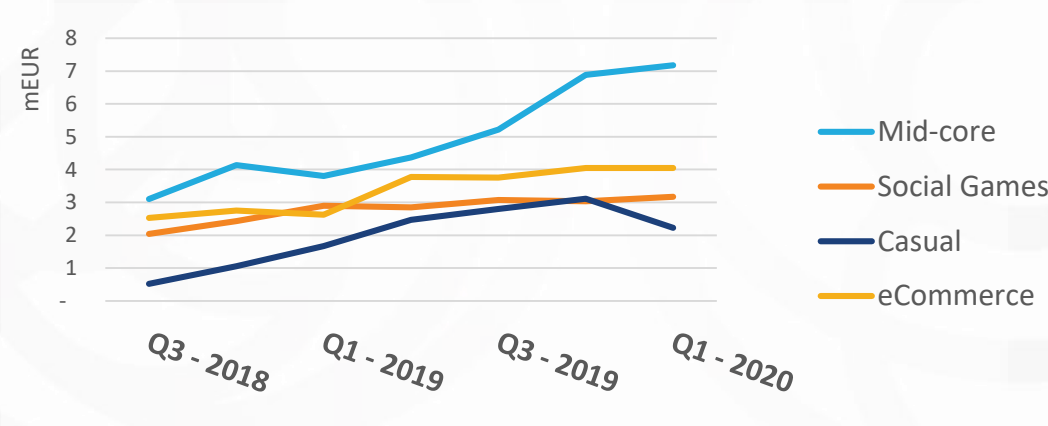
Revenue by category



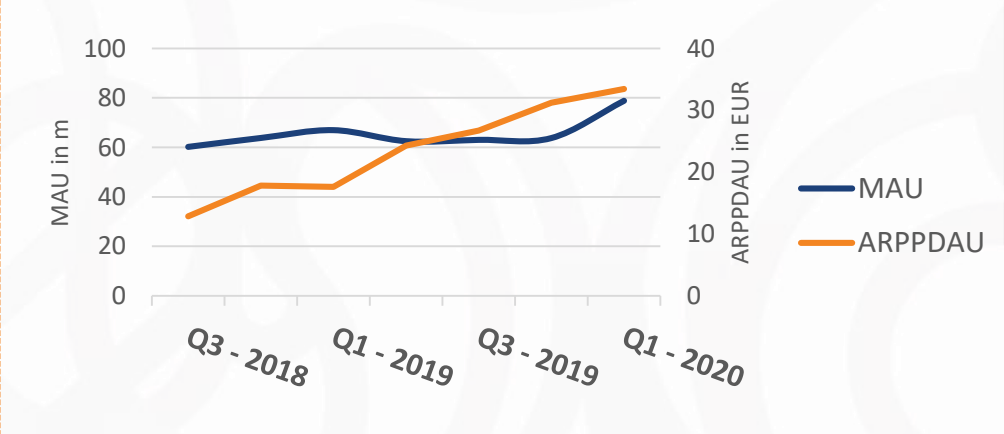
MAU by category



Revenue trend



MAU & ARPPDAU trend





OWNED MONETIZATION TECHNOLOGY



AZERION NEW SEGMENTATION



OLD SEGMENTATION



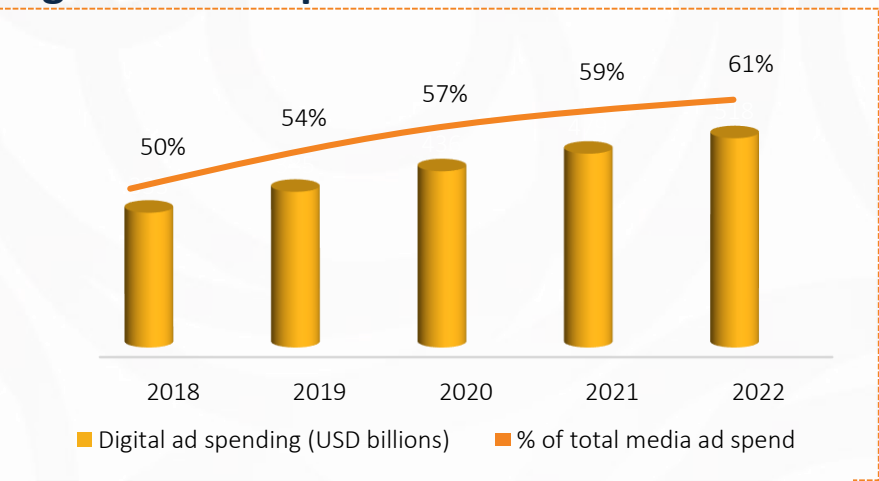
NEW SEGMENTATION



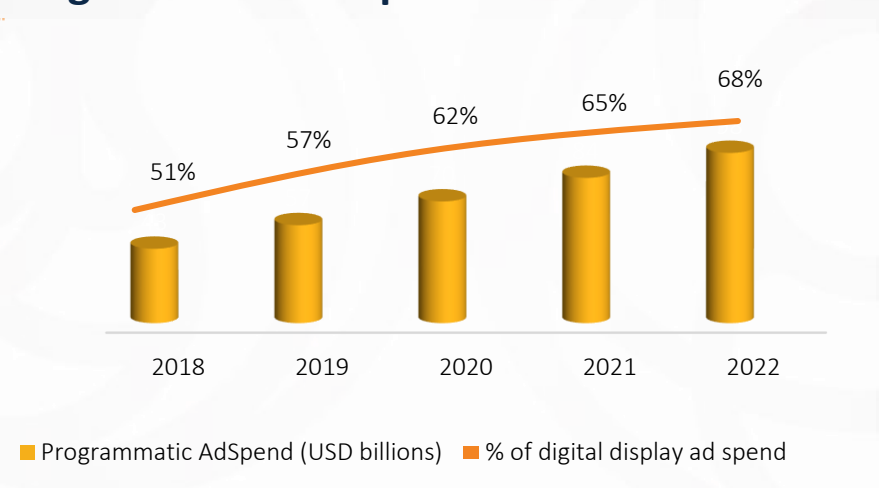
MONETIZATION TECHNOLOGY LANDSCAPE



Digital Media Spend



Programmatic Ad Spend



Earning Money from Online Advertisement



MONETIZATION TECHNOLOGY LANDSCAPE AT AZERION



