



azerion

---

## **Q2 and H1 2023 Results Presentation**

31 August 2023

# Disclaimer

The following disclaimer applies to this document, any oral or video presentation of the information in this document by Azerion Group N.V. (“Azerion Group”) or any person on behalf of Azerion Group and any question-and-answer session that follows the oral or video presentation (collectively, the “Information”). In the Information, “Azerion”, “Group”, “we”, “us” and “our” refers to Azerion Group and its subsidiaries.

Azerion Group has shares and warrants listed on Euronext Amsterdam N.V and bonds listed on Nasdaq Stockholm. The Information has been prepared by Azerion Group for background purposes only. No reliance may be placed for any purpose on the information or its accuracy, fairness or completeness. This document and the information contained herein may not be disclosed, taken away, reproduced, redistributed, copied or passed on, directly or indirectly, to any other person or published or used in whole or in part, without the express prior written consent of Azerion. This document is given in conjunction with an oral or video presentation and should not be taken out of context.

The Information and any opinions contained herein are provided as at the date of the presentation and are subject to change without notice. In giving this presentation, Azerion does not undertake any obligation to provide the recipient with access to any additional information or to update the Information, or to correct any inaccuracies in the Information, including any data or forward-looking statements. The Information is only preliminary and indicative, does not purport to be full or complete and does not purport to contain the information that would be required to evaluate Azerion, its financial position and/or any investment decision. To the fullest extent permitted by law, Azerion Group or any of its subsidiaries or affiliates, directors, managers, officers, employees, advisers or agents does not accept any responsibility or liability whatsoever for (whether in contract, tort or otherwise) or makes any representation, warranty or undertaking, express or implied, as to the truth, fullness, fairness, accuracy or completeness of the Information (or whether any information has been omitted from it) or any other information or opinion relating to Azerion Group, its subsidiaries, affiliates or associated companies, whether written, oral or in a visual or electronic form, and howsoever transmitted or made available or for any loss howsoever arising from any use of the Information or otherwise arising in connection therewith.

Certain financial data included in the presentation consists of alternative performance measures (“non-IFRS financial measures”), including EBITDA and Adjusted EBITDA, which may not be comparable to similarly-titled measures as presented by other companies, nor should they be considered as an alternative to the historical financial results or other indicators of Azerion Group’s cash flow based on IFRS. The alternative performance measures are used by Azerion’s management to evaluate the business performance and are believed by Azerion’s management to be useful to investors. Even though the alternative performance measures are used by management to assess Azerion Group’s financial position, financial results or liquidity under IFRS, and these types of measures are commonly used by investors, they have important limitations as analytical tools, and the recipients should not consider them in isolation or as a substitute for analysis of Azerion Group’s financial position or results of operations as reported under IFRS.

For all definitions and reconciliations of alternative performance measures please also refer to [www.azerion.com/investors](http://www.azerion.com/investors). The Information may contain forward-looking alternative performance measures. We are unable to provide a reconciliation of these forward-looking alternative performance measures to the most comparable IFRS financial measure because certain information is dependent on future events some of which are outside the control of Azerion.

