AUGUSTUS

Augustus Media Holdings Ltd

H1 23 Investor Report

In this report

AN AWARD-WINNING MIDDLE EAST DIGITAL MEDIA COMPANY

Augustus Media Holdings Ltd
H1 Report 2023

LETTER TO SHAREHOLDERS

Dear Shareholders,

I am pleased to present the Financial Report for Augustus Media Holdings LTD for the first half of the year 2023. This report highlights our remarkable achievements during the initial six months and provides a comprehensive overview of our financial performance. Our accomplishments during this period have positioned us for a promising journey towards surpassing our annual projections.

1. Exceeding Expectations: First Half Highlights

The first half of 2023 has witnessed extraordinary accomplishments across key financial metrics. Our dedication, strategic decisions, and hard work have propelled us beyond expectations:

Revenue Growth: Our revenue growth in the first half of the year exceeded projections by **6%**, and **56%** growth from same period last year. A testament to our strong market positioning and effective customer engagement strategies.

Profitability: Our focus on operational efficiency has led to an increase in profitability, with a **14%** improvement in operating profit margins compared to the same period last year.

Cost Management: Prudent cost management practices have resulted in a **4%** reduction in operating expenses & COS, contributing to our improved bottom-line performance.

Cash Flow Management: In comparison to the corresponding period last year, there was a notable **55%** surge in inflow, while outflow also saw an increase, albeit at a more modest rate of **32%**. Remarkably, net cash flow generated based on operating costs experienced a substantial growth of **692%** compared to the same period last year.

$4.41m
Revenue, up 56% Year on Year

85+
Employees, up 47% YOY

$3.61m
Cash Inflow, up 55% YOY

5.6m
Network Followers, 27% growth

$1.03m
EBITDA, up 178% YOY

370+
Customers, 3% growth YOY

LETTER TO SHAREHOLDERS

2. Key Factors Driving Success

Several factors have been instrumental in our achievements during the first half:

Strategic Planning: Through meticulous planning, we executed targeted service expansion and geographic outreach, yielding substantial regional growth in Abu Dhabi, RAK, Doha, and Cairo. Additionally, we established our presence in new territories such as Beirut, Muscat, Pakistan, Iraq, and Palestine, strategically positioning ourselves for a competitive edge in the market.

Customer-Centric Approach: Understanding and responding to customer needs through tailored solutions have fostered strong relationships and customer loyalty.

Operational Excellence: Streamlined processes and improved resource allocation have increased our operational efficiency, enhancing overall productivity.

Innovation: Our commitment to innovation, both in product development and business processes, has enabled us to stay ahead of evolving market demands.

3. On the Path to Breaking Annual Projections

The exceptional performance in the first half sets a solid foundation for exceeding our annual projections:

Projecting Forward: Based on our first half performance, we are confident in our ability to exceed annual revenue targets by 7%, which translates to USD 11m.

Strategies for Success: Our strategies for the remainder of the year include further diversification of product offerings, exploring new markets, and enhancing customer engagement.

Market Trends: Industry trends continue to align with our strengths, offering opportunities for sustained growth and market leadership.

INVESTMENT, We have currently invested in two new offices in the month of June, one in KSA & the other in EGY, this is part of our initiative to expand further into these markets.

4. Appreciation and Looking Ahead

I extend my gratitude to our dedicated team, committed stakeholders, and valued customers for contributing to these remarkable achievements. As we embark on the second half of 2023, I am excited about the potential for continued growth and success.

Thank you for your unwavering support.

F. Josef Obeid
CFO, Augustus Media

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PERFORMANCE OUTLOOK

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HIGHLIGHTS

OUR GROWTH PATH 2015 - 2023

2015 "DEBUT"

September: Lovin Dubai Launches
November: Augustus incorporated in the UAE

2016 "ROOKIE YEAR"

Revenue TO Milestone: USD 250k
Headcount: Surpassed 5+

2017 "MVP"

Revenue TO Milestone: USD 1.25m
Headcount: Surpassed 10+
January: Purchased the 7Days social media profiles
September: Launched in Riyadh with Lovin Saudi

2018 "REGIONAL FOOTPRINT"

Revenue TO Milestone: USD 2.0m
April: Augustus Launches in Saudi
September: Augustus establishes its Holding company in Abu Dhabi Global Markets
November: Awarded Best SME at the MENA Effies
Headcount: 15+