MONETIZATION SERVICES FOR AZERION AS PUBLISHER AND OTHER PUBLISHERS

PORTFOLIO

PORTFOLIO BRANDS



SELECTED MEDIA AGENCIES



SELECTED CUSTOMERS



REACH

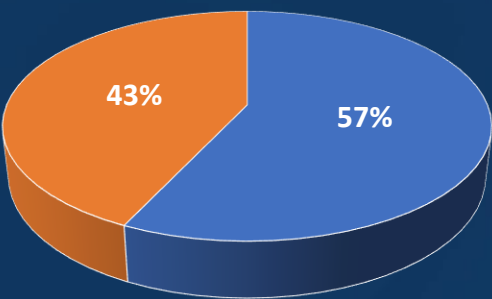
+230m
devices per day

+25,000
domains

5.5bn
ad impressions
per month

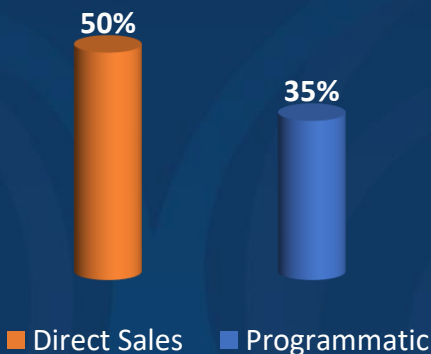
Sophisticated
technologies

REVENUE SOURCES



□ Programmatic ■ Direct Sales

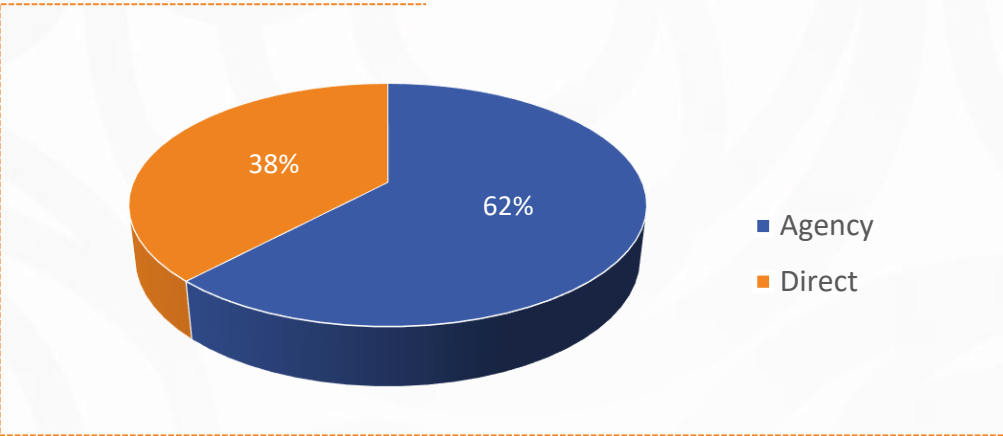
Gross margins



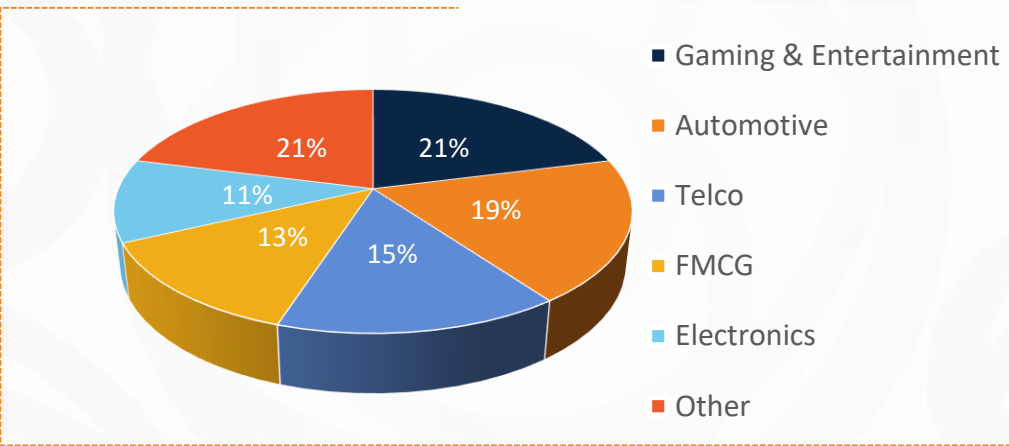
MONETIZATION TECHNOLOGY KEY FINANCIAL PARAMETERS



