2020 Azerion Holding B.V.

Azerion Holding B.V.
Schiphol- Rijk
Beechavenue 182

PricewaterhouseCoopers
Accountants N.V.
For identification
purposes only

Content

Company financial statements for the year ended December 31, 2020

Other information

Report of Management Board

Report of Management Board

Management of Azerion Holding B.V. (hereinafter 'Azerion', 'the Company' or 'the Group') hereby presents its management report for the financial year ended on December 31, 2020.

General information

Azerion is a pan-European Content, technology and data company providing a broad range of gaming and entertainment content through a proprietary, proven and scaled technology platform for people of all ages to enjoy. The integrated platform includes content development and operation, owned and 3rd party content distribution as well as fully embedded monetization features. Content creators, publishers and advertisers work with Azerion to reach millions of people across the globe that play games from Azerion and uses the entertainment concepts to increase engagement, loyalty and drive e-commerce.
Core values of this platform are trust, quality content, and responsible, multi-cultural and entrepreneurial behaviour. We own the content and the technology to guarantee safety and reliability.

Azerion's digital platform helps consumers to connect to a high quality entertainment environment, free of incidents of crimes or inappropriate behaviour, safe for their families and respectful of their privacy; helps advertisers to connect to real, valuable human audiences to show them an attractive message at the right time, in appropriate and validated environments; helps distributors like publishers, broadcasters and telco's to monetize visitors through the ecosystem's sales force, its data, its technology and increased user engagement and helps the creators of video and gaming content to easily and quickly connect to the people, the advertisers and the distributors.

Azerion's unique digital platform execution provides revenue streams in all parts of the value chain creating synergistic opportunities for the Group to retain ad spend within the Ecosystem. Azerion is a highly diversified business generating revenue from a broad range of jurisdictions and verticals across its two segments.

Azerion is organized by way of two different segments: Gaming and Monetization Tech, with their own management structures which report into the company management board. The revenue can be split between B2C and B2B where the business area Gaming mainly focuses on B2C and Monetization Tech on B2B. Amongst the most important categories of customers and suppliers are the leading publishers of newspapers, multinational technology company that specializes in Internet-related services and products, and the gaming community.

Financial information

Azerion grew its net traded revenues by 13.0% year-on-year, including acquisitions, in 2020 to € 195.1 million (2019: € 172.6 million). Operating profit increased from € 1.9 million in 2019 to € 3.8 million in 2020 mainly driven by increased share of Gaming revenues within Azerion and successful integrations.

Net result (before minority share) amounted to € 5.4 million negative, compared to € 4.0 million negative for the full year 2019.

The structure regime is not applicable for Azerion.

Financing and liquidity

The outstanding bond of € 25.0 million with bank covenants was fully repaid with proceeds from the issuance of new bonds of € 72.5 million in Q1 of 2020.

The COVID-19 outbreak has affected our business from March 2020 onwards and might continue to do so in the future. The measures taken by various governments and the internal proactive cost-reduction actions taken by Azerion have been effective to contain and mitigate its impact in the long term. Based on the facts and circumstances at this moment and the possible scenarios about how the COVID-19 and resulting government measures could evolve, management has taken strong measures to deal with the uncertainties described above. Whilst uncertain, we do not believe, however, that the impact of the COVID-19 virus would have a material adverse effect on our financial condition or liquidity. The accounting principles applied to the valuation of assets and liabilities and the determination of results in these financial statements are based on the assumption of continuity of the company.

Cash flow

The Group's cash inflow from operating activities totalled € 19.5 million compared to a cash outflow of € 6.5 million for the full year 2019. Cash outflow from investing activities totalled € 22.7 million compared to the cash outflow for € 16.2 million for the full year 2019. This was primarily the result of our acquisitions done in 2020. The Group's cash inflow from financing activities totalled € 3.6 million compared to the cash inflow for € 31.1 million for the full 2019, driven by the Group's bond repayments in 2020.

Capital

On March 9, 2020 Azerion successfully placed € 60.0 million of senior secured floated rate bonds under a total framework of € 100.0 million. A subsequent bond issue in an amount of € 12.5 million was placed under this framework on November 27, 2020, increasing outstanding bonds to € 72.5 million on December 31, 2020. The net proceeds from the bond issues within 2020 were utilized to finance the selected acquisitions, to finance transaction costs and for general corporate purposes.

Capex

Azerion capitalizes its development costs, which are generated by the continuous investments in asset development, a core activity to support innovation in our content and technology platforms. These costs primarily relate to developers' time devoted to the development of games, platforms, and other new features. A total of € 12.1 million (2019: € 8.5 million) were additions due to internal development, out of which € 8 million (2019: € 6.5 million) was developed with own personnel, equivalent to 4.1% (2019: 3.8%) of revenue or 24.5% (2019: 22.5%) of personnel cost. Any costs associated with research are expensed as they arise and only identifiable development costs are capitalised.

First time IFRS adoption

The board elected to adopt the International Financial Reporting Standards ("IFRS") as its framework for financial reporting for the first time in 2020. As a consequence, the financial positions are restated, effective January 1, 2019, to reflect IFRS compliant figures.

Information regarding financial instruments

Financial instruments include trade and other receivables, cash items, trade payables and other amounts payable. During the normal course of business, the Group uses various financial instruments that expose it to market, currency, interest, cash flow, credit and liquidity risks. To control these risks, the Group has instituted a policy and procedures that are intended to limit the risks of unpredictable adverse developments in the financial markets and thus for the financial performance of the Group. The business expose itself to limited risks within financial instruments, due to the nature of the business. Contracts are short-term, hedge accounting is non-existing and currency exposure is limited. The company's largest part of the revenue and external financing is in Euro.

Mergers and acquisitions

In 2020 Azerion made acquisitions in the following businesses:
Control obtained
- 100% of issued capital in of Triodor Holding B.V.
- 95% of issued capital in Spil Games Group B.V.
- 100% of issued capital in Collective Europe Ltd.
- 49% of issued capital of Sulake OY (bringing total shareholding to 100%)
- 49% of shares in Quantum Nederland B.V. (direct and indirect shareholding totals 76.87%)

These acquisitions not only expanded the content proposition but also solidified Azerion European footprint in the Monetization industry. 2020 acquisitions supported our vision to deliver entire value chain solutions to our ecosystem of advertisers, publishers and consumers. These are all very high-quality businesses that fit perfectly into Azerion's vision of delivering value to each of the business units.

The following entities went into a legal merger:

Widespace GmbH, Improve GmbH and Netwerk 360 GmbH into Hi Media GmbH, all in Germany.

Disinvestments

The following entities have been disinvested during 2020: Huz B.V., Multiverse and Admoove Sweden AB. Sale of 50% stake in J V HTT Pool AB. The entity OGDMCC was liquidated.

Significant risks and uncertainties

The gaming industry is a dynamic global market. There are many external influences, such as legislation, governments, infrastructure and new technologies. The Personal Data Protection Act has a lot of influence on the cookie policy, which has a negative result on the traceability of the user. Another external factor is a technological factor, such as the ad blockers. The emergence of ad blockers has had a negative effect on the volume of ads. In addition, Azerion must be continuously technically competent and prepared for all kinds of fraud and deception on digital traffic and the internet. Failure of internet and infrastructure is a major uncertainty. Although this type of major failure occurs rarely, it can have a major effect if it happens. The risk for failure within personal integrity and frauds is handled with highest importance.

The main risks that result from the current uncertain situation regarding COVID-19 are:

Revenues and profitability:

The confinement effects of the COVID-19 global pandemic have been a recurring theme throughout the year 2020. In March and throughout Q2 we witnessed substantial increases in games user volumes, heightened user engagement levels and increasing player-to-payer conversion across platforms and titles. Although the easing of lockdown measures somewhat normalized post-summer user volumes, user engagement and in-app monetization remained strong throughout H2 of 2020. As such, the Group realized an increase of 13.0%, including acquisitions, in consolidated net revenue for the period, amounting to € 195.1 million, as compared to the full year 2019 (€ 172.6 million).

Strategically, we purposefully adjusted our focus on in-app monetization – as opposed to advertising monetization – which was negatively impacted by the pandemic and the widespread cut by advertisers in advertising budgets and spend. Azerion was fast to recognize the potential impact and took early measures to adapt the organizational set-up to mitigate these negative effects as well as possible. These response measures included targeted cost control and increased focus on our technology and product portfolio.

During and after the summer advertising activity started to recover again albeit still below pre-pandemic levels. Within 2020, we invested large efforts into expanding our Gaming portfolio with new, high-quality titles, including Monopoly Poker, Habbo 2020, Troll Face Quest and Sara's Diner to name a few, driving organic volume growth across our portfolio. In addition, we expanded the geographic reach of our e-commerce platform and substantially increased the depth of its catalogue and enhanced game exclusives.

Furthermore, we have continued to fuel our inorganic growth and deliver on our expansion objectives for 2020 by completing four acquisitions and concluding on the step-acquisition from majority shareholding to full ownership of Finnish gaming icon Sulake.

Credit Risk: We see no increased credit risk and expect our major customers to stay liquid and fulfil expectations both when it comes to revenue forecast and on time payments.

Impairments: The COVID-19 pandemic is not expected to result in any impairments.

Government assistance: Azerion applied for governmental assistance in 2020 during the COVID-19 pandemic. This assistance has taken different forms in accordance with the country regulations of which the employees' furlough and wage tax deferral are the most widely used. Azerion is aware that governments across Europe are defining plans to allow companies to return the tax deferrals maintaining the company's liquidity to avoid further dismissals.

Risks relating to the Group

The extent to which Azerion is prepared to take risks to achieve its objectives differs according to each objective and risk category. Risk limits are set out in various policy documents, handbooks and company regulations that define the specific limits and tolerances of the various operational activities.

Risk category	**Risk appetite**	**Description**
Strategic risks		
Risks relating to success of new developments	High	There is a risk that the acquisition, development, distribution or introduction of new popular online games or extending the life of existing popular online games could fail.

Customer behaviour	Medium	If Azerion is unable to attract and maintain a sufficient userbase or fails to offer attractive advertising models and/or auction tech platforms, advertisers may not be interested in purchasing advertisements in Azerion's games and/or network and publishers may not be interested in selling advertisement space through Azerion's monetization tech solutions, which would have a material adverse effect on Azerion's financial position.
Dependence on paying players and risk related to "cheats"	Medium	Azerion's games are mainly available to users for free, and Azerion generates revenue from the games, inter alia, when users make in-app purchases while playing a game as well as from in-app and/or in game advertising. If Azerion fails to manage its gaming economies properly or fails to protect Azerion's games against cheats or malfunction, users may be less likely to spend money in the games, which would have a material adverse effect on Azerion's business and result of operation.
Risks relating to third party content owners and reliance on third party platforms	Medium	There is a risk that Azerion fails to maintain good relationships with a sufficient number of owners of popular content which could cause the number of gaming and other content downloads through its distribution platforms to decrease.
Risks related to regulatory non-compliance		
Risks related to handling of personal data and GDPR	Medium	There is the risk that third parties may obtain and use customer-related data or other information by circumventing the internal security systems which is part of Azerion's business secrets. Should data from customers not be properly handled, this may impair the reputation of the Group in the public eye and in particular result in players refraining from making use of Azerion's services which would have a material adverse effect on Azerion's business and result of operation.
Regulation restricting access to Azerion's online games.	Medium	Gambling regulation, GDRP and child protection regulation are regulations subject to change over period and by country. There is a risk that the change in these regulations might lead to access of Azerion games being restricted.
Risks related to IT and Intellectual property		
Risks related to technology developments	High	There is a risk that adjustments and changes in technology, development platforms, mobile devices or operating models can affect the online gaming industry and have adverse effect on Azerion's earnings and results of operations.
Risks related to intellectual property	Medium	There is a risk that Azerion's failure to protect its IPR and expenses related thereto would have a material adverse effect on Azerion's business and result of operation.
Risk related to cyber security and dependence on third parties	Medium	There is a risk that Azerion failing to prevent any disruptions and/or external threats like hackers, would have a material adverse effect on Azerion's business and result of operation.
Operational risks		
Acquisition risks	High	Azerion may not be able to successfully integrate acquisitions without substantial costs, delays or other problems. The costs of such integration could have a material adverse effect on Azerion's operating results and financial condition. Azerion being unable to achieve the cost savings or synergies that it

		expects to achieve from Azerion's strategic initiatives, would have a material adverse effect on Azerion's business and result of operation.
Monetization Tech risks	Medium	The monetization tech segment of Azerion's operations allows advertisers and publishers to purchase marketing slots on Azerion's platforms. The short contract lengths combined with the contracts being relatively easy to terminate may cause advertisers and publishers to not renew, or terminate, their contracts on short notice and take their business to a competitor of Azerion. As a result, advertisers and publishers may partially or completely stop purchasing ads without Azerion being entitled to any compensation in this segment which will have an adverse effect on Azerion's earnings and results of operations.
Risks related to the nature of the bonds		
Put options	Medium	Pursuant to the final terms and conditions for the Bonds, the Bonds will be subject to prepayment at the option of each bondholder (put options) if certain events occur. There is, a risk that the Group will not have sufficient funds at the time of such prepayment to make the required prepayment of the Bonds which would have a material adverse effect on the Group, e.g., by causing insolvency or an event of default under the Terms and Conditions, and thus have a material adverse effect on all bondholders and not only those that choose to exercise the option.
Risks related to early redemption	Medium	Under the Terms and Conditions, the Group will have reserved the possibility to redeem all outstanding Bonds before the final redemption date. There is a risk that the market value of the Bonds is higher than the early redemption amount and that it may not be possible for bondholders to reinvest such proceeds at an effective interest rate as high as the interest rate on the Bonds. It is possible that the Group, in the event of a mandatory prepayment, will not have sufficient funds to carry out the required redemption of Bonds.
Risks related to security		
Risks related to inte rcreditor arrangeme nt	Medium	The Group may in the future incur debt under a super senior working capital facility and request that the Bondholders enters into an intercreditor agreement with the Group, the creditors in respect of the super senior working capital facility and hedging agreements and any provider of new debt). Any super senior working capital facility and hedging agreements will, following the entering into of an intercreditor agreement, rank senior to the Bonds and there is a risk that the proceeds from an enforcement sale of the security assets will not be sufficient to repay any amounts under the Bonds
Risks relating to the guarantees	Medium	Although Azerion's obligations towards the bondholders under the Bonds will be guaranteed, there is risk that any enforcement of claims under the guarantees would be

		insufficient to satisfy all amounts owed to the bondholders at the time of enforcement. If the guarantors were to guarantee any other obligations, there is a risk that guarantees granted towards the current bondholders would be impaired.
Risks relating to the transaction security	Medium	Although Azerion's obligations towards the bondholders under the Bonds will be secured, there is a risk that the proceeds of any enforcement sale of the pledged shares or that the sums of money of the pledged intra-group loans will not be sufficient to satisfy all amounts owed to the bondholders. Pursuant to the Terms and Conditions the Group will be able to issue subsequent Bonds and the holders of such Bonds will become bondholders entitled to share the security granted to the existing bondholders. There is a risk that the issue of subsequent Bonds will have a material adverse effect on the value of the security granted to the bondholders.

Employees

In 2020 Azerion had 788 employees of which approximately 38% is female and 62% is male. The average number of employees, based on full-time equivalents, increased from 547 to 729. This growth is the result of several acquisitions. Our talent pool represents more than 50 different nationalities, religions, of cultural communities. The number of employees based in the Netherlands amounts to 270.

Composition of the Executive board

The Executive Board consists of 5 members. Currently there is one female in the Executive Board of the Company (out of five Board members). This is not yet in line with the targeted distribution for gender diversity in the Management Board as provided by Article 2:391 (7) DCC. Azerion, however, is well aware of this targeted distribution and has not yet been able to comply with this requirement. In filling future vacancies in the Management Board gender diversity is an objective alongside the preservation of requisite business experience. This imbalance is also explained by seats taken by shareholders and executives from acquired companies.

Environmental and human resources

We are observing the European Union Non-Financial Reporting Directive 2014/95/EU (EU NFRD) very thoroughly.
This Directive provides guidelines and recommendations for companies like us, in relation to the content and form of our reports containing the non-financial aspects of our business.

These 5 main topics include the following:
- employee and social-related matters;
- environmental matters;
- respect for human rights;
- anti-corruption measures; and
- bribery matters.

Employee matters

We believe in building a lasting organization that values the talent of its people by supporting them to achieve optimum development in a workplace that prioritizes respect. When it comes to our clients, our hope is that their experience of Azerion is one that is positive, enriching and leads to a lifelong business relationship.

Azerion has a decentralized non-mandatory Code of Conduct policy in place due to the different regulations by law in the countries we are based. In 2020, no cases within Azerion required the application of the Code of Conduct.

Azerion is striving towards creating a work and gaming environment that is open to and inclusive of all regardless of the diversity factors employees or gamers identify with. We embrace all people regardless of background, nationality, gender, personal sexual preference and beliefs. Across the Azerion Group, we are proud to represent more than 50 different nationalities spanning several continents. At Azerion, diversity and inclusion are an integral part of our history, culture, and identity. Together, we continue to build an inclusive culture that encourages, supports, and celebrates the diverse voices of our employees. It fuels our innovation and connects us closer to the customers and the communities we serve. We recognize the importance of diversity within our teams and company. Naturally from the growth through our acquisitions we have welcomed many new 'company' cultures and a broad diversity of employees to the Azerion family.

Vitality is of great importance to our corporate social responsibility strategy based on Azerion's drive to ensure a healthy and active workforce. To this end, the canteen at HQ offers healthy meals daily with a vegetarian option once a week and provides vegan products upon employee's request. The employees are welcome to attend free sports like kickboxing and yoga classes in our gym. Our hope is that this offer of health and wellness initiatives will build an Azerion workforce that can give its best.

Social matters

At Azerion we realise that the more important we become as a company in the global digital gaming and monetizing tech industry the greater our impact, responsibility and contribution to the world around us becomes. In order to support the industry, Azerion can be in a position to encourage gamers & audiences to be educated in, inspired by and active around the wider sustainability agenda. Educational Responsibility and contributing to society have been a core value since Azerion's founding. We launched the Dream on Talent Project with eminent educational partners in Amsterdam and Rotterdam. The Project targets ambitious students with a bicultural background engaging them in inspiring and interactive workshops and meetings. We also guided and coached promising entrepreneurs in realizing their dream with our Dutch Dream Coaching program. Moreover, we partnered up with NL Cares motivating our employees to participate in voluntary activities.

Environmental matters

We note with concern the climate challenges that are occurring on our planet and the impact we as a company can have on this issue. Sustainability is high on our executive agenda and we will support several initiatives aimed at protecting the environment.
Mapping our footprint helps us to gain insight into our carbon emissions to understand the environmental impact of different aspects of our business. We began our environmental sustainability journey by mapping our carbon footprint. Next to gaining insights we believe in a joint awareness and support approach by mobilizing our employees and business in a wide Go Green and Level Up Campaign. With this we are urging employees to consider the impact of their actions on the environment and take steps to make this impact positive. Azerion has a high level of environmental awareness which also covers the activities stemming from the day to day running of our offices. All contracts, documents, letters and other paper handling is done digitally. Therefore, use of paper is reduced to an absolute minimum. Commuting by public transport is promoted and employees are compensated for their public transport expenses.

Furthermore, we are a partner on and support an offsetting program in the form of a cherry tree orchard in Bahadin, Turkey. Once the trees reach maturity, they can compensate for some of our carbon emissions. This initiative will also restore nutrients and moisture to severely degraded soil and create jobs within the local community as the orchard and need for labour grows.

Human rights

At Azerion, we hold human rights in high regard within the different offices and products to ensure they are not violated. Our aspiration is for all gamers to use our products to play freely and fairly and for our employees to work in an environment where they feel they are respected, and their rights protected.

Anti-corruption

We do not tolerate corruption in any form and as a company. Azerion will strive to combat and prevent incidents of a corrupt nature.

Anti-bribery

Occurrences of bribery are uncommon in our industry but nevertheless, we remain alert to ensure that no such incidents arise within the company. Our ambition is to embrace an ethical and transparent way of conducting our business.

Research and development

Azerion has a large R&D team that drives the development of online games and monetization platforms. Within 2020, we invested large efforts into expanding our gaming portfolio with new, high quality titles, including Monopoly Poker, Habbo 2020, Troll Face Quest and Sara's Diner to name a few, driving organic volume growth across our portfolio. The development process, including software architecture and planning is managed from HQ in Schiphol-Rijk.

Azerion acquired the international software development company Triodor in December 2020. Head-quartered in the Netherlands and with an award-winning software development centre in Istanbul, Turkey, Triodor has been involved in game development and customer support for Azerion since 2015. The acquisition significantly increases our development capacity and enhances the technical capabilities.

Subsequent events

Azerion placed a subsequent bond issue of € 27.5 million in February 2021. This bond issue was the third and last in a series under a total framework of € 100.0 million.

On April 16, 2021 Azerion successfully placed € 200.0 million of senior secured fixed rate bonds under a subsequent framework of € 300.0 million to qualified investors in the Nordics, Europe and the U.S. These bonds will have a tenor of 3 years and carry a fixed rate coupon of 7.25% per annum. Proceeds from this transaction have been used to repay the Group's outstanding € 100.0 million bond on May 7, 2021. The remainder of the € 200.0 million issue is intended to finance several acquisitions, to finance transaction costs and for general corporate purposes.

On March 20, 2021 the decision was made to lease a new office at Boeingavenue 30, making the current leases at Beechavenue 132 and 182 obsolete. The reason was the need for an expedient office space to facilitate space for all employees increasing efficiency. This resulted in the related RoU asset being written off to nil, resulting in RoU assets decreasing with € 2.5 million and an impairment loss of € 2.5 million being recognized in 2021.

On May 18, 2021 Azerion acquired the UK based company Genba Digital Ltd. The purchase consideration amounted to € 22.0 million. The purchase consideration includes contingent consideration and equity instruments which have been valued using management's best estimate. Genba Digital will strengthen the Gaming business segment.

On June 21, 2021 Azerion acquired the Sweden based company Delta Projects. The purchase consideration amounted to € 8.7 million. The purchase consideration includes contingent consideration and equity instruments which have been valued using management's best estimate. Delta Projects has their own programmatic platform and will strengthen Azerion's Monetization Tech segment.

On June 24, 2021 Azerion acquired the German based company WHOW Games GmbH. The purchase consideration amounted to € 56.0 million. The purchase consideration includes contingent consideration which have been valued using management's best estimate. WHOW will add value and strengthen the Gaming segment.

On June 30, 2021 Strossle International AB was acquired. Strossle is a Swedish media tech company, helping publishers optimize content distribution. The company use machine learning technologies which offer optimal mix of content, attract new users and offer native advertisers extended reach. The company has 7 offices: Stockholm, Malmö, Oslo, Copenhagen, Amsterdam (sold), Finland, Slovakia, Italy (closed), Hungary and Czech Republic. The purchase consideration amounted to € 10.8 million. The purchase consideration includes contingent consideration which have been valued using management's best estimate.

On July 30, 2021 an asset purchase agreement with SOFTGAMES - Mobile Entertainment Services GmbH was executed. The purchase consideration amounted to € 1.2 million.

On Aug 4, 2021 another Swedish company Kmobile AB was acquired. Kmobile is an advertising company helping advertisers and publishers with mobile advertising. The purchase consideration amounted to € 6.1 million. The purchase consideration includes contingent consideration which have been valued using management's best estimate.

On August 12, 2021 Talpa Azerion Gaming B.V. repurchased the shares from Talpa shareholder. By virtue of this transaction, Azerion Holding B.V. became the sole shareholder of Azerion Talpa Gaming BV. The effective date of control was May 01, 2021.

On August 30, 2021 the Dutch company Admeen B.V. was acquired. Admeen is a publisher and operator of casual games, web/mobile gaming portals. The purchase consideration amounted to € 4.5 million. The purchase consideration includes contingent consideration which have been valued using management's best estimate.

On August 31, 2021 Sublime Skinz Labs SAS was acquired. Sublime is a French leading advertising sales house and adtech company. By combining market leading technology with a creative first approach, Sublime simplifies the delivery of premium, user friendly digital ad formats. The purchase consideration amounted to € 13.1 million. The purchase consideration includes contingent consideration which have been valued using management's best estimate.