2019 "BREAKING RECORDS"

Revenue TO Milestone: USD 3.2m
February: Augustus Launches Smashi tv
Headcount: 20+

2020 "THE PANDEMIC"

Revenue TO: USD 2.7m
January: Completed the purchase of the Lovin IP & Assignment for 16 territories
Headcount: 25+

2021 "THE RECOVERY"

Revenue TO Milestone: USD 4.9m
January: Smashi tv Alpha
June: Augustus Launches a JV in Pakistan
July: Augustus Launches in Egypt
July: Lovin Brands expanded to 8 new cities
Smashi vertices introduction and launched on smart tv app, tvOS and Android tv.
Headcount: 40+

2022 "GLOBAL BOOM"

Revenue TO Milestone: USD 6.3m
January: Moved to 12k sqft HQ in Dubai
February: Augustus Media became a board member of the IAB MENA.
April: Augustus Launches in Sudan in collaboration with Block Media.
May: Acquisition of CamPlus Sport
June: On ground presence in Qatar
July: Lovin Brands expanded to 3 new cities
September: Launch of Smashi Sports League
October: Awarded for Media at the Fast Company Most Innovative Companies
Headcount: 70+

2023 "OVERCOMING A RECESSION"

Revenue TO Milestone: To surpass USD 8m
Headcount: 90+ est.

June: Expanded into new office spaces in Saudi & Egypt.
July: Won the Ignite investment initiative fund
September: Launches its Abu Dhabi Branch at TwoFour54.
October: Launches its Doha Subsidiary in Qatar.