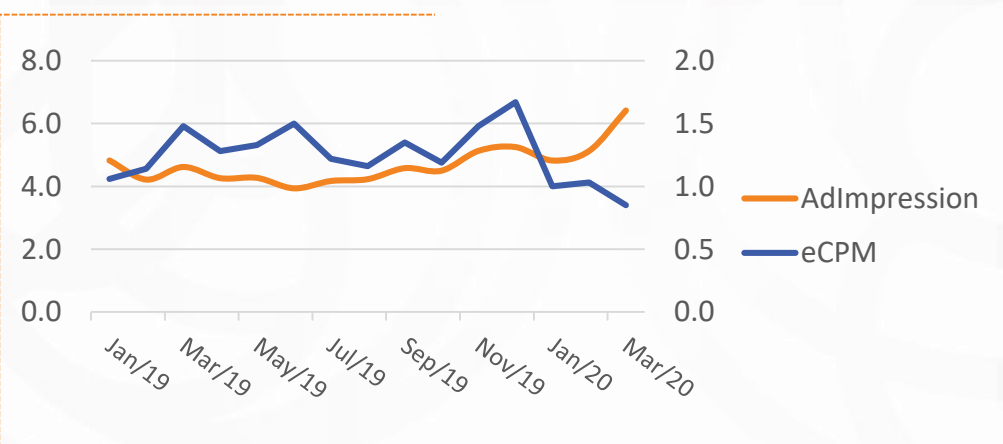
REVENUE BY CATEGORY



ADVERTISER BY INDUSTRY



ADIMPRESSION VS ECPM



eCPM = Effective cost per mille = av. revenue per 1,000 adimpressions

+1,500
PUBLISHERS

+30k
ADVERTISERS

+100
AGENCIES

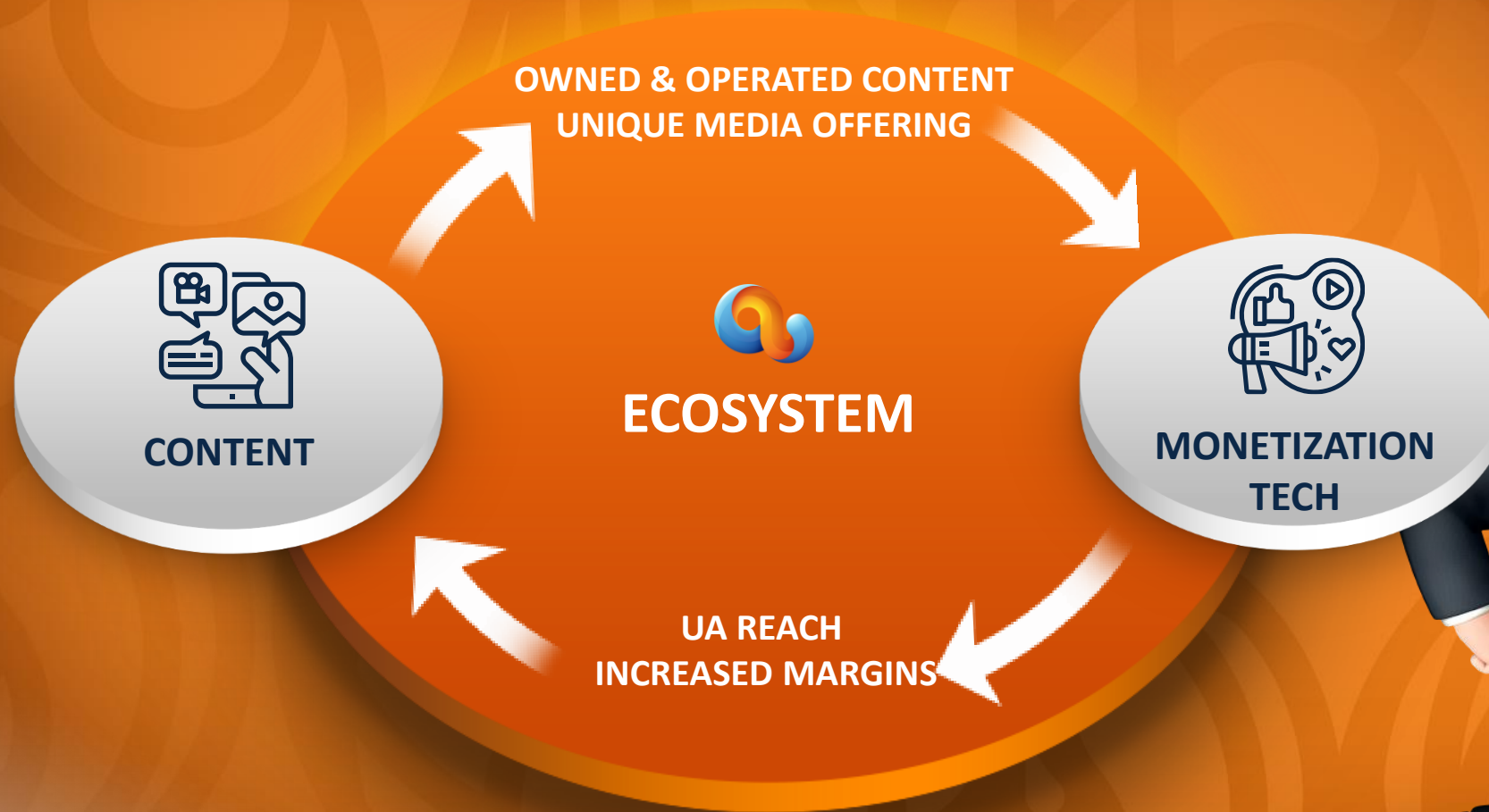


AZERION PHILOSOPHY



AZERION PHILOSOPHY: ECOSYSTEM

MORE UPLIFT IN GAMING REVENUE AND CREATING UNIQUE ENTERTAINMENT OFFERING TO PUBLISHERS





AZERION GROWTH STRATEGY

FROM ACQUISITION TO ORGANIC



AZERION GROWTH STRATEGY



ORGANIC

1

ECOSYSTEM CONTRIBUTION

ACQUISITIONS

2

ENTREPRENEURSHIP

PROFITABILITY

3

PROFITABLE GROWTH

AZERION GROWTH STRATEGY

ORGANIC GROWTH



CURRENT CONTENT

NEW TITLES

NEW FEATURES

INCREASED UA



NEW BUSINESS CONCEPTS

SUBSCRIPTION PORTAL FOR GAMES

TELCO ALLIANCES

AJAX E-SPORTS ALLIANCE



NEW MARKETS

ASIAN LAUNCH

NEW ECOMMERCE DOMAINS



ORGANIC

AZERION GROWTH STRATEGY

ACQUISITIVE GROWTH



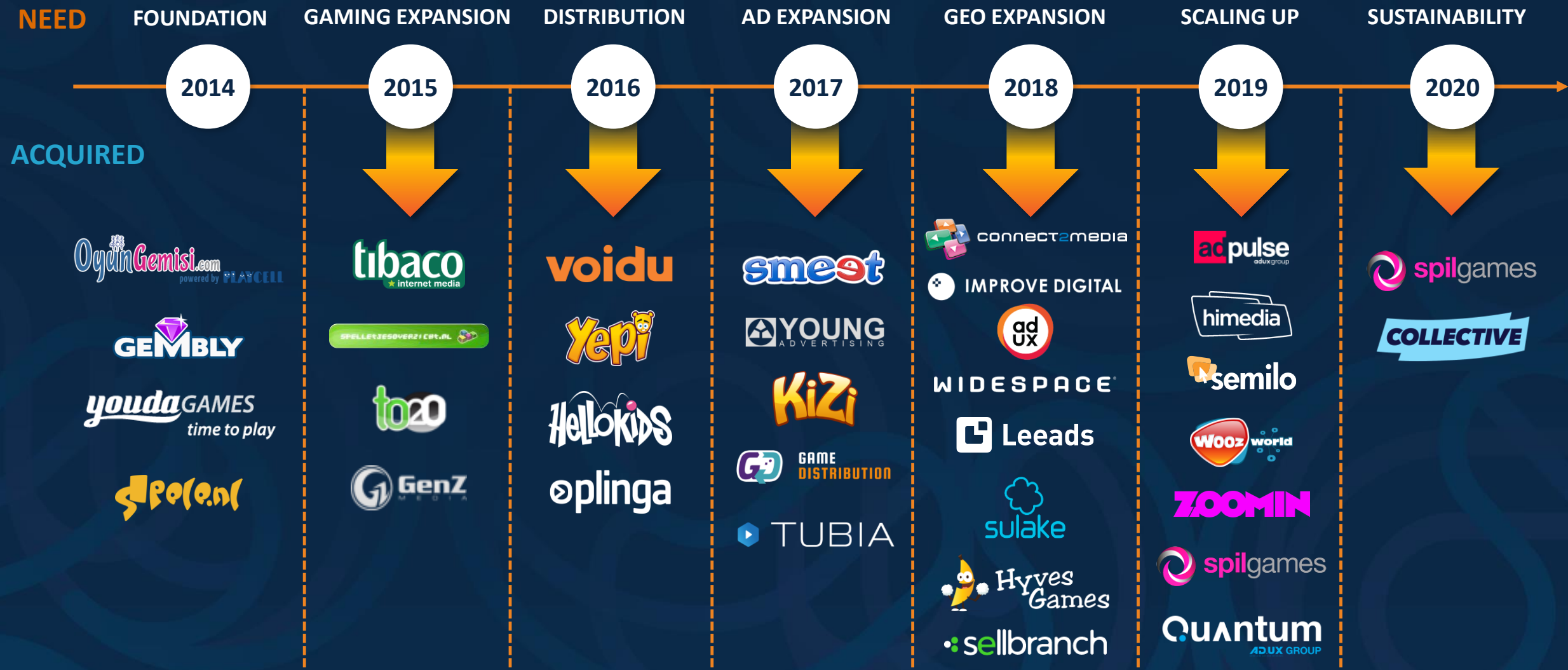
STRONG M&A TRACK RECORD



BUSINESS-DRIVEN M&A STRATEGY



OVER 40 SUCCESSFUL M&A EVENTS IN FIVE YEARS





AZERION FINANCIALS



Q1 FINANCIAL HIGHLIGHTS



Revenue growth +16.2% (or EUR 6.7m)



Adjusted EBITDA EUR 2.2m (4.7% margin)