# Forward-looking statement

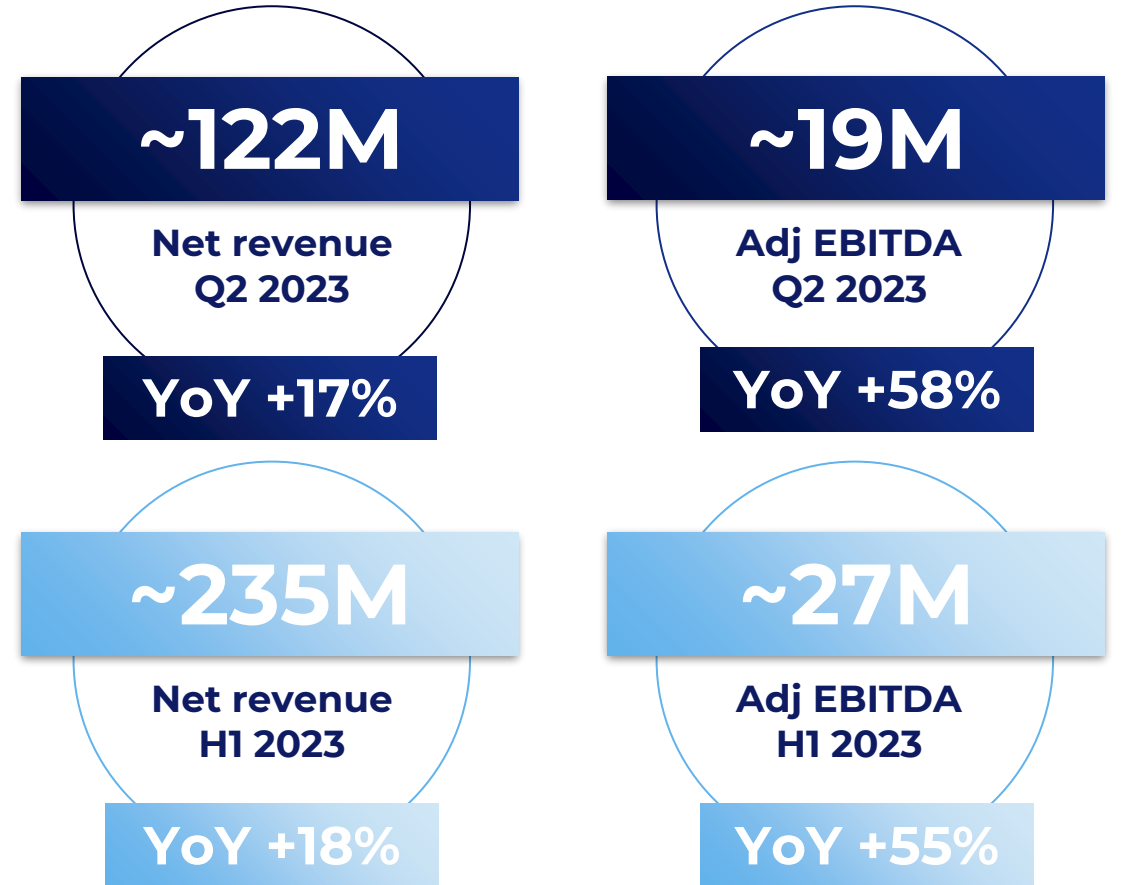
The Information includes statements, including Azerion Group's financial and operational objectives that are, or may be deemed to be, "forward-looking statements". These forward-looking statements may be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "plans", "projects", "forecasts", "anticipates", "expects", "intends", "aims", "targets", "seeks", "continues", "could", "can have", "likely", "would", "may", "might", "will" or "should" or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. Forward-looking statements may and often do differ materially from actual results. Past performance of the Azerion Group cannot be relied on as a guide to future performance. Any forward-looking statements reflects the Azerion Group's current view and expectations with respect to future events and are subject to risks, uncertainties and assumptions relating to Azerion Group's business, results of operations, financial position, liquidity, prospects, growth or strategies, many of which are based, in turn, upon further assumptions, including without limitation, management's examination of historical operating trends, data contained in Azerion Group's records (and those of its affiliates) and other data available from third parties. Although the Azerion Group believes that these assumptions were reasonable when made, these assumptions are inherently subject to significant known and unknown risks, uncertainties, contingencies and other important factors which are difficult or impossible to predict and are beyond its control.

# 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

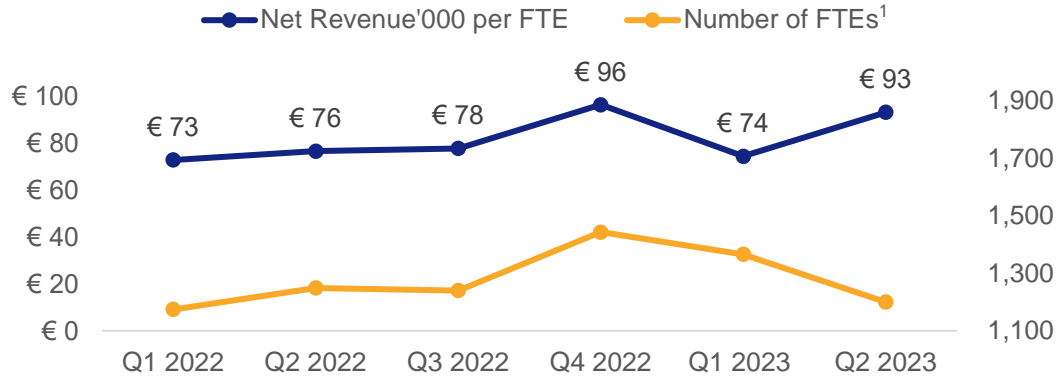
## Strong financial performance



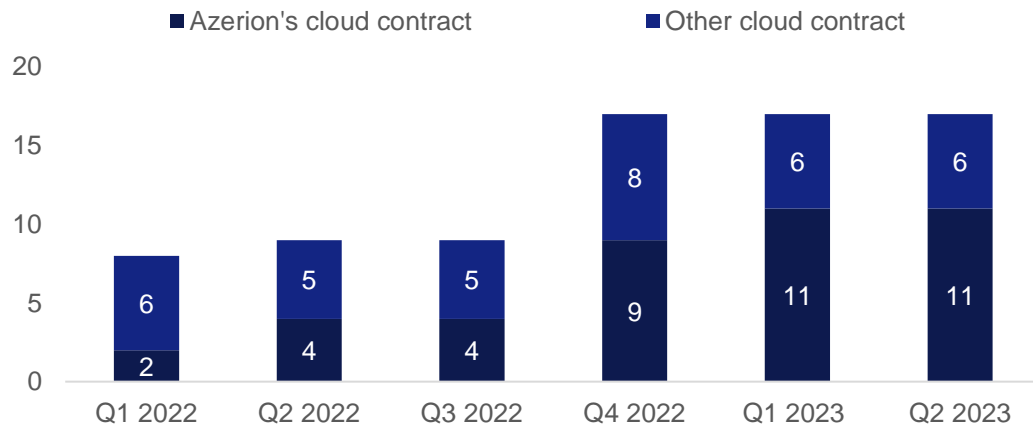
# Focus on integration and consolidation; strategic M&A powering growth

