



azerion

## Strategy deep dive

Q3 2022 results announcement

Strategy deep dive

## Agenda

- 01 Market overview and Azerion business model
- 02 Unique value proposition to advertisers
- 03 Developing content and engaging audiences
- 04 Growth and M&A case studies
- 05 Financial performance
- 06 Q3 2022 results highlights

## Speakers



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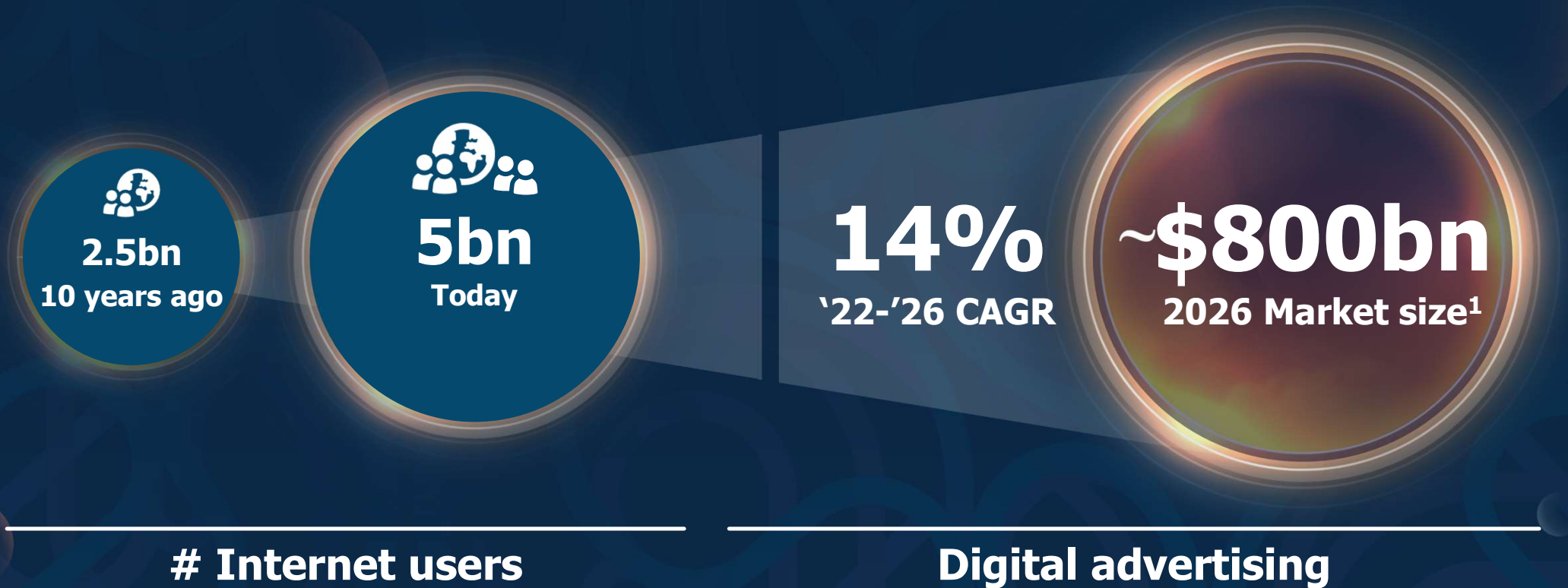
**Strategy deep dive**  
Q3 2022 results announcement

# 01

## **Market overview and Azerion business model**



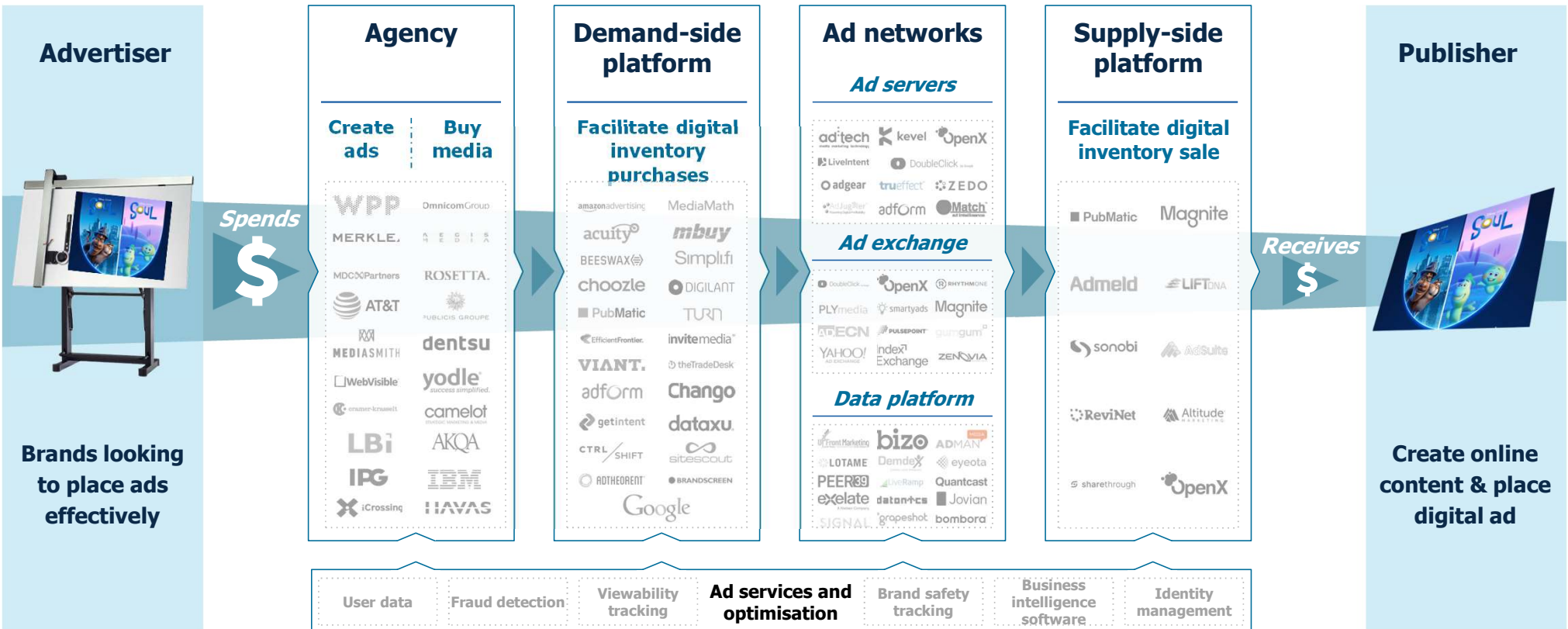
# Digital advertising is growing fast, as audiences move to digital