EUR 60m bond issuance

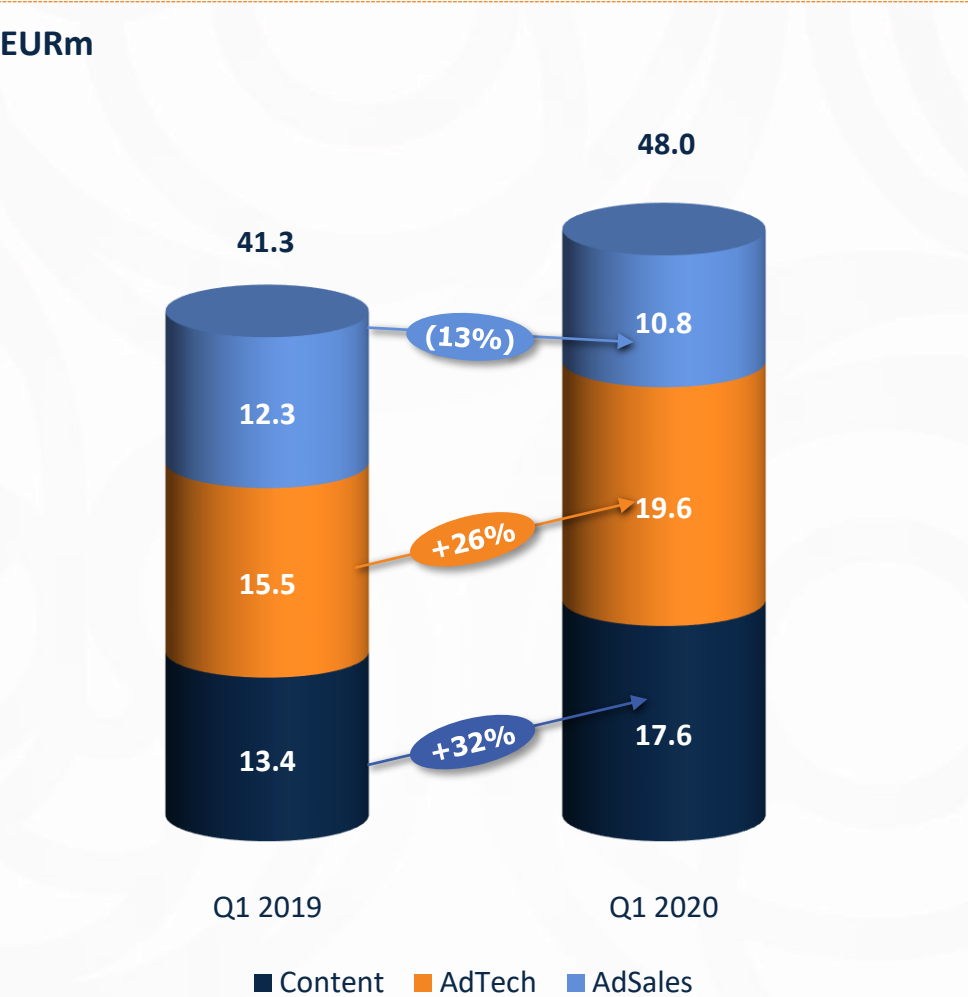


Timely adjustment to Covid-19 impact

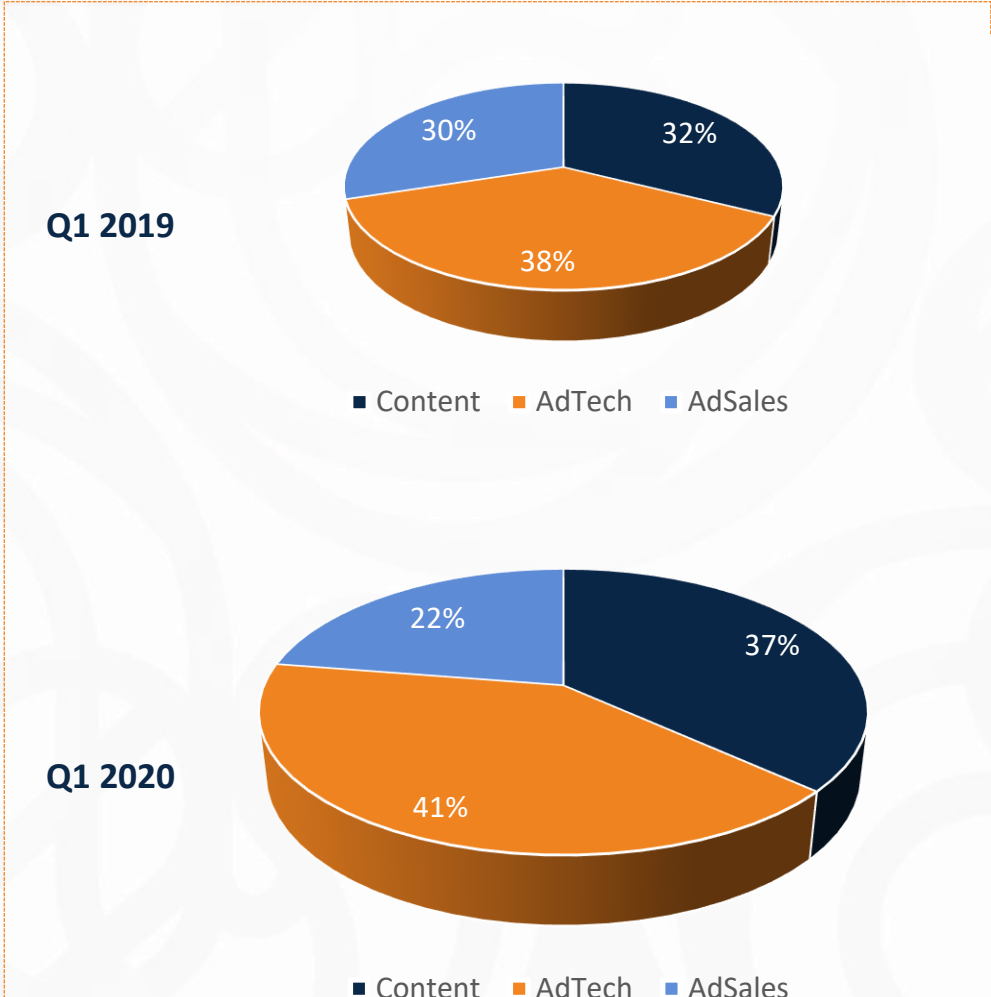
Q1 FINANCIAL OVERVIEW – CURRENT SEGMENTATION