Transaction	Strategic rationale	Progress	Milestones Achieved
	<ul style="list-style-type: none"> <li>Geographic diversity into LATAM &amp; US Spanish speaking market</li> <li>DMP focused on improving customer advertising campaigns through digital activation</li> <li>Premium publisher reach</li> </ul>		<ul style="list-style-type: none"> <li>Commercial and technical integration complete with teams, product, and clients managed under one Azerion structure</li> <li>Optimised for improved financial contribution</li> </ul>
	<ul style="list-style-type: none"> <li>Diversification of publisher monetisation services</li> <li>Premium publisher reach</li> <li>Geographic diversity</li> </ul>		<ul style="list-style-type: none"> <li>Integrated sales teams of Madvertise and Hi-media, rebranded as Azerion</li> </ul>
	<ul style="list-style-type: none"> <li>Diversification of publisher monetisation services</li> <li>Exclusive premium publisher reach</li> <li>Established local sales team</li> </ul>		<ul style="list-style-type: none"> <li>Commercial and personnel integration complete.</li> <li>Mmedia branding merged with Azerion</li> </ul>
	<ul style="list-style-type: none"> <li>Extend advertising performance management</li> <li>Geographic diversity into the US &amp; UK</li> <li>Advertiser, Agencies, Publisher reach</li> </ul>		<ul style="list-style-type: none"> <li>Commercial integration complete with launch of Azerion US and Azerion UK</li> <li>Majority of data segments integrated into Azerion's SSP platform Improve Digital</li> </ul>
	<ul style="list-style-type: none"> <li>Geographic diversity</li> <li>Publisher monetisation technology</li> <li>Premium agency &amp; publisher reach</li> </ul>		<ul style="list-style-type: none"> <li>Product integration complete with technology being run through Azerion full monetisation services</li> <li>Commercially rebranded as Adplay by Azerion</li> </ul>
	<ul style="list-style-type: none"> <li>Geographic diversity</li> <li>Diversification of ad formats</li> <li>Premium publisher reach</li> </ul>		<ul style="list-style-type: none"> <li>Integration of CTV technology into Azerion's SSP Improve Digital on going</li> </ul>
 <p>+Monolith, Takerate &amp; Adverline</p>	<ul style="list-style-type: none"> <li>Entry into digital audio advertising</li> <li>Geographic diversity into the US &amp; UK</li> <li>Diversification of ad formats</li> <li>Premium advertiser &amp; publisher reach</li> </ul>		<ul style="list-style-type: none"> <li>Tech updates of Improve Digital platform to integrate new digital audio ad format ongoing</li> <li>Commercial integration into Azerion complete outside of core markets Belgium and France</li> </ul>

# Integration efforts resulting in a highly scalable and profitable platform



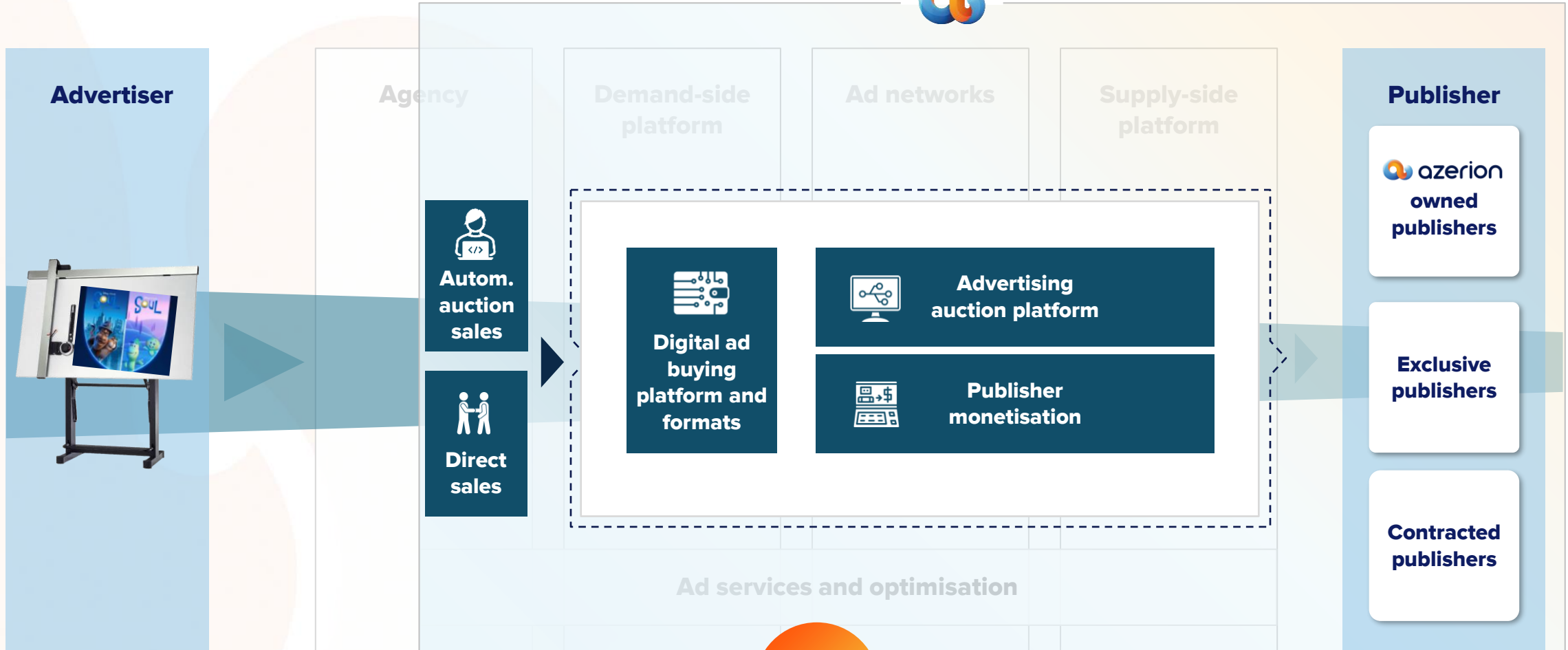
- Value optimisation initiatives end of 2022 onwards to accelerate integration and consolidation of acquired businesses into a single scalable platform organisation
- Resulting in around 22% increase in Net revenue per FTE in Q2 2023 compared to Q2 2022