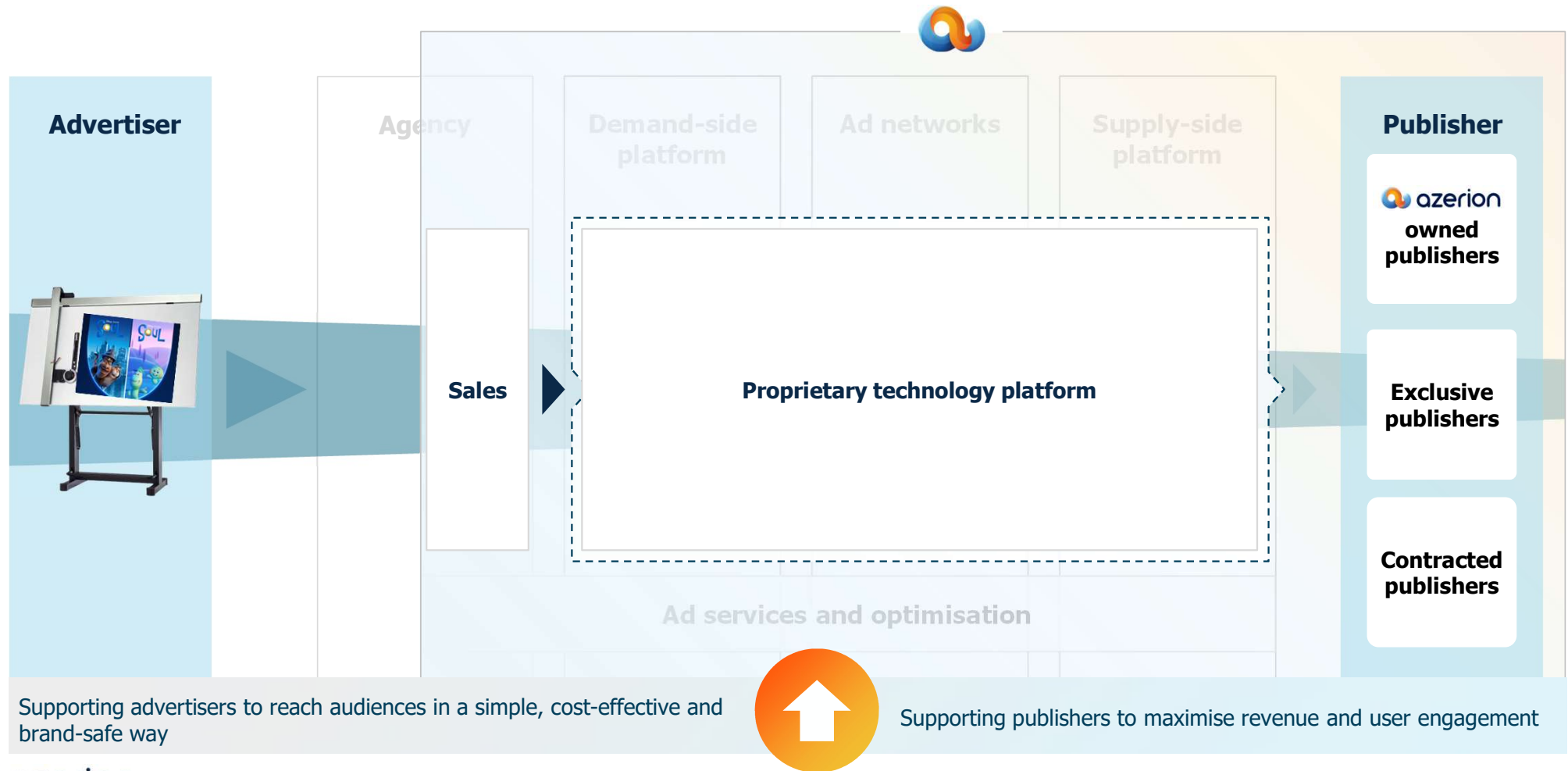
# Internet users

Digital advertising

# Fragmented digital advertising landscape creates inefficiencies



# Our integrated model optimises the advertising value chain

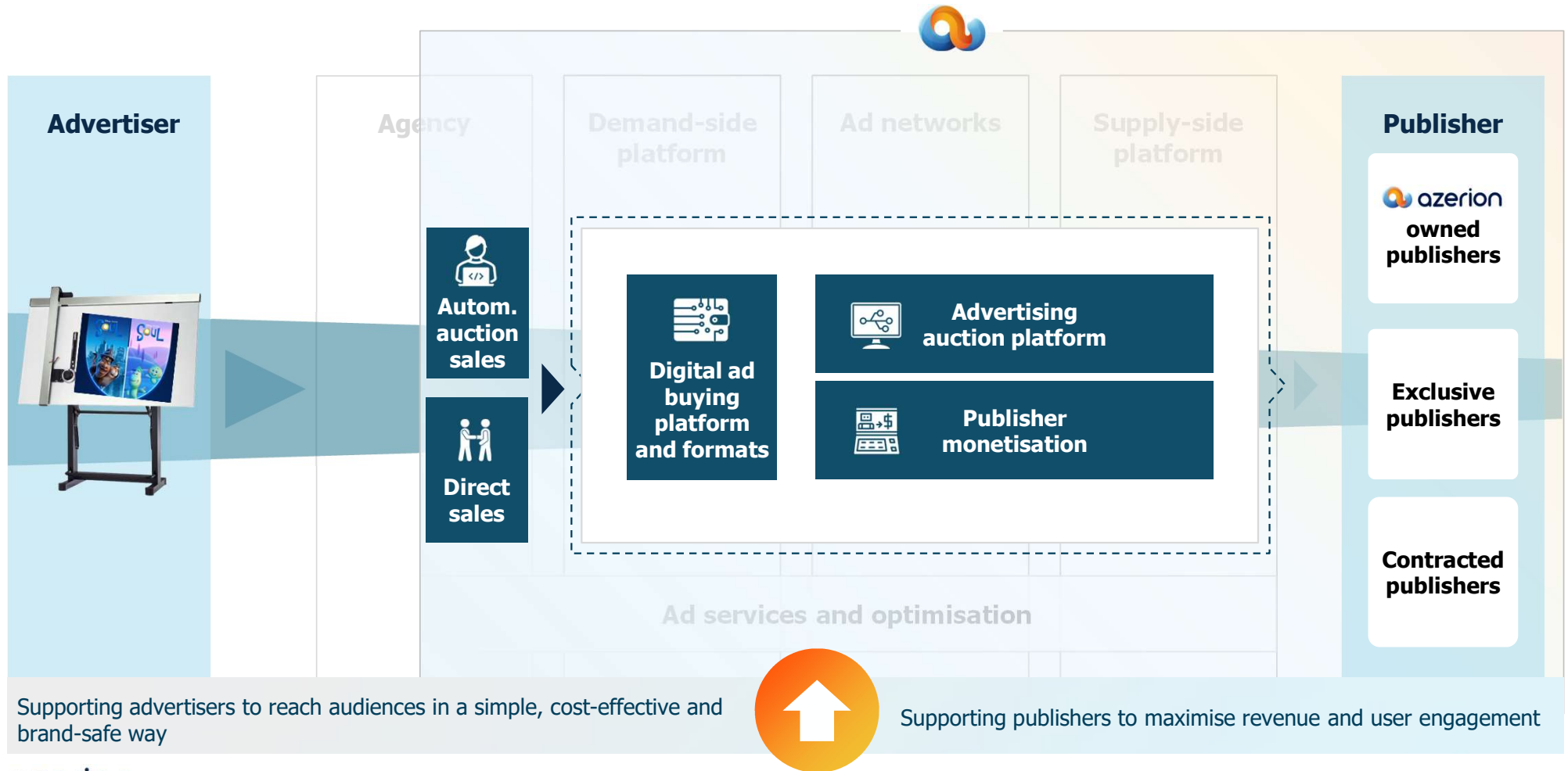


Supporting advertisers to reach audiences in a simple, cost-effective and brand-safe way

Supporting publishers to maximise revenue and user engagement



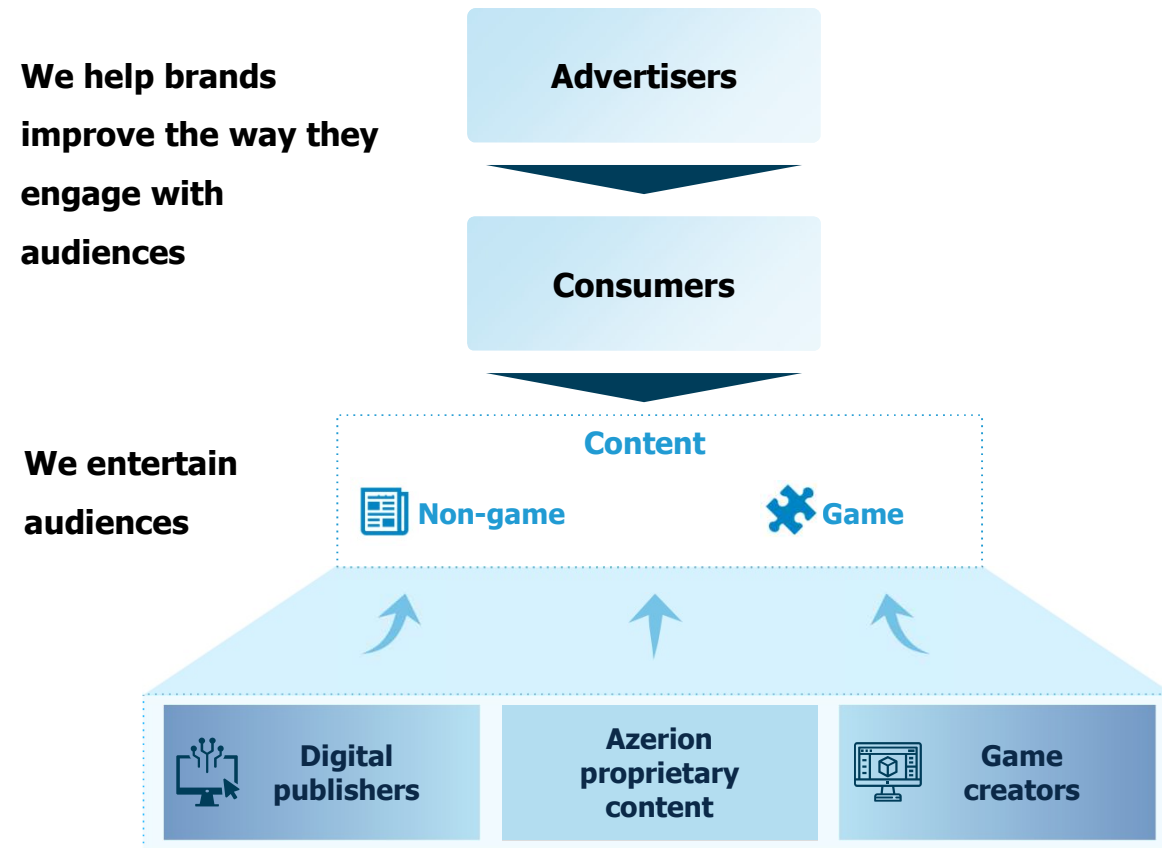
# Our integrated model optimises the advertising value chain