Q1 Net revenue development



Q1 Net revenue split

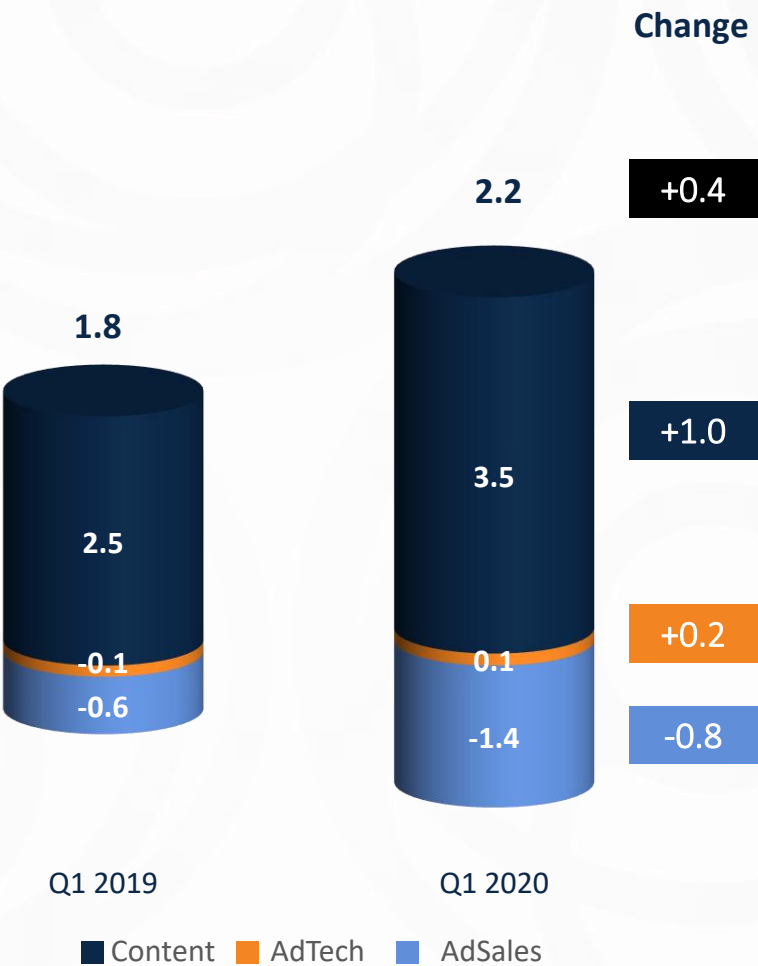


Q1 ADJUSTED EBITDA AND P&L RATIOS



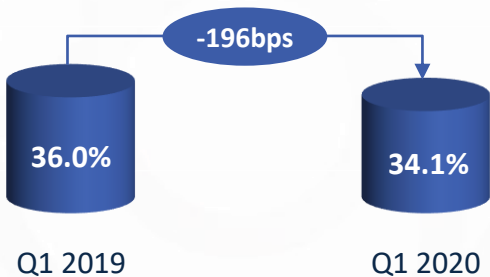
Q1 Adjusted EBITDA development

EURm

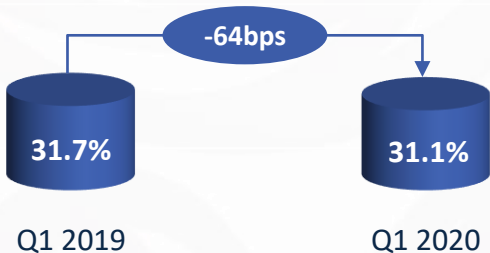