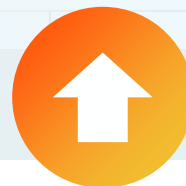
- Simplification of Azerion's hosting contracts by migrating to group contract with AWS over time
- Server costs per Million requests reduced by around 19% in Q2 2023 as compared to Q4 2022



# Our integrated model optimises the advertising value chain

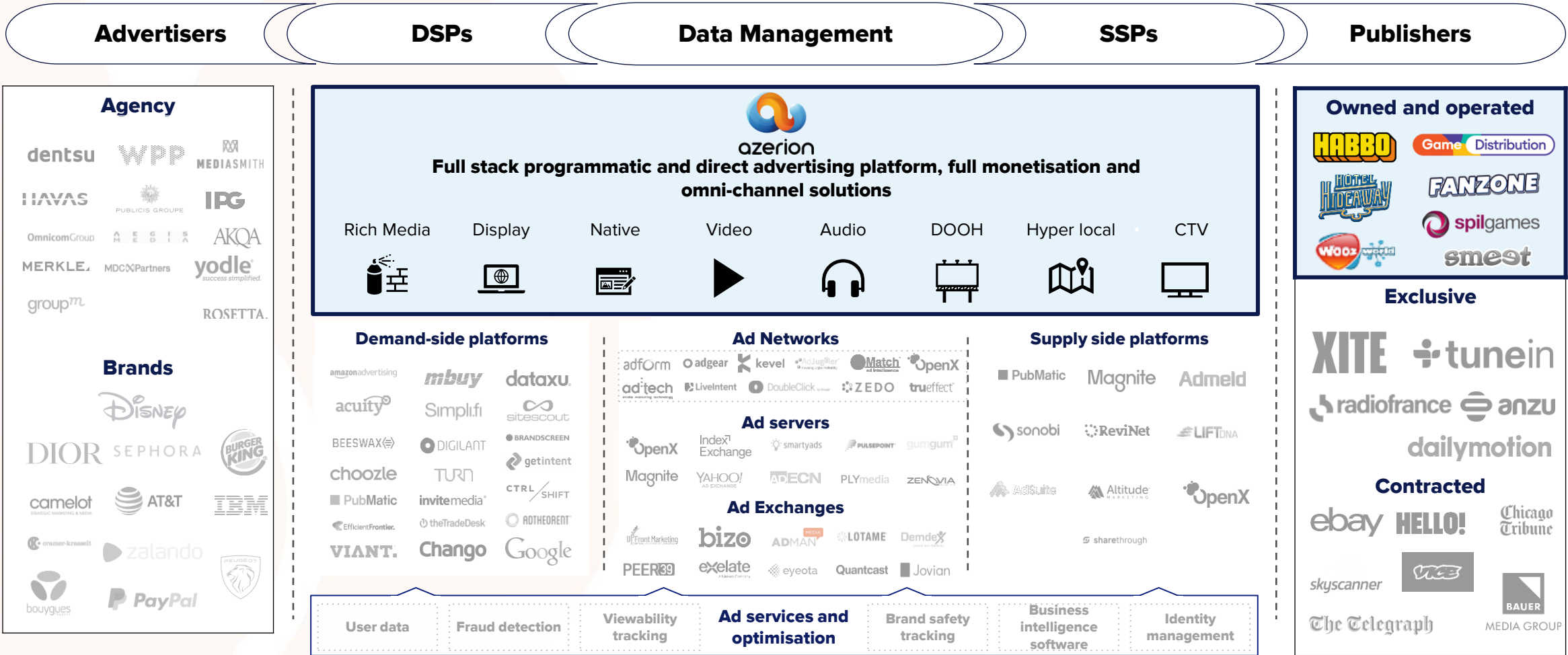


Supporting advertisers to reach audiences in a simple, cost-effective and brand-safe way