FINANCIAL HIGHLIGHTS

Semi -Annual Report 2023| REVENUE

GROSS REVENUE

$4.41m +114%

REVENUE TURNOVER

$3.5m +55%

GROSS PROFIT

$2.97m 45%

GROSS PROFIT MARGIN

91% +9%

vs FY H1 2022

FINANCIAL HIGHLIGHTS

Semi -Annual Report 2023 | BOTTOMLINE

COST OF SALE

$301k -24%

OPERATING EXPENSE

$2.15m +22%

EBITDA

$1.03m +38%

OPERATING PROFIT MARGIN

23% +17 %

vs FY H1 2022

PERFORMANCE

H1 REVENUE STREAMS

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CONTENT ADVERTISING

$3.36m +76%

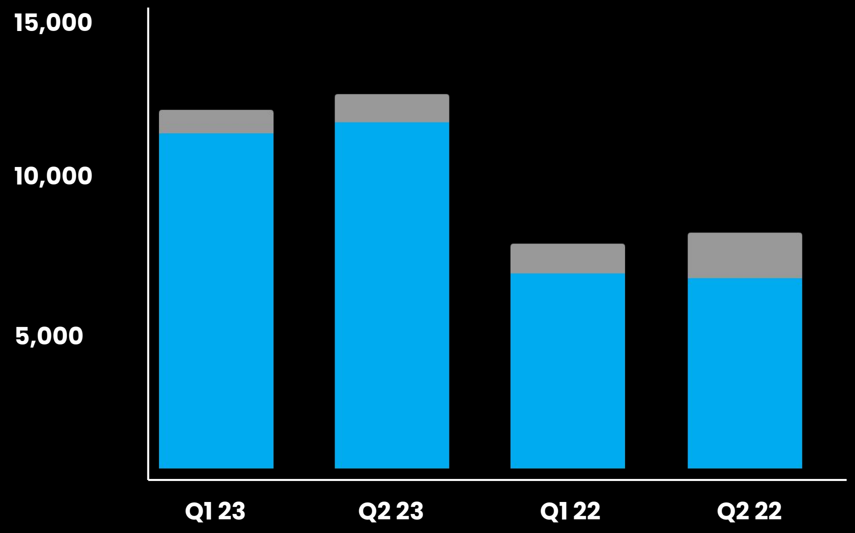
AUDIENCE ADVERTISING

$266k -28%

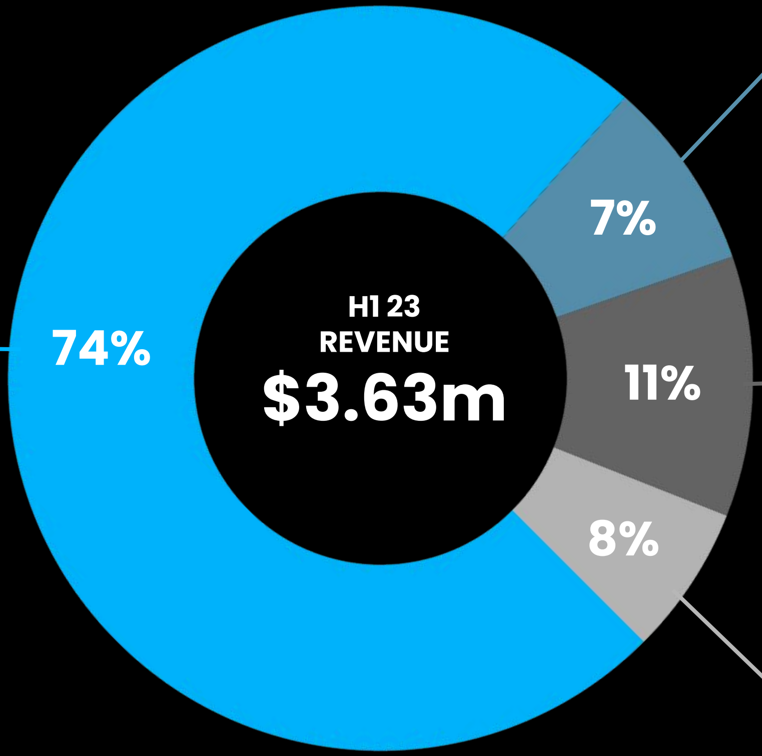
The company's performance in the first half of 2023 presents a mixed picture in terms of revenue. The Content Revenue showcased a remarkable upswing, increasing by an impressive 76% in comparison to the same period in 2022. This surge in revenue signifies the effectiveness of the company's strategies and offerings during this time frame. Notably, the bulk of this revenue is derived from social media platforms, highlighting the significant impact of engaging content on these channels. Furthermore, articles contributed significantly to this growth, with Lovin Dubai alone achieving an impressive revenue of 1.12 million units of currency.

On the flip side, Advertising Revenue encountered a decline of 28% during the initial six months of 2023 when juxtaposed with the figures from the previous year. This dip in advertising revenue signals a potential challenge or shift in market dynamics that affected the company's advertising income. Despite this overall decline, a closer look at the sources of advertising revenue reveals some key insights. The leading contributor to this revenue stream was Smashi, accounting for $221,000 during the first half of the year. This suggests the continuing significance of certain advertising channels in the company's portfolio. Additionally, Lovin Saudi Partner revenue also contributed notably, totaling $28,900, highlighting a diversification in revenue sources.

In sum, the broader analysis underscores the company's achievement of substantial growth in Content Revenue, primarily driven by social media and articles. While Advertising Revenue faced a decline, the detailed breakdown showcases the influence of specific channels like Smashi and the contribution of partnerships such as Lovin Saudi Partner. This analysis provides valuable insights into the company's revenue dynamics, its strengths, and areas for potential improvement or adjustment.



PERFORMANCE
BY BRAND



LOVIN UAE

$ 2.68m +70%

Dubai, Abu Dhabi, Sharjah, RAK, Fujairah

LOVIN UAE revenue stream achieved solid growth, generating $2.68 million, which represents an increase of 70% compared to mid year 2022.

