Q2 and H1 2023 Results Presentation

31 August 2023
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Key messages

Delivering on consolidation strategy and realising platform synergies

Solid strategy delivery

• Q2 Net revenue of €122m driven by strong growth in Platform segment. Q2 Adjusted EBITDA €18.5m

• H1 Net revenue of €235m driven by strong growth in Platform segment. H1 Adjusted EBITDA €27.2m

• Upgraded expected annualised cost savings to at least €20m from at least €15m (excluding any effects from foreign exchange)*

• Completed sale of social card games portfolio

• Reconfirm full year 2023 guidance of at least €75m Adjusted EBITDA

Strong financial performance

~122M
Net revenue Q2 2023
YoY +17%

~19M
Adj EBITDA Q2 2023
YoY +58%

~235M
Net revenue H1 2023
YoY +18%

~27M
Adj EBITDA H1 2023
YoY +55%

*The expected savings are compared to the January 2023 baseline.
## Consolidation and integration update

### Focus on integration and consolidation; strategic M&A powering growth

<table>
<thead>
<tr>
<th>Transaction</th>
<th>Strategic rationale</th>
<th>Progress</th>
<th>Milestones Achieved</th>
</tr>
</thead>
</table>
| **INFINIA** | • Geographic diversity into LATAM & US Spanish speaking market  
• DMP focused on improving customer advertising campaigns through digital activation  
• Premium publisher reach | ![Checkmark] | • Commercial and technical integration complete with teams, product, and clients managed under one Azerion structure  
• Optimised for improved financial contribution |
| **madvertise** | • Diversification of publisher monetisation services  
• Premium publisher reach  
• Geographic diversity | ![Checkmark] | • Integrated sales teams of Madvertise and Hi-media, rebranded as Azerion |
| **M MEDIA** | • Diversification of publisher monetisation services  
• Exclusive premium publisher reach  
• Established local sales team | ![Checkmark] | • Commercial and personnel integration complete.  
• Mmedia branding merged with Azerion |
| **HybridTheory** | • Extend advertising performance management  
• Geographic diversity into the US & UK  
• Advertiser, Agencies, Publisher reach | ![Checkmark] | • Commercial integration complete with launch of Azerion US and Azerion UK  
• Majority of data segments integrated into Azerion’s SSP platform Improve Digital |
| **ADPLAY** | • Geographic diversity  
• Publisher monetisation technology  
• Premium agency & publisher reach | ![Checkmark] | • Product integration complete with technology being run through Azerion full monetisation services  
• Commercially rebranded as Adplay by Azerion |
| **VLYBY** | • Geographic diversity  
• Diversification of ad formats  
• Premium publisher reach | ![Checkmark] | • Integration of CTV technology into Azerion’s SSP Improve Digital on going |
| **targetspot** | • Entry into digital audio advertising  
• Geographic diversity into the US & UK  
• Diversification of ad formats  
• Premium advertiser & publisher reach | ![Checkmark] | • Tech updates of Improve Digital platform to integrate new digital audio ad format ongoing  
• Commercial integration into Azerion complete outside of core markets Belgium and France |

*Monolith, Takerate & Adverline*
Integration efforts resulting in a highly scalable and profitable platform

- Value optimisation initiatives end of 2022 onwards to accelerate integration and consolidation of acquired businesses into a single scalable platform organisation
- Resulting in around 22% increase in Net revenue per FTE in Q2 2023 compared to Q2 2022

- Simplification of Azerion’s hosting contracts by migrating to group contract with AWS over time
- Server costs per Million requests reduced by around 19% in Q2 2023 as compared to Q4 2022

\[\text{FTE count at the end of the quarter}\]
Our integrated model optimises the advertising value chain

Ad services and optimisation

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

Supporting publishers to maximise revenue and user engagement
Platform strategy

Azerion’s single solution advertisement platform

Owned and operated

Exclusive

Contracted

Azerion’s single solution advertisement platform

Full stack programmatic and direct advertising platform, full monetisation and omni-channel solutions