Supporting publishers to maximise revenue and user engagement

# Azerion's single solution advertisement platform





# Becoming the go-to-partner for advertisers for an easy-to-use, competitively priced and brand-safe digital environment

## Strategic Priorities

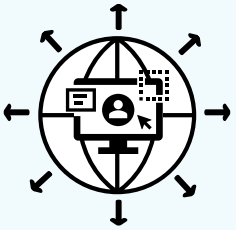
Ad sales	Local expert teams that help our clients achieve results
Ad tech	Creative proprietary ad formats Efficient and easy to use Platform
Curated Content	Publisher monetisation services Partnerships and high-margin titles in casual game distribution Innovative business models to bring audiences together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

## Q2 2023 – Example Proof Points

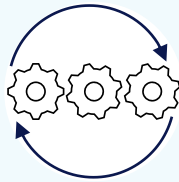
- Launch of Azerion Smart Bidding, Azerion’s improved AI-integrated bidding system to further enhance Azerion’s pricing in open market auctions
- Improved our Full Monetization Services, or FMS solution with Performance by Azerion for semantic segmentation allowing for better audience targeting
- Launched 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

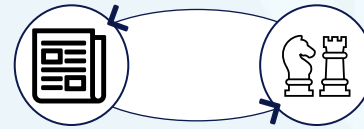
**Structural market growth**



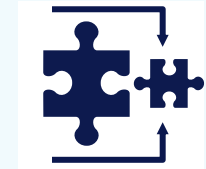
**Platform growth**



**Platform synergies**



**M&A**



# Sale of social card games portfolio

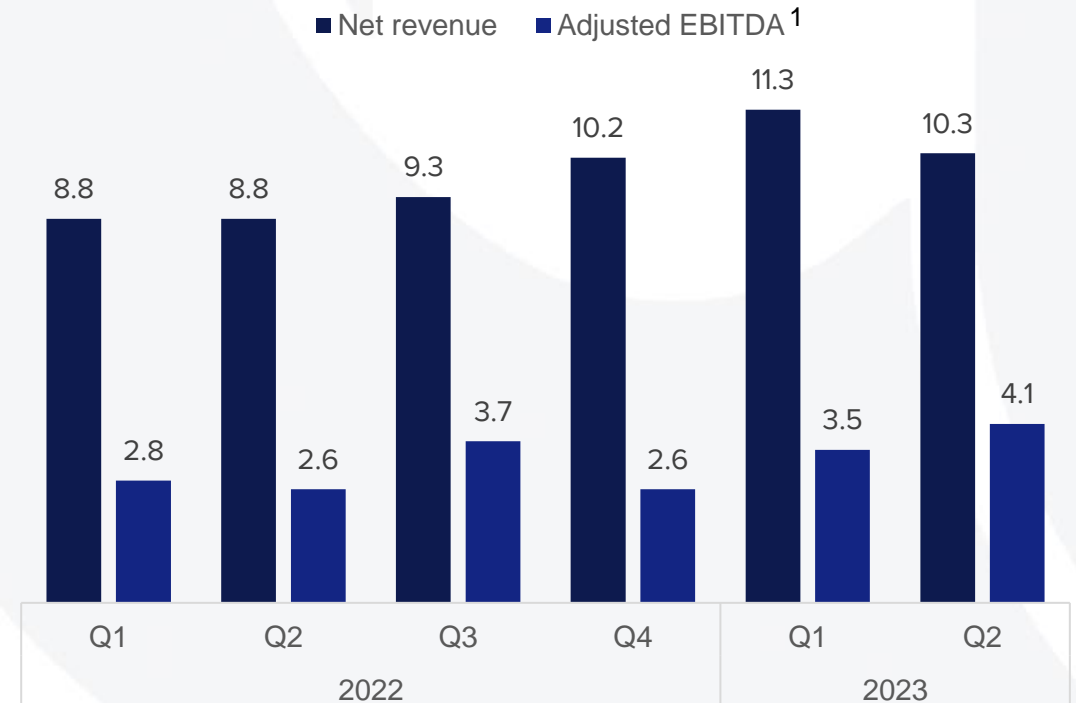
- Entered a definitive agreement with Playtika on 1 August, 2023 to acquire Azerion’s social card games portfolio, including titles such as Governor of Poker 3 and Poker World.
- Sale of social card games portfolio completed 28 August 2023 for an initial cash consideration of € 81.3 million, subject 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 EBTIDA 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.