On October 15, 2021, Titan Gate AD (PubGalaxy) was acquired. Titan Gate operates a monetization platform which enables the publishers to sell desktop and mobile inventory to advertisers. The purchase consideration amounted to $ 4.75 million. The purchase consideration includes contingent consideration and equity instruments which have been valued using management's best estimate.

On October 16, 2021, Inskin Media LTD was acquired. Inskin is an advertising technology company creating and delivering creative advertising formats including video advertising and has offices in Germany, France, Hong Kong, Singapore and Australia. The purchase consideration amounted to GBP 14.4 million. The purchase consideration includes contingent consideration which have been valued using management's best estimate.

At the date of authorization of the financial statements for December 31, 2020, none of the purchase price allocations for the above entities have been finalized due to the short period of time between the announcements and the finalization of the financial statements. Consequently, no further disclosures on assets and liabilities acquired are made.

In October 2021 the interest rate on the loan to Principion was amended to 4% to reflect a market interest rate. This is a non-adjusting post balance sheet event. The addendum was retrospectively effective on the date of the loan but not accounted for as such in accordance with IFRS. In the 2021 financial year there will be a fair value remeasurement gain which will be recorded in equity.

During 2021 an extension of payment of wage tax was agreed with the Dutch Tax Authority. See Note 15 for the details of the deferred wage tax. This event is a non-adjusting post balance sheet event. In 2021 the deferred payments are to be presented as non-current for the amounts to be paid in more than one year.

Schiphol-Rijk, December 06, 2021

The Management Board:

Mr. U. Akpinar Chief Executive Officer	Mr. A Aytekin Chief Executive Officer	Ms. D. Alonso Chief Financial Officer

2020

Azerion Holding B.V. Annual Report

Consolidated statement of financial position as of December 31, 2020

	Notes	31 December 2020 €	31 December 2019 €	1 January 2019 €
Assets				
Non-current assets		**125,932,874**	**92,918,462**	**48,516,334**
Property, plant and equipment	4	7,039,615	7,757,120	5,118,581
Intangible assets (including goodwill)	5	94,930,680	74,302,331	37,797,619
Non-current financial assets	8	17,698,255	2,912,830	2,571,452
Deferred tax asset	22	2,385,398	3,892,253	3,028,682
Investment in joint venture	29	3,878,926	4,053,928	-
Current assets		**71,064,993**	**71,889,017**	**31,435,477**
Trade and other receivables	9	51,710,589	43,911,421	14,002,522
Contract assets	17	8,482,211	18,039,298	16,015,495
Current tax assets		475,930	25,643	-
Cash and cash equivalents	10	10,396,263	9,912,655	1,417,460
Total assets		**196,997,867**	**164,807,479**	**79,951,811**
Equity				
Share capital	11	1,176	1,176	1,176
Share premium	11	525,280	525,280	525,280
Legal Reserve	11	13,772,548	4,862,389	3,603,722
Share based payment reserve	13	657,696	223,559	-
Currency translation reserve	11	348,868	202,522	(41,897)
Other equity instruments	11	30,993,491	3,063,600	-
Retained earnings	11	(42,198,356)	(19,008,563)	(10,977,899)
Shareholders' equity		**4,100,703**	**(10,130,037)**	**(6,889,618)**
Non-controlling interest	11	2,076,971	5,243,854	2,036,378
Total equity		**6,177,674**	**(4,886,183)**	**(4,853,240)**
Liabilities				
Non-current liabilities		**83,434,098**	**21,859,900**	**25,565,961**
Borrowings	16	72,107,851	10,259,991	20,454,039
Lease liabilities	7.1	4,659,177	4,539,151	3,168,209
Provisions	14	862,641	2,256,455	813,895
Employee benefit obligations	12	652,271	479,948	-
Deferred tax liability	22	5,152,158	4,324,355	1,129,818
Current liabilities		**107,386,095**	**147,833,762**	**59,239,090**
Borrowings	16	11,375,012	54,560,034	5,569,655
Provisions	14	964,989	147,947	-
Trade and other payables	15	91,722,403	89,547,464	52,605,249
Contract liabilities	17	382,531	1,142,970	35,838
Current tax liabilities		1,397,454	692,311	27,952
Lease liabilities	7.1	1,543,706	1,743,036	1,000,396
Total liabilities		**190,820,193**	**169,693,662**	**84,805,051**
Total equity and liabilities		**196,997,867**	**164,807,479**	**79,951,811**

Consolidated statement of profit or loss and other comprehensive income for the year ended December 31, 2020

	Notes	2020 €	2019 €
Revenue	17	195,076,628	172,626,337
Costs of services and materials	20.1	(125,137,987)	(118,340,704)
Personnel costs	18	(32,700,670)	(28,920,844)
Depreciation	4	(2,893,403)	(2,473,787)
Amortization	5	(10,452,335)	(6,242,867)
Impairment of non-current assets	5	(4,675,000)	-
Other gains and losses	19	1,483,917	2,351,985
Other expenses	20.2	(16,852,184)	(17,033,758)
Operating profit / (loss)		**3,848,966**	**1,966,362**
Finance income	21	1,582,301	641,722
Finance costs	21	(10,675,746)	(6,476,442)
Net finance costs		**(9,093,445)**	**(5,834,720)**
Share in profit/(loss) of joint venture	29	(175,000)	(6,479)
Share in profit of participating interest		-	535,680
Profit / (loss) before tax		**(5,419,479)**	**(3,339,157)**
Income tax expense	22	(5,246)	(689,852)
Profit / (loss) for the year		**(5,424,725)**	**(4,029,009)**
Attributable to:			
Owners of the company		(5,320,505)	(3,829,089)
Non-controlling interest		(104,220)	(199,920)
Items that may be reclassified to profit and loss, net of tax			
Exchange difference on translation of foreign operations		146,346	244,419
Items that may not be reclassified to profit and loss, net of tax			
Remeasurement of net defined benefit liability	12	(132,797)	29,555
Total other comprehensive income		**13,549**	**273,974**
Total comprehensive income / (loss)		**(5,411,176)**	**(3,755,035)**
Attributable to:			
Owners of the company		(5,306,956)	(3,555,115)
Non-controlling interest		(104,220)	(199,920)

Consolidated statement of changes in equity for the year ended December 31, 2020

	Notes	Share capital €	Share premium €	Legal reserve €	Shared Based Payment Reserve €	Currency translation reserve €	Other equity instruments €	Retained Earnings €	Attributable to parent €	Non-controlling interest €	Total equity €
Notes		**11**	**11**	**11**	**13**	**11**	**11**			**11**	
Balance as of January 1, 2019		**1,176**	**525,280**	**3,603,722**	**-**	**(41,897)**	**-**	**(10,977,899)**	**(6,889,618)**	**2,036,378**	**(4,853,240)**
Loss for the year		-	-	-	-	-	-	(3,829,089)	(3,829,089)	(199,920)	(4,029,009)
Other comprehensive income / (loss)		-	-	-	-	244,419	-	29,555	273,974	-	273,974
Total comprehensive income / (loss)		-	-	-	-	244,419	-	(3,799,534)	(3,555,115)	(199,920)	(3,755,035)
Allocation / withdrawal of legal reserve		-	-	1,258,667	-	-	-	(1,258,667)	-	-	-
Transactions with owners in their capacity as owners:											
Share-based payments, net of tax		-	-	-	223,559	-	-	-	223,559	-	223,559
Issuance of acquisition share appreciation rights		-	-	-	-	-	3,063,600	-	3,063,600	-	3,063,600
Additions due to new acquisitions	28	-	-	-	-	-	-	-	-	6,851,237	6,851,237
Transactions with non-controlling shareholders								(2,972,463)	(2,972,463)	(3,443,841)	(6,416,304)
Total other movements		-	-	1,258,667	223,559	-	3,063,600	(4,231,130)	314,696	3,407,396	3,722,092
Balance as of December 31, 2019		**1,176**	**525,280**	**4,862,389**	**223,559**	**202,522**	**3,063,600**	**(19,008,563)**	**(10,130,037)**	**5,243,854**	**(4,886,183)**
Profit for the year		-	-	-	-	-	-	(5,320,505)	(5,320,505)	(104,220)	(5,424,725)
Other comprehensive income / (loss)		-	-	-	-	146,346	-	(132,797)	13,549	(193,046)	(179,497)
Total comprehensive income		-	-	-	-	146,346	-	(5,453,302)	(5,306,956)	(297,266)	(5,604,222)
Allocation / withdrawal of legal reserve		-	-	8,910,159	-	-	-	(8,910,159)	-	-	-
Transactions with owners in their capacity as owners:											
Share-based payments, net of tax		-	-	-	434,137	-	-	-	434,137	-	434,137
Borrowings converted to equity	16	-	-	-	-	-	14,971,957	-	14,971,957	-	14,971,957
Fair value adjustment on shareholder loans	8	-	-	-	-	-	-	(3,384,239)	(3,384,239)	-	(3,384,239)
Issuance of investor share appreciation rights	11	-	-	-	-	-	1,629,775	-	1,629,775	-	1,629,775
Acquisition related share appreciation rights	28	-	-	-	-	-	5,578,159	-	5,578,159	-	5,578,159
Transactions with non-controlling shareholders	28	-	-	-	-	-	5,750,000	(5,442,093)	307,907	(2,869,617)	(2,561,710)
Total other movements		-	-	8,910,159	434,137	-	27,929,891	(17,736,491)	19,537,696	(2,869,617)	16,668,079
Balance as of December 31, 2020		**1,176**	**525,280**	**13,772,548**	**657,696**	**348,868**	**30,993,491**	**(42,198,356)**	**4,100,703**	**2,076,971**	**6,177,674**

Consolidated statement of cash flows for the year ended December 31, 2020

	Notes	2020 €	2019 €
Cash flows from operating activities			
Operating profit / (loss)		3,848,966	1,966,362
Adjustments for:			
Depreciation and amortisation	4,5	13,345,738	8,716,654
Impairment of intangible assets	5	4,675,000	-
Movements in provisions per profit and loss		1,267,708	1,284,702
Share-based payments expense	13	434,137	223,559
Other non-cash items		(823,146)	(3,629,854)
Changes in working capital items:		**3,218,344**	**(11,148,656)**
Decrease in trade and other receivables	9	901,709	3,321,633
Changes in provisions	14	(393,917)	1,590,507
Increase/(Decrease) in trade and other payables	15	2,710,552	(16,060,796)
Cash generated from / (used in) operating activities		**25,966,747**	**(2,587,233)**
Interest received		454,194	592,614
Interest paid		(6,796,429)	(4,152,896)
Income taxes paid		(72,112)	(328,121)
Net cash inflow / (outflow) from operating activities		**19.552.400**	**(6,475,636)**
Cash flows from investing activities			
Payments for property, plant and equipment	4	(206,675)	(518,098)
Disposal of property, plant and equipment	4	-	38,089
Payments for intangibles	5	(12,088,063)	(8,541,687)
Disposal of intangibles	5	-	2,021
Acquisition of subsidiaries, net of cash	28	(10,476,633)	(4,217,744)
Disposal of interests in other entities	28	110,000	-
Increase in loans other investments	8	-	(959,600)
Prepayments on acquisitions	9	-	(2,000,000)
Net cash outflow from investing activities		**(22,661,371)**	**(16,197,019)**
Cash flows from financing activities			
Proceeds from external borrowings	27	70,417,250	41,040,208
Repayment of external borrowings	27	(43,036,104)	(4,577,990)
Payment of principal portion of lease liabilities	7	(2,158,775)	(1,563,080)
Increase in loan to related parties	8	(25,360,411)	-
Repayments received on loan to related parties	8	6,411,129	-
Acquisition of additional shares in subsidiaries	28	(2,650,000)	(3,762,140)
Net cash inflows from financing activities		**3,623,089**	**31,136,998**
Net increase in cash and cash equivalents		514,118	8,464,343
Effects of foreign exchange rates		(30,510)	30,852
Cash and cash equivalents at the beginning of the year	10	9,912,655	1,417,460
Cash and cash equivalents at the end of the year	10	**10,396,263**	**9,912,655**

Notes to the consolidated financial statements

1. General information

1.1 Azerion Holding B.V. information

Azerion Holding B.V. (the 'Company') is a private limited liability company incorporated under Dutch law on November 11, 2013 and registered at Schiphol- Rijk Beechavenue 182, the Netherlands. The Company's number in the Trade Register at the Chamber of Commerce is 59272449. The Company is a holding company with its main operations situated in the Netherlands.

1.2 Business activities

These consolidated financial statements comprise the Company and its subsidiaries and entities it exercises control (the 'Group' or 'Azerion'). Azerion is a content, technology and data company that provides safe, reliable and valuable content and services. The mission is to engage users while helping advertisers and publishers connect with them in a meaningful and valuable way. The group touches real people when they're actively engaging with their friends and their favourite content while also helping advertisers and publishers to connect with these people. Azerion believes there is an important future in digital entertainment and has built an ecosystem around entertainment content. Core values of this ecosystem are trust, quality content, and responsible, multi-cultural and entrepreneurial behaviour.

This digital ecosystem helps consumers to connect to a high quality entertainment environment, free of malicious practices, safe for their families and respectful of their privacy; helps advertisers to connect to real, valuable human audiences to show them an attractive message at the right time, in appropriate and validated environments; helps distributors like publishers, broadcasters and telco's to monetize visitors through the ecosystem's sales force, its data, its technology and increased user engagement and helps the creators of video and gaming content to easily and quickly connect to the people, the advertisers and the distributors.

Azerion's Ecosystem execution provides revenue streams in all parts of the value chain creating opportunities for the Group to retain ad spend within the Ecosystem. Azerion is a highly diversified business generating revenue from a broad range of jurisdictions and verticals across its two segments, Gaming and Monetization Tech. Core focus is on the European market with approximately 98% of revenues generated in EU jurisdictions.

The two segments have their own management structures which report into the company management board.

1.3 Going concern

Management prepared these consolidated financial statements on the going concern basis.

The Group earned a comprehensive loss of € 5.4 million (2019: € 3.8 million loss) for the year ended December 31, 2020 of which an income of € 104 thousand loss is attributable to the non-controlling interest (2019: € 200 thousand loss). As of December 31, 2020, the Group had net assets of € 6.2 million (2019: € 4.9 million negative). Management believes that the application of going concern basis is appropriate as 6 December 2021.

COVID had a negative impact on all product lines in the advertising space. Azerion budgeted an increase of 25% in revenue in 2020 and only a total of 11% could be realised. Our expected revenue according to budget was € 220 million.

While still growing at 13% year on year including acquisitions, the COVID-19 outbreak has negatively affected our business. In addition to the already known effects, the macroeconomic uncertainty causes disruption to economic activity and it is unknown what the longer-term impact on our business may be. The scale and duration of this pandemic remain uncertain but are expected to further impact our business. However, Azerion is a healthy and growing company with focus on both organic growth and strategic acquisitions.

Overall, the revenue for 2020 was € 195.1 million and therefore 13% higher, including acquisitions, compared to prior year (2019: € 172.6 million). Growth was less than expected due to the COVID-19 pandemic. Namely, monetization sales decreased by 4.3% from € 108.1 in 2019 to € 103.5 million in 2020. This decline was mitigated by the 34.5% gaming revenue increase from € 68.1 million in 2019 to € 91.6 million in 2020.

In 2020, despite the current circumstances with COVID-19, Azerion continued its growth due to further acquisitions, optimization of existing businesses and investments in technology and content. Recent year's expansion has created opportunities to reach markets across the globe as well, although Azerion foresees Europe to continue being its core market going forward.

In the first quarter of 2020 Azerion raised a € 60.0 million bond to inject additional liquidity. A subsequent bond issue in an amount of € 12.5 million was placed under the same framework on November 27, 2020, increasing outstanding bonds to € 72.5 million on December 31, 2020. The net proceeds from the bond issues within 2020 were utilized to finance the selected acquisitions, to finance transaction costs and for general corporate purposes. In February 2021 Azerion placed a subsequent bond issue of € 27.5 million. This bond issue was the third and last in a series under a total framework of € 100.0 million.

On April 16, 2021 Azerion successfully placed € 200.0 million of senior secured fixed rate bonds under a subsequent framework of € 300.0 million to qualified investors in the Nordics, Europe and the U.S. These bonds will have a tenor of 3 years and carry a fixed rate coupon of 7.25% per annum. Proceeds from this transaction have been used to repay the Group’s outstanding € 100.0 million bond on May 7, 2021. The remainder of the € 200.0 million issue is intended to finance several acquisitions, to finance transaction costs and for general corporate purposes.

Based on the current financial position and results, we see no risk that we may not meet our covenant ratios or any subsequent quarterly measurement dates in 2021. The Group will not propose to pay any dividends this year. Azerion has adequate resources to continue in operational existence for the foreseeable future.

2. Preparation basis

2.1 Accounting basis

These consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and in accordance with Title 9, Book 2 of the Dutch Civil Code (“DCC”).

This is the first set of the Group’s annual financial statements in which IFRS have been applied. Adoption of IFRS for the first time is described in Note 31.

The consolidated financial statements have been prepared on the historical cost basis unless otherwise indicated.

The consolidated financial statements were authorized for issue by the Management Board on 6 December 2021.

These consolidated financial statements also include the financial information of the Company, Azerion Holding B.V. For this reason, in accordance with Article 2:402 DCC, the separate statement of profit and loss of the Company exclusively states the share of the result of participating interests after tax and the other income and expenses after tax.

2.2 Functional and presentation currency

These consolidated financial statements are presented in euros (€), which is the Company's functional currency.

2.3 Use of estimates and judgements

The preparation of these consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions, which affect the reported amounts in these consolidated financial statements. Estimates are based on historical experience, where applicable, and other assumptions which management believes are reasonable under the circumstances. The Group evaluates its estimates on an ongoing basis. These estimates are inherently subject to judgement and actual results could differ from those estimates. Revisions to accounting estimates are recognized prospectively.

Information about significant judgements and estimates used are included in the relevant notes to the financial statements.

The areas involving significant estimates and judgements are:

2.3.1 Estimated useful life of intangible assets (Note 5)

The useful lives have to be determined for intangible assets . The useful lives are estimated based upon best practice within the group. The group reviews the remaining useful lives of its non-current assets annually.

2.3.2 Capitalization of development costs (Note 5)

Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred.

2.3.3 Estimation of the recoverable amounts of cash generating units for impairment of goodwill (Note 6)

The recoverable amount of the cash-generating units is determined based on a value in use calculation which uses cash flow projections based on financial forecasts approved by the directors covering a five-year period and a pre-tax discount rate calculated by the weighted average cost of capital method. Refer to note 6 for the key assumptions used by management in setting the financial forecast.

2.3.4 Valuation of share-based payments (Note 13)

The grant-date fair value of equity-settled share-based payment awards granted to employees are recognized as an expense with a corresponding increase in equity in share-based payment reserve over the vesting period of the awards. The fair value is determined by management on the grant date based on periodic valuations performed by a third party, adjusted for estimated growth or decline that has taken place since the latest external valuation.

2.3.5 Valuation of deferred tax assets and liabilities (Note 22)

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Management's assessment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

2.3.6 Business combinations and purchase price allocation (Note 28)

While we employ experts to determine the acquisition date fair value of acquired intangibles, the fair values of assets acquired and liabilities assumed are based on significant management assumptions and estimates, which are inherently uncertain and highly subjective and as a result, actual results may differ from estimates. If different assumptions were to be used, it could materially impact the purchase price allocation.

2.3.7 Classification of share appreciation rights issued as part of acquisitions (Note 11)

As part of acquisitions the Company issues share appreciation rights as part of the consideration to the sellers. Judgement is applied in determining whether these share appreciation rights should be classified as equity or liabilities. When the consideration will be settled by the Company delivering a fixed number of its own equity instruments in exchange for the financial asset, the share appreciation rights are classified as equity. Refer to Note 11 where the terms and conditions of the share appreciation rights are disclosed.

3. Significant accounting policies

3.1 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to December 31 each year. Control is achieved when the Company:

- has the power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affects its returns.

Subsidiaries are entities over which the Group has control. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and are deconsolidated as soon as control ceases.

All intercompany balances, transactions, income and expenses and profits and losses resulting from transactions between Group companies are eliminated. Accounting policies of subsidiaries are changed where necessary to ensure consistency with the policies adopted by the Group. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

Transactions with non-controlling shareholders

Non-controlling shareholders are equity participants of the group and transactions with non-controlling shareholders are therefore accounted for in equity and included in the statement of changes in equity, where the transaction does not result in the loss of control of a subsidiary. In transactions with non-controlling shareholders, the excess of the cost/proceeds of the transaction over the group's proportionate share of the net asset value acquired/disposed is allocated to the 'retained earnings' in equity. Refer to section (3.15.8) for the group's accounting policy regarding written put options over non-controlling interests.

3.2 Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred if the costs do not relate to the issuance of debt or equity instruments.

At the acquisition date, the identifiable assets acquired, the liabilities and contingent liabilities assumed are recognized at their fair value at the acquisition date. The group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Goodwill is measured as the excess of the sum of the consideration transferred and the fair value of the acquirer's previously held equity interest in the acquiree (if any) and the amount of any non-controlling interest in the acquiree measured in accordance with this IFRS over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

3.3 Goodwill

Goodwill is initially recognized and measured as set out above.

Goodwill is not amortized but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) expected to benefit from the synergies of the combination. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognized for goodwill is not reversed in a subsequent period.

On disposal of a business, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

3.4 Joint Ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of joint ventures are incorporated in these financial statements using the equity method of accounting. Under the equity method, an investment in a joint venture is recognised initially in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

An investment in a joint venture is accounted for using the equity method from the date on which the investee becomes a joint venture. On acquisition of the investment in a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately as income in the determination of the entity's share of the associate or joint venture's profit or loss in profit or loss in the period in which the investment is acquired.

The requirements of IAS 36 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in a joint venture. The entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be a joint venture by accounting for its investment in accordance with IFRS 3 Business Combinations and IFRS 10 if the investment becomes a subsidiary.

3.5 Foreign currency

3.5.1 Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the closing rate at the reporting date. Non-monetary items measured at historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are recognized in profit or loss and presented within other gain and losses. Foreign currency differences

3.5.2 Foreign operations

The assets and liabilities of foreign operations are translated to Euros at closing rates at the reporting date. The income and expenses of foreign operations are translated into Euros at the average exchange rates. Foreign currency differences are recognized in other comprehensive income (OCI) and accumulated in the foreign currency translation reserve in equity. When a foreign operation is disposed of in its entirety or partially, the cumulative amount in the foreign currency translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

3.6 Financial instruments

3.6.1 Recognition and derecognition

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire or when the financial asset with substantially all the risks and rewards are transferred. A financial liability is derecognized when it is extinguished, discharged, cancelled or expires.

3.6.2 Classification and initial measurement of financial assets

Except for the trade receivables that are measured at the transaction price, all financial assets are initially measured at fair value adjusted for transaction costs where applicable. Financial assets are classified as either:

- amortized cost (including cash and cash equivalents, deposits, trade and most of other receivables fall into this category); or
- fair value through profit or loss (FVTPL) (including equity investments).

The classification is determined by considering both:

- the entity's business model for managing the financial asset;
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognized in profit or loss are presented within finance costs and finance income, except for impairment of trade receivables which is presented within Trade and other receivables (Note 9).

Fair value adjustments to financial assets in transactions with owners of the Group is recorded directly in equity.

3.6.3 Subsequent measurement of financial assets

<u>Financial assets at amortized cost</u>

After initial recognition, the assets are measured at amortized cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss.

<u>Financial assets through Profit and Loss</u>

Assets in this category are measured at fair value with gains or losses, including any interest and dividend income, recognized in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

3.6.4 Recoverability of financial assets

The Group uses the simplified approach in accounting for its financial assets (trade- and lease receivables and deposits) and records the loss allowance as lifetime expected credit losses ('ECL'). The ECL are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. The Group makes use of the practical expedient by which they can use a provision matrix as the basis to determine the expected loss for its trade accounts receivable. The expected credit loss is based on the historical observed default rates per trade accounts receivable ageing category over the expected life of the trade account receivables, updated for forward-looking adjustments.

The Group recognizes within other expenses in the statement of profit or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized. When a trade receivable is uncollectable (in severe financial difficulty and there is no realistic prospect of recovery), it is written off against the allowance account.