LOVIN KSA

$ 301k +46%

Saudi, Riyadh, Jeddah, Neom,

LOVIN KSA also experienced growth, generating $283k, reflecting a 32% increase

SMASHI

$ 236k -43%

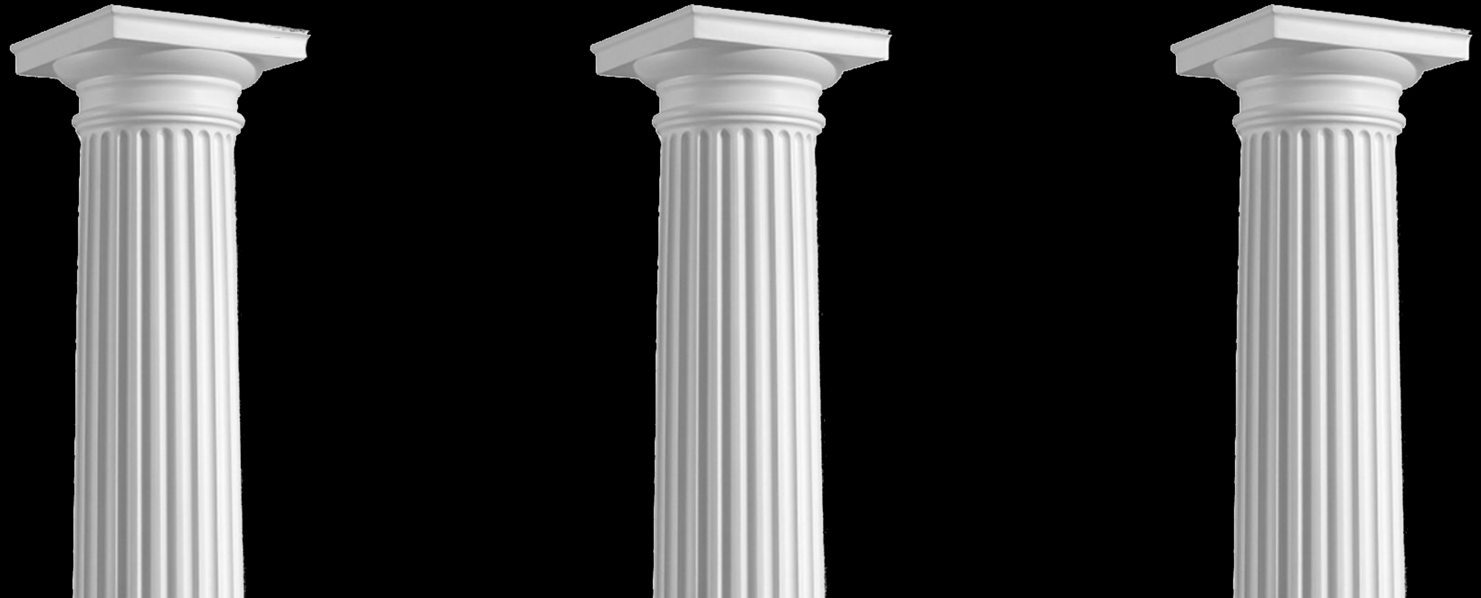
SMASHI's revenue stream faced a decline of 35% during the first half of 2023, generating.

ODEUM

$ 410k +115%

ODEUM revenue stream demonstrated robust growth, generating $410k, which represents an increase of 155% compared to mid year 2022.

FINANCIAL REPORTS



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FINANCIAL STATEMENT

CONSOLIDATED INCOME STATEMENT

FOR THE PERIOD ENDED 31 June	UNAUDITED 2023	2022
REVENUE | MONETARY	**4,202**	**2,619**
REVENUE | NON-MONETARY	302	223
GROSS REVENUE	**4,505**	**2,842**
DISCOUNTS	(898)	(539)
REVENUE TURNOVER	**3,606**	**2,302**
COS | NON-MONETARY	(302)	(223)
NET REVENUE	**3,304**	**2,079**
COS | MONETARY	(215)	(106)
REBATES	(117)	(63)
GROSS PROFIT	**2,971**	**1,909**
OPERATING EXPENSES	(2,166)	(1,767)
OPERATING PROFIT	**805**	**141**
OPERATIONAL Margin	**23%**	**6%**