**~€ 81 million**

**Initial consideration**  
(subject to customary adjustments)

**€ 150 million**

**Maximum Consideration**  
(including performance based earnout)



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

**EUR 122m**

**Net revenue  
Q2 2023**

**+17%**

**vs Q2 2022**

- Net revenue up approximately 17% year on year, mainly driven by Platform performance

**EUR 19m**

**Adj. EBITDA  
Q2 2023**

**+58%**

**vs Q2 2022**

- Adjusted EBITDA grew more than 58% in Q2 2023 year on year, largely due to revenue growth and efficiency savings from consolidation and integrations

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

**EUR 235m**

**Net revenue  
H1 2023**

**+18%**

**vs H1 2022**

- Net revenue up approximately 18% year on year, mainly driven by Platform performance

**EUR 27m**

**Adj. EBITDA  
H1 2023**

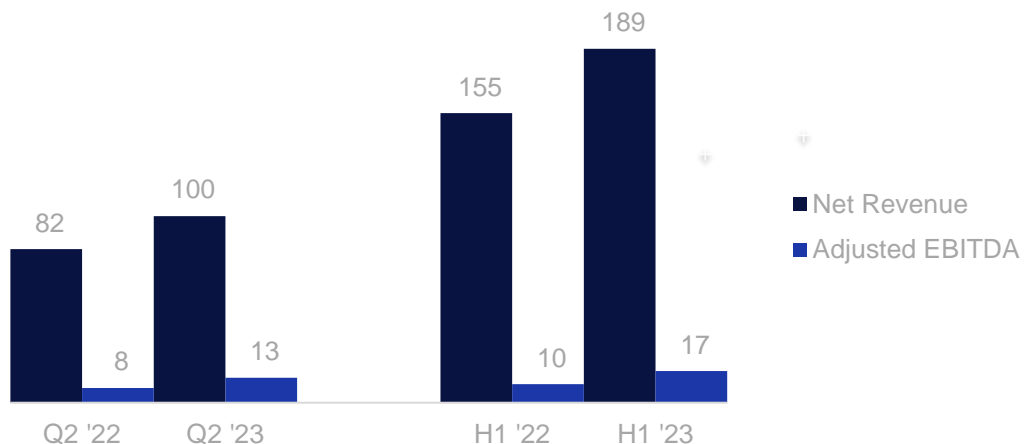
**~55%**

**vs H1 2022**

- Adjusted EBITDA grew by approximately 55% in H1 2023 year on year, largely due to revenue growth and efficiency savings from consolidation and integrations

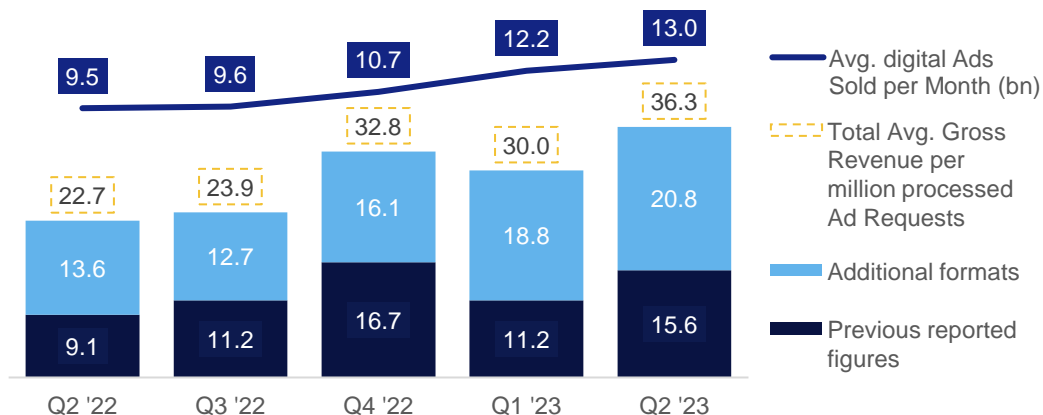
# Platform – revenue growth and benefits of consolidation and integration

Financial performance



- 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.

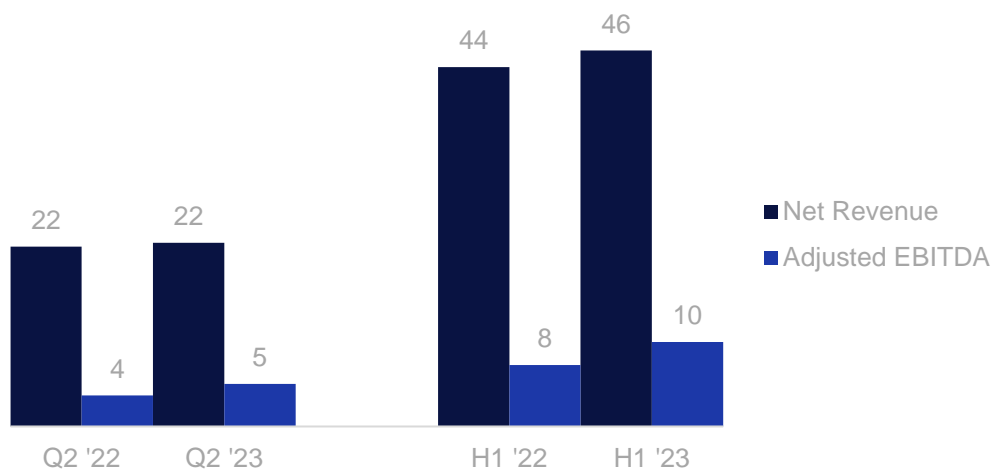
Operational performance<sup>1</sup>



- 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.