Q1 P&L ratio development

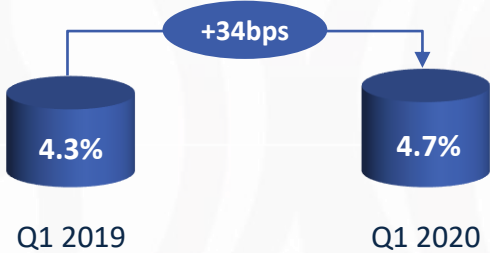
Gross margin %



Opex/ Revenue %



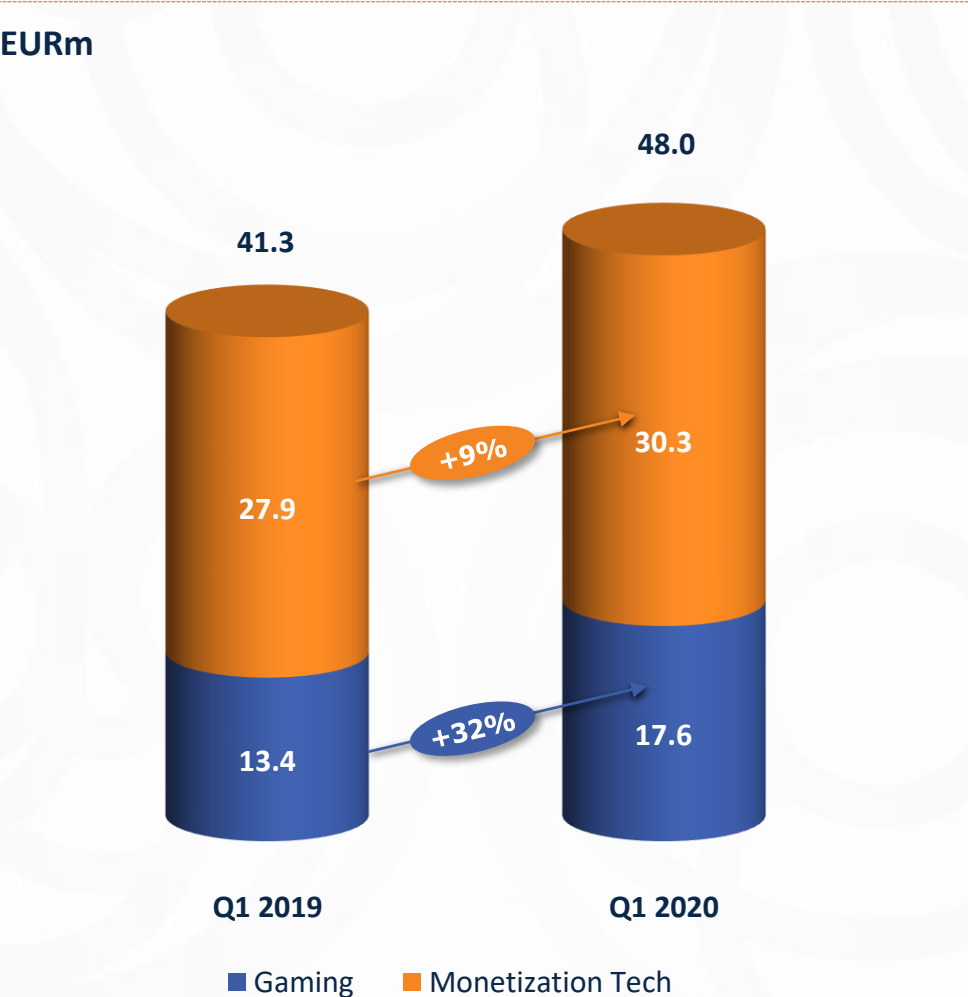
Adj. EBITDA margin %



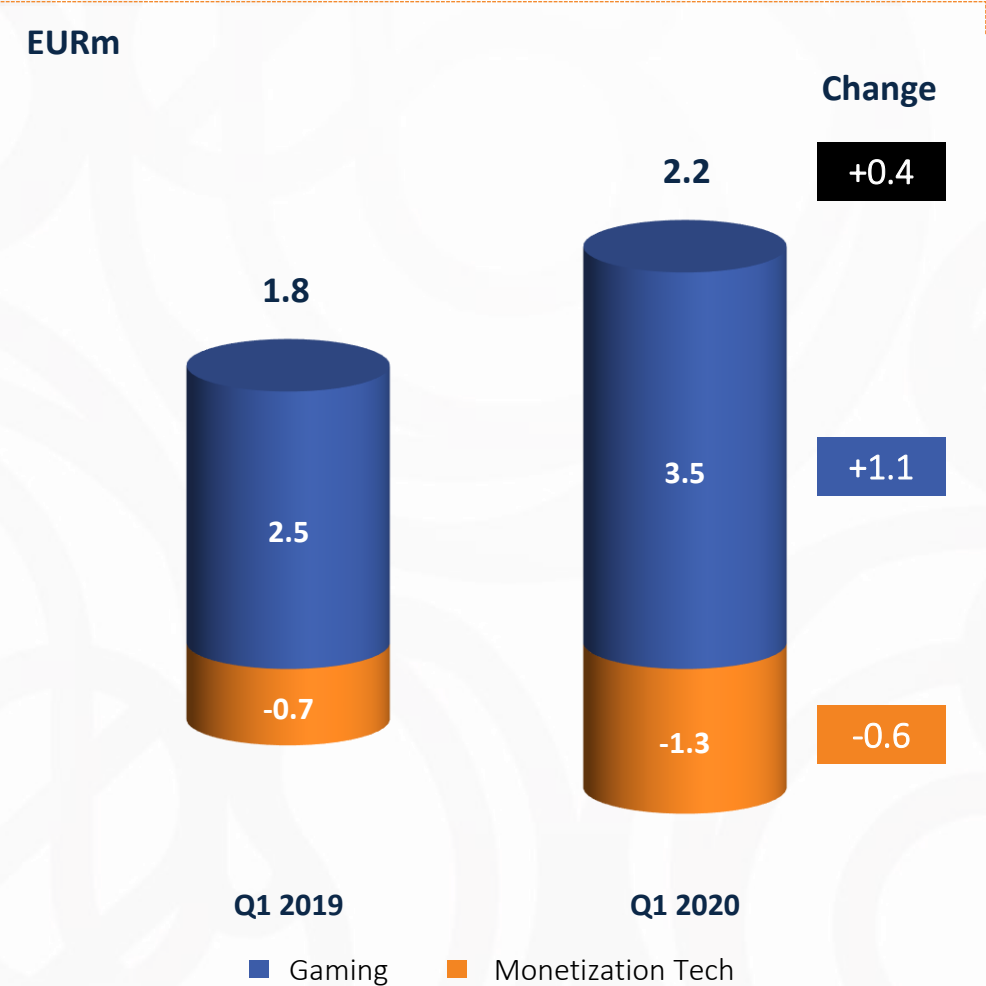
Q1 FINANCIAL OVERVIEW – NEW SEGMENTATION