Supporting advertisers to reach audiences in a simple, cost-effective and brand-safe way

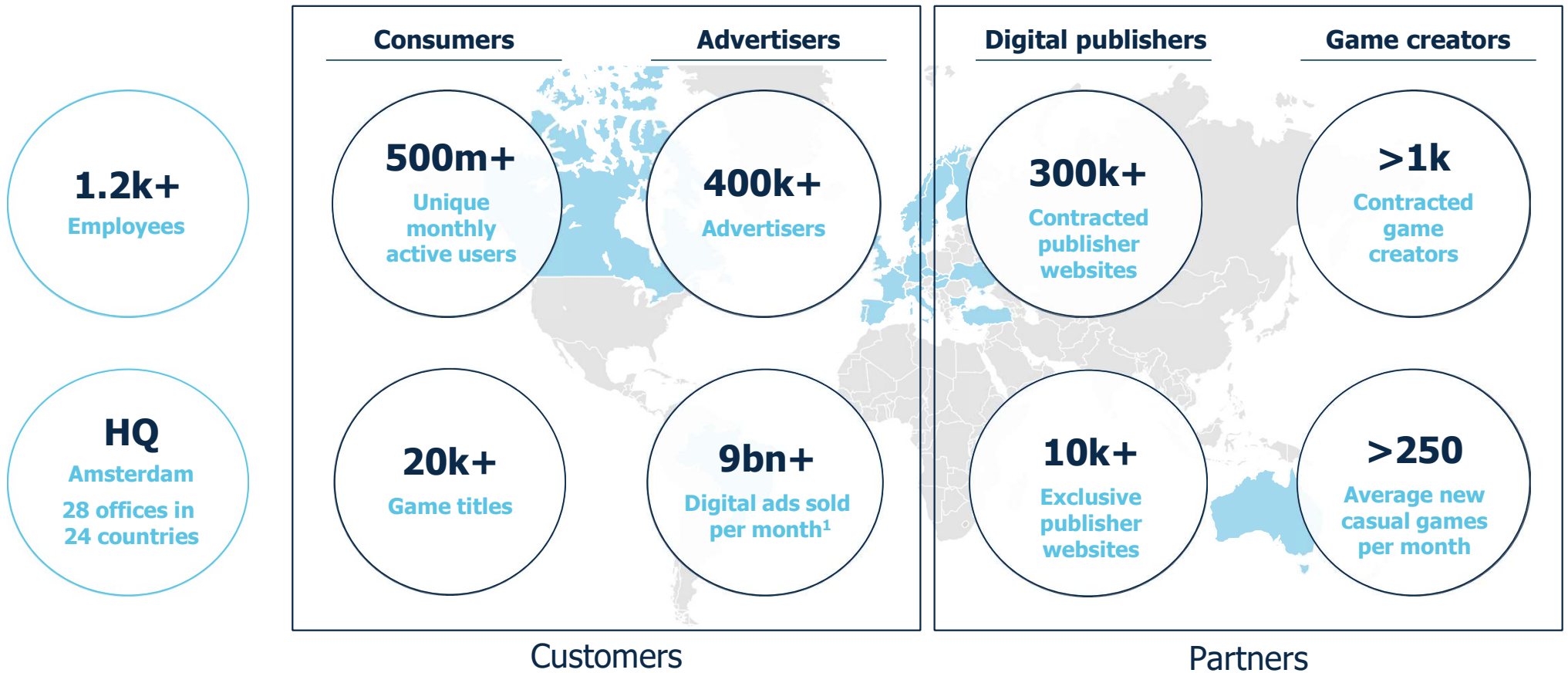
Supporting publishers to maximise revenue and user engagement

# The Azerion mission



“ Our **mission** is to be the **go-to-partner for advertisers** for an easy-to-use, competitively priced and **brand-safe** digital environment ”

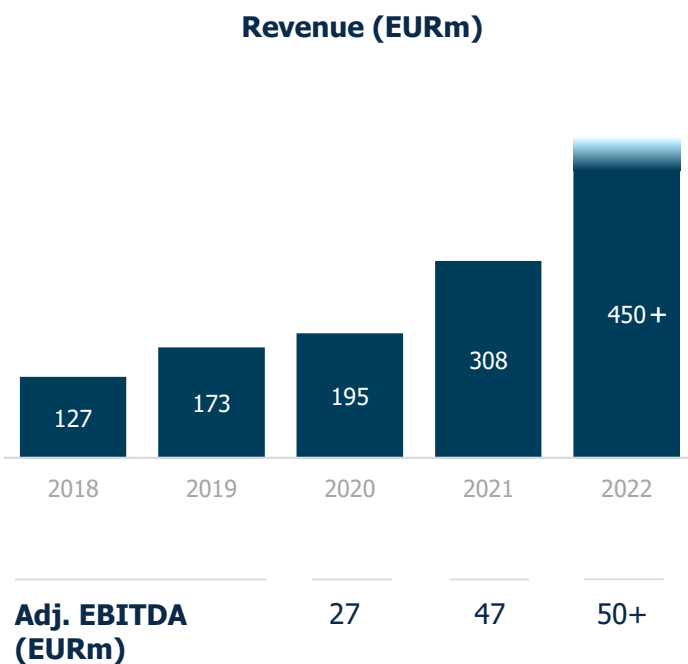
# Our scalable platform provides access to a global, diverse and engaged audience, connecting publishers and game creators to advertisers



Data as of September 2022. (1) Average number of paid impressions served per month.

# Building on solid track record of outperforming market growth

## Strong and resilient growth ...



## ...pulling five levers to grow faster than the market



Continued integration of past acquisitions driving synergies and efficiencies



Increase volume of direct sales



Increase volume of publisher monetization services



Continuously developing new features and innovating with our technology



Grow average revenue per user in our Premium Games

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# 02

## Unique value proposition to advertisers

# Our value proposition to advertisers



We offer digital advertising **results as a single service.**

We provide globally scaled audiences to advertisers in an easy and affordable way and in a safe, highly engaging, fun and quality content environment.

We have local teams and expertise to help advertisers find and execute creative ways to really make an impact through advertising.

# One service, five core elements of value for our clients



## CONTENT

a safe, curated, engaging and high-quality content environment

**300k+ trusted publishing partners, 20k+ games**

When people are in a positive, highly engaging environment, they respond better and more positively to advertising



## REACH

bring competitively priced audiences at a global scale

**>500m unique users a month**

Without enough of the right people at the right time in the right place, advertising cannot work



## TECHNOLOGY

efficient and easy to use technology

**1bn auctions an hour**

Technology allows clients to access our platform and execute their strategies everywhere



## CREATIVE AD FORMATS

Display, video, high-impact, mobile, in-app, DOOH, audio, in-game, hyperlocal

**Up to 20x more engaging formats<sup>1</sup>**

The message and the format need to impact people in a way that makes them interested and remember the ad



## PEOPLE

local expert teams that help our clients achieve the results they need

**24 markets, >1200 employees**

Digital advertising can be complicated and people that take ownership of its success are crucial

# There are specialists in our industry, focusing on a particular vertical

Specializing in a single area, companies can maximize their added value on a particular product or service, but they can never take ownership of an advertisers' overall success

Integrating all the elements of the digital advertising stack can be costly not only because of the cost of the components but also because of the internal teams and operations needed to run the environment