3.6.5 Classification and measurement of financial liabilities

The Group's financial liabilities include debt to shareholders, related parties and third parties as well as accounts payable to suppliers and trade creditors and lease liabilities. Financial liabilities are initially measured at fair value and are adjusted for transaction costs where applicable. Subsequently, financial liabilities are measured at amortized cost using the effective interest rate method. All interest-related charges are recognized within finance costs in the statement of comprehensive income.

3.6.6 Offsetting

Financial assets and financial liabilities are offset with the net amount reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and the Group intends to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

3.7 Intangible assets

3.7.1 Recognition and measurement

Goodwill	Refer to Note 3.3
Research and development cost	Expenditure on research activities is recognized in profit or loss within other expenses and personnel costs as incurred. Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortization and any accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. During the period of development, the asset is tested for impairment annually.
Other intangible assets	Other intangible assets, including Games and Software, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses. The cost of a separately acquired intangible asset comprises: (a) its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates; and (b) any directly attributable cost of preparing the asset for its intended use.

Capitalized development cost is based on management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalized, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits.

3.7.2 Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss as incurred.

3.7.3 Amortization

Amortization is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognized in profit or loss.

The estimated useful lives for current and comparative periods are as follows:

Assets	Years
Games and software	3-10 years
Client lists	4-7 years
Trademark, Patents and Brands	10-15 years
Websites	7 years

Amortization methods and useful lives are reviewed at each reporting date and adjusted if appropriate.

3.8 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition and construction of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets is substantially ready for their intended use or sale.

During the year ended December 31, 2020, no borrowing costs have been capitalised resulting in all borrowing costs being recognised in profit or loss.

3.9 Property, plant and equipment

3.9.1 Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss within other gains and losses.

3.9.2 Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be reliably measured.

3.9.3 Depreciation

Depreciation is calculated using the straight-line method over the estimated useful lives of property, plant and equipment.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

Assets Years	
Right-of-Use Buildings	5 months – 10 years
Right-of-Use Vehicles	2 months – 4 years
Right-of-Use Equipment	5 years
Equipment	5 – 10 years
Renovations	3 – 10 years

Other leased assets (refer to Note 3.11) are depreciated over the shorter of the asset useful life or the lease term.
Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

3.10 Impairment of assets

Goodwill is not subject to amortization and is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired. Other non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Where an impairment indicator has been identified on an individual asset level, the impairment is assessed for that individual asset. Goodwill is reviewed for possible impairment at the end of each reporting period. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

3.11 Leases

3.11.1 As a lessee

The lease portfolio of the Group consists of real estate, vehicles and leases of office equipment. The Group recognizes a right-of-use asset and a lease liability at the commencement date. The right-of-use assets are presented as part of property, plant and equipment (refer to Note 4). The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, less any lease incentives received

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted at the incremental borrowing rate ('IBR'), being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. The Group applies a single IBR to a portfolio of leases with reasonably similar characteristics. The total lease payments include fixed payments, rent-free periods as well as variable lease payments that depend on an index or rate as at the commencement date. The Group determined the lease term of each lease as the non-cancellable period of a lease, together with periods covered by an option to extend and terminate the lease if the lessee is reasonably certain to exercise those options.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements).

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset.

The Group accounts for lease modifications as a separate lease if the modification increases the scope of the lease by adding the right to use one or more underlying assets; and the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For modifications that are not accounted for as a separate lease, the Group remeasures the lease liability by discounting the revised lease payments using a revised discount rate. The remeasurement is recognised as an adjustment to the right-of-use asset.

The Group has not elected to account for the lease and non-lease components as a single lease component.

The Group has also elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets (€ 5 thousand individually). The lease payments associated with these leases are recognized as an expense within other expenses on a straight-line basis over the lease term.

3.11.2 As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance of an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for a major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interest in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

When the Group enters into the operating sublease, it retains the lease liability and the right-of-use asset relating to the head lease in its statement of financial position. During the term of the operating sublease the Group:

- recognizes a depreciation charge for the right-of-use asset and interest on the lease liability; and
- recognises lease income from the sublease.

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

When the Group enters into a finance sublease, it:

- derecognizes the right-of-use asset relating to the head lease at the sublease commencement date and recognizes a lease receivable with respect to the sublease and evaluates it subsequently for impairment;
- recognizes any difference between the right-of-use asset and the lease receivable from the sublease in profit or loss; and
- retains the lease liability relating to the head lease in its statement of financial position which represents the lease payments owed to the head lessor.

The Group uses the discount rate for the head lease (adjusted for any initial direct costs associated with the sublease) to measure the net investment in the lease if the interest rate implicit in the lease cannot be readily determined.

During the periods presented, the Group did not have any finance leases or finance subleases, and therefor accounts for all subleases as operating subleases

3.12 Prepayments

Prepayments are carried at cost. If there is an indication that the assets, goods or services relating to a prepayment will not be received, the carrying value of the prepayment is written down and the corresponding impairment loss is recognized in profit or loss within other expenses.

3.13 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash at bank and on hand and deposits held at call with financial institutions.

3.14 Employee benefits obligations

3.14.1 Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

3.14.2 Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognised in profit or loss in the period in which they arise.

3.14.3 Post-employment obligations

A defined-contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined-contribution pension plans are recognized as an employee benefit expense in the Consolidated statements of comprehensive income in the periods during which services are rendered by employees.

A defined-benefit plan is a post-employment benefit plan other than a defined contribution plan. Plans for which the company has no legal or constructive obligation to pay further amounts, but to which it does pay non-fixed contributions, are also treated as a defined-benefit plan. The net pension asset or liability recognized in the Consolidated statement of financial position in respect of defined benefit post-employment plans is the fair value of plan assets less the present value of the projected defined-benefit obligation at the balance sheet date. The defined-benefit obligation is calculated annually by qualified actuaries using the projected unit credit method. Recognized assets are limited to the present value of any reductions in future contributions or any future refunds. The net pension liability is presented as a long-term provision; no distinction is made for the short-term portion.

Pension costs in respect of defined-benefit post-employment plans primarily represent the increase of the actuarial present value of the obligation for postemployment benefits based on employee service during the year and the interest on the net recognized asset or liability in respect of employee service in previous years.

Remeasurements of the net defined-benefit asset or liability comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (excluding interest). The company recognizes all remeasurements in other comprehensive income.

Group's net bonds liabilities pursuant to defined benefit plans are assessed separately for each plan in assessing the amount of future benefits acquired by personnel in exchange for services rendered during the current and previous periods. The benefit is discounted in order to determine the present value if the defined benefit obligation and the current service cost. The fair value of plan assets is then deducted. Calculations are made every year by a qualified actuary, using the projected unit credit method. The Group recognises immediately in other comprehensive income all actuarial gains and losses under defined benefit plans.

Past service cost is recognised in profit or loss when the plan amendment or curtailment occurs, or when the Group recognises related restructuring costs or termination benefits, if earlier. Gains or losses on settlement of a defined benefit plan are recognised when the settlement occurs. Net interest is calculated by applying a discount rate to the net defined benefit liability or asset. Defined benefit costs are split into three categories:

- service costs, which includes current service cost, past service cost and gains and losses on curtailments and settlements;
- net interest expense or income; and
- remeasurements.

The Group recognises remeasurements and service costs within other comprehensive income. Net interest expense or income is recognised within finance costs (see Note 21).

The retirement benefit obligation recognised in the consolidated statement of financial position represents the deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

3.14.4 Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognizes costs for a restructuring that is within the scope of IAS 37 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

3.14.5 Share-based payments

The grant-date fair value of equity-settled share-based payment awards granted to employees are recognized as an expense with a corresponding increase in equity in share-based payment reserve over the vesting period of the awards. An accumulative expense is recognized within personnel cost for equity-settled share-based payments at each reporting date over the duration of the vesting period, with the corresponding adjustment made to equity. This continues until the vesting period has expired.

Upon expiration, the Group's best estimate of the number of equity instruments that will ultimately vest is reflected.

3.15 Equity

3.15.1 Share capital

Share capital represents the nominal (par) value of issued shares.

3.15.2 Share premium

Share premium includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

3.15.3 Foreign currency translation reserve

Foreign currency translation reserve comprises foreign currency translation differences arising from the translation of financial statements of the Group's foreign operations.

3.15.4 Share-based payment reserve

Share-based payment reserve is used to recognize the value of equity-settled share-based payments provided to employees, including management personnel, as part of their remuneration.

3.15.5 Retained earnings

Retained earnings includes all current and prior period retained profits.

3.15.6 Legal reserve

Legal reserve is used to recognize the value of the capitalized development costs. These reserves are non-disputable in accordance with Dutch Law.

3.15.7 Other equity instruments

Relates to loans converted into equity and equity instruments (share appreciation rights) issued as purchase consideration as part of acquisitions. The share appreciation rights issued are deemed equity in accordance with IAS 32 since Azerion Holding B.V. intends to settle these SARs through the issuance of a fixed number of equity instruments and the holders of the SARs can't elect how the SARs should be settled.

3.15.8 Non-controlling interest

The group recognises non-controlling interests in an acquired entity either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. This decision is made on an acquisition-by-acquisition basis.

3.16 Revenue from contracts with customers

The accounting policies for the Group's revenue with customers are explained in Note 17.4.

3.17 Operating profit

Operating profit is the result generated from the continuing principal revenue-producing activities of the Group as well as other income and expenses related to operating activities. Operating profit excludes net finance costs, income taxes and the share of profit/results of joint ventures.

3.18 Finance income and finance costs

The Group's finance income and finance costs include:

- interest income;
- interest expense; and
- net interest expense on defined benefit obligation

Interest income or expense is recognized using the effective interest method.

3.19 Income tax

Income tax expense comprises current and deferred tax. It is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or in other comprehensive income (OCI).

3.19.1 Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax assets and liabilities are offset only if certain criteria are met.

3.19.2 Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are offset only if certain criteria are met.

Deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.
The Group elected to apply the Initial-Recognition-Exemption on initial recognition as well as for subsequent measurement therefore the right-of-use asset and the lease liability are considered separately for deferred tax purposes.

3.20 Fair value measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

4. Property, plant and equipment

	Right-of-Use Buildings €	Right-of-Use Vehicles €	Right-of-Use Office Equipment €	Equipment €	Renovations €	Total €
As at January 1, 2019						
Acquisition costs	3,862,192	306,415	-	944,954	482,752	5,596,313
Accumulated depreciation	-	-	-	(401,877)	(75,855)	(477,732)
Net book amount	**3,862,192**	**306,415**	**-**	**543,077**	**406,897**	**5,118,581**
Movements for the year ended December 31, 2019						
Additions	1,583,172	729,071	12,014	468,211	49,887	2,842,355
Additions due to acquisitions	1,328,000	-	-	955,658	-	2,283,658
Reassessments	24,402	-	-	-	-	24,402
Depreciation	(1,519,334)	(313,750)	(601)	(589,506)	(50,596)	(2,473,787)
Disposals	(167,418)	(24,273)	-	(90,834)	-	(282,525)
Accumulated depreciation on disposals	167,418	24,273	-	52,745	-	244,436
As at December 31, 2019						
Acquisition costs	6,630,348	1,011,213	12,014	2,277,989	532,639	10,464,203
Accumulated depreciation	(1,351,916)	(289,477)	(601)	(938,638)	(126,451)	(2,707,083)
Net book amount	**5,278,432**	**721,736**	**11,413**	**1,339,351**	**406,188**	**7,757,120**
Movements for the year ended December 31, 2020						
Additions	1,679,385	271,230	-	137,756	68,919	2,157,290
Additions due to acquisitions	-	-	-	88,177	73,067	161,244
Reassessments	124,894	-	-	-	-	124,894
Depreciation	(1,884,022)	(455,770)	(601)	(481,850)	(71,160)	(2,893,403)
Disposals	(784,486)	(61,149)	-	(87,130)	(366,399)	(1,299,164)
Accumulated depreciation on disposals	784,486	61,149		76,703	137,378	1,059,716
Exchange differences	3,959	-	-	(32,334)	293	(28,082)
As at December 31, 2020						
Acquisition costs	7,654,100	1,221,294	12,014	2,384,458	308,519	11,580,385
Accumulated depreciation	(2,451,452)	(684,098)	(1,202)	(1,343,785)	(60,233)	(4,540,770)
Net book amount	**5,202,648**	**537,196**	**10,812**	**1,040,673**	**248,286**	**7,039,615**

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5. Intangible assets (including goodwill)

	Games and Software	Client Lists	Trademark, patents and brands	Websites	Goodwill	Total
	€	€	€	€	€	€
As at January 1, 2019						
Acquisition cost	19,813,673	478,209	1,352,936	3,868,932	20,915,680	46,429,430
Accumulated amortization	(5,888,606)	-	(773,656)	(1,969,549)	-	(8,631,811)
Net book amount	**13,925,067**	**478,209**	**579,280**	**1,899,383**	**20,915,680**	**37,797,619**
Movements for the year ended December 31, 2019						
Additions due to internal development	6,426,519	-	-	2,115,168	-	8,541,687
Additions due to acquisitions	8,170,342	2,187,000	1,559,000	38,000	22,253,712	34,208,054
Disposals	(2,161)	-	-	-	-	(2,161)
Amortization	(5,323,787)	(127,411)	(478,210)	(313,460)	-	(6,242,867)
As at December 31, 2019						
Acquisition cost	34,408,373	2,665,209	2,911,936	6,022,100	43,169,392	89,177,010
Accumulated amortization	(11,212,393)	(127,411)	(1,251,866)	(2,283,009)	-	(14,874,679)
Net book amount	**23,195,980**	**2,537,798**	**1,660,070**	**3,739,091**	**43,169,392**	**74,302,331**
Movements for the year ended December 31, 2020						
Additions due to internal development	8,007,143	-		4,080,920	-	12,088,063
Additions due to acquisitions	8,280,000	4,675,000	876,000	369,075	9,758,030	23,958,105
Disposals	(14,478)	-	-	(469,322)	(149,341)	(633,141)
Amortization	(8,751,200)	(137,282)	(585,101)	(978,752)	-	(10,452,335)
Impairment	-	(4,675,000)	-	-	-	(4,675,000)
Exchange differences	32,644	-	-	(2,601)	312,614	342,657
As at December 31, 2020						
Acquisition cost	50,713,882	7,340,009	3,787,936	10,000,172	53,090,695	124,932,694
Accumulated amortization	(19,963,793)	(4,939,693)	(1,836,967)	(3,261,761)	-	(30,002,014)
Net book amount	**30,750,089**	**2,400,516**	**1,950,969**	**6,738,411**	**53,090,695**	**94,930,680**

Capitalised development costs are included in Games & Software. The full amount recorded as "Additions due to internal development" in Games & Software relates to internal development costs incurred. Any costs associated with research are expensed as they arise and only identifiable development costs are capitalised.

The impairment recorded in 2020 relates to customer relationships that were identified as part of a purchase price allocation performed on an acquisition. The Company's objective was not to utilize the customer relationships based on the strategy of the Group.

6. Goodwill and intangible assets with indefinite useful life

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units (CGUs), or groups of CGUs, that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquisition are assigned to those units or groups of CGUs. Goodwill is tested for impairment, annually or more frequently if there are indications that goodwill might be impaired. In 2019 there were three groups of CGUs being Gaming, Adtech and Adsales. In 2020, the advertising technology (Adtech) and advertising sales (Adsales) CGUs have strengthened their interdependence and the Adtech and Adsales platforms are now reliant on each other, hence these two groups of CGUs are combined as one group of CGU in 2020 and referred to as the Monetization Tech CGU.

Goodwill is allocated to the respective cash-generating units as indicated below:

	Gaming	Monetization Tech	Total
	€	€	€
Carrying value December 31, 2020	12,175,824	40,914,871	53,090,695
Carrying value December 31, 2019	8,932,165	34,237,227	43,169,392
Carrying value January 01, 2019	7,065,069	13,850,611	20,915,680

In 2019 the Monetization Tech balance consisted of Adsales that amounted to € 27.9 million (January 01, 2019: € 7.9 million) and Adtech that amounted to € 6.3 million (January 01, 2019: € 5.9 million)

The impairment test is based on cash flow projections for five years. CGU's are tested for impairment by comparing the carrying amount of each group of CGU to its recoverable amount.

Gaming

The recoverable amount of the Gaming segment, which is the Gaming cash-generating unit, is determined based on a value in use calculation which uses cash flow projections based on financial forecasts approved by the directors covering a five-year period and a pre-tax discount rate of 6.9% per annum (2019: 11.8% per annum) calculated by the weighted average cost of capital method as derived through the Capital Asset Pricing Model. The key assumptions used by management in setting the financial forecasts for the initial five-year period were as follows:

Forecast sales growth rates
Forecast sales growth rates are based on past experience adjusted for a continued strong growth rate as historically seen. The positive impact that the COVID-19 virus and lock-down had on Gaming is not expected to continue to the same extent in coming years. The sales growth will be at a similar rate as seen pre-COVID-19 however accelerated. Growth is expected to grow between 12% and 18%, above market average, this growth is mainly driven by the game Governor of Poker ("GoP"), and by the continuous launch of new games such as Monopoly Poker, Troll Face Quest and Habbo 2020. The Gaming CGU is continuing to develop its own games, and in addition is increasing the number of players and subscribers through use of the Azerion ecosystem. Mobile Games, is projected to record a 15.5% CAGR during the period 2020-2027 according to the analyze company Research and Markets. For the purpose of the Impairment a CAGR of 15% is used.

Operating profits
Operating profits are forecasted based on historical operating margins and future expectations. Gross margin is expected to remain relatively stable around 40% of revenues as it primarily relates to revenue shares paid to Apple, Google, distribution partners and payment providers. The growing user base, publishing portfolio and network distribution is expected to be achieved with relatively limited growth of personnel and increase of other operational expenses.

Cash conversion
Cash conversion is the ratio of operating cash flow to operating profit. Management forecasts cash conversion rates based on historical experience.

Cash flows beyond that five-year period have been extrapolated using a steady 1.0% (2019: 1.0%) per annum growth rate. This growth rate does not exceed the long-term average growth rate for the market.

Monetization Tech

The recoverable amount of the Monetization Tech segment as a group of cash-generating units is determined based on a value in use calculation which uses cash flow projections based on financial forecasts approved by the directors covering a five-year period and a pre-tax discount rate of 9.4% (2019: 8.6%: Adsales; 11.6%: Adtech) calculated by the weighted average cost of capital method.
The key assumptions used by management in setting the financial forecasts for the initial five-year period were as follows:

Forecast sales growth rates
Forecast sales growth rates are based on past experience adjusted for COVID-19 which had an adverse effect on Monetization Tech in the first half of 2020. Advertising spending showed a steep decline. In contrast, advertisement spending of industries that benefited from the crisis (e.g., e-commerce) recovered quickly after the first shock. For the years 2021-2025, the global market for digital advertising and marketing is expected to grow at a CAGR of 13.9%. As a result of the continued Azerion strategy to further penetrate into local markets and acquire more local direct advertiser spend, management expects Azerion Monetization Tech will outperform the average market growth.

Operating profits
Operating profits are forecasts based on historical operating margins and future expectations. Operating cost are partially driven by continuous development efforts to further improve the tech products, but do not scale as quickly as revenue.

Cash conversion
Cash conversion is the ratio of operating cash flow to operating profit. Management forecasts cash conversion rates based on historical experience.

Cash flows beyond that five-year period have been extrapolated using a steady 1.0% (2019: 1.0%) per annum growth rate. This growth rate does not exceed the long-term average growth rate for the market.

Sensitivity analysis

The Group has conducted an analysis of the sensitivity of the impairment test to changes in the key assumptions used to determine the recoverable amount for each of the group of CGUs to which goodwill is allocated. The directors believe that any reasonably possible change in the key assumptions on which the recoverable amount of "Gaming" and "Monetization Tech" is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the related CGUs.

Based on the impairment analysis no impairment was recognized as at December 31, 2020, December 31, 2019, or January 1, 2019. At 0% EBITDA growth the WACC can increase on average by 10% basis points before impairments are triggered.

7. Leases

7.1 As a Lessee

Right-of-use asset

The carrying amount of right-of-use assets related to leased buildings, leased vehicles and leased office equipment are included in property, plant and equipment (Note 4).

Lease liabilities

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ("IBR") to measure the present value of future lease payments. The IBR is determined as the sum of a reference rate, credit risk premium and country risk premium. The calculation of IBR considers the currency of the lease contract, the lease term, type of leased assets, the region of the lessee and the credit rating of the lessee. A single IBR is applied to a portfolio of leases, which are similar in nature and in lease term within a region. The weighted average IBR applied to lease liabilities was 9.3%.

The carrying amount of lease liabilities and the related movements during the period are as follows:

	31 December 2020 €	**31 December 2019** €
As at 1 January	6,282,187	4,168,605
Additions	1,950,617	3,652,258
Reassessments	88,505	24,404
Modifications	36,389	-
Accrued interest	572,150	524,572
Payments of lease invoices	(2,730,924)	(2,087,652)
Exchange rate differences	3,959	-
As at 31 December	**6,202,883**	**6,282,187**
Non-current	4,659,177	4,539,151
Current	1,543,706	1,743,036

On January 1, 2019 the non-current carrying amount of lease liabilities amounted to € 3.2 million and the current carrying amount of lease liabilities amounted to € 1.0 million.

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be paid after the reporting date:

	31 December 2020 €	31 December 2019 €	1 January 2019 €
Less than 1 year	2,613,479	2,182,149	1,408,487
1 to 2 years	2,055,337	2,249,363	1,405,651
2 to 3 years	1,708,919	1,555,813	1,127,863
3 to 4 years	1,229,660	1,231,733	642,475
4 to 5 years	775,097	719,786	451,282
More than 5 years	1,739,185	1,921,240	2,137,500
Total undiscounted lease liability	**10,121,677**	**9,860,084**	**7,173,258**
Unpaid finance expense	(3,918,794)	(3,577,897)	(3,004,653)
Total lease liability	**6,202,883**	**6,282,187**	**4,168,605**

Amounts recognized in the statement of profit and loss:

	2020 €	2019 €
Depreciation on right-of-use asset	(2,340,392)	(1,833,684)
Interest expense (included in finance cost in Note 21)	(572,150)	(524,572)
Expense related to low-value asset leases	(315,391)	(467,752)
Exchange rate differences	(3,959)	-

The total cash outflows recognized in the statement of cash flows is as follows:

	2020 €	2019 €
Payments of lease invoices	(2,158,775)	(1,563,080)
Interest on lease liabilities	(572,150)	(524,572)
Expense related to low-value asset leases	(315,391)	(467,752)

7.2 As a Lessor

7.2.1 Finance leases

The Group holds no finance lease agreements as at December 31, 2020, December 31, 2019 or January 1, 2019.

7.2.2 Operating leases

The Group also subleases office space which has been classified as operating leases as the Group does not transfer substantially all of the risks and rewards incidental to the ownership of the assets. The subleased office space is presented as part of a right-of-use asset which is included in the building category of property, plant and equipment.

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

	31 December 2020 €	31 December 2019 €	1 January 2019 €
Less than 1 year	109,727	108,105	108,105
1 to 2 years	-	108,105	108,105
2 to 3 years	-	108,105	108,105
3 to 4 years	-	18,018	108,105
4 to 5 years	-	-	18,018
More than 5 years	-	-	-
Total	**109,727**	**342,333**	**450,438**

The undiscounted lease payments as per December 31, 2020 relate to sub-leased office space in Berlin (Germany). The sub-lease agreement has a maturity date of December 31, 2021.

As of April 30, 2020, a sub-lease agreement for office space in Dusseldorf (Germany) was early terminated.

8. Non-current financial assets

The Group holds the following financial assets:

	Other participating interests €	Loans and other receivables €	Total €
As at January 1, 2019	**2,567,660**	**3,792**	**2,571,452**
Additions	1,046,220	1,866,610	2,912,830
Share of profit of participation	(762,710)	-	(762,710)
Disposals	(1,804,950)	(3,792)	(1,808,742)
As at December 31, 2019	**1,046,220**	**1,866,610**	**2,912,830**
Additions	-	22,326,092	22,326,092
Accrued interest	-	623,644	623,644
Reclassification from participating interest to subsidiary	(1,046,220)	-	(1,046,220)
Repayment	-	(6,411,129)	(6,411,129)
Reclassification	-	(706,962)	(706,962)
As at December 31, 2020	**-**	**17,698,255**	**17,698,255**

Other participating interest

In 2019, Azerion acquired a 5.0% interest in the Spilgames business for a consideration of € 1.0 million. As Azerion did not have control over Spilgames in the prior financial period, Azerion valued it as a financial asset through profit or loss. On February 7, 2020, Azerion acquired the remaining 95.0% of Spilgames for a consideration of € 9.0 million (refer to Note 28). As from the acquisition date, Azerion obtained control over Spilgames resulting in Spilgames being fully included in the Azerion consolidation and the initial investment being reclassified from participating interest by which it is eliminated on consolidation.