Rich Media | Display | Native | Video | Audio | DOOH | Hyper local | CTV

Advertisers

DSPs

Data Management

SSPs

Publishers

Agency

dentsu | WPP | MEDIAPROJECT
HAVAS | IPG | AKQA
MERKLE | MOO | yodle

Brands

disney | Dior | SEPHORA

Camelot | AT&T | IBM

Identity management

Business intelligence software

Ad services and optimisation

Brand safety tracking

Viewability tracking

Fraud detection

User data

Demand-side platforms

Ad Networks

Ad servers

Ad Exchanges

Supply side platforms

Owned and operated

Exclusive

Contracted

Selected names for publication purposes only and do not constitute the peer company’s own definition of their business.
## Strategic Priorities

<table>
<thead>
<tr>
<th>Ad sales</th>
<th>Local expert teams that help our clients achieve results</th>
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<tbody>
<tr>
<td>Ad tech</td>
<td>Creative proprietary ad formats</td>
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<tr>
<td></td>
<td>Efficient and easy to use Platform</td>
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<tr>
<td>Curated Content</td>
<td>Publisher monetisation services</td>
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<td>Partnerships and high-margin titles in casual game distribution</td>
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<tr>
<td></td>
<td>Innovative business models to bring audiences together</td>
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<td></td>
<td>Optimise our E-commerce business to strengthen relationship with advertisers</td>
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<tr>
<td>Premium Games</td>
<td>Strengthen our position in the metaverse and offer an extended value proposition to advertisers to connect with digital audiences in innovative ways</td>
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## Q2 2023 – Example Proof Points

- **Launch of Azerion Smart Bidding**, Azerion’s improved AI-integrated bidding system to further enhance Azerion’s pricing in open market auctions.
- **Improved our Full Monetization Services**, or FMS solution with Performance by Azerion for semantic segmentation allowing for better audience targeting.
- **Launched Smart Content**, integrating Vlyby technology with Zoomin content, providing publishers with additional contextual content for monetisation.
- **Developed an internal campaign management solution** for Azerion ad ops teams, Azerion Marketplace, improving ad campaign coordination efficiencies and margin contribution.
- **Server costs per million ad request** decreased by 19% in Q2 2023 compared to Q4 2022 due to further platform optimisation and benefits of scale.
- **Signed 61 new exclusive publishers** to further extend our platform supply footprint, reaching larger audiences.
- **Accelerated the production of puzzle and word web games** by Azerion Studio’s for news and media publishers resulting in increased revenues at higher margins due to lower licensing fees.
- **Launch of Habbo X: Alpha 2**, a play to earn metaverse environment which integrates blockchain technology, allowing brands such as EMA, Miffy and Cool Cats to collaborate with audiences and create lifetime engageable collectables, minted as an NFT.
- **Partnered with Juniper Creates**, opening unique opportunities for the Habbo community to design and select lines of apparel and toys which will be linked to in-game digital collectables.
Our proven & successful growth strategy

- Structural market growth
- Platform growth
- Platform synergies
- M&A
Sale of Social Card Games

Sale of social card games portfolio

- Entered a definitive agreement with Playtika on 1 August, 2023 to acquire Azerion’s social card games portfolio, including titles such as Governor of Poker 3 and Poker World.

- Sale of social card games portfolio completed 28 August 2023 for an initial cash consideration of € 81.3 million, subject to customary adjustments, with an earnout based on the performance of the acquired business that could take the total consideration up to a maximum of € 150 million.

- At completion Azerion received close to € 67 million before income tax and approximately 15 months after the completion date Azerion will receive the remaining proceeds subject to the terms of the asset purchase agreement. Gain on sale estimated at approximately €70 million before income tax.

- Earnout consideration calculated by multiplying incremental Adjusted EBITDA performance of social card games portfolio above a baseline of around €13.5 million, by a multiple of between 6.0x and 7.0x (both inclusive); multiple contingent on revenue growth during the earnout period.

- Example of Azerion building and scaling valuable technology assets.

