

# Verve Acquires Jun Group, a Mobile First Digital Advertising Firm, Resulting in Combined, Pro Forma, €447m Revenues and €151m Adj. EBITDA, Reduced Leverage of 2.4x, Updated Mid-Term Financial Targets

Disclosure of inside information according to Article 17 MAR of the Regulation (EU) No 596/2014 - June 18, 2024

Verve Group SE ("Verve" or the "Company", ISIN: SE0018538068; ticker: VER / M8G) a fast-growing, profitable digital media company that provides AI-driven advertising-software solutions, has successfully entered into an agreement with Advantage Solutions Inc. (NASDAQ: ADV) to acquire 100 percent of the interests in Jun Group, a leading mobile advertising company with a special focus on the demand side and strong relationships with leading brands and media agencies in the United States (the "Transaction"). Following the significant increased size and profitability, Verve updates its mid-term financial targets.

## TRANSACTION OVERVIEW

- Jun Group's mobile-first demand side business with direct access to 230+ Fortune 500 Advertisers and Agencies in the United States is the perfect fit for Verve's market leading US centric mobile-supply-side platform. The Transaction will result in a more balanced sales model with 30% demand-side business and 70% supply-side business.
- Jun Group serves a constantly growing and highly diversified client base.
- The transformative transaction will materially increase the size and profitability of Verve, adding circa 23% revenue and 43% adj. EBITDA to the group, resulting in about €447 million revenues and €151 million adj. EBITDA on a pro forma basis 2024E.
- The total consideration on a cash and debt free basis amounts to EUR 170 million
- Verve's already strong H1 2024 combined with this transformative acquisition leads to a significant 2024 guidance increase to €380-400 million (350-370m) in revenue and €115-125 million (100-110m) in adj. EBITDA.
- Following the significant increased size and profitability, Verve updates its mid-term financial targets to 25-30% Revenue CAGR (unchanged), 30-35% EBITDA margin (25-30%), 20-25% EBIT margin (15-20%) and reduces the net leverage target significantly to 1.5-2.5x (2.0-3.0x).

## Combined Group Financials 2024E

€m	Verve (IFRS)	Jun Group (IFRS) <sup>1</sup>	Combined Pro Forma <sup>1</sup>
Revenue	360	87	447
adj. EBITDA	105	45	151
adj. EBITDA margin	29%	52%	34%

Notes: 1) Pro forma Including annualized synergies materialized in 2024

- The combination of Verve and Jun Group significantly expands reach and scale of the combined company with proforma revenues of approximately €447 million and EBITDA of €151 million in 2024.

- The 52% EBITDA margin of Jun Group is expected to be achieved by combining the attractive size of Jun Group's demand side business with Verve's market leading supply side platform which results in significant revenue and cost synergies.
- The high EBITDA margin of 52%, thereof 95% cash EBITDA, improves Verve's combined EBITDA margin to 34% and significantly increases the cash conversion.
- At an implied 10% organic growth rate in 2025, the EBITDA will grow to approximately €170m of which approximately 80% is cash EBITDA.
- The Transaction will improve Verve's balance sheet, increase flexibility and reduce leverage to 2.4x on 2024E pro forma basis (2.8x including deferred payment).
- The strong cash EBITDA will materially improve the quality of earnings and the ability to deleverage. The improved leverage metrics are expected to reduce funding cost once existing debt is refinanced.
- The total consideration on a cash- and debt- free basis is divided into three fixed components comprising 3 installments totaling €170 million
  - €120 million closing consideration will be paid from cash at hand while the company intends to issue equity to maintain the Company's desired capital structure with a mid-term pro forma Net Leverage ratio of 1.5-2.5x.
  - The deferred consideration is payable in two annual instalments of €25 million and will be paid out of running cashflow 12 and 18 month after closing.
- The Acquisition is expected to close around September 2024, pending regulatory approvals.