€ 1.7 million of the disposal of participations in 2019 is related to AdUX SA (AdUX hereafter) over which Azerion Holding B.V. gained control in 2019, after which AdUX has become a group company and is being consolidated in the financial statements.

Loans and other receivables

On March 17, 2020, the Group entered into a loan agreement with its shareholder Principion Holding B.V., lending its shareholder a total principal value of € 24.6 million (nominal value) against an interest rate of 1.0%. The maturity date of the loan is March 31, 2024. The shareholder repaid € 6.1 million of the loan principal during 2020 and € 624 thousand of interest is accrued in 2020. The fair value of the loan on initial recognition amounted to € 21.2 million. The difference between the market interest rate (4.0%) and the interest rate in the agreement (1.0%) resulted in a fair value adjustment of € 3.4 million on the initial recognition of the loan. The loan had an outstanding balance of € 16.5 million as of December 31, 2020. Due to the nature of the loan to the shareholder, it is classified as part of financing activities in the Consolidated Statement of Cashflows.

The reclassification relates to a reclassification of deferred tax positions in 2020.

There were no significant movements in the remaining balance in 2020.

9. Trade and other receivables

	31 December 2020 €	31 December 2019 €	1 January 2019 €
Trade receivables	39,720,214	29,617,359	11,897,597
Loss allowance	(2,310,664)	(5,196,192)	(4,135,494)
Receivables from related parties	787,177	-	119,718
Prepayments	1,474,081	5,527,824	4,823,136
Prepaid purchase consideration	-	2,000,000	-
Value added taxation	9,120,818	11,136,583	898,637
Other receivables	2,918,963	825,847	398,928
	51,710,589	**43,911,421**	**14,002,522**

The net carrying value of trade and other receivables is considered a reasonable approximation of fair value due to the short-term nature with a maturity of less than 12 months. Trade receivables are non-interest bearing and in principle payable on demand. Refer to Note 16 on the factoring agreements in the group.

The increase in the trade and other receivables is mainly due to the 10% increase in sales for the current year. The loss allowance decreases in 2020 due to a large right off of a trade receivable that was 100% provided for in 2019.

The prepaid consideration relates to an one-off prepaid purchase price consideration amounting to € 2.0 million that was paid in relation to the acquisition of Spilgames B.V. During 2019 Azerion Holding B.V. acquired 5% of the shares in Spilgames B.V. During the fourth quarter of 2019, Azerion Holding B.V. had indicated the intention to acquire the remaining 95% of the shares in Spilgames B.V. Azerion Holding B.V. and the owners of Spilgames B.V. entered into an agreement where Azerion Holding B.V. prepays € 2.0 million of the consideration to buy the remaining 95% of Spilgames B.V. Based on the agreement Azeiron Holding B.V. would execute the agreed share purchase agreement and proceed to completion in February 2020. If Azerion Holding B.V. is in breach of its obligations as set out, the prepaid consideration shall qualify immediately due and payable penalty in the amount of € 2.0 million paid by Azerion Holding B.V. to the sellers without prejudice to the rights of the sellers to claim additional damages. Refer to Note 28 for more information regarding the acquisition. From a cash flow point of view the € 2.0m related to this prepaid consideration has been presented as an cash outflow from investing activities in 2019 due to nature of the cash outflow. Since € 2.0m of the consideration has been paid in 2019, "Acquisitions of subsidiaries net of cash" is € 2.0m lower than the amount presented in note 28 under "Outflow cash and cash equivalents net of cash acquired".

Refer to Note 23 for more details on receivables from related parties.

Movement in loss allowance:

	2020 €	2019 €
As at 1 January	**(5,196,192)**	**(4,135,494)**
Provision for loss allowance	(1,267,708)	(1,284,702)
Write-off	4,153,236	224,004
As at 31 December	**(2,310,664)**	**(5,196,192)**

Trade receivables are shown net of an allowance for doubtful accounts determined based on insolvency risk and historical experience, adjusted for forward-looking factors specific to the receivables and economic environment performed on an individual receivable basis.

Information about the loss allowance and write-off of trade receivables and the group's exposure to credit risk can be found in Note 26.3.

10. Cash and cash equivalents

	31 December 2020 €	31 December 2019 €	1 January 2019 €
Cash at bank and in hand	**10,396,263**	**9,912,655**	**1,417,460**

11. Capital and reserves

Below is an overview of the balances of the respective components of equity:

	2020 €	2019 €
Share capital	1,176	1,176
Share premium	525,280	525,280
Legal reserve	13,772,548	4,862,389
Share based payment reserve	657,696	223,559
Currency translation reserve	348,868	202,522
Other equity instruments	30,993,491	3,063,600
Retained earnings	(42,198,356)	(19,008,563)
Non-controlling interest	2,076,971	5,243,854
Total equity	**6,177,674**	**(4,886,183)**

11.1 Share capital

As of December 31, 2020, the authorized share capital of Azerion Holdings B.V. comprised 117,563 ordinary shares with a par value of € 0.01 per share in total amount of € 1,176 (December 31, 2019: € 1,176; January 1, 2019: € 1,176) and zero preference shares with no par value. All shares were issued and fully paid up.

The issued shares of Azerion Holding B.V. was as follow:

	Ordinary shares		Preference shares		Total	
	Total Shares	Total amount €	Total Shares	Total amount €	Total Shares	Total amount €
January 1, 2019	117,563	1,176	-	-	117,563	1,176
December 31, 2019	117,563	1,176	-	-	117,563	1,176
December 31, 2020	117,563	1,176	-	-	117,563	1,176

11.2 Share premium

As at December 31, 2020, the share premium amounted to € 525 thousand (2019: € 525 thousand).

11.3 Legal reserve

As at December 31, 2020, the legal reserved amounted to € 13.8 million (2019: € 4.9 million). The legal reserve comprises of the amounts relating to capitalized development costs for the Group's developed technology and is not freely distributable to shareholders.

11.4 Share based payment reserve

As at December 31, 2020 the share-based payment reserve amounted to € 658 thousand (2019: € 224 thousand).The Group's ultimate parent, Azerion Holding B.V., maintains a Share Appreciation Right (SAR) plan. The plan was initiated in 2018 and provides SARs to employees, consultants and advisors of the Group.

11.5 Currency translation reserve

As at December 31, 2020 the currency translation reserve amounted to € 348 thousand (2019: € 203 thousand). The translation reserve comprises foreign currency differences arising from the translation of the assets and liabilities of foreign operations of Azerion Holdings B.V. (excluding amounts attributable to noncontrolling interests) as well as value changes of the hedging instruments in the net investment hedges.

11.6 Other equity instruments

As at December 31, 2020 other equity instruments amounted to € 30.9 million (2019: € 3.1 million).

Convertible loans
As at December 31, 2020 € 14.9 million loans to related parties were subordinated. These loans include an equity redemption option of outstanding loan balances, in addition to a cash redemption option. Under the modified terms, the discretion to redeem the loans in equity or cash lies with Azerion Holdings B.V. The loans are redeemable by issuing 2,708 shares in the issued share capital of Azerion Holding B.V. Refer to Note 16 for further disclosures on the convertible loans.

Share appreciation rights
€ 7.2 million (2019: € 3.1 million) relates to issuance of share appreciation rights to investors and as part of the acquisitions that occurred during the current year and prior year.

The share appreciation rights granted as part of acquisitions vest over periods ranging from 18 months to 5 years from grant date. Unvested rights automatically vest upon defined events such as a change in control or the listing of the group's shares on an exchange. Vested rights are exercisable by the holders which are to be settled, at the option of Company management, either in cash or by issuing shares. All prior year adjustments relate to share appreciation rights granted as part of acquisitions.

Share appreciation rights issued to investors are vested at grant date and become exercisable in the event of certain defined exit events, which include an initial public offering of the group's shares. When exercised all investor rights shall be settled through issuing shares.

If all rights are exercised and settled by issuing shares, 3,273 shares (2019: 1,605 shares) will be issued by Azerion Holding B.V.

Share options
€ 5.8 million relates to the issuance of share options as part of the acquisition of the remaining 49% in Sulake during 2020. Based on the share purchase agreement the Company should settle the transaction by December 31, 2022 latest. The Company has the option to settle either in cash or by issuing 1,040 shares in Azerion Holding B.V.

Refer to Note 25 for more information on the fair value measurement of the other equity instruments.

11.7 Movements in retained earnings

As at December 31, 2020 the retained earnings amounted to € 42.2 million negative (2019: € 19 million negative).

€ 5.5 million negative relates to the total comprehensive income for the year.

€ 8.9 million negative relates to the reclassification from retained earnings to the legal reserve.

€ 3.4 million negative relates to a fair value adjustment on a shareholder loan. The loan was issued to Principion in March 2020. The nominal value of the loan amounted to € 24.6 million while the fair value of the loan amounted to € 21.2 million on the measurement date. In October 2021 the interest rate relating to the loan was amended to 4.0% to reflect market interest rate. The addendum was retrospectively effective on the date of the loan but not accounted for as such in accordance with IFRS. In the 2021 financial year there will be a fair value remeasurement gain which will be recorded in equity.

€ 5.4 million negative relates to remaining 49% shareholding that was acquired in Sulake to bring the Company's total shareholding to 100%.

11.8 Non-controlling interest in Azerion Holdings B.V.

The non-controlling interest (NCI) relates to minority stakes held by third parties in Azerion Holdings B.V.'s consolidated subsidiaries. The total NCI as at December 31, 2020 amounted to € 2.1 million (2019: € 5.2 million). Included in the 2020 movement in the NCI balance is an amount of € 2.9 million (2019: € 3.4 million) which relates to the additional shareholding that was acquired in Sulake. The additional shareholding acquired in 2019 relates to AdUX, HiMedia and Improve Digital.

12. Employee benefit obligations

Post-employment obligations

12.1 Defined contribution pension plans

Defined contribution pension plans are in place in the Netherlands and in Germany. In the Netherlands each subsidiary has its own pension plans. The pension plans apply to specific employee groups due to mergers and/or acquisitions in the past. As of January 1, 2020, all pension plans applicable in the Netherlands are administrated by ASR Levensverzekering N.V.

The total expense recognised in profit or loss of € 29,708 (2019: € 36,747) represents the contributions payable to these plans by the Group at rates specified in the rules of the plans.

12.2 Defined benefit pension plans

Defined benefit plans are in place in Italy, Belgium and France. Furthermore, by Belgian law, the employer is liable for a minimum guaranteed return. The Belgium pension plans are administrated by Baloise Insurance. In France employees are entitled to a lump sum payment at retirement which is administrated by the company.

	31 December 2020 €	**31 December 2019** €
Net pension liability	652,271	479,948
Total employee benefit obligations	652,271	479,948
Non-current liability	**652,271**	**479,948**

The following actuarial assumptions were used to determine the pension expense and the defined benefit obligations:

	2020	**2019**
Discount rate to discount the obligations at year-end	0.40%	0.80%
Rate of future increase of salaries	2.50%	2.50%

The amounts recognised in profit or loss in respect of these defined benefit plans are as follows:

	2020 €	**2019** €
Service cost		
Current service cost	52,855	78,857
Past service cost gain from settlements	(12,764)	(11,343)
Additions	30,129	-
Components of defined benefit costs recognised in profit or loss	**70,220**	**67,514**

The additions relate to Widespace Italy. As part of the transfer of the pension accounting role to a different service provider in Italy they identified a change in scope of the service costs.

The amounts recognised in other comprehensive income in respect of these defined benefit plans are as follows:

	2020 €	2019 €
Return on plan assets	-	-
Actuarial gains/losses arising from change in demographic assumptions	-	-
Actuarial gains/losses arising from change in financial assumptions	-	-
Actuarial gains/losses arising from experience adjustments	(132,797)	29,555
Adjustment for restrictions on defined benefit asset	-	-
Remeasurement of the net defined benefit liability / (asset)	**(132,797)**	**29,555**

The amount included in the statement of financial position arising from the Group's obligations in respect of its defined benefit pension plans is as follows:

	2020 €	2019 €
Present value of defined benefit obligations	657,093	479,948
Fair value of plan assets	-	-
Funded status	(4,822)	-
Restrictions on asset recognised	-	-
Net liability as at December 31	**652,271**	**479,948**

The reconciliation of the defined benefit obligation is as follows:

	2020 €	2019 €
Defined benefit obligation	**-**	**-**
Fair value at January 1	**479,948**	**467,859**
Current service cost	43,296	25,024
Past service cost and (gain)/loss from settlements	(13,588)	11,723
Interest expense	-	-
Administration costs and taxes	-	-
Benefits paid by fund	-	-
Benefits paid by employer	29,516	-
Remeasurement (gains)/losses	117,921	(24,658)
Contributions by plan participants	-	-
Fair value at December 31	**657,093**	**479,948**

The reconciliation of the plan assets is as follows:

	2020 €	2019 €
Plan assets		
Fair value at January 1	**-**	**-**
Contributions by employer	10,698	-
Contributions by plan participants	(1,725)	-
Fair value at December 31	8,973	-

The breakdown of the plan assets as of December 31 is as follows:

	2020 €	2020 €
Equity		
Equity	-	-
Private equity	-	-
Bonds		
Government bonds	-	-
Corporate bonds	-	-
Other		
Insurance contracts	8,973	100%
Real estate	-	-
Derivatives and other	-	-
Cash	-	-
Total	**8,973**	**100%**

The assumptions used in the assessment of the defined benefit plan are as follows:

	2020	2019
Discount rate	0.40%	0.80%
Rate of future increase of salaries	2.50%	2.50%
Retirement age (executives)	67 years	67 years
Retirement age (Non-executives)	62 years	62 years
Actuarial table	INSEE F 2010	INSEE F 2010

The sensitivity for a 0.25% change in the discount rate is as follows:

	Decrease of assumption €	Baseline €	Increase of assumption €
Defined benefit obligation	**686,705**	**652,271**	**617,837**

The discount rate is set by reference to market yields at the end of the reporting period on high quality corporate bonds. Significant assumptions are required to be made when setting the criteria for bonds to be included in the population from which the yield curve is derived. The most significant criteria considered for the selection of bonds include the issue size of the corporate bonds, quality of the bonds and the identification of outliers which are excluded.

The defined benefit obligation typically exposes the entity to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk:

Risk Type	
Investment risk	The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to high quality corporate bond yields; if the return on plan asset is below this rate, it will create a plan deficit.
Interest rate risk	A decrease in the bond interest rate will increase the plan liability but this will be partially offset by an increase in the return on the plan's debt investments

Longevity risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

13. Share Based Payments

The Group's ultimate parent, Azerion Holding B.V., maintains a Share Appreciation Right (SAR) plan. The plan was initiated in 2018 and provides SARs to employees, consultants and advisors of the Group. Plans are awarded to plan participants at the discretion of the Board of Directors/Management board. The number of SARs available for issuance under the plan is determined by the Board of Directors on an annual basis.

Share appreciation rights: equity settled

Azerion Holding B.V. granted SARs to certain employees of the Group. These awards vest upon the satisfaction of service conditions. The service condition is generally satisfied over five years and awards begin to vest following the employees' three-year employment anniversary. Employees that leave employment prior to their service conditions being met may be entitled to a portion of their vested shares, depending on the conditions of the exit as specified in the SAR plan. Earlier vesting would occur if certain conditions related to an initial public offering (IPO) is met.

The number of employee SARs granted during the period was 225 (2019: 322) with a weighted average fair value of € 5.6 million (2019: € 2.8 million). The fair value is determined on the grant date based on discounted cash flow with benchmark to market multiples with reference to the external valuation. The technique used is a discounted cash flow analysis using estimated future cash flows, weighted average cost of capital and a terminal growth rate as its major inputs. The number of SARs unvested and outstanding at December 31, 2020 was 413 (2019: 291). The settlement of the SAR plan occurs in actual shares with no cash option available to employees as alternative.

Share-based payment reserve

	€
Balance at January 1, 2019	-
Credit to equity for equity-settled share-based payments	223,559
Balance at December 31, 2019	**223,559**
Credit to equity for equity-settled share-based payments	434,137
Balance at December 31, 2020	**657,696**

Share-based payment expense

In 2020, the Group recognized an expense of € 434 thousand (2019: € 224 thousand).

14. Provisions

	Commercial litigation €	Other €	Total €
Balance at January 1, 2019	**-**	**813,895**	**813,895**
Additions	2,051,667	352,736	2,404,403
Utilization	-	(813,896)	(813,896)
Balance at December 31, 2019	**2,051,667**	**352,735**	**2,404,402**
Additions	268,538	1,411,145	1,679,683
Utilization	(1,040,357)	(264,946)	(1,305,303)
Reversal	(876,310)	108,013	(768,297)
Exchange differences	(8,272)	(174,583)	(182,855)
Balance at December 31, 2020	**395,266**	**1,432,364**	**1,827,630**
Balance at January 1, 2019	**-**	**813,895**	**813,895**
Non-Current	-	813,895	813,89
Current	-	-	-
Balance at December 31, 2019	**2,051,667**	**352,735**	**2,404,402**
Non-Current	2,051,667	204,788	2,256,455
Current	-	147,947	147,947
Balance at December 31, 2020	**395,266**	**1,432,364**	**1,827,630**
Non-Current	105,204	757,437	862,641
Current	290,062	674,927	964,989

Provisions for commercial litigation are primarily linked with trade litigation and disputes.
During the year 2020, utilization of provisions related to commercial disputes arising in previous fiscal years were recognized due to the following events:

Commercial litigation

- On March 11, 2019, the Paris Commercial Court sentenced Quantum, of which AdUX is a 100% shareholder, to pay the sum of € 1.1 million following a commercial dispute. Quantum appealed this decision on March 14, 2019. A provision for the full amount had been recognized in the consolidated financial statements. By means of a legal protocol, the matter was subsequently settled, during 2021, for € 354 thousand, and the provision recognized earlier was trued-up to the settlement amount as disclosed as part of the Commercial litigation provisions as at December 31, 2020.
- On June 21, 2016, AdUX charged a publisher for improper termination of a sales house agreement and partnership agreement, and for the transfer of effects of this contract to other boards. In 2019, the Commercial Court of Paris convicted the publisher for improper breach of contract for the payment of € 1 million and ordered the provisional execution. The publisher appealed the judgment, however on July 21, 2020, the dispute with the publisher ended by the signature of a settlement agreement in return for which AdUX received the sum of € 80,000, and the publisher withdrew from the appeal procedure. As a result, the recognized provision for risks of € 767 thousand is reversed, for which € 687 thousand is shown as reversal in "utilization" under Commercial Litigation provisions.
- The higher labour court of Brazil is validating a settlement agreement that Zoom.In Brazil entered into with an employee and his lawyer in March 2020, which the employee is currently disputing. The expected exposure are costs in the form of monthly legal fees of € 600 until the termination of legal proceeding.

Other

- AdUX has provided € 284 thousand under other provisions as at December 31, 2020 for a breach of contract where a relationship with a former supplier was terminated. The provision value was based on documentation received on December 22, 2020 with the uncertainties existing regarding exact timing of settlement.
- The Holdings have provided € 510 thousand relating to potential fines to be received for failing to update employment certifications of migrant workers, due to re-structuring which occurred during 2020. Settlement is expected to occur within 12 months after balance sheet date.
- Additional € 300 thousand provision is recorded for headcount restructuring in Zoom.In.
- Long term retirement obligations € 300 thousand is recorded in Triodor.

15. Trade and other payables

15.1 Trade and other payables	**31 December 2020** €	**31 December 2019** €	**1 January 2019** €
Trade payables	39,324,313	56,406,116	31,884,725
Wage taxes and social securities	4,046,305	1,602,910	981,739
Deferred wage tax	6,227,594	-	-
Other taxes	10,847,595	12,969,848	557,800
Other liabilities and accruals (15.2)	31,276,596	18,568,590	19,180,985
	91,722,403	**89,547,464**	**52,605,249**

15.2 Other liabilities and accruals	**31 December 2020** €	**31 December 2019** €	**1 January 2019** €
Accruals	22,999,298	9,090,628	9,801,957
Holiday allowance	729,920	848,496	680,832
Personnel costs	497,897	8,484	493,745
Short term loan	-	-	42,920
Accrued interest	-	-	653,109
Other	7,049,481	8,620,982	7,508,422
	31,276,596	**18,568,590**	**19,180,985**

The carrying values of trade and other payables are a reasonable approximation of fair value due to their short-term nature.

The deferred wage tax consists of an arrangement with the Dutch Tax Authority to postpone the payment of these taxes due to COVID. The start date of the payment arrangement is October 1, 2022. The payment arrangement will be spread over 5 years. The arrangement consists of a maximum of 60 equal monthly payments with the last payment in September 2027. This payment arrangement includes all outstanding tax debts for which deferral of payment has been requested. To stimulate the repayment of the outstanding debts, the collection interest will be increased step by step. The extension of the payment was agreed after the balance sheet date, this is a non-adjusting post balance sheet event.

16. Borrowings

	Subordinated loans €	Convertible loans €	Debt to participating interests €	Senior secured floating rate bonds €	Debt to credit institutions €	Other €	Total €
Balance at January 1, 2019	**-**	**4,125,000**	**11,572,800**	**-**	**8,753,541**	**1,572,353**	**26,023,694**
Additions	1,500,000	-	5,000,000	23,617,857	9,337,434	1,584,917	41,040,208
Accrued interest	359,698	1,429,415	214,793	961,168	(630,961)	-	2,334,113
Repayment	-	(625,000)	(1,100,048)	(703,081)	(733,225)	(1,416,636)	(4,577,990)
Other movements	6,839,551	-	(6,839,551)	198,274	(198,274)	-	-
Balance at December 31, 2019	**8,699,249**	**4,929,415**	**8,847,994**	**24,074,218**	**16,528,515**	**1,740,634**	**64,820,025**
Additions	-	-	-	70,017,250	400,000	-	70,417,250
Accrued interest	571,687	(53,105)	-	5,145,127	700,451	3,024	6,367,184
Repayment	(1,854,511)	(4,876,310)	-	(29,619,120)	(6,198,701)	(487,462)	(43,036,104)
Other movement	8,847,994	-	(8,847,994)	1,242,085	(595,210)	(760,410)	(113,535)
Reclassification to equity	(14,971,957)	-	-	-	-	-	(14,971,957)
Balance at December 31, 2020	**1,292,462**	**-**	**-**	**70,859,560**	**10,835,055**	**495,786**	**83,482,863**

	Subordinated loans €	Convertible loans €	Debt to participating interests €	Senior secured floating rate bonds €	Debt to credit institutions €	Other €	Total €
Balance at January 1, 2019	**-**	**4,125,000**	**11,572,800**	**-**	**8,753,541**	**1,572,353**	**26,023,694**
of which (duration)							
< 1 Year	-	-	149,500	-	4,072,242	1,347,913	5,569,655
≥1 year ≤ 5 years	-	4,125,000	11,423,300	-	4,681,299	224,440	20,454,039
> 5 Years	-	-	-	-	-	-	-
Balance at December 31, 2019	**8,699,249**	**4,929,415**	**8,847,994**	**24,074,218**	**16,528,515**	**1,740,634**	**64,820,025**
of which (duration)							
< 1 Year	-	4,929,415	8,847,994	24,074,218	16,284,321	424,086	54,560,034
≥1 year ≤ 5 years	8,699,249	-	-	-	244,194	1,316,548	10,259,991
> 5 Years	-	-		-		-	-
Balance at December 31, 2020	**1,292,462**	**-**	**-**	**70,859,560**	**10,835,055**	**495,786**	**83,482,863**
of which (duration)							
< 1 Year	-	-	-	328,281	10,835,055	211,676	11,375,012
≥1 year ≤ 5 years	1,292,462	-	-	70,531,279	-	284,110	72,107,851
> 5 Years	-	-	-	-	-	-	-

Subordinated loans

The interest rates are between 3% and 10% per annum. The loans are subordinated to all other debts.