Above Figures are rounded to the nearest thousands

FINANCIAL STATEMENT

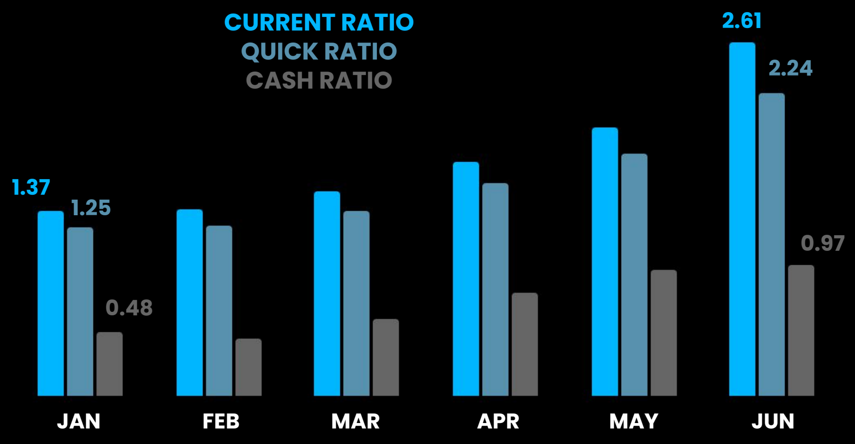
CONSOLIDATED BALANCE SHEET

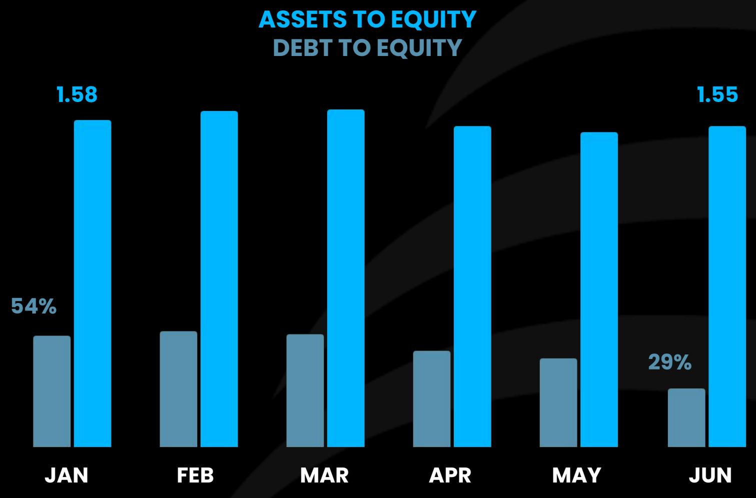
	30 June 2023	30 June 2022
ASSETS		
NON-CURRENT	1,193	1,664
CURRENT	6,290	4,965
TOTAL ASSETS	**7,488**	**6,610**
LIABILITIES		
NON-CURRENT	216	292
CURRENT	2,423	3,079
TOTAL LIABILITIES	**2,640**	**3,371**
EQUITY		
TOTAL EQUITY	**4,843**	**3,238**
TOTAL LIABILITIES & EQUITY	**7,488**	**6,610**

Above Figures are rounded to the nearest thousands

FINANCIAL ANALYSIS

LIQUIDITY & LEVERAGE RATIOS





Cash Ratio: Throughout the initial half of 2023, the company has shown a continuous improvement in its liquidity position as reflected by the Cash Ratio. By skillfully managing receivables collection, settling business loans, and strategically timing dividend distributions, the company achieved a favorable liquidity standing by the mid-year mark. Commencing at 0.48 and experiencing a minor decline the subsequent month, the ratio demonstrated a consistent ascent starting from March. This upward trajectory culminated in June with a ratio of 0.97, signifying a substantial boost in financial stability.

Current Ratio: exhibited a steady rise from the beginning of the year, reaching a noteworthy 2.64 by June. This increase can be attributed to a greater decrease in current liabilities compared to the drop in current assets during June. Even with dividend distribution in the same month, the company's stable cash position was sustained by the strong collections in preceding months.

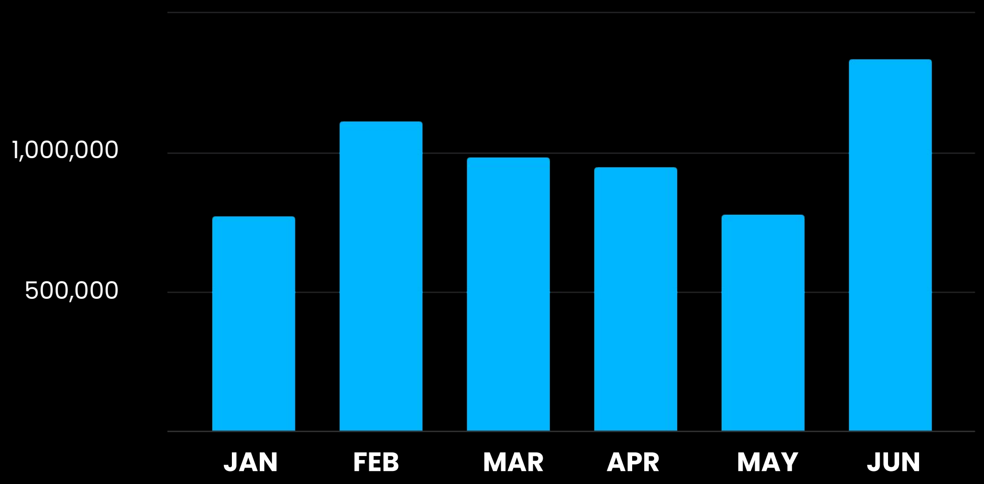
Quick Ratio displayed a consistent upward trajectory, progressing from 1.25 in January to 2.24 by June. This positive trend indicates the company's growing ability to meet short-term obligations using its most liquid assets. The company's strategic efforts to trim non-essential current liabilities have contributed to this trend, reflecting its enhanced financial stability in confronting economic challenges. Throughout the initial half of the year, the cash collection percentage remained commendable, peaking at an impressive 126% in March.