Q1 Net revenue development



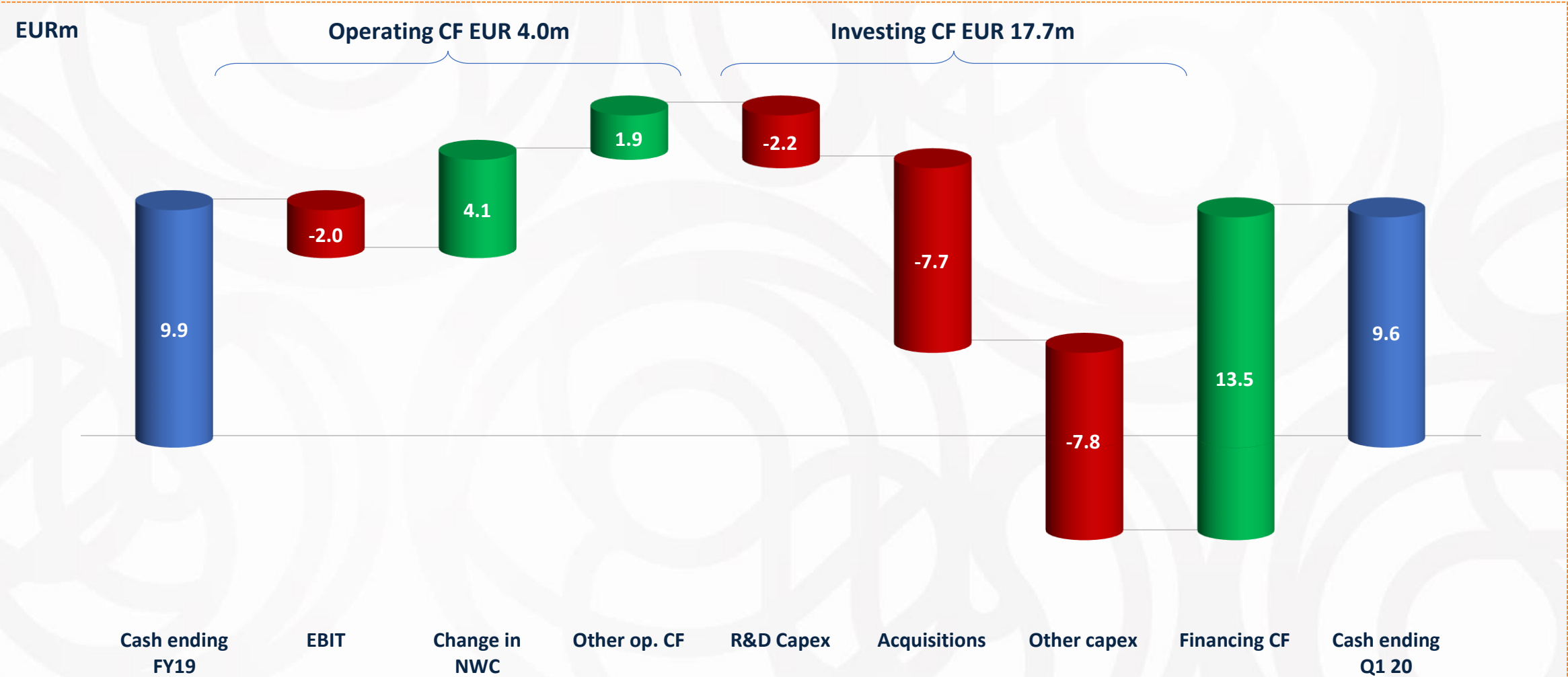
Q1 Adjusted EBITDA development



Q1 CASH FLOW



Q1 2020 cash flow development

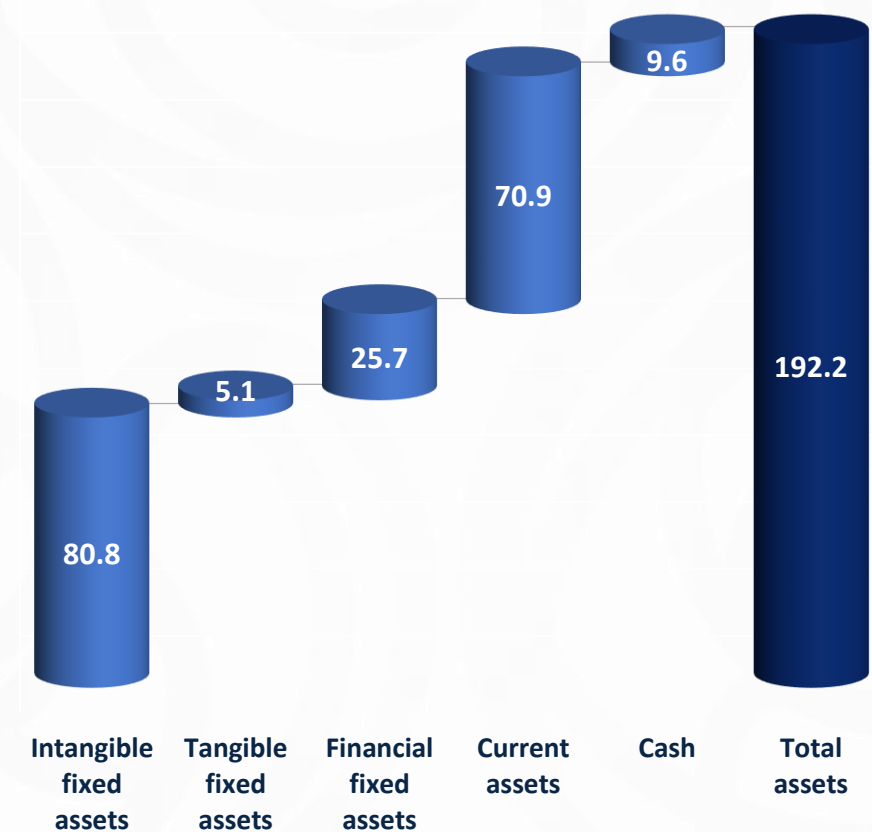


Q1 BALANCE SHEET

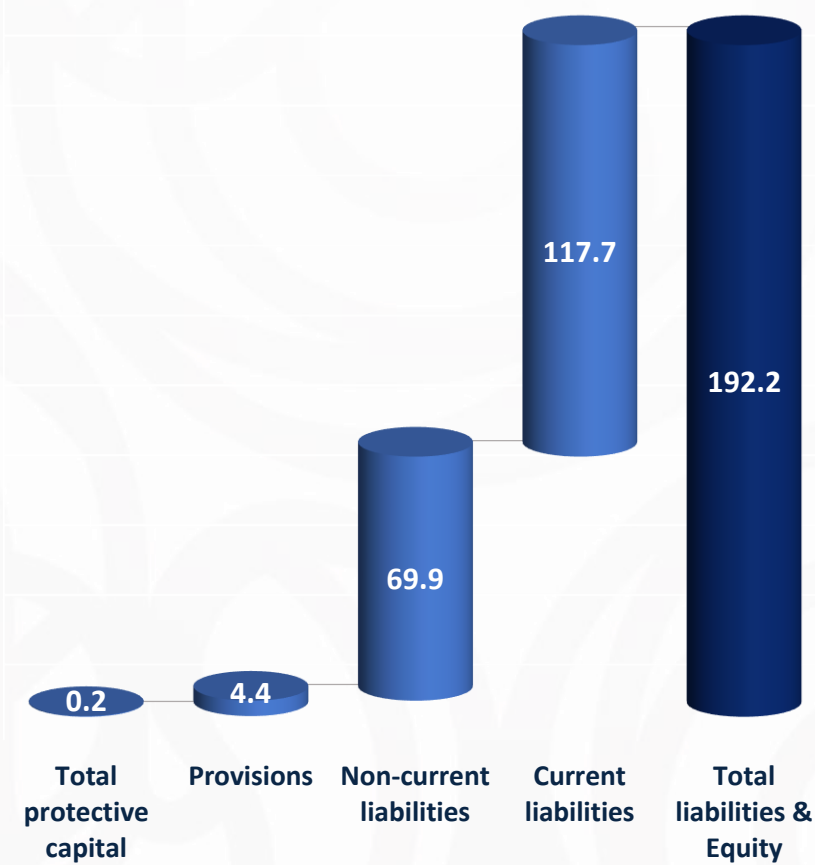


Q1 Balance sheet

Assets (EURm)



Liabilities (EURm)



Q1 INCOME STATEMENT



Income statement

Income statement (EURm)	Q1 20	Q1 19
Net Revenue	48.0	41.3
COGS	(31.6)	(26.4)
Gross margin	16.3	14.9
Personnel expenses	11.6	
Selling & general	4.7	
Capitalized dev. Costs	(2.3)	
Other expenses	0.9	
Operating Expenses	(14.9)	(13.1)
EBITDA	1.4	1.8
D&A	(3.4)	
EBIT	(2.0)	
Financial results	(3.6)	
EBT	(5.6)	
Income taxes	(0.4)	
Result from operations after tax	(6.0)	
Third party share	0.0	
Result after tax (incl. minorities)	(6.0)	
EBITDA	1.4	1.8
Transition expenses - Capital Markets	0.1	-
Transition expenses - Acquisitions	0.4	-
Other non-recurring expenses	0.3	-
Adjusted EBITDA	2.2	1.8
Revenue growth	16.2%	
Gross margin	34.1%	36.0%
Adjusted EBITDA margin	4.7%	4.3%

Observations

- Net revenue increase driven by:
 - Consolidated acquisitions in Content
 - Accelerated organic growth in Content
 - Significant increase in active publishers in Monetization Tech
- Costs of goods sold increased slightly driven by the increased relative contribution of our Monetization Tech segment
- Opex remained flat compared to full year 2019, indicating our flexible cost base
- Some of the development costs are capitalised, amounting to 18% of personnel expenses in Q1 2020 (EUR 2.3m)
- Content growth is the main driver of the adjusted EBITDA increase

Q1 CASH FLOW STATEMENT



Cash flow development

Cash flow statement (EURm)	Q1 20
Cash flow from operating activities	
Operating result	(2.0)
<i>Adjustments for:</i>	
Amortisation and depreciation	2.9
Movement of provisions	(0.6)
<i>Movement of working capital:</i>	-
Movement of accounts receivable	2.4
Movement of short-term liabilities	1.7
Tax	(0.4)
Operating cash flow	4.0
R&D capex	(2.2)
Other capex *	(4.6)
Free operating cash flow before acquisitions	(2.8)
Acquisitions capex	(7.7)
Free operating cash flow	(10.5)

* Adjusted for (3.8m) movements in intangible fixed assets with no CF impact

Observations