On December 31, 2020, the Group has modified the terms of a series of subordinated shareholder loans entered into with its shareholder Principion Holding B.V., with a total principal value of € 16.26 million and interest rates ranging from 3% - 10%. After the modification, the Group has an equity redemption option of the outstanding loan balances, in addition to a cash redemption option. Under the modified terms, the discretion to redeem the loans in equity or cash lies with Azerion Holding. Azerion holds the contractual right and full discretion of choosing settlement by fixed equity or cash. Thus, the instrument meets the definition of an equity instrument in accordance with IAS32. At the maturity date of the loan a fixed amount of 2,708 shares will be issued to settle the loan. On the date of the modification the fair value of the share exceeded the carrying value of the loan by € 3.5 thousand. This difference was recorded as a debit to equity. Subsequent to this modification, total loan balances of € 14.97 million have been reclassified to the Group's equity reserves. A total financial liability of € 1.29 million remains on the Group's balance sheet in regards to accrued interest on these loans.

Convertible loans

The interest rate is 6% and an additional bonus interest payment applies, which amounts to 7.5% per annum on the principal sum. The loans were repaid in April 2020.

The € 1.4 million accrued interest in the 2019 convertible loans is the current balance of the accrued interest in 2018 (Note 15) that has been reclassified in 2019 to the non-current liabilities. This leaves a remaining accrued interest of € 789K (interest accrual of 19%) as Azerion had to pay a contractual bonus interest between 7.5% - 15% on the loan balance of € 3.5 million.

Debt to participating interests

The interest rates are between 3% and 10% per annum. In 2019 an amount of € 5.9 million from Azerion Group B.V. and an amount of € 978 thousand from STAK Azerion Holding were reclassified to subordinated loans. The other movement of € 8.8 million in debt to participating interests relates to a reclassification to subordinated loans (refer to Note 23.2 for additional information on the reclassification). The other balance is subsequently reclassified to equity.

Senior secured floating rate bonds

The Group has issued senior secured callable floating rate bonds on March 9, 2020 for a total of € 60.0 million, under a total framework of € 100.0 million. The maturity date of the bonds is March 17, 2023. The bonds carry a fixed interest rate of 8.5% per annum. The Group has used the bond proceeds to fully redeem an outstanding bond of € 25.0 million on March 17, 2020. The security for the bonds is a share pledge in respect of all shares in the group companies Azerion Games and Content Holding B.V., Azerion Tech Holding B.V., Azerion International Holding B.V., Sellbranch AB, Youda Games Holding B.V., Voidu B.V and a pledge over any material intra-group loans. On November 27, 2020 the Group issued subsequent bonds under the same framework to the amount of € 12.5 million, bringing the nominal amount of bonds issued to € 72.5 million on December 31, 2020.

Debt to credit institutions

Included in this balance is a factoring agreement amounting to € 1.4 million at December 31, 2020 (2019: € 3.6 million), a revolving credit facility with Billfront Ltd amounting to € 7.5 million at December 31, 2020 (2019: € 7.7 million) and debt to credit institutions amounting to € 0 as of December 31, 2020 (2019: € 4.7 million).

Azerion has a factoring agreement in AdUX Group with balances of € 1.4 million as of December 31, 2020 (2019: € 3.6 million). AdUX Group Factoring is charged at 3-month Euribor +0.75% plus factoring commission of 0.2%. The trade receivables used as security by third parties are maintained within the Group's assets as the risks and benefits associated with them are not transferred to such third parties. The factoring companies in particular do not accept the credit risks. The credit risk is the risk of non-recovery of trade receivables. Under contracts signed with the Group's entities, the credit risk remains within the Group.

Azerion has a revolving credit facility with Billfront Ltd of € 7.5 million as of December 31, 2020 (2019: € 7.7 million). The revolving credit facility with Billfront is charged at Euribor + 7.6%, with an upfront arrangement fee of 0.7% of the maximum aggregate outstanding amount. It is renewed every 30 to 120 days and is generally renewed at 60-day intervals. It requires a collateral of 125% of qualifying accounts receivable.

Other

The other relates to outstanding balances with financial institutions and credit providers. The decrease relates to repayments made during 2020.

Repayment obligations falling due within 12 months from the end of the financial year, as set out above, are included in current liabilities.

	Issue Currency	**Principle Amount entered**	**Date entered**	**Non-current (€)**	**Current (€)**	**Effective interest rate**	**Year of Maturity**
Senior Secured Callable Floating Rate Bonds	EUR	72,500	March 9, 2020	64,611	6,248	8.50%	2023
Zero-interest financing for innovation	EUR	2,400	October 21, 2014	600	480	0.00%	2022
Zero-interest state guaranteed loan	EUR	400	June 19, 2020	400	-	0.00%	2022
Factoring contracts	EUR	-	December 5, 2013	-	1,420	Euribor 3 months + 0.70%	2021
Revolving credit facility	EUR	-	November 4, 2019	-	7,453	Euribor 3 months + 0.76%	2021
Acquisition loan 1	CAD	680	July 3, 2019	-	218	6.00%	2021
Acquisition loan 2	CAD	70	July 3, 2019	-	22	6.00%	2021
Subordinated shareholder loans	EUR	16,823	2016 – 2019	16,264	-	3% - 10%	2023
Commerzbank	EUR	200	March 31, 2017	181	27	4.32%	2022
Car financial lease	EUR	78	August 5, 2019	33	19	4.99%	2023
Total				**82,089**	**15,887**		

Azerion has a zero-interest financing loan in AdUX Group with balances of € 1.1 million at December 31, 2020. This loan is financing for innovation.

As part of the measures put in place by the government following the COVID-19 crisis, the company Adysseum contracted a loan guaranteed by the State for an amount of € 400 thousand with the BNP on June 19, 2020. This financing is a one-year cash loan for which the repayment of the principal and the payment of interest and accessories will take place at once on the due date. This loan offers the possibility of requesting amortization of amounts due on maturity over an additional period of 1 to 5 years. Following an agreement between the Ministry of the Economy and Finance and the banking profession on January 14, 2021, all companies wishing to do so, regardless of their activity and size, can also request a deferral of an additional year to start repaying their government guaranteed loan. The group intends to apply for such deferral.

17. Revenue from contracts with customers

17.1 Revenue streams

The Group generates revenue primarily from the sales of Gaming and Monetization Tech segments.

Amongst the most important categories of customers and suppliers are the leading publishers of newspapers, multinational technology company that specializes in Internet-related services and products, and the gaming community.

Refer to Note 30 for additional disclosures regarding revenue within the respective operating segments.

17.2 Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by geographical market, major product lines and service lines and timing of revenue recognition:

	2020 €	2019 €
Primary geographical markets		
The Netherlands	136,048,594	115,736,527
Other EU countries	55,054,959	51,658,186
Other European countries	885,204	1,192,412
Other countries	3,087,871	4,039,212
Total revenue from contracts with customers	**195,076,628**	**172,626,337**

17.3 Contract balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers:

	31 December 2020 €	31 December 2019 €	1 January 2019 €
Trade receivables included in "Trade and other receivables"	39,720,214	29,617,359	11,897,597
Contract assets	8,482,211	18,039,298	16,015,495
Contract liabilities	(382,531)	(1,142,970)	(35,838)
	47,819,894	**46,513,687**	**27,877,254**

Contract assets have decreased as the group has provided fewer services ahead of the agreed payment schedules.

The contract liabilities have been recognised as revenue within 12 months after each reporting period except for € 383 thousand contract liabilities recognised as at December 31, 2019, which is settled between 1 and 5 years.

	31 December 2020 €	31 December 2019 €	1 January 2019 €
Balance	**(382,531)**	**(1,142,970)**	**(35,838)**
< 1 Year	(382,531)	(760,439)	(35,838)
≥1 year ≤ 5 years	-	(382,531)	-
> 5 Years	-	-	-

17.4 Performance obligations and revenue recognition policies

Revenue is measured based on the consideration specified a contract with a customer. The Group recognizes revenue when it transfers control over a good or service to the customer.

The following table provides information about the nature, timing and satisfaction of performance obligations in contracts with customers:

Type of product/service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Monetizing Tech fees	**Advertising deal – bundle of similar ad impressions:** Each bundle of ad impressions that are “substantially the same” and provided in a similar framework, is a separate performance obligation.	**Advertising deal – bundle of similar ad impressions:** The revenue is recognised over time as the bundle of ad impressions are being provided. Revenue recognition is based on the transaction price and is measured with reference to the number of completed ad impressions as a portion of the total ad impressions promised in the bundle.
	Advertising deal – clicks or actions: Each click or action is a separate performance obligation.	**Advertising deal – clicks or actions:** The revenue from the sale and provision of clicks or actions by users, are recognised at a point in time when the user clicks on or performs an action based on the ad impression. The revenue recognised per click or action is equal to the transaction price agreed with the customer per the insertion order.

	Advertising deal – combination of bundles and/or clicks and actions: Multiple Performance Obligations: • Each bundle of ad impressions that are "substantially the same" and provided in a similar framework, is a separate performance obligation. • Each click or action is a separate performance obligation.	**Advertising deal – combination of bundles and/or clicks and actions:** Refer above the revenue recognition noted for a bundle of ad impressions and/or clicks and actions.
	Sale of ad inventory: Each unit of ad inventory sold, and related ad impression provided, represents a separate performance obligation.	**Sale of ad inventory:** The revenue is recognised over time as Azerion is providing the ad inventory and the related ad impression. Given the time involved in providing the service, revenue is practically recognised at the point when each ad impression is served at an amount equal to the transaction price.
Gaming	Main performance obligations are from sales in the virtual world of gaming: - Sale of **consumables** - Sale of **durables** - Sale of **memberships** The provision of each unit is a separate performance obligation. -	**Consumables:** Revenue from the sale of consumables is recognised at a point in time. **Durables:** Revenue from the sale of durables is recognised over time, depending on the consumption period of the customer. **Memberships**: Revenue is recognised evenly over the membership period.

18. Personnel costs

	2020 €	2019 €
Wages and salaries	21,283,867	21,417,094
Social charges	5,918,405	5,330,376
Pension costs	94,631	240,419
Share-based payment expense	434,137	223,559
Other	4,969,630	1,709,396
	32,700,670	**28,920,844**

The average number of employees of the Group during the 2020 year, converted to full-time equivalents was as follows: 729 of which 270 in the Netherlands (2019: 547 of which 188 in the Netherlands); 2018: 242 of which 89 in the Netherlands).

Wages and salaries represent the net amount of the wages and salaries expense and the compensation received from the Dutch State for the Azerion Group's labour expenses during the period from March 1 until December 31, 2020. This compensation amounts to € 1 million.

Other consists of incentive compensation expenses € 1.2 million; other staff expenses € 3.0 million and consultancy fees € 900 thousand for the period ending December 31, 2020. Compared to 2019, there has been a total increase of € 3.2 million in other personnel costs. € 1.2 million of the increase relates to bonuses, € 900 thousand relates to consultancy fees, € 400 thousand relates to 2020 acquisition and the remaining € 700 thousand relates to other benefit such as lunch vouchers and wellness.

The amount of personnel related development costs that has been capitalized in 2020 amounted to € 8 million (2019: € 6.2 million). Any costs associated with research are expensed as they arise and only identifiable development costs are capitalised.

The average headcount, representing FTE's per department is presented below:

Employees by department	**31 December 2020**	**31 December 2019**	**1 January 2019**
Engineering & Product	423	301	194
Commercial	157	145	7
Corporate	149	101	41
	729	**547**	**242**

19. Other gains and losses

	2020 €	**2019** €
Loss on the sale of property, plant and equipment	95,310	(18,254)
Net foreign currency gain / (loss)	1,388,607	(1,593,813)
Other financial gains	-	3,964,052
	1,483,917	**2,351,985**

The other financial gains in 2019 relate to the realization of Azerion's portion of the book profit that was recorded on the sale of the intangibles to Talpa. Refer to Note 29.

20. Costs of services and materials and other expenses

20.1 Costs of services and materials

	2020 €	**2019** €
Website expenses	110,839,736	107,069,755
Advertising and email routing	2,546,576	2,176,459
Hosting fees	10,642,957	8,268,048
Micropayment bank charges, Other direct costs and IT equipment and related costs	1,108,718	826,442
	125,137,987	**118,340,704**

20.2 Other expenses

	2020	2019
	€	€
Accommodation costs	1,284,859	2,391,640
Impairment on trade receivables	1,267,708	1,284,702
Selling expenses	4,299,840	3,252,000
Management fee	9,914	51,362
Professional services	6,120,467	5,124,353
Insurance costs	360,070	157,255
Transition costs	106,723	1,012,128
Operating costs	2,900,480	1,603,539
Other costs	502,123	2,156,779
	16,852,184	**17,033,758**

Independent Auditor's fee

Other expenses include, among others, independent auditor's fees. PricewaterhouseCoopers Accountants N.V. served as the independent public accountants for the fiscal year ended December 31, 2020 and December 31, 2019. The following table presents the aggregate fees rendered by PricewaterhouseCoopers Accountants N.V. and other professional firms:

	Pricewaterhouse Coopers Accountants N.V.	Pricewaterhouse Coopers member firms	Other accounting firms	Total 2020
	€	€	€	€
Audit of the financial statements	538,017	161,858	23,132	723,007
Other non-audit services	-	-	590,538	590,538
Tax services	-	-	173,244	173,244
	538,017	**161,858**	**786,914**	**1,486,788**

	PricewaterhouseCoopers Accountants N.V.	Pricewaterhouse Coopers member firms	Other accounting firms	Total 2019
	€	€	€	€
Audit of the financial statements	388,994	110,500	258,328	757,822
Other audit services	-	-	2,500	2,500
Tax service	-	-	201,000	201,000
Other non-audit services	-	-	1,008,295	1,008,295
	388,994	**110,500**	**1,470,123**	**1,969,617**

These are the audit fees related to the audit services rendered in the respective book year.

21. Net finance costs

	2020	2019
	€	€
Other finance income	1,582,301	641,722
Finance income	**1,582,301**	**641,722**
Interest expense on related party loans	518,582	2,003,906
Interest expense on third party loans	5,848,602	330,207
Interest on leases	572,150	524,572

Other finance costs	3,736,412	3,617,757
Finance costs	**10,675,746**	**6,476,442**
	9,093,445	**5,834,720**

Other finance income includes gains on loans discharged in 2020 and interest received from borrowings to related parties.

Other finance costs mainly include € 3.0m driven by early settlement of 2019 bond (Pensum bond) including a cost of € 1.0 million relating to the extinguishment of a bond.

22. Income tax

Major components of income tax expense are as follows:

	2020 €	2019 €
Current tax expense		
Current year	(515,611)	(966,851)
	(515,611)	(966,851)
Deferred tax expense		
Origination and reversal of temporary differences	3,471,698	2,141,984
Recognition of previously unrecognised tax losses	2,519,340	954,112
De-recognition of recognized losses	(1,153,658)	-
Tax losses not recognized	(6,340,869)	(3,810,764)
Use of unrecognized losses	2,608,394	911,548
Use of other non-recognized tax attributes	19,730	124,235
Change in tax rate	(614,270)	(44,116)
	510,365	276,999
Income tax expense reported in the Statement of profit or loss	**(5,246)**	**(689,852)**

22.1 Reconciliation of income tax expenses

	2020 €	2019 €
Profit / (Loss) before tax	**(5,419,479)**	**(3,339,157)**
Tax using the company's tax rate of 25%	1,354,870	834,789
Effect of different income tax rates other countries	990,969	(289,740)
Changes in estimates related to prior years	69,717	102,355
Non-taxable amounts	79,351	25,360
Non-deductible interest	(31,264)	-
Non-deductible other amounts	(540,273)	(78,595)
Recognition of non-recognised losses	2,519,340	954,112
De-recognition of recognized losses	(1,153,658)	-
Tax rate changes	(614,270)	(43,907)
Tax losses not recognised	(6,340,869)	(3,810,764)
Utilisation of previously non-recognised losses	2,608,394	911,549
Utilisation of other non-recognised tax attributes	19,729	124,235
Other	1,032,718	580,754
Income tax expense at effective tax rate	**(5,246)**	**(689,852)**
Effective tax rate	0%	(21%)

22.2 Deferred tax assets and liabilities

Movement in deferred tax asset balances:

	Net balance at 31 December 2019 €	Recognized in profit or loss €	Recognized in OCI €	Recognized directly in equity €	Acquired in business combi-nations €	Net balance at 31 December 2020 €
Property, plant and equipment	71,760	53,440	-	-	-	125,200
Intangible assets	2,099,135	(200,574)	-	-	105,815	2,004,376
Pensions	134,386	12,123	(13,563)	-	-	132,946
Tax loss carry forwards	1,586,972	932,368	-	-	-	2,519,340
Other	-	-	-	72,141	-	72,141
Netting DTA/DTL	-	-	-	-		(2,468,605)
Total deferred tax asset	**3,892,254**	**797,357**	**(13,563)**	**72,141**	**105,815**	**2,385,398**

Movement in deferred tax liability balances:

	Net balance at 31 December 2019 €	Recognized in profit or loss €	Recognized in OCI €	Recognized directly in equity €	Acquired in business combi-nations €	Net balance at 31 December 2020 €
Intangible assets	(4,324,355)	(388,908)	-	-	(2,236,541)	(6,949,804)
Borrowings	-	-	-	(846,060)	-	(846,060)
Other	-	101,916	-	73,184	-	175,100
Netting DTA/DTL	-	-	-	-	-	2,468,605
Total deferred tax liability	**(4,324,355)**	**(286,992)**	**-**	**(772,876)**	**(2,236,541)**	**(5,152,158)**
Net deferred tax asset / (liabilities)	**(432,102)**	**510,365**	**(13,563)**	**(700,735)**	**(2,130,726)**	**(2,766,760)**

Movement in deferred tax asset balances:

	Net balance at 1 January 2019 €	Recognized in profit or loss €	Recognized In OCI €	Acquired in business combi-nations €	Net balance at 31 December 2019 €
Property, plant and equipment	1,351	70,409	-	-	71,760
Intangible assets	2,259,579	(160,443)	-	-	2,099,136
Pensions	120,475	7,006	6,903	-	134,385
Tax loss carried forward	647,277	939,695	-	-	1,586,972
Total deferred tax asset	**3,028,682**	**856,667**	**6,903**	**-**	**3,892,253**

Movement in deferred tax liability balances:

	Net balance at 1 January 2019	Recognized in profit or loss	Recognized In OCI	Acquired in business combi-nations	Net balance at 31 December 2019
	€	€	€	€	€
Intangible assets	(1,129,818)	(579,668)	-	(2,614,869)	(4,324,355)
Total deferred tax liability	**(1,129,818)**	**(579,668)**	**-**	**(2,614,869)**	**(4,324,355)**
Net deferred tax asset / (liabilities)	**1,898,864**	**276,999**	**6,903**	**(2,614,869)**	**(432,102)**

The Company has concluded that the deferred tax assets will be recoverable using the estimated future taxable income based on the approved business plans, cash forecasts and budgets of the Company.

The 2020 deferred tax asset positions on net operating losses are recognized up to the level of the deferred tax liability positions. For the Dutch fiscal unities, additional losses have been recognized as the fiscal unities are in a profit making position in 2020 and future profits are expected.

22.3 Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following items, as it is not probable that future taxable profit will be available against which the Group can use the benefits there from:

	31 December 2020	31 December 2019	1 January 2019
	€	€	€
Loss before tax	**(5,419,479)**	**(3,339,157)**	**(6,885,915)**
Tax losses	135,591,282	125,204,553	99,813,407
Unrecognized losses	**125,408,927**	**118,416,820**	**96,788,749**
Expire	92,316,877	97,525,911	79,531,771
Never expire	33,092,050	20,890,909	17,256,978

Expiration year of losses carried forward (2018)

	2019	2020	2021	2022	2023	Later	Unlimited	Total
Total loss carried forward	-	864,031	-	560,218	12,674,903	65,432,619	20,281,637	99,813,408
Loss carried forward not recognized in deferred tax assets	-	864,031	-	560,218	12,674,903	65,432,619	17,256,978	96,788,749
Total recognized	**-**	**-**	**-**	**-**	**-**	**-**	**3,024,659**	**3,024,659**

Expiration year of losses carried forward (2019)

	2020	2021	2022	2023	2024	Later	Unlimited	Total
Total loss carried forward	846,031	-	560,218	12,675,160	1,672,934	85,486,824	23,945,386	125,204,553
Loss carried forward not recognized in deferred tax assets	864,031	-	560,218	12,675,160	1,672,934	81,753,568	20,890,909	118,416,820
Total recognized	**-**	**-**	**-**	**-**	**-**	**3,733,256**	**3,054,477**	**6,787,733**

Expiration year of losses carried forward (2020)

	2021	2022	2023	2024	2025	Later	Unlimited	Total
Total loss carried forward	-	560,218	10,574,410	1,672,934	22,409,638	66,711,354	33,646,222	135,574,786
Loss carried forward not recognized in deferred tax assets	-	560,218	10,574,410	1,672,934	22,409,638	57,099,667	33,092,050	125,408,927
Total recognized	**-**	**-**	**-**	**-**	**-**	**9,611,687**	**554,172**	**10,165,859**

22.4 Uncertain tax positions

Azerion takes income tax positions that management believes are supportable and are intended to withstand challenge by tax authorities. Some of these positions are inherently uncertain and include the interpretation of income tax laws applied to complex transactions. The Company periodically reassesses its tax positions. Changes to the financial statement recognition, measurement, and disclosure of tax positions is based on management's best judgment given any changes in the facts, circumstances, information available and applicable tax laws. Considering all available information, the Company believes that the ultimate resolution of such matters will not have a material effect on the Company's financial position, statements of operations or cash flows.

23. Related parties

The related parties of the Company are entities and individuals capable of exercising control, joint control or significant influence over the Company and companies belonging to Azerion Holding B.V. In addition, members of the Management Board, executives with strategic responsibilities and their close family members are also considered related parties. The Company carries out transactions with its related parties on commercial terms that are normal in the respective markets, considering the characteristics of the goods or services involved.

23.1 Key management personnel ('KMP') remuneration

KMP consists of 5 directors (December 31, 2019: 5) that form the leadership team. The total remuneration of key management personnel was as follows:

	2020 €	2019 €
Short-term employee benefits	1,582,636	1,256,327
Post-employment benefits	13,078	13,078
Other long-term benefits	-	-
Termination benefits	-	-
Share-based payment benefits	82,935	74,925
Remuneration of directors and top executives	**1,678,649**	**1,344,330**

23.2 Borrowings from related parties

The following balances are outstanding at the end of the reporting period in relation to borrowings from related parties:

	2020 € million	2019 € million
Loans from Navus & Mulnomah	-	4,9
Subordinated loans from Stak AZH (*)	-	1,2
Subordinated loans from Gamepoint	-	3,6
Subordinated loans from Principion	-	12,8
Accrued interest on loans	1,3	-
Total borrowings from related parties	**1,3**	**22,5**

(*) STAK is a foundation structure available in the Netherlands (Stichting Administratiekantoor in Dutch) that allows participants (e.i. depository receipt holders (DRHs)) to have benefits from the profit of the company without having voting rights. STAK Azerion Holding B.V. (STAK AZH) was created with the intention to support the administration of the DRHs that have the economic benefits for their shares in Azerion Holding B.V. During 2018 DRHs sold a portion of their share rights with a total amount of €1.0 million and provide a loan to Azerion Holding B.V. through STAK AZH by individual consent of all DHRs. Together with accrued interest, €1.2 million has accounted as shareholder loan and presented under the borrowings from related parties as of 31 December 2019. During 2020, the company has transferred the principal amount of the loan to the equity and presented under the other equity instruments.