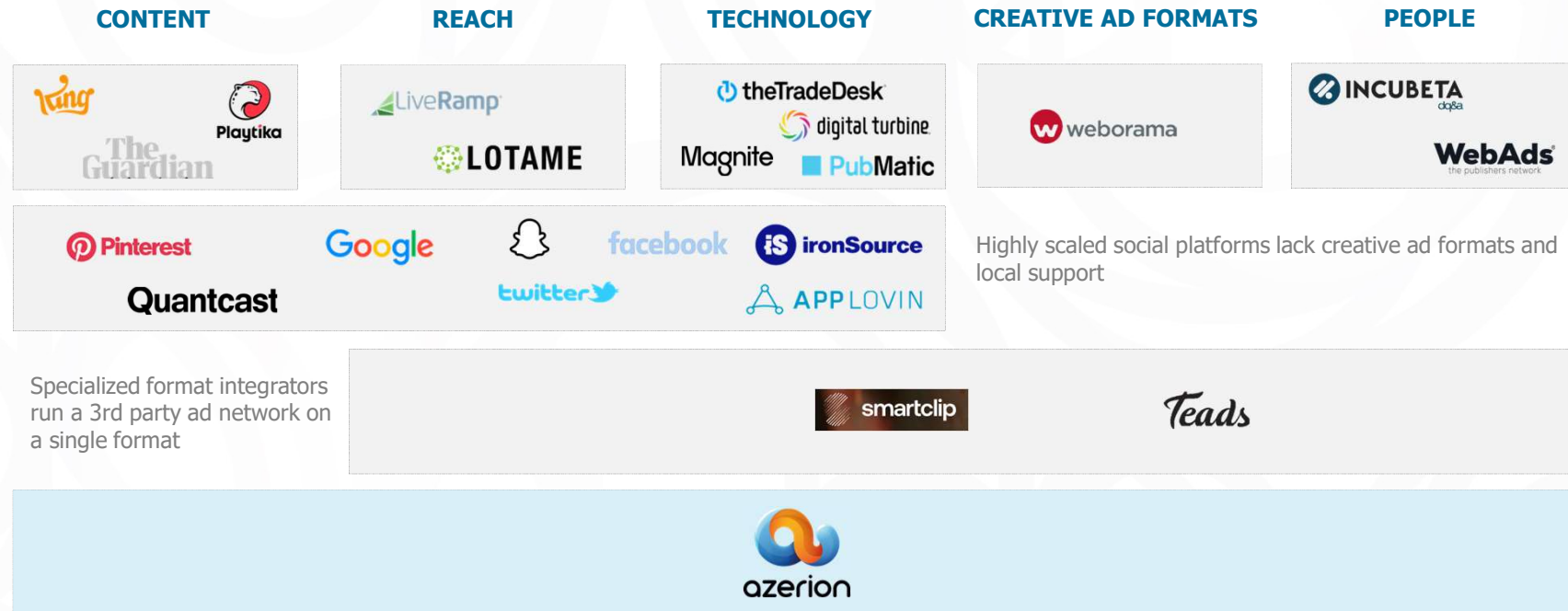




Strategy deep dive – Our value proposition to advertisers

# Azerion wraps all five in one offer

Offering an integrated solution brings advertisers more value but we don't see companies taking the vertical integration as far as Azerion.



Strategy deep dive – Our value proposition to advertisers

# One service, five core elements of value for our clients

We are constantly growing our existing business and products and adding new capabilities through acquisitions and partnerships



Strategy deep dive — Our value proposition to advertisers

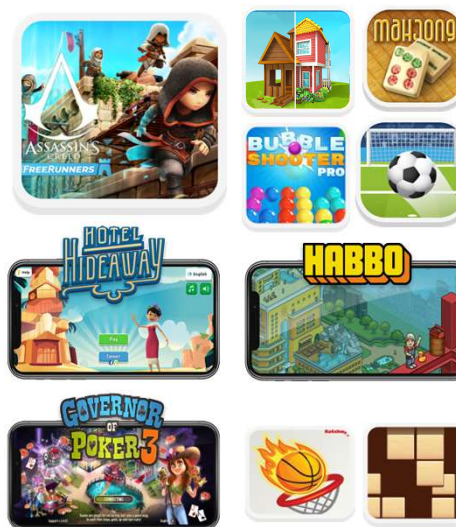
# We reach over 500m monthly active users with brand-safe content

## Non-game content



>400m  
monthly active users

## Game content



>100m  
monthly active users

## E-commerce



REACH

Without enough of the right people at the right time in the right place, advertising cannot work

Strategy deep dive — Our value proposition to advertisers

# Our value proposition to digital publishers



REACH

Without enough of the right people at the right time in the right place, advertising cannot work

## Non-game content



>400m  
monthly active users

## Maximize ad revenue

We help publishers grow by giving them access to premium advertisers worldwide, future-proof ad technology and revenue optimization tools  
**Technology | Advertising Sales | Programmatic demand**

## Expand engagement

We help publishers supercharge user engagement and boost their earnings by creating additional ad space and attention-grabbing ad formats  
**Content | Ad Formats | Creativity**

## Simplify & nurture growth

Experienced, localized support and personalized services by a team of experts come together to overcome any challenges they may face  
**Operations | Financial services | Local support**

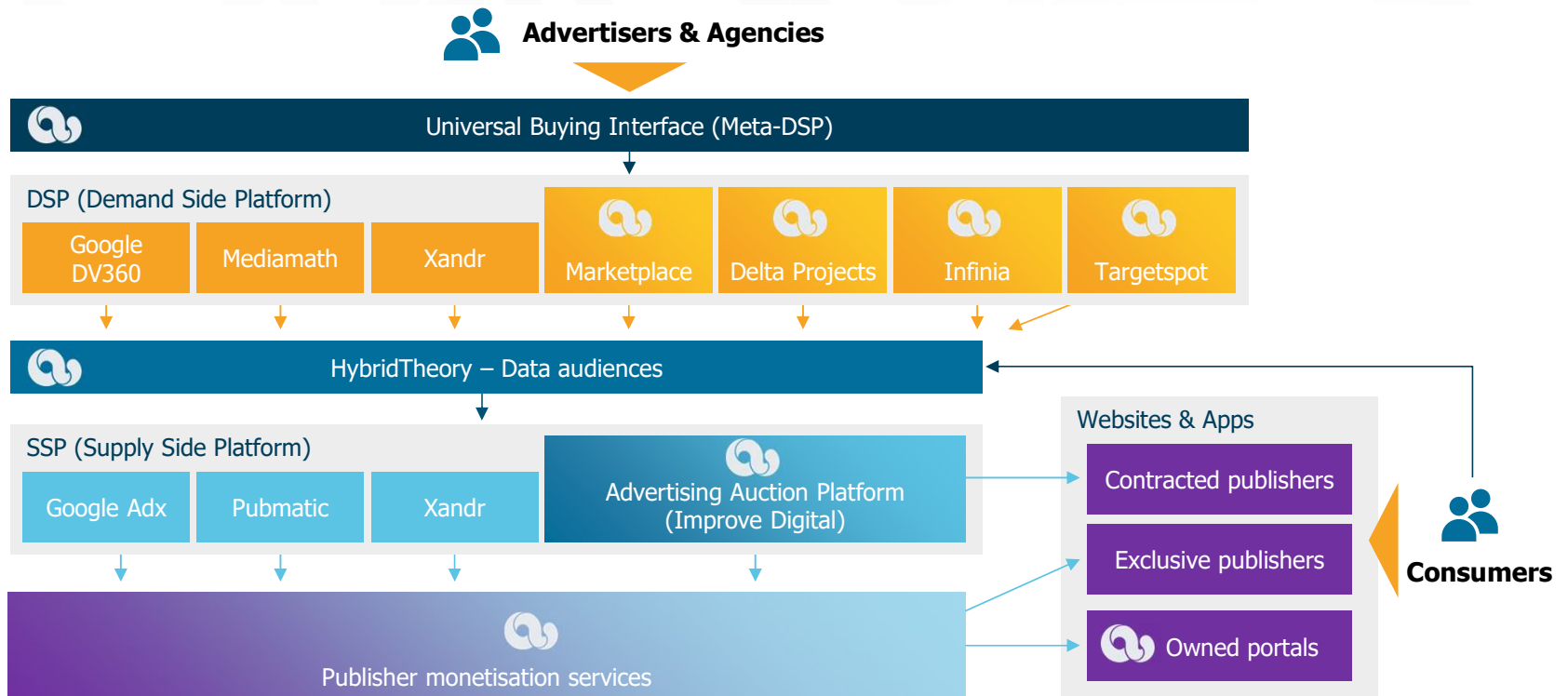
Strategy deep dive — Our value proposition to advertisers

## Efficient and easy to use technology

We own all the components needed to successfully run digital advertising campaigns and our open platform allows easy integration with external validation, data and inventory providers.