- Operating cash flow from operating activities amounted to EUR 4.0m
 - Net working capital accounted for EUR4.1m driven by volume increase of both accounts receivable as well as short term liabilities
- Free operating cash flow before acquisitions amounted to EUR (2.8m)
 - EUR 2.2m was driven by R&D capex
 - EUR 4.6m was driven by IFRS 16 adjustments
- Free operating cash flow post-acquisitions amounted to EUR (10.5m)
 - EUR 7.7m was driven by acquisitions made during Q1; Spil Games and Collective Media

Q1 BALANCE SHEET



Balance sheet

Balance sheet (EURm)	Q1 20	FY19
ASSETS		
Intangible fixed assets	80.8	68.1
Tangible fixed assets	5.1	3.1
Financial fixed assets	25.7	2.3
Current assets		
Receivables, prepayments and accrued income	70.9	68.5
Cash and cash equivalents	9.6	9.9
TOTAL	192.2	151.9

Balance sheet (EURm)	Q1 20	FY19
LIABILITIES		
Equity		
Total group capital	(11.6)	(5.9)
Subordinated loans	11.8	8.3
Total Protective Capital Resources	0.2	2.4
Provisions		
Total provisions	4.4	7.3
Non-current liabilities		
Total non-current liabilities	69.9	37.3
Current liabilities		
Total current liabilities	117.7	104.9
TOTAL	192.2	151.9
Interest Bearing Debt	72.5	41.0
Less: Cash & Cash Equivalents	(9.6)	(9.9)
Net Interest Bearing Debt*	62.9	31.1

* As defined per section 1.1 of the Terms & Conditions

Observations

- Intangible fixed assets mainly consists of:
 - Goodwill (EUR 44.1m)
 - Capitalised development costs (EUR 4.0m)
 - Games and websites carrying value
- Tangible fixed assets mainly consists of:
 - Office equipment (EUR 5.1m)
- Current liabilities mainly consist of:
 - Trade creditors (EUR 72.3m)
 - Other liabilities, accrual and deferred income (EUR 22.7m)
 - Taxes and social securities (EUR 11.3m)
- Interest-bearing debt mainly comprises:
 - New March-2020 bond issue of EUR 60m
 - Invoice lending agreement of EUR 8m
- Net interest-bearing debt to EBITDA ration amounts to 2.96x, well within our covenants



OUTLOOK Q2-2020



OUTLOOK – FINANCIAL GUIDANCE REITERATED



Covid

Impact on Revenue, EBITDA and Organization

Business

Ecosystem roll-out; commercial focus on own content and tech

Organization

Organizational simplicity and agility

Q2 2020

Adj. EBITDA: EUR 7.5m

FY 2020

Adj. EBITDA: EUR 25.5m