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<table>
<thead>
<tr>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
<th>Q1</th>
<th>Q2</th>
</tr>
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<tbody>
<tr>
<td>8.8</td>
<td>8.8</td>
<td>9.3</td>
<td>10.2</td>
<td>11.3</td>
<td>10.3</td>
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Adjusted EBITDA includes a central cost allocation for H1 2023 of approximately € 1.5 million. These costs will be addressed as part of our ongoing cost management programme.
Financial update

Q2 2023: Increased earnings driven by revenue growth and ongoing cost savings

- Net revenue up approximately 17% year on year, mainly driven by Platform performance.
- Adjusted EBITDA grew more than 58% in Q2 2023 year on year, largely due to revenue growth and efficiency savings from consolidation and integrations.
Financial update

H1 2023: Increased earnings driven by revenue growth and ongoing cost savings

- Net revenue up approximately 18% year on year, mainly driven by Platform performance
- Adjusted EBITDA grew by approximately 55% in H1 2023 year on year, largely due to revenue growth and efficiency savings from consolidation and integrations
Platform – revenue growth and benefits of consolidation and integration

- Net revenue in Q2 2023 up approximately 21% year on year. Net revenue in H1 2023 up approximately 22% year on year.
- Adjusted EBITDA grew by around 68% in Q2 2023 year on year; Adjusted EBITDA grew by around 71% in H1 2023 year on year – mainly due to net revenue growth and benefits of ongoing efficiency programmes.

- Average digital ads sold per month increased to 13 bn in Q2 2023 from 9.5 bn in Q2 2022, approximately 37% increase.
- Average gross revenue per million processed ad requests grew to approximately EUR 36.3, an increase of around 59% year on year.

\[^1\] Avg. Gross Revenue per Million processed Ad Requests from advertising auction platform (€). For further details see full text in Q2 H1 2023 Interim Results press release
All figures in EURm unless otherwise indicated
Financial update

Premium Games – improving profitability driven by efficiency and cost management

Financial performance
- Net revenue in Q2 2023 up approximately 3% year on year. Net revenue in H1 2023 up approximately 5% year on year.
- Adjusted EBITDA grew by around 37% in Q2 2023 year on year; Adjusted EBITDA grew by around 34% in H1 2023 year on year – mainly due to benefits of ongoing efficiency programmes.

Operational performance
- Daily active users in Q2 2023 relatively stable as compared to Q2 2022.
- 5% increase in average revenue per daily active user in Q2 2023 as compared to Q2 2022.
- Focus on cross segment revenue growth by, for example, increasing integration of brand advertising into gaming environment and launch of Habbo X: Alpha 2 allowing brands to collaborate with audiences and create engageable collectables.
Financial update

Strong financial framework

5-quarter rolling financial performance

Q2 2023 cash conversion

Q2 2023 Net interest bearing debt*

• Resilient performance in Q2 and H1 2023
• Continued cash generation from operating activities
• Implied leverage ratios pro forma the divestment of social card games reducing

All figures in EURm.
* Net interest-bearing debt as defined in Senior Secured Callable Fixed Rate Bonds ISIN: SE0015837794.
## Update of our financial guidance

### 2023 FY Guidance

<table>
<thead>
<tr>
<th></th>
<th>FY 2022</th>
<th>Previous Guidance</th>
<th>Updated Guidance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong> (in €m)</td>
<td>+ €453 million</td>
<td>~ €560 million</td>
<td>~ €540 million</td>
</tr>
<tr>
<td><strong>Adj. Ebitda</strong> (in €m)</td>
<td>+ €52 million</td>
<td>At least €75 million</td>
<td>At least €75 million</td>
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### Medium term Guidance

<table>
<thead>
<tr>
<th></th>
<th>Previous Guidance</th>
<th>Updated Guidance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong> Growth %</td>
<td>~15%</td>
<td>~45%</td>
</tr>
<tr>
<td><strong>Adj. Ebitda</strong> Margin %</td>
<td>14% – 16%</td>
<td>14% – 16%</td>
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</table>
Delivering on consolidation strategy and realising platform synergies

**Key messages**

- Completed sale of social card games portfolio
- Upgraded expected annualised cost savings to at least €20m from at least €15m (excluding any effects from foreign exchange)*
- Reconfirm full year 2023 guidance of at least €75m Adjusted EBITDA

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