**TECHNOLOGY**

Technology allows clients to access our platform and execute their strategies everywhere

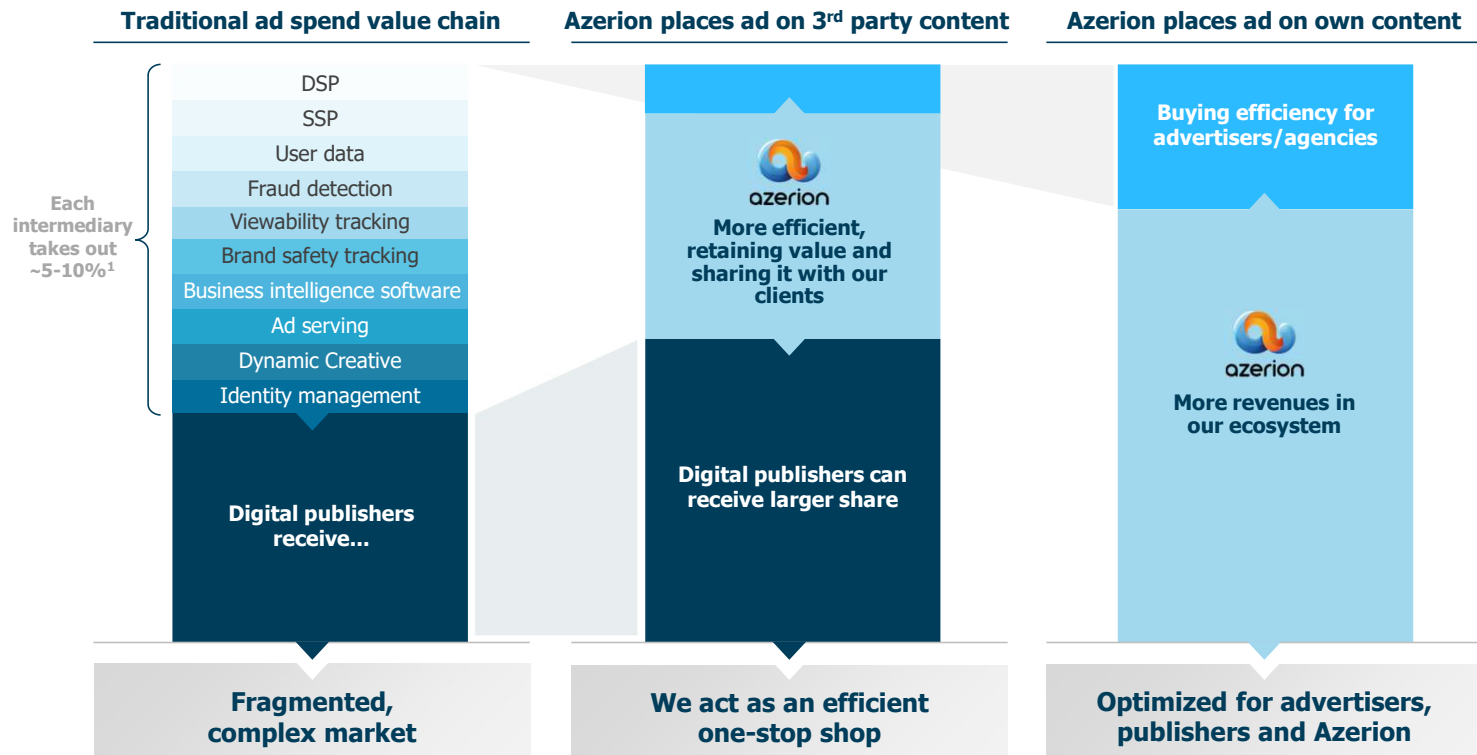


# Vertical integration maximizes efficiency for all parties

## Illustrative allocation of highly intermediated ad spend vs. Azerion's model

**TECHNOLOGY**

Technology allows clients to access our platform and execute their strategies everywhere

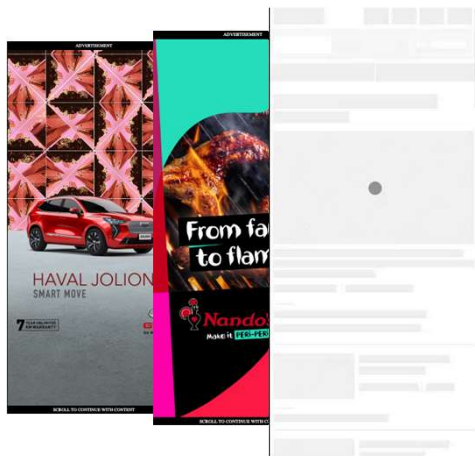


Strategy deep dive — Our value proposition to advertisers

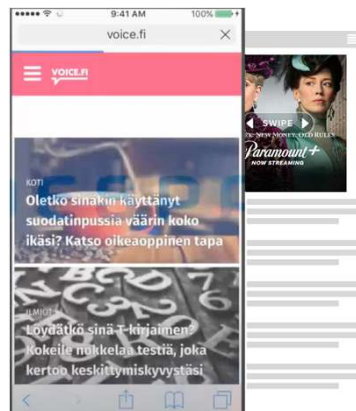
# High-impact, creative advertising formats

## CREATIVE AD FORMATS

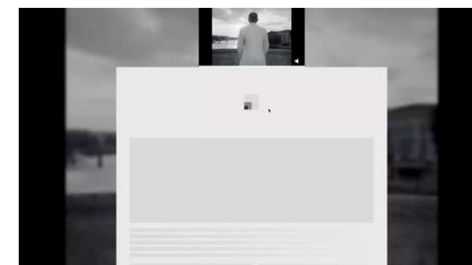
The message and the format need to impact people in a way that makes them interested and remember the ad



Page scroll



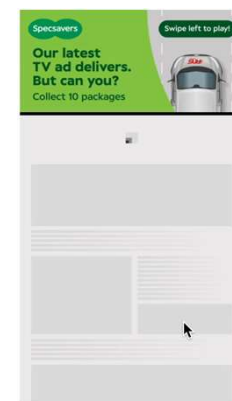
Ad swipe



Video Desktop Skin



Premium Desktop Skin



Premium Mobile Skin

Strategy deep dive — Our value proposition to advertisers

## Local expert teams that help get the results advertisers need



PEOPLE

Digital advertising can be complicated and people that take ownership of its success are crucial





**Strategy deep dive**  
Q3 2022 results announcement

# 03

## **Developing content and engaging audiences**

# Our audiences seek engaging content

## DIGITAL



Device agnostic  
- Desktop  
- Mobile

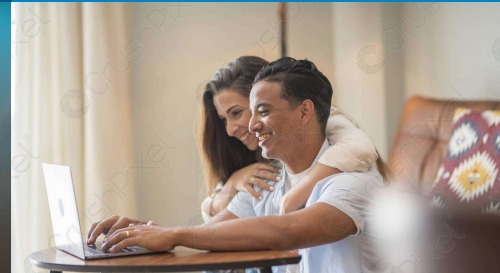
Platform agnostic  
- Web  
- App

## ENTERTAINING



Engaging  
  
Fun  
  
Gamified

## QUALITY



Fast and reliable technology  
  
Safe  
  
Trust

## FREE



Free to use  
  
Freemium

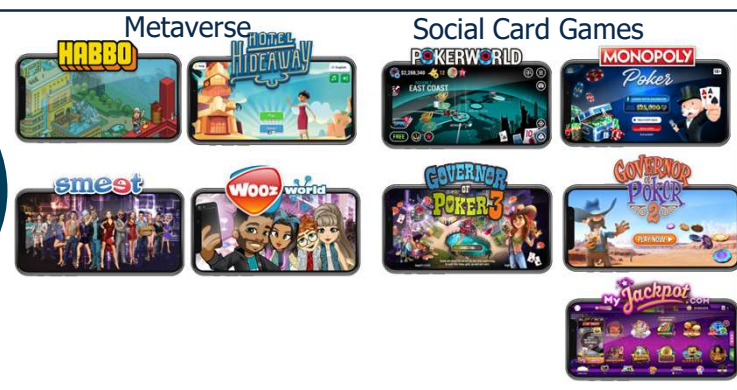
# Our highly diversified and engaging free to play game content

## Thousands of Casual Games monetized through advertisement



**Average 18 min/day**  
Spent by consumers playing our Casual Games (mobile)

## Nine Premium Games monetized through in-game purchase



**Average 80 min/day**  
Spent by consumers playing our Premium Games

Partnership with **1k+** game creators adding **>250** Average new casual games per month

**Owned** and operated content, with proprietary technology and data

**20k+**  
Game titles

**4.8k+**  
Game portals

**>100m**  
Premium and Casual Game audiences

# Innovating in the Metaverse and digital collectibles

## Frontrunners in the Metaverse

- 4 metaverse communities with millions of users
- Partnership with advertisers for in-game branding and sale of virtual items

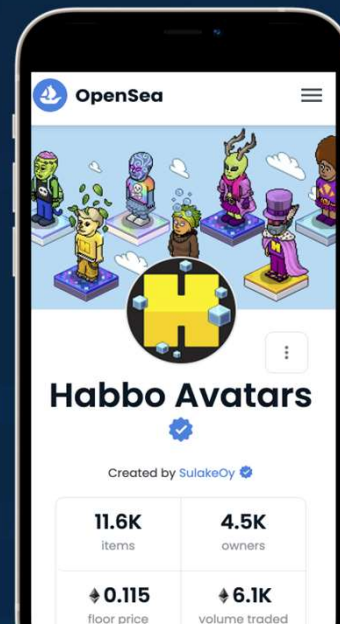
Hotel Hideaway opens a **virtual Love Island villa** with **ITV Studios**, with **3m visits** and avg time spent of **52 min per visitor** in the first 30 days



## Innovating with digital collectibles

- Solid expertise in developing, distributing and monetizing NFTs
- Use of NFTs to create playable digital collectibles and enhance user game play experience in Azerion's metaverse