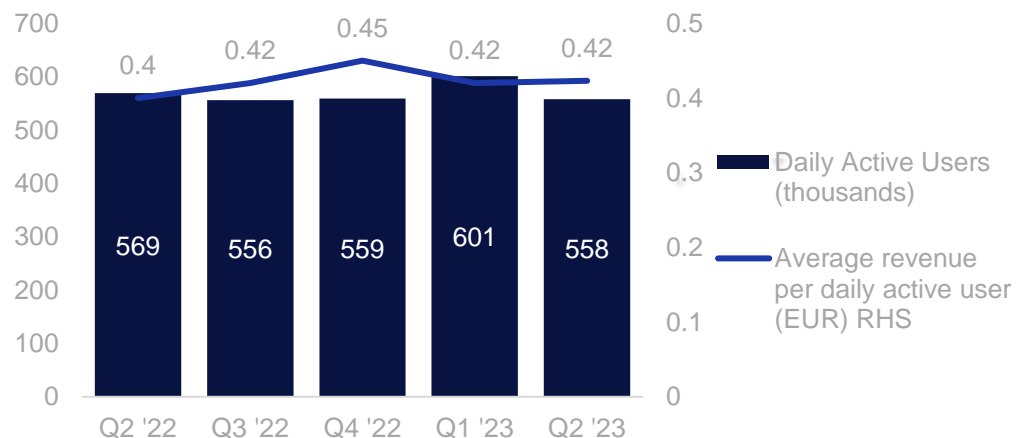
# Premium Games – improving profitability driven by efficiency and cost management

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.

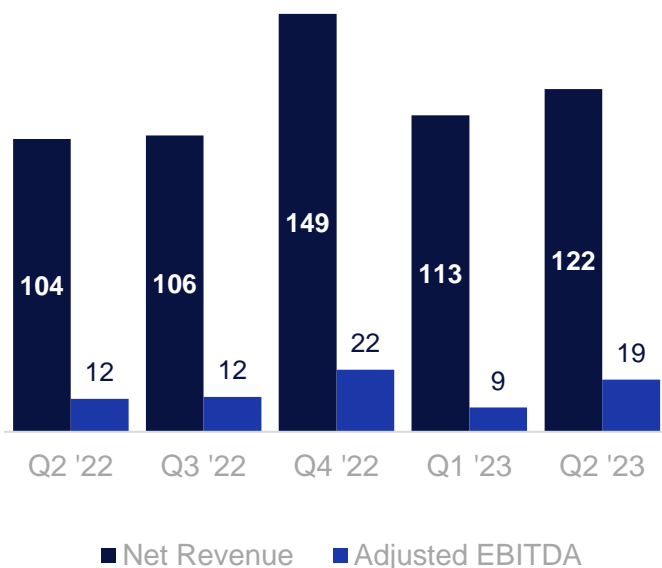
Operational performance



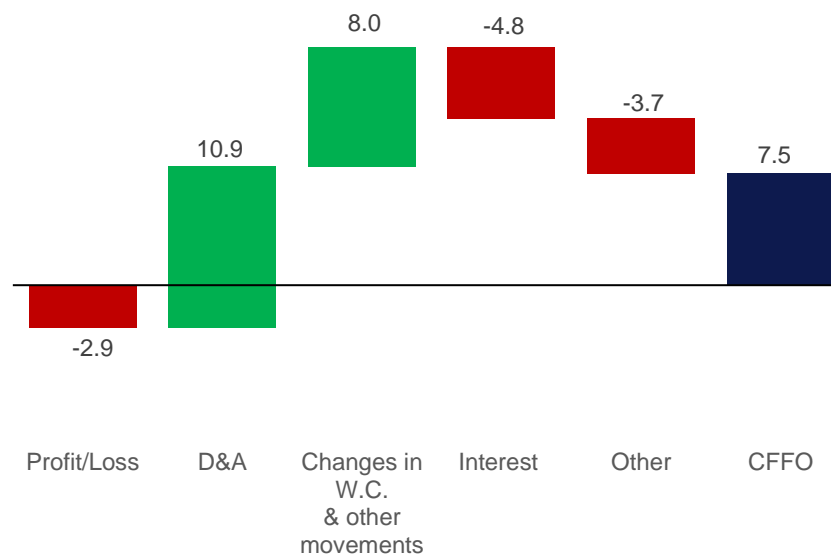
- Daily active users in Q2 2023 relatively stable as compared to Q2 2022.
- 5% increase in average revenue per daily active user in Q2 2023 as compared to Q2 2022.
- Focus on cross segment revenue growth by, for example, increasing integration of brand advertising into gaming environment and launch of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