The following movement schedule illustrates the movements in the borrowings from related parties:

	Subordinated loans €	Convertible loans €	Debt to participating interests €	Total €
Balance at January 1, 2019	**-**	**4,125,000**	**11,572,800**	**15,697,800**
Additions	1,500,000	-	5,000,000	6,500,000
Accrued interest	359,698	1,429,415	214,793	2,003,906
Repayment	-	(625,000)	(1,100,048)	(1,725,048)
Other movements	6,839,551	-	(6,839,551)	-

Balance at December 31, 2019	**8,699,249**	**4,929,415**	**8,847,994**	**22,476,658**
Accrued interest	571,687	(53,105)	-	518,582
Repayment	(1,854,511)	(4,876,310)	-	(6,730,821)
Reclassification	8,847,994	-	(8,847,994)	-
Reclassification to equity	(14,971,957)	-	-	(14,971,957)
Balance at December 31, 2020	**1,292,462**	**-**	**-**	**1,292,462**

Refer to Note 16 where the terms and conditions of the borrowings from related parties listed above is disclosed. The interest rates are between 3% and 10% per annum. In 2019 an amount of € 5.9 million from

23.3 Borrowings to related parties

	2020 € million	**2019** € million
Loans granted to Principion	**16,5**	**-**

Refer to Note 8 where the terms and conditions of the loan granted to Prinicpion is disclosed.

	Loans granted €	**Total** €
Balance at December 31, 2019	**-**	**-**
Additions	21,976,172	21,976,172
Accrued interest	623,644	623,644
Repayment	(6,100,000)	(6,100,000)
Balance at December 31, 2020	**16,499,816**	**16,499,816**

During the 2020 financial year the Company accrued interest on the loan to Principion amounting to € 623 thousand (2019: € 0).

In October 2021 the interest rate relating to the loan was amended to 4.0% to reflect market interest rate. The addendum was retrospectively effective on the date of the loan but not accounted for as such in accordance with IFRS. In the 2021 financial year there will be a fair value remeasurement gain which will be recorded in equity.

23.4 Receivables from related parties

The following balances are receivable at the end of the reporting period from related parties:

	2020 €	**2019** €
AdUX Régions SAS	787,178	-

The receivables from related parties relates to transactions in the normal course of business between AdUX Group and Hi Media Region driven by the fact that Hi Media Region consolidates via equity method.

23.5 Transactions with related parties

Lease agreement

In 2020 Azerion Holding B.V. entered into a lease agreement with Cornellia SR1 B.V. for the property located at Beech avenue 132. The lease agreement resulted in the following being recognised:

- right of use asset of € 395 thousand as at December 31, 2020
- lease liability of (€ 426 thousand) as at December 31, 2020
- depreciation on the right of use asset € 54 thousand the year ending December 31, 2020
- interest on lease liability of € 54 thousand for the year ending December 31, 2020

Triodor acquisition

On December 30, 2020, Azerion Holding B.V. ("Azerion") acquired 100% of the share capital of Triodor Holding B.V. from related parties, for an amount of € 9.5 million. The transaction also settled a pre-existing relationship amounting to € 1.1 million which brought the net consideration to € 7.4 million.

24. List of subsidiaries

The Group's subsidiaries at December 31, 2020 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The registered office is also their principal place of business.

Entity name	Registered office	31 December 2020 %	31 December 2019 %	1 January 2019 %
AdUX SA	Paris (FR)	55	55	22
Azerion Games and Content Holding B.V.	Schiphol-Rijk (NL)	100	0	0
Azerion International Holding B.V.	Schiphol-Rijk (NL)	100	0	0
Azerion IP B.V.	Schiphol-Rijk (NL)	100	100	100
Azerion Media B.V.	Schiphol-Rijk (NL)	100	0	0
Azerion Nederland B.V. (Semilo B.V.)	Schiphol-Rijk (NL)	100	100	0
Azerion Portugal LdPortugalPortugal Lda)	Lisbon (PT)	75	75	75
Azerion Productions Casual B.V.	Schiphol-Rijk (NL)	100	100	0
Azerion Productions E-Business B.V.	Schiphol-Rijk (NL)	100	100	0
Azerion Productions GD B.V	Schiphol-Rijk (NL)	100	100	0
Azerion Productions B.V.	Schiphol-Rijk (NL)	100	100	100
Azerion Productions Services B.V.	Schiphol-Rijk (NL)	100	100	0
Azerion Publisher Services B.V.	Schiphol-Rijk (NL)	100	100	100
Azerion Sweden SB AB (former Sellbranch AB)	Stockholm (SE)	100	100	100
Azerion Tech Development B.V.	Schiphol-Rijk (NL)	100	100	0
Azerion Tech Engineering B.V	Schiphol-Rijk (NL)	100	100	0
Azerion Tech Holding B.V.	Schiphol-Rijk (NL)	100	100	0
Azerion Tech Productions B.V	Schiphol-Rijk (NL)	100	100	0
Azerion Yazilim Ltd	Istanbul (TR)	100	100	100
Azerion Services B.V.	Schiphol-Rijk (NL)	100	100	0
Collective Europe Ltd	London (UK)	100	0	0
Connect2 Media Ltd (MFORMA Ltd)	London (UK)	100	100	100

Funtomic Ltd	Ramat Gan (IL)	100	100	100
Gembly B.V.	Schiphol-Rijk (NL)	100	100	100
Hi-Media Deutschland AG	Düsseldorf (DE)	100	100	45
Hi-Media Espana Publicidad OnLine SL	Madrid (ES)	100	100	100
HUZ B.V.	Schiphol-Rijk (NL)	0	100	100
Improve Digital B.V.	Schiphol-Rijk (NL)	100	100	90
KeyGames Network B.V.	Schiphol-Rijk (NL)	100	100	100
Netwerk360 GmbH	Berlin (DE)	100	100	100
OG DMCC	Dubai (AE)	0	100	100
Plinga GmbH	Berlin (DE)	100	83,16	83,16
Quantum Advertising Nederland B.V.	Schiphol-Rijk (NL)	49	0	0
Rocabee Ltd	London (GB)	100	100	100
Sellbranch Benelux BvbA	Ixelles (BE)	100	100	100
sMeets Communications GmbH	Berlin (DE)	100	100	100
Spilgames Group BV	Schiphol-Rijk (NL)	100	5	0
Sulake Corp	Helsinki (FI)	100	51	51
Talpa Azerion Gaming B.V.	Schiphol-Rijk (NL)	50	50	0
Triodor Holding B.V.	Schiphol-Rijk (NL)	100	0	0
Voidu B.V.	Schiphol-Rijk (NL)	100	100	100
Woozworld Inc	Toronto (CA)	100	100	100
Yoki Network Holding B.V.	Schiphol-Rijk (NL)	100	100	100
Youda Games Holding B.V.	Schiphol-Rijk (NL)	100	100	100
Zoom.In Group B.V.	Schiphol-Rijk (NL)	100	100	0

The group has liquidated and deregistered a subsidiary, OG DMCC as of January 14, 2020.

The table below shows details of non-wholly owned subsidiaries of the Group that have material non-controlling interests.

Proportion of ownership interest and voting rights held by non-controlling interest

Entity name	**Registered office**	**31 December 2020 %**	**31 December 2019 %**	**1 January 2019 %**
AdUX Portugal Lda	Lisbon (PT)	25	25	25
AdUX SA	Paris (FR)	45	45	76
Quantum Nederland B.V.	Schiphol-Rijk (NL)	-	49	-

The AdUX group represents a subsidiary with a material non-controlling interest which has a material impact on the results of the group. Summary financial information relating to the activities of the AdUX group are presented below.

Summary financial performance	**31 December 2020 € '000**	**31 December 2019 € '000**
Sales	17,947	24,766
Cost of sales	(9,830)	(12,848)
Gross profit	**8,117**	**11,918**
Purchases	(3,165)	(4,056)
Payroll costs	(4,530)	(7,754)
Depreciation and amortization	(1,638)	(1,586)
Stock based compensation	-	(12)

Other non-current income and charges	618	1,636
Operating profit	**(598)**	**146**
Cost of indebtedness	(67)	(52)
Other financial income and charges	(113)	(428)
Share in the earnings of the companies treated on an equity basis	-	20
Earnings before tax	**(778)**	**(314)**
Income Tax	(72)	(59)
Net income	**(850)**	**(373)**
Including minority interests	-	27
Including Group share	**(850)**	**(346)**

Included in the € 1.6 miillion other non-current income and charges in 2019 is a gain of € 2.8m relating to the disposal of AdUX group entities to Azerion Holding B.V. This was eliminated in the consolidation of Azerion Holding B.V. and therefore not included in the consolidated statement of profit or loss.

Summary statement of financial position **Assets**	**31 December 2020 € '000**	**31 December 2019 € '000**
Net Goodwill	2,468	2,468
Net intangible fixed assets	842	1,498
Net tangible fixed assets	168	240
Right of use assets related to leases	956	1,193
Non-current financial assets	175	173
Non-current assets	**4,609**	**5,572**
Customers and other debtors	13,345	14,245
Other current assets	6,313	11,560
Cash and cash equivalents	1,557	3,172
Current assets	**21,215**	**28,977**
Total assets	**25,824**	**34,549**
Equity and liabilities		
Shareholders' equity (Group share)	**(5,603)**	**(4,197)**
Minority interests	27	26
Shareholders' equity	**(5,576)**	**(4,171)**
Long-term borrowings and financial liabilities	1,000	1,510
Long-term lease liabilities	723	959
Non-current Provisions	580	480
Non-current liabilities	**2,303**	**2,949**
Short-term financial liabilities and bank overdrafts	1,900	3,407
Short-term lease liabilities	310	293
Current provisions	200	2,052
Suppliers and other creditors	20,667	20,296
Other current debts and liabilities	6,021	9,723
Current liabilities	**29,098**	**35,771**
Total equity and liabilities	**25,825**	**34,549**

Summary statement of cash flows	31 December 2020 € '000	31 December 2019 € '000
Net cashflow from operating activities	(344)	(2,820)
Net cashflow from investing activities	(496)	245
Net cash flow from financing activities	(773)	3,746
Net cash flow for the period	(1,613)	1,171
Cash and cash equivalents on 1 January	3,172	2,001
Cash and cash equivalents at the end of the period	1,559	3,172

25. Fair value measurement

IFRS 13 establishes a hierarchy that categorizes into three levels the inputs used to measure fair value by giving the highest priority to quoted prices (unadjusted) in active markets for identical assets and liabilities (level 1 inputs) and the lowest priority to unobservable inputs (level 3 inputs). In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy at the lowest level input that is significant to the entire measurement. Levels used in the hierarchy are as follows:

Level 1: fair values are based on quoted prices in active markets.

Level 2: fair values are determined based on valuation techniques which use inputs that are based on observable market data.

Level 3: fair values that are determined based on valuation techniques which use inputs that are not based on observable market data.

Financial instruments at amortized cost

The majority of the Group financial assets and liabilities are carried at amortized cost using the effective interest method. The fair values of these instruments are not materially different from their carrying values, since the instruments are either short-term in nature or the interest rates are on market terms.

There were no transfers between fair value hierarchy levels in 2020 and 2019.

Fair value measurement of other equity instruments (Note 11)

Other equity instruments are measured at fair value upon the grant date. The fair value of other equity instruments is determined by an independent 3rd party at least annually. The technique used is a discounted cash flow analysis using estimated future cash flows, weighted average cost of capital (corrected for debt instruments) and a terminal growth rate as its major inputs. This technique and its inputs is categorised as level 3 in the hierarchy as stipulated by *IFRS 13: Fair Value Measurement.* The impact of a change in the inputs to the valuation will have the following effects on the fair value of the equity instruments at grant date: an increase in the estimated future cash flows will increase the fair value; an increase in the weighted average cost of capital will decrease the fair value; and an increase in the terminal growth rate will increase the fair value.

There were no transfers between fair value hierarchy levels in 2020 and 2019.

26. Financial risk management

This note explains the Group's exposure to financial risks and how these risks could affect the Group's future financial performance.

Risk	Exposure arising from	Measurement	Management
Market risk – foreign currency exchange	Future commercial transactions Recognized financial assets and liabilities not denominated in Euros (€)	Sensitivity analysis	Part of the daily business management
Market risk – interest rate	Non-current borrowings at variable rates	Sensitivity analysis	Part of the daily business management
Credit risk	Cash and cash equivalents, deposits trade and other receivables	Credit ratings	Diversification of bank accounts. Part of the daily business management
Liquidity risk	Lease liabilities, contract liabilities, employee benefit obligations and trade and other payables	Maturity analysis	Availability of committed credit lines and borrowing facilities
Capital risk	Equity and external debts	Ratio analysis	Part of the daily business management

Susceptibility of the Group to financial risks is monitored as a part of its daily management of the business.

26.1 Market risk- foreign currency exchange

The functional currency of the Company is the Euro. The Group faces currency risks related to the transactions carried out in the currencies other than the functional currency. The Group has not entered into transactions designed to hedge against the foreign currency risks.

The Group's exposure to foreign currency risk at the end of the reporting period, expressed in Euro currency units, was as follows:

	American dollar	British pound sterling	Swedish Krona
December 31, 2020			
Trade and other receivables	(22,496)	3,287,318	615,057
Other non-current assets	-	2,764	388,073
Cash and cash equivalents	11,279	219,445	138,135
External borrowings	-	(297,999)	(169,741)
Trade and other payables	(6,624,379)	(4,671,988)	(10,590,931)

Exposure	**(6,635,596)**	**(1,460,460)**	**(9,619,407)**

	American Dollar	British pound sterling	Swedish Krona
December 31, 2019			
Trade and other receivables	(22,402)	1,471,308	5,297,923
Other non-current assets	-	15,704	372,750
Cash and cash equivalent	12,321	72,891	153,193
External borrowings	-	(71,305)	(3,800,795)
Trade and other payables	(7,237,911)	(3,748,264)	(11,151,304)
Exposure	**(7,247,992)**	**(2,259,666)**	**(9,128,233)**

	American Dollar	British pound sterling	Swedish Krona
January 1, 2019			
Trade and other receivables	(23,507)	351,895	5,853,244
Other non-current assets	-	62,528	379,729
Cash and cash equivalent	12,403	58,501	294,035
External borrowings	-	-	(5,786,640)
Trade and other payables	(7,099,869)	(2,889,578)	(6,634,428)
Exposure	**(7,110,973)**	**(2,416,654)**	**(5,894,060)**

Sensitivity analysis

A possible strengthening (weakening) of the foreign currencies by +/- 10.0% against the EUR at December 31 would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. The analysis assumes that all other variables remain constant and ignores any impact of forecast sales and purchases.

	American dollar	British pound sterling	Swedish Krona
December 31, 2020			
Currency strengthening by 10%	(663,560)	(146,046)	(961,941)
Currency weakening by 10%	663,560	146,046	961,941

	American dollar	British pound sterling	Swedish Krona
December 31, 2019			
Currency strengthening by 10%	(724,799)	(225,967)	(912,823)
Currency weakening by 10%	724,799	225,967	912,823

26.2 Market risk- interest rate risk

The Group's main interest rate risk arises from long-term borrowings with variable rates, which expose the Group to cash flow interest rate risk.

Sensitivity analysis

The following table illustrates the sensitivity of profit before tax and equity to a reasonably possible change in interest rates of +/- 1.0%. All other variables are held constant.

	Profit before tax		Equity	
	+1%	-1%	+1%	-1%

December 31, 2020	**54,195**	**(54,195)**	**61,777**	**(61,777)**
December 31, 2019	33,392	(33,392)	48,862	(48,862)

26.3 Credit risk

Credit risk arises from cash at bank is considered to be minimal.

Majority of the cash at bank and deposits are held with high credit quality financial institutions with a credit rating of A or higher. With respect to trade and other receivables, the Group mitigates the credit risk through credit limits for each debtor on post-paid terms. These receivables are extremely short term in nature. The credit quality of the customer, considering its financial performance, liquidity ratios, past experience and other factors (e.g., funding rounds) is used to assess the credit risk relating to the customer. The compliance with credit limits is monitored regularly by management.

The Group relies on a limited number of third parties to provide payment processing services ('payment service providers') to collect amounts due from end-users. Payment service providers are financial institutions or credit card companies that the Group believes are of high credit quality.

	31 December 2020	**31 December 2019**	**1 January 2019**
Trade and other receivables	51,710,589	43,911,421	14,002,522
Contract assets	8,482,211	18,039,298	16,015,495
Cash at bank	10,396,263	9,912,655	1,417,460
Exposure	**70,589,063**	**71,863,374**	**31,435,477**

The expected credit loss is determined using a combination of approaches, consisting of individual assessment, netting and provision matrix application. Azerion first assess trade receivables to determine whether individual receivables have facts and circumstances that may cause it to be impaired. These facts (not exhaustive) include historical collectability issues as well as expected future collectability issues due to the nature of the trade receivables or economic conditions experienced. Prior to application of the provision matrix, the non-impaired trade receivables are adjusted for specific trade receivables where a payable position also exists. For these accounts Azerion settles based on the net position thereof (whether receivable or payable). The provision matrix is then applied to non-impaired trade receivables as at the balance sheet date.

When estimating the expected credit losses on AR balances a probability-based provision matrix is typically used based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtor's general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date. Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions was used.

Azerion's current process in calculating a loss allowance on their trade receivables, which includes an assessment of the probability of default, is facilitated through robustly applying the following metrics per 3rd party debtor within each of the 3 pillars to identify debtors for which a doubtful debt allowance may have to be raised:

- Assess historic payment behaviour to build an expectation about future payment behaviour.
- Assess communication with 3rd party debtors, such as responses sent by the client on debt reminders to identify risks of disputes/non-payment of current balances in the future.
- Assess knowledge within Azerion Group and the local finance teams on whether they have any knowledge of debtors which might have financial difficulties, possibly triggered by macro-economic events, which may indicate that they may not be able to settle their debts in the future.
- Assess any letters of insolvency received from debtors, indicating that the respective debtors may have to be provided for.

- Assess any payment agreements made with specific customers and whether those customers have a history of honouring those agreements to determine the need of whether to provide for any 3rd party debtors at doubtful based on expected future behaviour.
- Assess the aging of debtors to identify debtors who are past due and who have not responded to reminders for payment, which may indicate that the future settlement of their accounts is doubtful.

Changes in the loss allowances balance are recognized in profit or loss as an impairment gain or loss. The allowance is netted with the outstanding gross amount of the trade receivables as at the balance sheet date.

The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

26.4 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The liquidity risk management implies maintaining sufficient cash and committed credit facilities by continuously monitoring forecast and actual cash flows and by matching the maturity profiles of financial assets and liabilities.

The table below analyses the Group's financial liabilities by their remaining period to maturity based on the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows (these amounts may not reconcile to the amounts disclosed on the statement of financial position for debt to shareholders, participants, related parties, lease liabilities, trade and other payables).

	Within the next 12 months	**Between 1 and 5 years**	**Beyond 5 years**	**Total**
	€	€	€	€
December 31, 2020				
Trade and other payables	91,722,403	-	-	91,722,403
Lease liabilities	2,613,479	5,769,013	1,739,185	10,121,677
Borrowings	8,744,218	82,050,548	-	90,794,766
Exposure	**103,080,100**	**87,819,561**	**1,739,185**	**192,638,846**
December 31, 2019				
Trade and other payables	89,547,464	-	-	89,547,464
Lease liabilities	2,182,149	5,756,695	1,921,240	9,860,084
Borrowings	38,074,951	12,344,488	-	50,419,439
Exposure	**129,804,565**	**18,101,183**	**1,921,240**	**149,826,988**
January 1, 2019				
Trade and other payables	52,605,249	-	-	52,605,249
Lease liabilities	1,408,487	3,627,271	2,137,500	7,173,258
Borrowings	2,091,249	10,064,969	-	12,156,218
Exposure	**56,104,985**	**13,692,240**	**2,137,500**	**71,934,725**

26.5 Capital risk

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from 2019.

The capital structure of the Group consists of net debt (borrowings disclosed in Notes 7, 16 and 23 after deducting cash and bank balances) and equity of the Group (comprising issued capital, reserves, retained earnings and noncontrolling interests as disclosed in Note 11 and the statement of changes in Equity).

The Group's risk management committee reviews the capital structure on a semi-annual basis. As part of this review, the committee considers the cost of capital and the risks associated with each class of capital. The gearing ratio at December 31, 2020 is 12.83 (see below):

	31 December 2020 €	**31 December 2019 €**	**1 January 2019 €**
Debt	(89,685,744)	(71,102,210)	(30,192,299)
Cash and Cash equivalents	10,396,263	9,912,655	1,417,460
Net debt	(79,289,481)	(61,189,555)	(28,744,839)
Equity	(6,177,674)	4,886,183	4,853,240
Net debt to equity ratio	12.83	(12.52)	(5.93)

Debt is defined as long and short-term borrowings and lease liabilities as detailed in Notes 7, 16 and 23.

Equity includes all capital and reserves of the Group that are managed as capital.

27. Financing activities

	Subordinated loans	Convertible loans	Debt to participating interests	Senior secured floating rate bonds	Debt to credit institutions	Other	Borrowings sub-total	Lease liabilities	Total
	€	€	€	€	€	€	€	€	€
Balance at 1 January 2019	**-**	**4,125,000**	**11,572,800**	**-**	**8,753,541**	**1,572,353**	**26,023,694**	**4,168,605**	**30,192,299**
Cash movements:									
New loans	1,500,000	-	5,000,000	23,617,857	9,337,434	1,584,917	41,040,208	-	41,040,208
Repayments	-	(625,000)	(1,100,148)	(703,081)	(733,225)	(1,416,636)	(4,577,990)	(2,087,652)	(6,665,643)
Non-cash movements:									
New lease liabilities recognized	-	-		-		-	-	3,652,258	3,652,258
Interest accrued	359,698	1,429,415	214,793	961,168	(630,961)	-	2,334,113	524,572	2,858,685
Non-cash loan advance	6,839,551	-	(6,839,551)	198,274	(198,274)	-	-	-	-
Lease re-assessments	-	-	-	-		-	-	24,402	24,402
Balance at 31 December 2019	**8,699,249**	**4,929,415**	**8,847,994**	**24,074,218**	**16,528,515**	**1,740,634**	**64,820,025**	**6,282,185**	**71,102,210**
Cash movements:									
New loans	-	-	-	70,017,250	400,000	-	70,417,250	-	70,417,250
Repayments	(1,854,511)	(4,876,310)	-	(29,619,120)	(6,198,701)	(487,462)	(43,036,104)	(2,730,924)	(46,362,238)
Non cash movements:									
New lease liabilities recognized	-	-	-	-	-	-	-	1,950,617	1,950,617
Interest accrued	571,687	(53,105)	-	5,145,127	700,451	3,025	6,367,185	572,150	6,939,335
Non-cash settlements	8,847,994	-	(8,847,994)	1,242,085	(595,210)	(760,411)	(113,536)	-	(113,356)
Exchange differences	-	-	-	-	-	-	-	3,959	3,959
Reclassification to equity	(14,971,957)	-	-	-	-	-	(14,971,957)	-	(14,971,957)
Reassessments and modifications	-	-	-	-	-	-	-	124,894	124,894
Balance at 31 December 2020	**1,292,462**	**-**	**-**	**70,859,560**	**10,835,055**	**495,786**	**83,482,863**	**6,202,881**	**89.090.714**

Refer to Notes 7 and 16 where the nature of the movements within the period is disclosed.

Refer to Note 16 for details on the factoring and revolving credit facilities agreement.