Debt to Equity In the first six months of 2023, our debt-to-equity ratio dropped from 53.75% in January to 28.84% in June. This change came from paying off dividends, finishing prepaid customer projects, and regular payments on our business loan. Additionally, a profit of USD 805,000 boosted our equity. The first half of 2023 has been characterized by the company's strategic efforts to manage and reduce debt, this combined with a strong profitability margin helped the company towards a healthier financial position. In addition to our positive financial progress, it's noteworthy that the company currently operates without any external loans and stands firmly on its own financial strength

Asset to Equity: The data illustrates the company's leverage has maintained a consistent level throughout the past six months, displaying only minor variations. Although the ratio initially experienced a modest rise in the first quarter, it subsequently diminishes and settles during the second quarter. The company successfully upholds an equilibrium between its assets and equity, avoiding excessive leverage as well as excessive dependence on equity.

FINANCIAL ANALYSIS

OPERATING WORKING CAPITAL



Operating Working Capital reveals notable trends over the observed months. In February, there was a noticeable rise compared to January, which can be attributed to an increase in Accounts Receivable (AR). This uptick is directly linked to a surge in revenue prompted by heightened spending during the Ramadan period.

Subsequently, from March onward, there is a consistent reduction in AR. This decrease aligns with the simultaneous increase in Cash Collections from Clients, surpassing the monthly revenue generated from sales. This suggests efficient collections practices and healthier cash flow management.

Accounts Payable (AP), on the other hand, remains relatively stable from February to May, indicating consistent payment practices with suppliers or vendors. However, in June, there is a discernible dip, coinciding with the release of dividends. This dip results in an increase in Operating Working Capital, bringing it to its peak for the year.

The overall analysis demonstrates the company's adept management of its operating working capital. The initial AR increase due to heightened revenue during Ramadan was later balanced by effective cash collections. The stability of AP reflects prudent financial management. The spike in June, attributable to dividend release, indicates a strategic approach to cash distribution

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“If I played my part well, clap your hands, and dismiss me with applause from the stage”

Caesar Augustus
(63 BC - 14 AD)

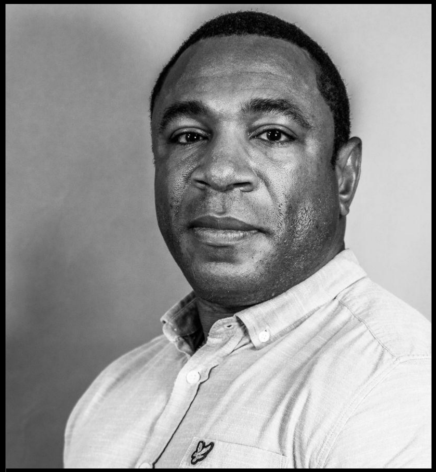
AUGUSTUS

Leadership Team

Richard Fitzgerald
CEO & Founder

F. Josef Obeid
CFO

Amy Jones
Sr. Content Director UAE



Michael Smith
Grp. Commercial Director UAE

Mayowa Tola-Voss
Commercial Director UAE

Casey Fitzgerald
Content Director UAE

Iyad Al Saady
Country Director KSA

Shady Mazhar
Managing Director EGY

Suzana Gojkovic
Country Manager QAT

Hamdan Bawazir
Commercial Director UAE

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