#### **Remco Westermann, CEO of Verve**

*"Over the past few years, we have built Verve into a strong, organically growing media company with a primary focus on the advertising supply side. With Jun Group, we are now significantly strengthening the demand side, which will enable us to achieve significant synergies. With a better balance between supply and demand, we can further increase transparency and efficiency for our clients, both publishers and advertisers, in line with our mission "Let's Make Media Better". In summary, this acquisition takes Verve to the next level, both operationally and in terms of growth and profitability, while reducing leverage."*

#### **Advisors**

Davis+Gilbert LLP and KPMG LLP served as advisors to Verve on the transaction.

#### **CONFERENCE CALL FOR INVESTORS, ANALYSTS AND THE MEDIA**

##### **Event date**

June 19, 2024, 09:30 am CEST

##### **Weblink**

If you wish to participate via webcast please use the link below.

<https://ir.financialhearings.com/press-conference-june-19-2024>

To ask questions or if you wish to participate via teleconference please register on the link below. After registration you will be provided phone numbers and a conference ID to access the conference. You can ask questions verbally via the teleconference.

<https://conference.financialhearings.com/teleconference/?id=5001057>

### **Responsible parties**

This information is such information Verve Group SE is obliged to make public in accordance with the (EU) Market Abuse Regulation 596/2014. The information in this release has been made public through the agency of the responsible persons set out below for publication at the time stated by Verve's news distributor EQS Newswire at the publication of this release. The responsible persons below may be contacted for further information.

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### **About Verve**

Verve Group SE ("Verve" or the "Company", ISIN: SE0018538068; ticker: VER / M8G) is a fast-growing, profitable digital media company that provides AI-driven ad-software solutions. Verve matches global advertiser demand with publisher ad-supply, enhancing results through first-party data from its own content. Aligned with our mission, "Let's make media better," the company focuses on enabling better outcomes for brands, agencies, and publishers with responsible advertising solutions, with an emphasis on emerging media channels. Verve's main operational presence is in North America and Europe, and it is registered as a Societas Europaea in Sweden (registration number 517100-0143). Its shares are listed on the Nasdaq First North Premier Growth Market in Stockholm and the Scale segment of the Frankfurt Stock Exchange. The company has three secured bonds listed on Nasdaq Stockholm and the Frankfurt Stock Exchange Open Market. Verve's certified advisor on the Nasdaq First North Premier Growth Market is FNCA Sweden AB; contact info: [info@fnca.se](mailto:info@fnca.se).

### **Forward-looking statements**

This release contains forward-looking statements that reflect the Company's intentions, beliefs, or current expectations about and targets for the Company's and the group's future results of operations, financial condition, liquidity, performance, prospects, anticipated growth, strategies and opportunities and the markets in which the Company and the group operates. Forward-looking statements are statements that are not historical facts and may be identified by words such as "believe", "expect", "anticipate", "intend", "may", "plan", "estimate", "will", "should", "could", "aim" or "might", or, in each case, their negative, or similar expressions. The forward-looking statements in this release, including the pro-forma financial figures addressed therein, are based upon various assumptions, many of which are based, in turn, upon further assumptions. Although the Company believes that the expectations reflected in these forward-looking statements and pro-forma financial numbers are reasonable it can give no assurances that they will materialize or prove to be correct. Because these statements are based on assumptions or estimates and are subject to risks and uncertainties, the actual results or outcome could differ materially from those set out in the forward-looking statements as a result of many factors. Such risks, uncertainties, contingencies and other important factors could cause actual events to differ materially from the expectations expressed or implied in this release by such forward-looking statements. The Company does not guarantee that the assumptions underlying the forward-looking statements in this release (including the pro-forma

financial figures) are free from errors and readers of this release should not place undue reliance on the forward-looking statements in this release. The information, opinions and forward-looking statements that are expressly or implicitly contained herein speak only as of its date and are subject to change without notice. Neither the Company nor anyone else undertake to review, update, confirm or to release publicly any revisions to any forward-looking statements to reflect events that occur or circumstances that arise in relation to the content of this release, unless it is so required by law or applicable stock exchange rules.