28. Acquisition and disposals of subsidiaries

Acquisitions 2019

	Notes	AdUX S.A. €	HiMedia Deutschland GmbH €	Spil games mobile business €	Other acquisitions €	Total €
Property, plant and equipment		258,000	22,000	61,000	614,658	955,658
Right-of-use assets		1,328,000	-	-	-	1,328,000
Intangible assets	5	7,832,000	742,000	3,376,000	4,342	11,954,342
Financial assets		2,043,000	-	-	83,660	2,126,660
Trade and other receivables		13,653,000	5,232,000	-	8,118,628	27,003,628
Other receivables, prepaid expenses and deferred assets		12,610,000	223,000	-	4,346,235	17,179,235
Cash and cash equivalents		1,163,000	769,000	-	1,797,972	3,729,972
Long-term borrowing and financial liabilities		(1,491,000)	-	-	(428,297)	(1,919,297)
Lease liability (non-current)		(1,068,000)	-	-		(1,068,000)
Deferred tax liabilities		(2,393,000)	(255,000)	-	532,000	(2,116,000)
Provisions (non-current)		(459,000)	-	-	(428,587)	(887,587)
Trade and other payables		(20,729,000)	(2,642,000)	-	(10,893,363)	(34,264,363)
Debt to group companies		(1,569,000)	-	-	(280,549)	(1,849,549)
Lease liability (current)		(292,000)	-	-		(292,000)
Provisions (current)		(1,482,000)	-	-	(1,010,909)	(2,492,909)
Litigation expenses (commercial dispute)		(1,070,000)	-	-	-	(1,070,000)
Short-term financial liabilities and bank overdrafts		(3,780,000)	-	-	(1,350)	(3,781,350)
Other liabilities and accruals		(11,216,000)	(3,212,000)	-	(1,946,836)	(16,374,836)
Total identifiable net assets and liabilities at fair value		**(6,662,000)**	**879,000**	**3,437,000**	**507,604**	**(1,838,396)**
Consideration paid		-	400,000	4,000,000	3,547,716	7,947,716
Cash and cash equivalents and bank overdrafts at acquired subsidiary		(1,163,000)	(769,000)		(1,797,972)	(3,729,972)
Outflow of cash and cash equivalents net of cash acquired		**(1,163,000)**	**(369,000)**	**4,000,000**	**1,749,744**	**4,217,744**

Consideration paid		-	400,000	4,000,000	3,547,716	7,947,716
Consideration to be transferred		-	850,000		-	850,000
SARs payment at fair value		-	1,000,000		2,063,600	3,063,600
		-	2,250,000	4,000,000	5,611,316	11,861,316
Fair value of 25,6% shareholding held by Azerion		1,719,000	--	-	-	1,719,000
Non-controlling interest (74,4%)		4,994,000	-	-	-	4,994,000
Non-controlling interest (45,0%)		-	1,841,000	-	-	1,841,000
Total consideration transferred or to be transferred		**6,713,000**	**4,091,000**	**4,000,000**	**5,611,316**	**20,415,316**
Minus: Total identifiable net assets and liabilities at fair value		6,662,000	(879,000)	(3,437,000)	(507,604)	1,838,396
Goodwill	**5**	**13,375,000**	**3,212,000**	**563,000**	**5,103,712**	**22,253,712**

Acquisition of AdUX

AdUX is a group located in France specialized in digital advertising solutions. The acquisition allows Azerion to monetise on gaming- and content users and to offer digital advertising solutions to content creators, publishers and advertisers, supporting more cost-efficient marketing campaigns.

The acquisition of AdUX occurred in stages (step acquisition) with an initial investment in 2018 of € 2.9 million for 22.43% of the issued shares in AdUX's share capital. On June 30, 2019, Azerion obtained de facto control over AdUX by way of appointing 3 new board members to the board of AdUX after which the board consisted out of 5 board members. Furthermore, in the period November 2018 – June 2019 several activities occurred which demonstrated that Azerion was able to direct and execute the activities of AX. This includes amongst others the use of Azerion's branding and trademarks by AdUX, the integration of financial systems, integration of AdUX management into the Azerion group. Further, the board was authorised to issue new share capital of up to 22%. Although Azerion increased its board presence in AdUX, it didn't increase its percentage shareholding at this date (remained at 25,60%). However, as from June 30, 2019, as a result of increased board presence and the activities mentioned above, AdUX is fully consolidated by Azerion. On December 24, 2019, an additional 32.52% of the issued shares in AdUX's share capital was obtained for a consideration of € 3.8 million by which the total consideration is € 6.7 million. After these transactions, Azerion holds a 54.95% interest in AdUX.

The fair value of AdUX at control date (June 30, 2019) resulted in goodwill of € 13.4 million which consists of the assembled workforce, expected synergies from combining operations and other intangible assets that do not qualify for separate recognition. None of the goodwill is expected to be deductible for income tax purposes.

The acquisition of AdUX resulted in revenue and profits for the year for the Azerion group of € 12.9 million and € 1.7 million respectively. Had the acquisition of AdUX been completed on the first day of the financial year, AdUX Group would have contributed revenues and a net loss for the year amounting to € 24.8 million and € 347 thousand respectively.

The fair value of the financial assets includes receivables with a fair value of € 13.7 million and a gross contractual value of € 16.4 million. The best estimate at acquisition date of the contractual cash flows not to be collected is € 2.7 million.

The group has chosen to recognise the non-controlling interest at its fair value for this acquisition. The fair value of the non-controlling interest in AdUX, a listed company, was estimated by applying a market approach.

Acquisition of HiMedia Deutschland AG

On April 1, 2019, Azerion Tech Holding B.V. ("Azerion") acquired 55% of the issued share capital of HiMedia Deutschland AG ("HiMedia") for a consideration of € 2.3 million (with no acquisition related costs incurred), resulting in control as per the acquisition date. The consideration was settled as an immediate cash payment, Azerion stock appreciate rights and two separate deferred cash settlements. The deferred consideration with a total fair value of € 850 thousand were included in the purchase consideration transferred. Deferred payments are in the form of two payments, the first payable on November 30, 2019 to the value of € 400 thousand, the second payable on December 31, 2019 to the value of € 450 thousand.

Azerion held a previous 45% non-controlling interest in HiMedia, with the total stake on acquisition date amounting to 100%. HiMedia provides digital advertising and digital publishing services in Germany. The company sells ads on websites and other resources, from publishers, digital advertising, and also produces video content for companies. The acquisition has increased the Group's market share in this industry and complements the Group's existing service offering.

The fair value of the non-controlling interest previously held amounted to € 1.8 million resulting in a total consideration for 100% of the share capital of HiMedia of € 4.1 million.

The acquisition resulted in a goodwill of € 3.2 million, consisting of the assembled workforce and other intangibles such as future relationships with advertisers and publishers. None of the goodwill is expected to be deductible for income tax purposes.

The acquisition of HiMedia resulted in revenue and loss for the year, for the Azerion group, of € 5.1 million and € 400 thousand respectively. Had the acquisition of HiMedia been completed on the first day of the financial year, HiMedia would have contributed revenues and a loss for the year amounting to € 6.1 million and € 300 thousand respectively.

The fair value of the financial assets includes receivables with a fair value of € 5.2 million and a gross contractual value of € 5.5 million. The best estimate at acquisition date of the contractual cash flows not to be collected is € 252 thousand.

Spilgames mobile business

In July 2019 Azerion entered into an agreement with Spilgames for an amount of € 4.0 million to buy the Mobile Business.

The fair value of Spilgames resulted in goodwill of € 563 thousand which consists of other intangible assets that do not qualify for separate recognition. None of the goodwill is expected to be deductible for income tax purposes.

The acquisition of Spilgames resulted in revenue and loss for the year of 2019 for the Azerion group of € 3.3 million and € 765 thousand respectively. Had the acquisition of Spilgames been completed on the first day of the financial year, Spilgames would have contributed revenues and a loss for the year amounting to € 7.9 million and € 3.4 million respectively.

Other acquisitions

On July 17, 2019, Azerion acquired the remaining 10% in Improve Digital B.V. The consideration in 2019 amounted to € 1.0 million, paid in cash. An amount of € (0.5) million has been transferred from non-controlling interest to retained earnings, being the fair value of the remaining 10% at acquisition date. The difference between the consideration paid and the non-controlling interest transferred has been debited to retained earnings.

Acquisitions 2020

	Notes	Triodor Holding B.V. €	Spilgames B.V. €	Collective Europe Ltd. €	Total €
Property, plant and equipment	4	90,244	71,000	-	161,244
Intangible assets	5	5,044,000	8,280,000	876,000	14,200,000
Deferred tax assets		-	106,000	3,000	109,000
Trade and other receivables		829,530	1,613,000	1,800,000	4,242,530
Taxes and social security premiums (incl. pensions)		53,623	-	-	53,623
Other receivables		451,168	-	-	451,168
Current tax assets		-	1,000	-	1,000
Prepayments		-	-	58,000	58,000
Contract assets		-	-	367,000	367,000
Cash and cash equivalents		13,299	347,000	225,000	585,299
Bank overdrafts		(352,182)	-	-	(352,182)
Deferred tax liabilities		(1,015,000)	(2,070,000)	(167,000)	(3,252,000)
Trade and other payables		(642,722)	(318,000)	(236,000)	(1,196,722)
Loans from related parties		(389,371)	-	-	(389,371)
Agency rebates		-	-	(346,000)	(346,000)
Taxes and social security premiums (incl. pensions)		(1,117,147)	(570,000)	(158,000)	(1,845,147)
Accruals and other liabilities		(991,867)	(762,000)	(633,000)	(2,386,867)
Total identifiable net assets and liabilities at fair value		**1,973,575**	**6,698,000**	**1,789,000**	**10,460,575**
Consideration paid		3,000,000	8,800,000	909,750	12,709,750
Cash and cash equivalents and bank overdrafts at acquired subsidiary		338,883	(347,000)	(225,000)	(233,117)
Outflow of cash and cash equivalents net of cash acquired		**3,338,883**	**8,453,000**	**684,750**	**12,476,633**
Consideration paid		3,000,000	6,800,000	909,750	10,709,750
Consideration paid in advance		-	2,000,000	-	2,000,000
Consideration to be transferred		5,578,000	181,000	-	5,759,000
Pre-existing relationship		(1,153,425)	-	-	(1,153,425)
Assets retained by seller		-	-	1,794,280	1,794,280
		7,424,575	8,981,000	2,704,030	19,109,605
Dividend distribution		-	119,000	-	119,000
Fair value of 5% shareholding held by Azerion		-	1,000,000	-	1,000,000
Leakage		-	(10,000)	-	(10,000)
		-	1,109,000	-	1,109,000
Total consideration transferred or to be transferred		**7,424,575**	**10,090,000**	**2,704,030**	**20,218,605**
Minus: Total identifiable net assets and liabilities at fair value		(1,973,575)	(6,698,000)	(1,789,000)	(10,460,575)
Goodwill	**5**	**5,451,000**	**3,392,000**	**915,030**	**9,758,030**

The acquisitions of Triodor Holding B.V., Spilgames B.V. and Collective Europe Ltd. are identified as business combinations, which are accounted for using the acquisition method (IFRS 3 *Business Combinations*). The acquisition method requires assets acquired and liabilities assumed to be measured at their fair values as at the acquisition date.

Acquisition of Triodor Holding B.V

On December 30, 2020, Azerion Holding B.V. ("Azerion") acquired 100% of the share capital of Triodor Holding B.V., an established international software development company which shares its founders with Azerion and which shares were held by the personal holding companies of the ultimate shareholders of Azerion. The nominal and the fair value amounts of total consideration agreed for the shares of Triodor amounts to € 5.6 million in share appreciation rights and € 3.0 million cash. The € 5.6 million consideration to be transferred relates to share appreciation rights that were issued as part of the consideration. Refer to Note 11.6 where the terms and conditions of the SARs that were issued as part of acquisitions are disclosed. In accordance with IFRS 3 the PPA report has been prepared and the analysis of the fair value of the acquired assets and liabilities of Triodor determined. This resulting in € 3.3 million net fair value of the acquired assets and liabilities and € 5.5 million recognized goodwill. The impact of the acquisition on the Azerion group 2020 revenues and earnings, is not deemed material given the short period of which Azerion had control over Triodor. If the acquisition of Triodor had been completed on the first day of the financial year, Group revenues and profits for the year would nothave been materially impacted. The pre-existing relationship relates to a receivable from Azerion Holding B.V. which was settled against the consideration in accordance with IFRS 3:B52. The purpose of the Triodor acquisition is to obtain access to the workforce of Triodor to enable the Group to establish an in-house research and development function.

Acquisition of Spilgames B.V

On February 7, 2020, Azerion Games and Content Holding B.V. ("Azerion") acquired 95% of the issued share capital of Spilgames B.V. for a consideration of € 9.0 million (with € 321 thousand acquisition related costs incurred and processed in the income statement), resulting in control on this date. Prior to this acquisition, Azerion held a 5% stake in Spilgames B.V. (detailed in Note 40), which brought the total stake to 100% on acquisition date. Spilgames specializes in developing mobile and online games and content for audiences worldwide. The content activities entail creating and distributing online branded and casual games for console, smartphone, PC and tablet. These branded games generate revenue through in-app purchases or subscriptions. Furthermore, Spilgames earns advertisement income through strategic ad placements on their platforms. The acquisition has increased the Group's market share in this industry predominantly across Europe, North America and Asia.

The 5.0% interest, including the mobile business unit of Spilgames B.V., already held by Azerion as of June 2019, was acquired at a fair value of € 1.0 million, resulting in an equity purchase price (as a basis for the excess purchase price) of € 10.1 million.

The € 9.0 million purchase price for the 95.0% stake was settled as € 8.8 million base price, € 181 thousand outstanding payment obligation, which for the purpose of the acquisition was considered a cash item, € 119 thousand dividend distribution, representing the amount of dividend that accrued to Azerion through the dividend distribution preceding the acquisition, and less € 10 thousand for net leakage related to the sale of internet infrastructure. Azerion has paid € 2.0 million out of € 8.8 million base price in advance on 20 December 2019 in accordance with the Signing Protocol. Refer to Note 9 for more further disclosure on the consideration paid in advance.

The acquisition resulted in a goodwill of € 3.4 million consists of the assembled workforce, expected synergies from combining operations and other intangible assets such that do not qualify for separate recognition. None of the goodwill is expected to be deductible for income tax purposes.

Spilgames contributed € 7.2 million to the Group revenue during 2020. Had the acquisition of Spilgames occurred on the first day of the financial year group revenue would have increased with an additional € 1.9 million.

Spilgames contributed a profit of € 2,8 million to the group's net profit and loss. If the acquisition had been completed on the first day of the financial year, Group profit would have not been materially different.

The fair value of the financial assets includes receivables with a fair value and gross contractual value of € 1.6 million. The acquisition date of the contractual cash flows not to be collected is negligible

Acquisition of Collective Europe Ltd.

On March 2, 2020, Azerion Tech Holding B.V. ("Azerion") acquired 100% of the issued share capital of Collective Europe Ltd. ("Collective"), resulting in control on this date. Collective is a UK based digital advertising and publisher solutions business. The acquisition allows Azerion to strengthen its UK and pan-European presence in the digital advertising and publisher space. Furthermore, the acquisition will bring prestigious clients to the Azerion group. The consideration of € 910 thousand, was deemed to make up the purchase price at the acquisition date, proportionately settled as an initial cash prepayment of € 100 thousand on February 21, 2020 and € 809 thousand on acquisition date. The assets retained by the seller amounting to € 1.8 million relates to the accounts receivable, rebates and VAT. No material acquisition related costs were incurred relating the acquisition.

The acquisition resulted in a goodwill of € 915 thousand which consists of the assembled workforce, expected synergies from combining operations and other intangible assets such that do not qualify for separate recognition. None of the goodwill is expected to be deductible for income tax purposes.

Collective contributed € 4.9 million to the Group revenue during 2020. Had the acquisition of Collective occurred on the first day of the financial year, group revenue not been materially different.

Collective contributed a loss of € 569 thousand to the group's net profit and loss. If the acquisition had been completed on the first day of the financial year, Group profit would have not been materially different.

The fair value of the financial assets includes receivables with a fair value and gross contractual value of € 1.8 million. The acquisition date of the contractual cash flows not to be collected is negligible.

Other acquisitions

On December 4, 2020, Azerion acquired the remaining 49% in Finnish social game studio Sulake Oy from its co-shareholder Elisa Oyj. Azerion first invested in Sulake in 2018 by acquiring a 51.0% shareholding in the company. The consideration in 2020 amounted to € 8.3 million, of which € 2.5 million was paid in cash upon closing and acquisition share appreciation rights with a total value of € 5.8 million. Refer to Note 11.6 where the terms and conditions of the SARs that were issued as part of acquisitions are disclosed. An amount of € 2.9 million has been transferred from non-controlling interest to retained earnings, being the fair value of the remaining 49% at acquisition date. The difference between the consideration paid and the non-controlling interest transferred has been debited to retained earnings.

On March 27, 2020, Azerion acquired 49% of the shares of Quantum Advertising Nederland B.V. Before the acquisition, Azerion had an indirect shareholding in the company through its subsidiary AdUX, which owns 51.0% of the shares in Quantum Advertising Nederland B.V. The consideration amounted to € 50 thousand in cash and the procurement of a total number of 17.3 stock appreciation rights awards issued at a per award value of € 87 thousand.

Disposals

The following disposals occurred during the 2020 period which did not have a material impact on the group.

HUZ B.V.
On June 9, 2020, Azerion disposed its 100% interest in HUZ B.V., a non-operational entity. The proceeds on disposal of € 100 thousand were received in cash. No investments were retained in the former subsidiary.

Admoove Sweden
On May 1, 2020, Azerion disposed its 100% interest in Admoove Sweden, which was fully owned by AdUX. The proceeds on disposal of € 315 thousand were settled in cash of which € 10 thousand on disposal date and € 305 thousand as a deferred consideration.

MULTIVERSE ApS
On June 30, 2020, Azerion disposed its 100% interest in MULTIVERSE ApS, an indirect subsidiary in which the Group held a 3,91% interest. The proceeds on disposal of € 1, were settled through a waiver.

29. Investment in joint venture

The Group holds a 50% interest in Talpa Azerion Gaming B.V. ("Talpa"), a gaming company based in the Netherlands. The joint venture agreement was entered into with Talpa Media investments B.V., which holds the remaining 50% interest in Talpa, effective as at November 29, 2019.

The following table summarizes the financial information of Talpa Azerion Gaming B.V. as included in its own financial statements, adjusted for fair value adjustments at acquisition and differences in accounting policies. The table also reconciles the summarized financial information to the carrying amount of the Group's interest.

	31 December 2020 €	**31 December 2019 €**	**1 January 2019 €**
Non-current assets	7,216,181	8,000,000	-
Current assets:			-
Accounts receivable	6,997,228	8,038,929	
Cash	2,592,575	-	
Non-current liabilities	-	-	-
Current liabilities	(1,528,942)	(51,887)	-
Net assets	**15,637,042**	**15,987,042**	**-**
Group's share of net assets (50%)	7,818,521	7,993,521	-
Deferral of the gain	(3,939,595)	(3,939,593)	-
Carrying amount of interest in joint venture	**3,878,926**	**4,053,928**	**-**

	2020 €	**2019 €**
Revenue	12,764,277	1,053,293
Loss before tax	(466,667)	(15,998)
Profit / (loss) for the year	(350,000)	(12,958)
Group's share of net profit / (loss) (50%)	(175,000)	(6,479)

Azerion contributed non-current assets with a fair value of € 8.0 million at the incorporation of Talpa. These non-current assets relate to intangible assets such as games and portals. The book value of these non-current assets was almost nil and therefore the Company realized a book profit of +/- € 8.0 million in 2019. Since the Company hold 50% in Talpa, 50% of the profit was eliminated as this has not been realized. The balance at the end of 2020 reflects the normal operations of the Talpa Azerion Gaming B.V.

30. Operating segments

30.1 Products and services from which reportable segments derive their revenues

Information reported to the Group's Chief Executive Officers (Chief Operating Decision Makers) for the purposes of resource allocation and assessment of segment performance is focused on the business activities which generates certain classes of revenue and incurs certain classes of expenses. The principal business activities generate revenue through Gaming and Monetization Tech.

In 2019 there were three segments being Gaming, Advertising technology (Adtech) and Advertising sales (Adsales).
In 2020, the Adtech and Adsales segments have strengthened their interdependence and these platforms are now reliant on each other, hence these two segments are combined as one segment in 2020 and referred to as the Monetization Tech segment.

The Group's reportable segments in 2020 under IFRS 8 are therefore as follows:

- Gaming
- Monetization Tech

30.2 Segment revenues and profits

The following is an analysis of the Group's revenue and results by reportable segment in 2020:

	Gaming	Monetization Tech	Consolidated
	2020	2020	2020
	€	€	€
Revenue			
External revenue	84,018,978	111,057,650	195,076,628
Inter segment revenue	7,582,509	(7,582,509)	-
Total revenue	**91,601,487**	**103,475,141**	**195,076,628**
Expenses			
External costs	(50,602,433)	(74,535,554)	(125,137,987)
Personnel costs	(12,269,079)	(20,431,591)	(32,700,670)
Other gains and losses	(1,734,372)	3,218,289	1,483,917
Other expenses	(8,374,357)	(8,477,827)	(16,852,184)
EBITDA	**18,621,246**	**3,248,458**	**21,869,704**

The following is an analysis of the Group's revenue and results by reportable segment in 2019:

	Gaming	Monetization Tech	Consolidated
	2019	2019	2019
	€	€	€
Revenue			
External revenue	64,534,748	108,091,589	172,626,337
Inter segment revenue	-	-	-
Total revenue	**64,534,748**	**108,091,589**	**172,626,337**
Expenses			
External costs	(30,155,529)	(88,185,175)	(118,340,704)
Personnel costs	(11,698,356)	(17,222,488)	(28,920,844)
Other gains and losses	951,368	1,400,617	2,351,985
Other expenses	(6,890,081)	(10,143,677)	(17,033,758)
EBITDA	**16,742,150**	**(6,059,134)**	**10,683,016**

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 3.

EBITDA represents operating profit / (loss) excluding depreciation, amortization and impairment of non-current assets. This is the measure reported to the Group's Chief Executives for the purpose of resource allocation and assessment of segment performance.

30.3 Segment assets

	31 December 2020 €	31 December 2019 €
Gaming	71,374,167	43,901,538
Monetization tech	125,623,700	120,905,941
Consolidated total assets	**196,997,867**	**164,807,479**

For the purposes of monitoring segment performance and allocating resources between segments the Group's Chief Executives monitor the tangible, intangible and financial assets attributable to each segment. Goodwill has been allocated to reportable segments as described in Note 6. Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments.

30.4 Other segment information

	Depreciation and amortization	
	2020 €	2019 €
Gaming	7,039,575	5,748,017
Monetization tech	6,306,162	2,968,637
	13,345,737	**8,716,654**

Additions to non-current assets exclude additions to financial instruments, deferred tax assets and net defined benefit assets.

30.5 Geographical information

The Group's revenue from external customers by geographical location is detailed under Note 17. Information about its segment current assets by geographical location are detailed below:

	Current assets	
	31 December 2020 €	31 December 2019 €
The Netherlands	39,377,661	38,300,262
Other EU countries	29,705,618	27,913,318
Other European countries	100,852	-
Other countries	1,880,863	6,419,437
	71,064,994	**72,633,017**

31. First time adoption of IFRS and prior year errors

These financial statements, for the year ended December 31, 2020, are the first the Group has prepared in accordance with IFRS. For periods up to and including the year ended December 31, 2019, the Group prepared its financial statements in accordance with Dutch GAAP.

Accordingly, the Group has prepared financial statements that comply with IFRS applicable as at December 31, 2020, together with the comparative period data for the year ended December 31, 2019, as described in the summary of significant accounting policies. In preparing the financial statements, the Group's opening statement of financial position was prepared as at January 1, 2019, the Group's date of transition to IFRS. This note explains the principal adjustments made by the Group in restating its Dutch GAAP financial statements, including the statement of financial position as at January 1, 2019 and the income statement and statement of comprehensive income as of, and for, the year ended December 31, 2019.

31.1 Exemptions applied

IFRS 1 First-time Adoption of International Financial Reporting Standards ('IFRS 1') allows some exemptions from the retrospective application of certain requirements under IFRS.

31.1.1 Leases

At the date of transition to IFRS the Group measured lease liabilities at the present value of the remaining lease payments, discounted using the incremental borrowing rate; measured right of use assets on a lease-by-lease basis at an amount equal to the lease liability adjusted for prepaid and accrued amounts; and assessed for the impairment the right-of-use assets.

31.1.2 Business combinations

IFRS 3 Business Combinations has not been applied to acquisitions of subsidiaries that are considered businesses under IFRS, that occurred before January 1, 2019. The use of this exemption means that the Dutch GAAP carrying amounts of assets and liabilities, that are required to be recognized under IFRS, are their deemed cost at the date of the acquisition. After the date of the acquisition, measurement is in accordance with IFRS. Assets and liabilities that do not qualify for recognition under IFRS are excluded from the opening IFRS statement of financial position. The Group did not recognize any assets or liabilities that were not recognized under Dutch GAAP or exclude any previously recognized amounts as a result of IFRS recognition requirements.

IFRS 1 also requires that the Dutch GAAP carrying amount of goodwill must be used in the opening IFRS statement of financial position (apart from adjustments for goodwill impairment and recognition or derecognition of intangible assets). In accordance with IFRS 1, the Group has tested goodwill for impairment at the date of transition to IFRS. There was no impairment recognized on goodwill at January 1, 2019.