# Strong financial framework

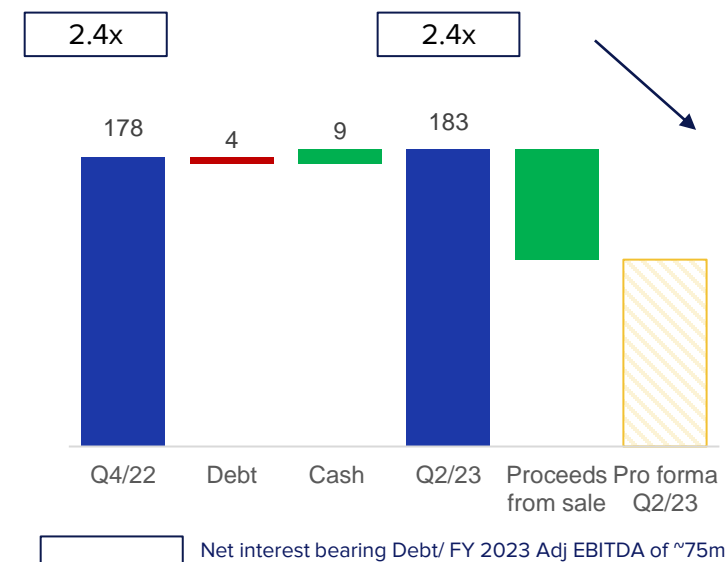
5-quarter rolling financial performance



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



Guidance update

## Update of our financial guidance

### 2023 FY Guidance

	FY 2022	Previous Guidance	Updated Guidance
<b>Revenue</b> (in €m)	<b>+ € 453 million</b>	<b>~ € 560 million</b>	<b>~ € 540 million</b>
<b>Adj. Ebitda</b> (in €m)	<b>+ € 52 million</b>	<b>At least € 75 million</b>	<b>At least € 75 million</b>

### Medium term Guidance

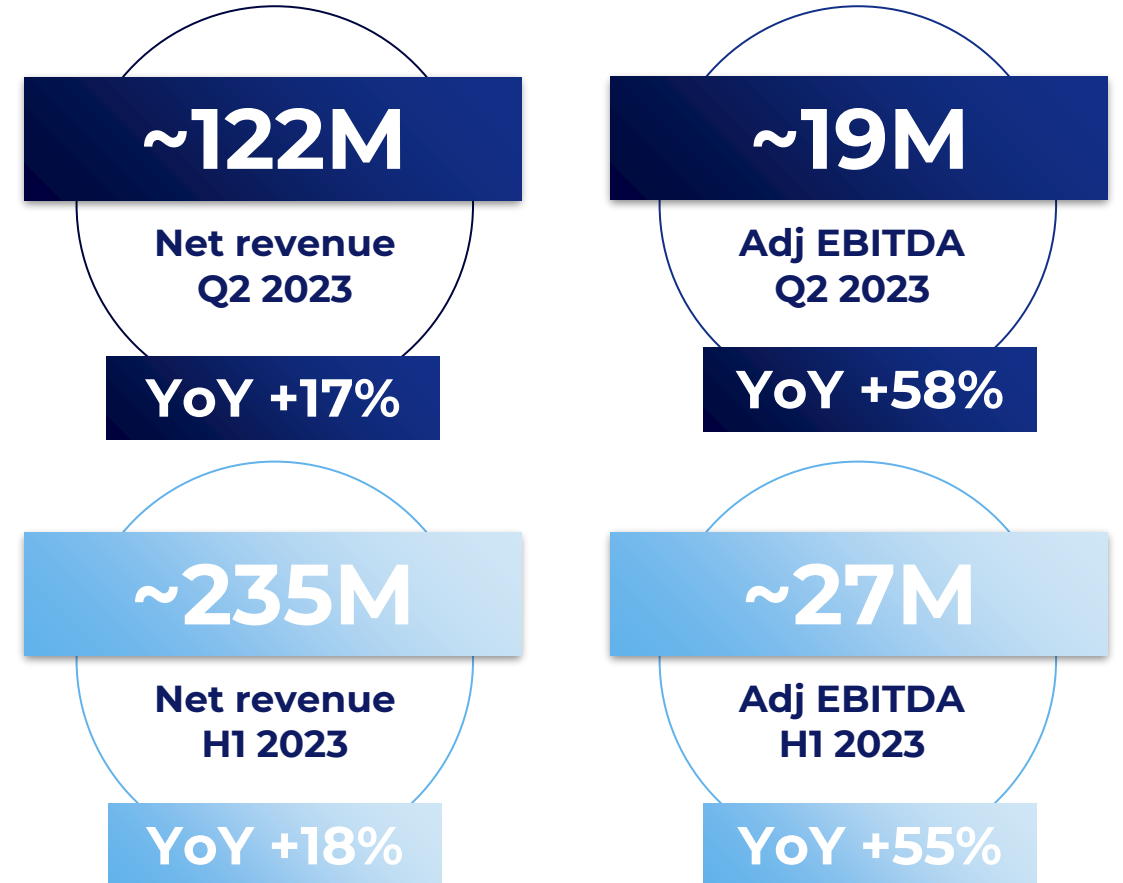
	Previous Guidance	Updated Guidance
<b>Revenue</b> Growth %	<b>~ 15%</b>	<b>~ 15%</b>
<b>Adj. Ebitda</b> Margin %	<b>14% – 16%</b>	<b>14% – 16%</b>

# 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





azerion

---

**Q&A**