Expanding into Web3.0, unlocking collaborations with Metakey, Metaverse HQ, CyberKongz, Coolcats

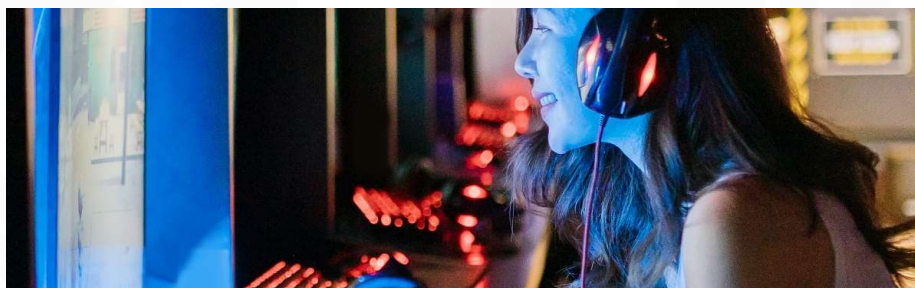


## Emerging opportunities

- Azerion as a trusted partner of key brands that want to expand into metaverse and digital collectibles
- Potential cross-selling opportunities within Azerion's platform



# GameDistribution offers unparalleled value proposition to the whole spectrum of game creators on the web



## From small game studios...

### Hassle-free distribution and monetisation

100m+ users  
4.8k+ portals  
400k+ advertisers  
Azerion's integrated advertising technology

### Competitive and flexible model

Revenue share model  
Device agnostic  
Platform agnostic



## ... to large AAA game developers

### Convert successful AAA titles into free to play

GameDistribution's expertise in building engaging free to play casual games  
GameDistribution leading position for distribution and monetization on the web

### Unlock new revenue streams

Access to new audiences with free to play casual titles  
Unlock new revenue streams with digital advertising

Licensed brands



Exclusive Titles



Strategy deep dive — Developing content and engaging audiences

# Operating the whole supply chain with E-Commerce



## Digital content seller and aggregator

One of the largest AAA games catalogues  
300+ retail partners

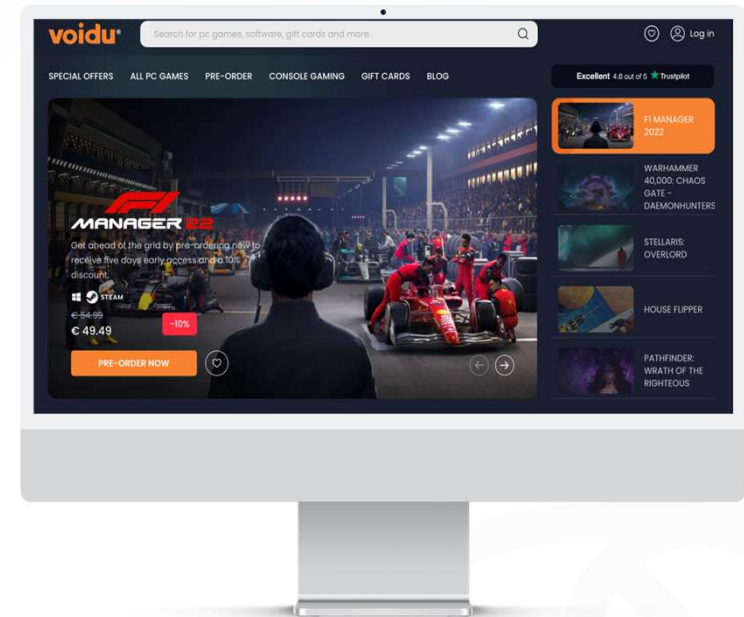
**100+ game creators**



## AAA and PC games store

5,200+ gaming titles across a wide  
range of genres

**10m+ game keys sold** per  
year across **200+ countries**



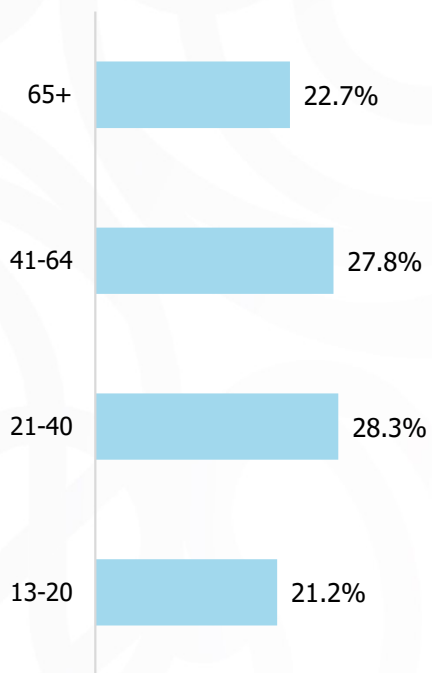
**Increasing user  
engagement and  
monetization**

## Extended value proposition to advertisers — a global entertainment and media partner

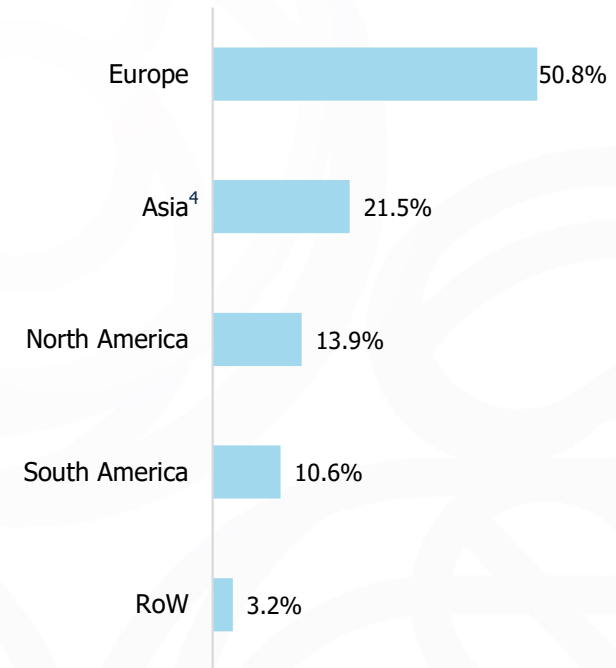


# Our game content appeals to all ages, nationalities and interests

## What age groups play our games?<sup>1</sup>



## Where do our players play?<sup>2</sup>



(1) Age distribution of Casual Games only, measured over Q3 2020 – Q1 2021. Sourced from Nielsen Digital Ad Ratings. (2) Location of players, as of Q4 2021, for entire portfolio (Casual and Premium Games). Sum of gameplays for the whole quarter. (3) Average number of gameplays per month over Q4 2021. Gender split based on Casual Games. Sourced from Nielsen Digital Ad Ratings. Premium Games have 53% of male players and 47% of female players. Note that gender split is an estimation as this data is not registered. It is based on estimates from the Google analytics and Facebook pages. (4) Top 5 Asian countries are Vietnam (58m gameplays in Q4 2021), India (30m), Indonesia (29m), Thailand (28m), Philippines (24m).



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Q3 2022 results announcement

# 04

## **Growth and M&A case studies**

# Strong M&A track record positioning Azerion as a market consolidator

2021

2022 to date

Content

Platform

Platform



Developer and publisher of online social games



Online social games portals provider



Real-time advertising platform provider



SSP monetization platform



Digital advertising agency



Cloud-based digital logistics platform for gaming industry



Digital SSP and DSP advertising platform



Mobile advertising services



Digital SSP and DSP advertising platform



Campaign performance management



Digital sales house and proprietary ad formats



Audio advertising



Digital marketing company



Video advertising



Digital Sales House

**TakeRate**

France & Italian assets deals of TakeRate



Monetization solution for digital publishers

**Madvertise**

German and French subsidiaries of Madvertise



Mobile advertising technology company

**Strong pipeline**  
for M&A in 2023 onwards

## Recent acquisitions - case studies



Type of deal	Corporate acquisition	Asset deal	Asset deal
Offering	Instream & outstream solution for publishers	Audio monetization solution	Expertise in Mobile monetization
Value opportunities	<ul style="list-style-type: none"> <li>Proprietary ad formats via Vlyby's video player</li> <li>Revenue increase due to Vlyby's auction optimization</li> <li>Cost reduction due to duplication of technology</li> </ul>	<ul style="list-style-type: none"> <li>Demand source for Audio ads</li> <li>Opportunity to enable audio inventory for our gaming portfolio</li> <li>A new format introduced for the platform which will enable cross-sales</li> </ul>	<ul style="list-style-type: none"> <li>Increase in our mobile user reach thanks to Madvertise's exclusive app inventory</li> <li>Better technology for Azerion exclusive publisher inventory: more features, less cost</li> <li>Opportunity for local markets to sell more mobile inventory</li> <li>Opportunity to sell mobile monetization product to external partners</li> </ul>

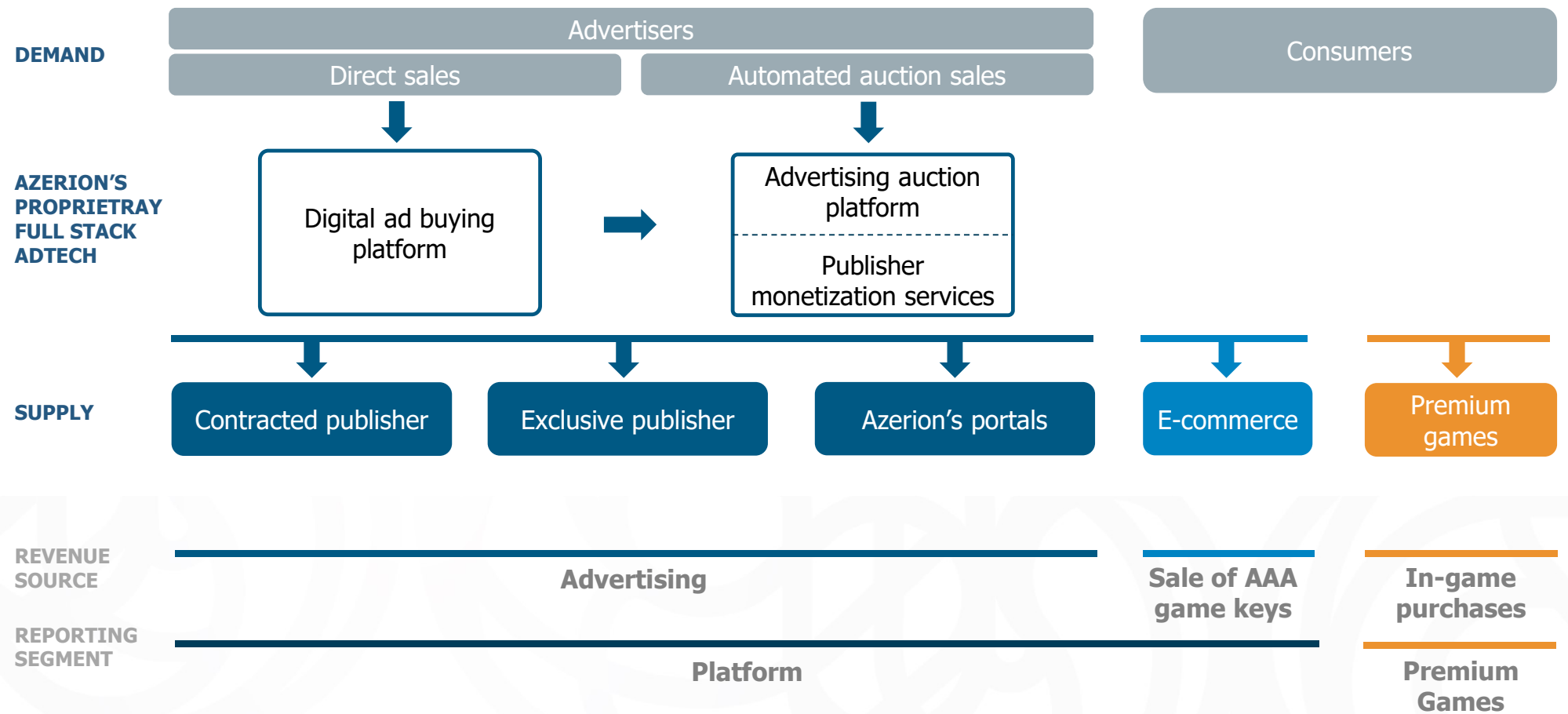
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# 05

## Financial performance

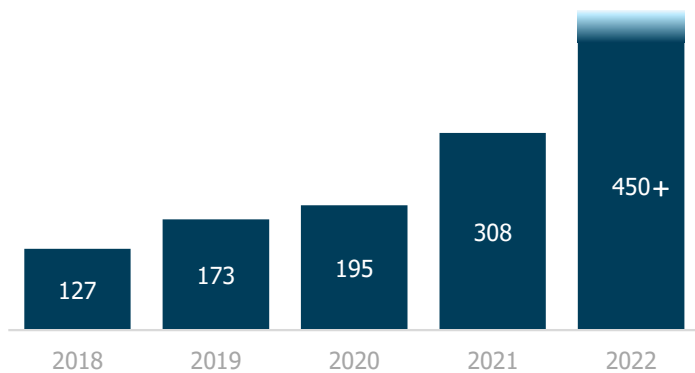


# Our resilient model has value drivers on both demand and supply sides



# Strong and resilient growth building on solid track record

Revenue (EURm)



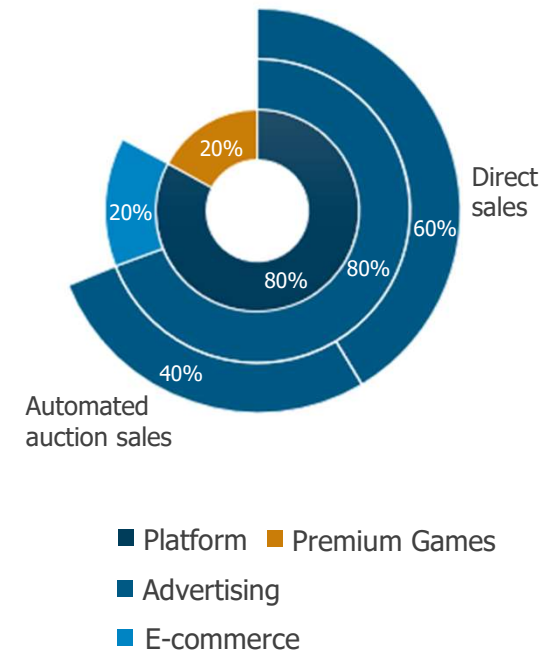
Medium-term objectives

- Gain market share and continue delivering organic growth
- Grow direct sales advertising volumes and increase gross profit margins
- Optimise costs and drive Adj. EBITDA margins up

Adj. EBITDA (EURm)

2020	27
2021	47
2022	50+

Revenue split



## Financial priorities for 2023

<b>FINANCIAL FRAMEWORK</b>	<ul style="list-style-type: none"><li>• KPIs: Revenue, Adjusted EBITDA, net profit</li><li>• Net Profit → Balance Sheet Equity</li><li>• Balanced utilization of cash, debt and equity</li></ul>
<b>COSTS</b>	<ul style="list-style-type: none"><li>• Investment in growth</li><li>• Step change due to public company structure</li><li>• Strategic partnerships and benefits of scale</li><li>• Integration of acquisitions</li></ul>
<b>CASHFLOW</b>	<ul style="list-style-type: none"><li>• Recent acquisitions – balance of share and cash consideration</li><li>• CFFO ~EUR 20m (pre-SARS) YTD September 2022</li></ul>

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# 06

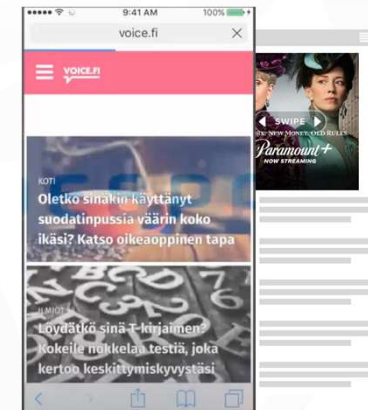
## Q3 2022 results highlights





## Business & Portfolio highlights

- Completed acquisitions of Madvertise, Vlyby, Takerate and other asset deals, boosting our offerings to advertisers and publishers.
- Expanded integration with Google's demand-side platform, enabling Google's Audience targeting, unlocking additional volumes to Azerion's advertising auction platform Improve Digital.
- Launched the new Habbo app on Android and iOS. Winner of the "Top European Metaverse Platform" at the first annual European Metaverse Summit & Awards 2022
- In October and November, completed the acquisitions of [M]media, Hybrid Theory and Adplay, strengthening capabilities and global footprint.
- In November, won the Digital Media Owner Award, surveyed by the Institute of Practitioners in Advertising in the UK, achieving the highest score in the history of the survey.
- In November, announced the results of its brand survey on attention measurement, revealing that Azerion's proprietary digital advertising formats can drive up to 20x higher attention compared to standard formats.



## Resilient performance in Q3 2022, improving efficiencies across our Platform

**EUR 106m**

**Net Revenue  
Q3 2022**

**+26%**

**vs Q3 2021**

- Continued growth on the top line, boosted by the Platform segment

**EUR 12m**

**Adj. EBITDA  
Q3 2022**

**-30%**

**vs Q3 2021**

- Q3 2021 positively impacted by the sale of NFT's in Habbo.

## Strong financial performance YTD, on track for FY 2022 revenue delivery

**EUR 304m**

**Revenue  
YTD 2022**

**+67%**

**vs YTD 2021**

**EUR 30m**

**Adj. EBITDA  
YTD 2022**

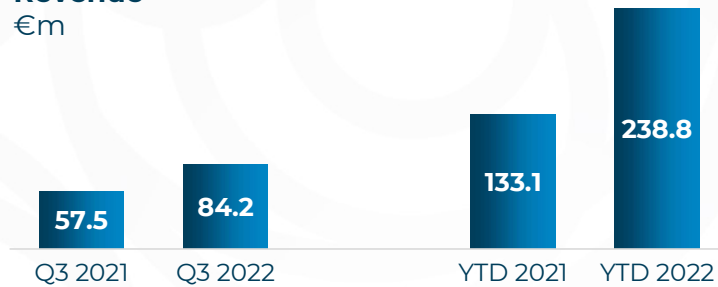
**+10%**

**vs YTD 2021**

- Strong YTD growth while increasing the focus on costs and improving efficiencies
- Acquisitions that add valuable capabilities to our business
- On track to deliver at least EUR 450 million revenue in 2022

## Platform Financial Performance

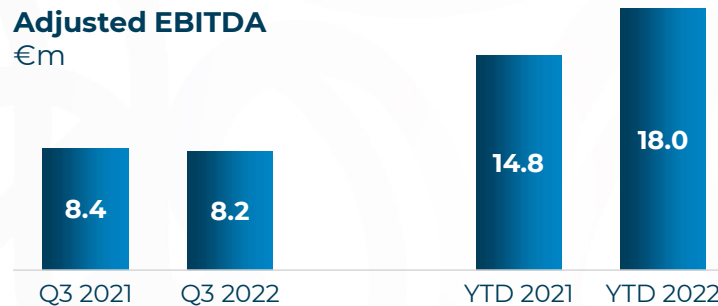
Revenue  
€m



Strong revenue growth due to acquisitions and organic growth

Increased user engagement levels and continued growth in our casual game portfolio

Adjusted EBITDA  
€m



EUR 11.2 gross revenue per million accepted ad requests compared to EUR 9.9 in Q3 2021, showing growth notwithstanding macroeconomic conditions

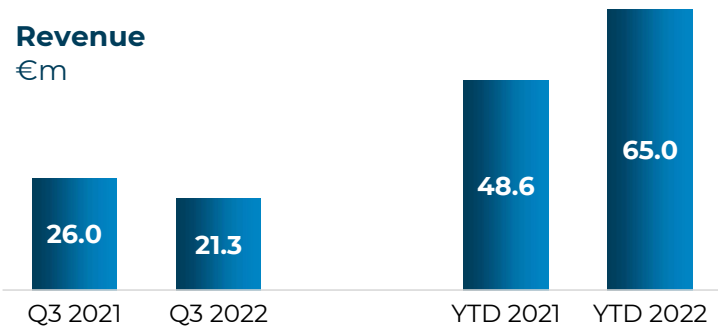
Lower gross profit margin, mostly driven by market conditions

Gross profit margin



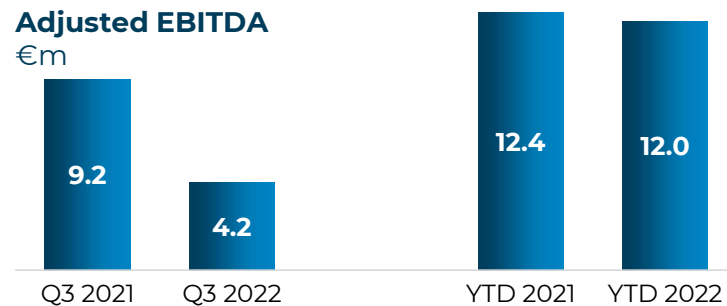
Higher operating expenses, mainly driven by acquisitions, which indicates areas for synergies and efficiencies

## Premium Games Financial Performance



Steady growth in YTD revenue due to acquisitions and organic growth

Q3 2021 positively impacted by the successful sale of NFTs in Habbo; excluding this impact, revenue at a similar level as in Q3 2022



80min average time in game per day, showing steady user engagement

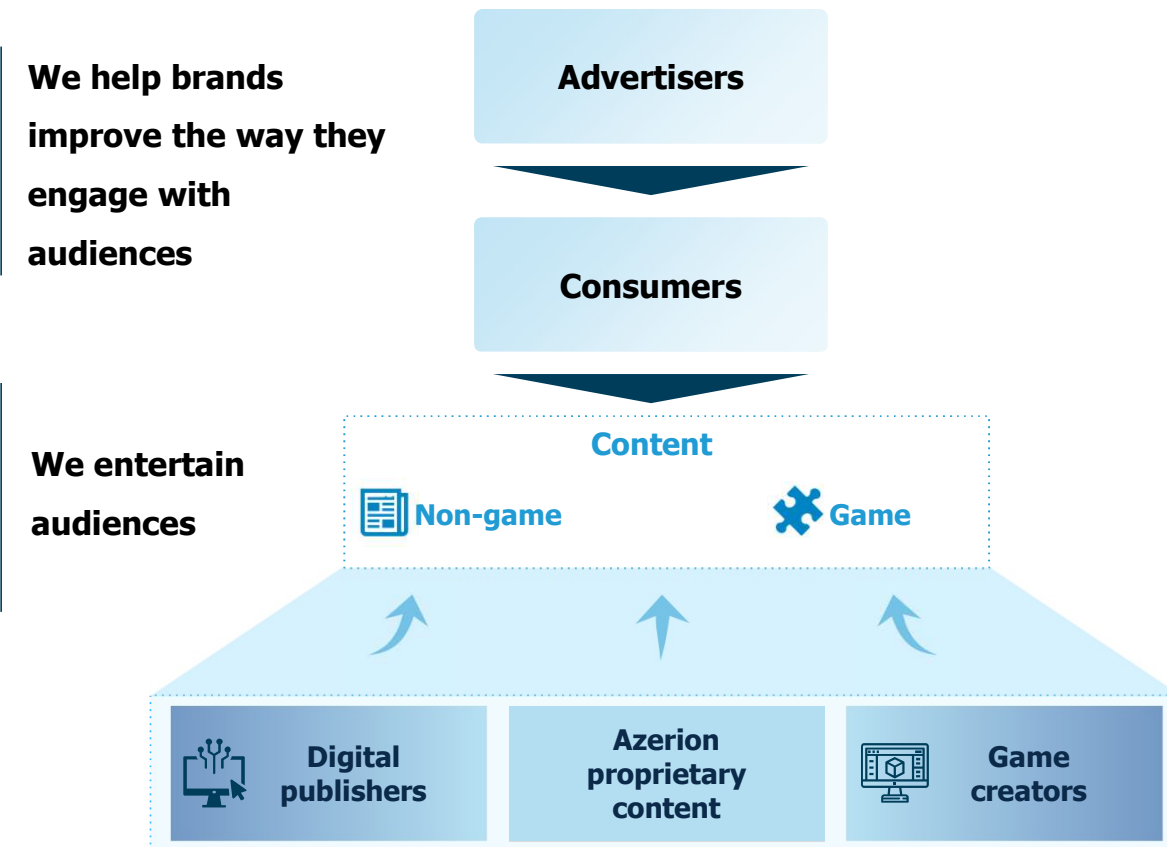
Stable 556,000 average daily active users QoQ

Growing average revenue per user to EUR 0.42 per user compared to EUR 0.37 Q3 2021

Gross profit margin



## The Azerion mission



“ Our **mission** is to be the **go-to-partner for advertisers** for an easy-to-use, competitively priced and **brand-safe** digital environment ”



azerion

## Strategy deep dive

Q3 2022 results announcement

# Partner with digital publishers offering a wide range of monetisation services

Digital publishers is any company who interacts with its customers digitally - for example through online content, portals, news and videos

	Azerion offerings	Contracted publishers	Exclusive publishers
Ad sales EU	Help digital publishers access advertisers	✓	✓
High reach global demand	Azerion's proprietary advertising auction platform	✓	✓
Standard ad formats	Combination of market standard formats (IAB)	✓	✓
Support	Self-service ticket system	✓	✓
Special formats	Azerion's proprietary ad formats		✓
Priority in ad sales EU	Direct access to Azerion unique demand		✓
Contextual targeting	Azerion's proprietary technology (cookieless)		✓
Game-as-a-service	White-label and game widget solutions, increasing audience engagement and ad space		✓
Inventory optimization	Management of advertising on existing digital inventory to maximize publisher revenue		✓
Premium support	Full support from account manager and technical team, including recommendations on website developments and new rules/trends on the advertisement market.		✓