31.1.3 Revenue

IFRS 15 Revenue from contracts with customers has not been applied to revenue contracts that occurred before January 1, 2019. The use of this exemption means that the transition date per IFRS 1 is used as the IFRS 15 date of initial application therefore the Group is not required to restate contracts that were completed before the transition date. Thus, the Group applies the IFRS 15 standard from January 1, 2019.

31.2 Estimates

The estimates at January 1, 2019 and December 31, 2019 are consistent with those made for the same dates in accordance with Dutch GAAP (after adjustments to reflect any differences in accounting policies). The estimates used by the Group to present these amounts in accordance with IFRS reflect conditions at January 1, 2019 and December 31, 2019.

31.3 Reconciliation between Dutch GAAP and IFRS

31.3.1 Group reconciliation of equity as of January 1, 2019, date of transition to IFRS

	Notes	Dutch GAAP 1 January 2019 €	Effect of remeasurements to IFRS €	Opening balance adjustments €	IFRS 1 January 2019 €
Assets					
Non-current assets					
Property, plant and equipment	4	949,976	4,168,605	-	5,118,581
Intangible assets including goodwill	5	37,544,164	-	253,455	37,797,619
Non-current financial assets	8	2,571,452	-	-	2,571,452
Deferred tax asset	22	647,277	-	2,381,405	3,028,682
Investment in joint venture	29	-	-	-	-
Current assets					
Trade and other receivables	9	17,966,522	-	(3,964,000)	14,002,522
Contract assets		16,015,495	-	-	16,015,495
Current tax assets	22	-	-	-	-
Cash and cash equivalents	10	1,417,460	-	-	1,417,460
Total assets		77,112,346	4,168,605	(1,329,140)	79,915,811
Equity					
Share capital	11	1,176	-	-	1,176
Share premium	11	525,280	-	-	525,280
Legal Reserve	11	3,603,722	-	-	3,603,722
Currency translation reserve		(41,897)			(41,897)
Retained earnings	11	(10,159,331)		(818,568)	(10,977,899)
Non-controlling interest	11	1,349,841	-	686,537	2,036,378
Total equity		(4,721,209)	-	(132,031)	(4,853,240)
Liabilities					
Non-current liabilities					
Borrowings	16	20,454,039	-	-	20,454,039
Lease liabilities	7.1	-	3,168,209	-	3,168,209
Provisions	14	813,895	-	-	813,895
Employee benefits	12	-	-	-	-
Deferred tax liability	22	2,326,927		(1,197,109)	1,129,818
Current liabilities					
Borrowings	16	5,569,655	-	-	5,569,655
Trade and other payables	15	52,605,249	-	-	52,605,249
Contract liabilities	17	35,838	-	-	35,838
Employee benefits	12	-	-	-	-
Current tax liabilities	22	27,952	-	-	27,952

Lease liabilities	7.1	-	1,000,396	-	1,000,396
Total liabilities		81,833,555	4,168,605	(1,197,109)	84,805,051
Total equity and liabilities		77,112,346	4,168,605	2,634,860	79,951,811

31.3.1.1 Effect of remeasurement to IFRS

Leases

At the date of transition to IFRS the Group applied a single recognition and measurement approach for all leases except for short-term leases.

- right-of-use assets of € 4.2 million were recognized and presented within property, plant and equipment;
- additional lease liabilities of € 4.2 million (Current: € 1 million, Non-current: € 3.2 million) were recognized;
- the weighted average incremental borrowing rate applied to lease liabilities was 9.1%.

Trade and other receivables

The adoption of IFRS has changed the Group's accounting for impairment losses for financial assets by replacing incurred loss approach under Dutch GAAP with a forward-looking expected credit loss (ECL) approach. IFRS requires the Group to recognise an allowance for ECLs for all debt instruments not held at fair value through profit or loss and contract assets. The adoption of IFRS had no material impact on the allowance for doubtful debt balance.

31.3.1.2 Opening balance adjustments

The table below provides an overview of the errors that were disclosed in the 2019 financial statements ("Opening balance adjustments – Known prior year errors") and prior year errors that were identified in the current financial year ("Opening balance adjustments – Prior year errors identified in 2020):

	Notes	**Opening balance adjustments - Known prior year errors**	**Opening balance adjustments – Prior year errors identified in 2020**	**Total Opening balance adjustments**
		€	**€**	**€**
Intangible assets including goodwill	5	253,455	-	253,455
Deferred tax asset	22	2,381,405	-	2,381,405
Trade and other receivables	9		(3,964,000)	(3,964,000)
Retained earnings	11	3,145,432	(3,964,000)	(818,568)
Non-controlling interest	11	686,537	-	686,537
Deferred tax liability	22	(1,197,109)	-	(1,197,109)

31.3.1.2.1 Opening balance adjustments – Known prior year errors

Intangible assets (including goodwill)

The intangible assets balance increased by € 253 thousand due to additional goodwill recognized amounting to € 4.3 million relating to the Improve Digital acquisition and a decrease in intangible assets amounting to € 4 million. This entry relates to prior period adjustments that were disclosed as part of the signed 2019 statutory financial statements.

Deferred tax assets and liabilities

The € 2.4 million (asset) and € 1.2 million (liability) opening balance adjustments relate to prior period adjustments that were disclosed as part of the signed 2019 statutory financial statements. These adjustments mainly consists of the Improve Digital and Sulake PPAs that were accounted for without a deferred tax effect.

Non-controlling interest

The non-controlling interest increased with € 686 thousand due to the Sulake acquisition. This entry relates to prior period adjustments that were disclosed as part of the signed 2019 statutory financial statements.

Retained earnings

Due to the adjustments mentioned above the effect on retained earnings was € 819 thousand.

31.3.1.2.2 Opening balance adjustments – Prior year errors identified in 2020

Trade and other receivables

The opening balance adjustment amounting to € 4 million relates to the reversal of an entry in accounts receivable that was not eliminated in the 2018 financial statements.

31.3.2 Group reconciliation of equity as of December 31, 2019

	Notes	Dutch GAAP December 31, 2019 €	Effect of remeasurements to IFRS €	Other Adjustments €	IFRS 31 December 2019 €
Assets					
Non-current assets					
Property, plant and equipment	4	1,745,537	6,011,583	-	7,757,120
Intangible assets including goodwill	5	67,748,533	9,268,197	(2,714,399)	74,302,331
Non-current financial assets	8	3,737,287	(824,457)	-	2,912,830
Deferred tax asset	22	3,253,746	638,507	-	3,892,253
Investment in joint venture	29	-	4,053,928	-	4,053,928
Current assets					
Trade and other receivables	9	53,030,386	(4,916,412)	(4,202,553)	43,911,421
Contract assets		18,039,298	-	-	18,039,298
Current tax assets	22	25,643	-	-	25,643
Cash and cash equivalents	10	9,912,655	-	-	9,912,655
Total assets		157,493,085	14,231,346	(6,916,952)	164,807,479
Equity					
Share capital	11	1,176	-	-	1,176
Share premium	11	525,280	-	-	525,280
Legal Reserve	11	4,862,389			4,862,389
Share based payment reserve	11	-	223,559	-	223,559
Currency translation reserve	11	202,522	-	-	202,522
Other equity instruments	11	-	-	3,063,600	3,063,600
Retained earnings	11	(19,683,605)	4,746,935	(5,071,897)	(19,008,563)
Non-controlling interest	11	549,878	4,693,976	-	5,243,854
Total equity		(12,542,360)	9,664,470	(2,008,297)	(4,886,183)
Liabilities					
Non-current liabilities					
Borrowings	16	11,246,638	(986,647)	-	10,259,991
Lease liabilities	7.1	-	4,539,151	-	4,539,151
Provisions	14	2,404,402	-	-	2,404,402
Employee benefits	12	479,948	-	-	479,948
Deferred tax liability	22	4,920,160	(553,303)	(42,502)	4,324,355
Current liabilities					

Borrowings	16	54,709,451	(149,417)	-	54,560,034
Trade and other payables	15	90,237,012	(25,945)	(663,603)	89,547,464
Contract liabilities	17	5,345,523	-	(4,202,553)	1,142,970
Employee benefits	12	-	-	-	
Current tax liabilities	22	692,311	-	-	692,311
Lease liabilities	7.1	-	1,743,036	-	1,743,036
Total liabilities		170,035,445	4,566,875	(4,908,658)	169,693,662
Total equity and liabilities		157,493,085	14,231,345	(6,916,952)	164,807,479

31.3.2.1 Effect of remeasurements to IFRS

Leases

At the date of transition to IFRS the Group applied a single recognition and measurement approach for all leases except for short-term leases.

- right-of-use assets of € 6 million were recognized and presented within property, plant and equipment ;
- additional lease liabilities of € 6.3 million (Current: € 1.8 million, Non-current: € 4.5 million) were recognized;
- the weighted average incremental borrowing rate applied to lease liabilities was 9.1%.

Cash flows arising from payments of principal portion of lease liabilities are classified as financing activities. Therefore, cash outflows from operating activities decreased by € 2.7 million and cash outflows from financing activities increased and with € 2.1 million for the year ended December 31, 2019.

Intangible assets including goodwill

Under Dutch GAAP, Goodwill was capitalized and amortised on a straight-line basis. Goodwill under IFRS is required to be capitalized, however, no amortisation thereof takes place. The amortisation for the periods presented have therefore been reversed within profit or loss. The impact is a reversal of € 4.4 million amortisation for the period ended December 31, 2019.

The goodwill and intangible assets increase by € 6.6 million due to PPAs performed on 2019 acquisitions in accordance with IFRS-EU. Furthermore, there is a € 1.5m decrease due to the acquisition of additional shareholding (no change in control) in Improve Digital in 2019 which was reclassified to equity in accordance with IFRS 10.

Non-current financial statements

Non-current financial assets included € 800 thousand relating to the Talpa JV which was proportionally consolidated in accordance with Dutch GAAP and reclassified to investment in joint venture due to the application of IFRS 11.

Deferred tax assets and deferred tax liabilities

The various transitional adjustments lead to different temporary differences. Deferred tax adjustments are recognized in correlation to the underlying transaction either in retained earnings or a separate component of equity.

Investment in joint venture

The Group holds a 50% interest in Talpa Azerion Gaming B.V. ("Talpa"), a gaming company based in the Netherlands. The joint venture agreement was entered into with Talpa Media investments B.V., which holds the remaining 50% interest in Talpa, effective as at November 29, 2019. Talpa was included in the 2019 FS under Dutch GAAP as the acquisition occurred in December 2019. However, under IFRS the investment in Talpa is no longer proportionally consolidated (as it was under Dutch GAAP) but recognised at equity value. The joint venture balance is therefore increased with € 4.1 million through reclasses from trade and other receivables (€ 3.2 million) and non-current financial assets (€ 800 thousand).

Trade and other receivables

The adoption of IFRS has changed the Group's accounting for impairment losses for financial assets by replacing incurred loss approach under Dutch GAAP with a forward-looking expected credit loss (ECL) approach. IFRS requires the Group to recognise an allowance for ECLs for all debt instruments not held at fair value through profit or loss and contract assets. The adoption of IFRS had no material impact on the allowance for doubtful debt balance. The adjustment in the Effect of remeasurement to IFRS column relates to the derecognition of a receivable relating to the Talpa JV as the joint venture was proportionally consolidated in accordance with Dutch GAAP while the joint venture is accounted using the equity method in accordance with IFRS, therefore no impact on the expected credit losses.

Included in trade receivables was prepayments amounting to € 953 thousand relating to a the bond that should have been included in borrowings under IFRS 9.

Share-based payments

Under Dutch GAAP, the Group recognised the cost for the share-based payment transactions as the difference between the grant date fair value and exercise price of the options, with remeasurement taking place at the end of the reporting period. IFRS requires the fair value of the share options to be determined using an appropriate pricing model recognised over the vesting period, using the grant date fair value with no remeasurement taking place at the end of the reporting period. An additional expense of € 223 thousand has been recognised in profit or loss for the year ended December 31, 2019.

Non-controlling interest

This adjustment relates to the de facto control of AdUX as of June 2019 under IFRS instead of December 2019 as recorded for Dutch GAAP. An IFRS PPA report was prepared which resulted in an additional NCI recorded to the amount of € 5.5 million.

Borrowings

Included in trade receivables was prepayments amounting to € 953 thousand relating to the bond that should have been included in borrowings under IFRS 9.

Retained earnings

Due to the adjustments mentioned above the net IFRS adjustment effect on retained earnings was € 4.7 million (increase).

31.3.2.2 Other adjustments

The table below provides an overview of the prior year errors that were identified in the current financial year (" Other adjustments – Prior year errors identified in 2020) and errors that were disclosed in the 2019 financial statements ("Other adjustments – Known prior year errors"):

	Notes	Other adjustments - Known prior year errors	Other Adjustments – Prior year errors identified in 2020	Total other adjustments
		€	€	€
Intangible assets including goodwill	5	-	(2,714,399)	(2,714,399)
Trade and other receivables	9	-	(4,202,553)	(4,202,553)
Other equity instruments	11	-	3,063,600	3,063,600
Retained earnings	11	-	(5,071,897)	(5,071,897)
Deferred tax liability	22	-	(42,502)	(42,502)
Trade and other payables	15	-	(663,603)	(663,603)
Contract liabilities	17	-	(4,202,553)	(4,202,553)

31.3.2.2.1 Other adjustments – Known prior year errors

None

31.3.2.2.2 Other adjustments – Prior year errors identified in 2020

Intangible assets including Goodwill

Included in the adjustments to the intangible asset is the recognition of additional goodwill amounting to € 1.4 million relating to share appreciation rights that was not taken into account for the consideration of the Semilo acquisition in 2019. This entry relates to prior period adjustments that were not disclosed as part of the signed 2019 statutory financial statements and identified in the 2020 financial year.

In addition to the above in the Dutch GAAP intangible assets balance is decreased due to the reversal of € 4.1 million relating to the Talpa JV. The intangible assets was overstated by € 4.1 million in the 2019 signed financial statements due to the incorrect recognition of an additional poriton of the intangible assets of Talpa in the Azerion Holding financial statements.

Trade and other receivables

The trade receivables and contract liabilities € 4.2 million reclassification relate to a classification error between these two-line items in 2019. This entry relates to a prior period adjustment that was not disclosed as part of the signed 2019 statutory financial statements and identified in the 2020 financial year.

Other equity instruments

The equity instruments € 3 million reclassification relate to a classification error between equity instruments, trade payables and intangible assets in 2019. This entry relates to prior period adjustments that were not disclosed as part of the signed 2019 statutory financial statements and identified in the 2020 financial year audit.

Contract liabilities

The trade receivables and contract liabilities € 4.2 million reclassification relate to a classification error between these two-line items in 2019. This entry relates to prior period adjustments that were not disclosed as part of the signed 2019 statutory financial statements and identified in the 2020 financial year.

Retained earnings

Due to the adjustments mentioned above the net adjustment effect on retained earnings is € 5.1 million (decrease).

31.3.3 Group reconciliation of profit and loss and other comprehensive income for the year ended December 31, 2019

	Notes	Dutch GAAP 2019	Effect of Remeasurements to IFRS	Other Adjustments	IFRS 2019
		€	€	€	€
Revenue from contracts with customers	17	163,265,438	12,911,654	(3,550,755)	172,626,337
External costs	20	(111,800,147)	(6,540,557)	-	(118,340,704)
Personnel costs	18	(25,017,166)	(3,903,678)	-	(28,920,844)
Depreciation	4	(403,002)	(2,070,785)	-	(2,473,787)
Amortization	5	(6,150,866)	3,872,051	(3,964,052)	(6,242,867)
Other gains and losses	19	(1,704,579)	92,512	3,964,052	2,351,985
Other expenses	20	(22,019,955)	1,435,442	3,550,755	(17,033,758)
Operating loss		(3,830,277)	5,796,639	(-)	1,966,362
Share in loss of joint venture	29	-	(6,479)	-	(6,479)
Share in profit / (loss) of participating interest		496,080	39,600	-	535,680
Finance income	21	592,614	49,108	-	641,722
Finance costs	21	(5,501,964)	(974,478)	-	(6,476,442)
Loss before income tax		(8,243,547)	4,904,390	(-)	(3,339,157)
Income tax expense	22	(1,421,246)	731,394		(689,852)
Loss for the period		(9,664,793)	5,635,784	(-)	(4,029,009)
Other comprehensive income					
Exchange difference on translation of foreign operations		-	244,419		244,419
Remeasurement of net defined benefit liability	12	-	29,555		29,555
Other comprehensive income		-	273,974	(-)	273,974
Total comprehensive loss attributable to:		(9,664,793)	5,909,755	(-)	(3,755,035)
Owners of the company		(9,445,115)	5,890,000	(-)	(3,555,115)
Non-controlling interest		(219,675)	19,755	-	(199,920)

31.3.3.1 Effect of remeasurement to IFRS

Effect of remeasurements to IFRS

The remeasurements of revenue from contract with customers, external costs, personnel costs and finance cost relate to an AdUX adjustment caused by the Adux balance sheet being consolidated under Dutch GAAP as at 31 December 2019 whereas AdUX was consolidated from July 2019 in accordance with IFRS. The income statement was not consolidated at 31 December 2019. Under IFRS 3 control was obtained as at 30 June 2019. The income and expenses incurred by AdUX during the period 30 June until 31 December 2019 is thus processed as an IFRS adjustment.

The first-time adoption of IFRS 16 resulted in an increase in the depreciation (€ 1.8 million) and a decrease in the other expenses (€ 2.1 million).

The amortization is a result of above mentioned AdUX IFRS adjustment (€ 0.5 million negative), reversal of the 2019 amortization of Goodwill in accordance with IAS 38 (€ 4.4 million).

The first-time adoption of IFRS [IAS 12 – Income Taxes] resulted in anincrease in the income tax expense of € 731 thousand. Relating to the consolidation of AdUX and the profit and loss impact of the differences between IFRS and Dutch GAAP deferred tax positions for the year.

The € 4.0 million entry between amortization and other gains and losses relates to a reclassification of the Company's share of the realization of the profit on the intangible assets sold to the JV at fair value. Refer to Note 8 and Note 29 for more information.

31.3.3.2 Other adjustments

The table below provides an overview of the prior year errors that were identified in the current financial year (" Other adjustments – Prior year errors identified in 2020) and errors that were disclosed in the 2019 financial statements ("Other adjustments – Known prior year errors"):

	Notes	**Other adjustments - Known prior year errors**	**Other Adjustments – Prior year errors identified in 2020**	**Total other adjustments**
		€	€	€
Revenue from contracts with customers	17	-	(3,550,755)	(3,550,755)
Amortization	5	-	(3,964,052)	(3,964,052)
Other gains and losses	19	-	3,964,052	3,964,052
Other expenses	20	-	3,550,755	3,550,755

31.3.3.2.1 Other adjustments – Known prior year errors

None

31.3.3.2.2 Other adjustments – Prior year errors identified in 2020

The € 3.6 million reclassification between revenue and other expenses relates to revenue recorded from isolated transaction with external parties during 2019 which were not supported by written contracts, therefore no performance obligation existed. Since there was no contract substantiating the transaction in accordance with IFRS 15, revenue that was previously recorded and recognized has been reversed.

The other adjustment on amortization relates to a reclassification of the gain made on the intangible assets contributed to the joint venture which was included in the amortization in 2019 (€ 3.9 million negative) to other gains and losses.

32 Subsequent events

Azerion placed a subsequent bond issue of € 27.5 million in February 2021. This bond issue was the third and last in a series under a total framework of € 100 million.

On April 16, 2021 Azerion successfully placed € 200.0 million of senior secured fixed rate bonds under a subsequent framework of € 300 million to qualified investors in the Nordics, Europe and the U.S. These bonds will have a tenor of 3 years and carry a fixed rate coupon of 7.25% per annum. Proceeds from this transaction have been used to repay the Group's outstanding € 100 million bond on May 7, 2021. The remainder of the € 200 million issue is intended to finance several acquisitions, to finance transaction costs and for general corporate purposes.

On March 20, 2021 the decision was made to lease a new office at Boeingavenue 30, making the current leases at Beechavenue 132 and 182 obsolete. The reason was the need for an expedient office space to facilitate space for all employees increasing efficiency. This resulted in the related RoU asset being written off to nil, resulting in RoU assets decreasing with € 2.5 million and an impairment loss of € 2.5 million being recognized in 2021.

On May 18, 2021 Azerion acquired the UK based company Genba Digital Ltd. The purchase consideration amounted to € 22.0 million. The purchase consideration includes contingent consideration and equity instruments which have been valued using management's best estimate. Genba Digital will strengthen the Gaming business segment.

On June 21, 2021 Azerion acquired the Sweden based company Delta Projects. The purchase consideration amounted to € 8.7 million. The purchase consideration includes contingent consideration and equity instruments which have been valued using management's best estimate. Delta Projects has their own programmatic platform and will strengthen Azerion's Monetization Tech segment.

On June 24, 2021 a second acquisition was made. Azerion acquired the German based company WHOW Games GmbH. The purchase consideration amounted to € 56.0 million. The purchase consideration includes contingent consideration which have been valued using management's best estimate. WHOW will add value and strengthen the Gaming segment.

On June 30, 2021 Strossle International AB was acquired. Strossle is a Swedish media tech company, helping publishers optimize content distribution. The company use machine learning technologies which offer optimal mix of content, attract new users and offer native advertisers extended reach. The company has 7 offices: Stockholm, Malmö, Oslo, Copenhagen, Amsterdam (sold), Finland, Slovakia, Italy (closed), Hungary and Czech Republic. The purchase consideration amounted to € 10.8 million. The purchase consideration includes contingent consideration which have been valued using management's best estimate.

On July 30, 2021 an asset purchase agreement with SOFTGAMES - Mobile Entertainment Services GmbH was executed. The purchase consideration amounted to € 1.2 million.

On Aug 4, 2021 another Swedish company Kmobile AB was acquired. Kmobile is an advertising company helping advertisers and publishers with mobile advertising. The purchase consideration amounted to € 6.1 million. The purchase consideration includes contingent consideration which have been valued using management's best estimate.

On August 12, 2021 Talpa Azerion Gaming B.V. repurchased the shares from Talpa shareholder. By virtue of this transaction, Azerion Holding B.V. became the sole shareholder of Azerion Talpa Gaming BV. The effective date of control was May 01, 2021.

On August 30, 2021 the Dutch company Admeen B.V. was acquired. Admeen is a publisher and operator of casual games, web/mobile gaming portals. The purchase consideration amounted to € 4.5 million. The purchase consideration includes contingent consideration which have been valued using management's best estimate.

On August 31, 2021 Sublime Skinz Labs SAS was acquired. Sublime is a French leading advertising sales house and adtech company. By combining market leading technology with a creative first approach, Sublime simplifies the delivery of premium, user friendly digital ad formats. The purchase consideration amounted to € 13.1 million. The purchase consideration includes contingent consideration which have been valued using management's best estimate.

On October 15, 2021, Titan Gate AD (PubGalaxy) was acquired. Titan Gate operates a monetization platform which enables the publishers to sell desktop and mobile inventory to advertisers. The purchase consideration amounted to $ 4.75 million. The purchase consideration includes contingent consideration and equity instruments which have been valued using management's best estimate.

On October 16, 2021, Inskin Media LTD was acquired. Inskin is an advertising technology company creating and delivering creative advertising formats including video advertising and has offices in Germany, France, Hong Kong, Singapore and Australia. The purchase consideration amounted to GBP 14.4 million. The purchase consideration includes contingent consideration which have been valued using management's best estimate.

At the date of authorization of the financial statements for December 31, 2020, none of the purchase price allocations for the above entities have been finalized due to the short period of time between the announcements and the finalization of the financial statements. Consequently, no further disclosures on assets and liabilities acquired are made.

In October 2021 the interest rate on the loan to Principion was amended to 4% to reflect a market interest rate. This is a non-adjusting post balance sheet event. The addendum was retrospectively effective on the date of the loan but not accounted for as such in accordance with IFRS. In the 2021 financial year there will be a fair value remeasurement gain which will be recorded in equity.

During 2021 an extension of payment of wage tax was agreed with the Dutch Tax Authority. See Note 15 for the details of the deferred wage tax. This event is a non-adjusting post balance sheet event. In 2021 the deferred payments are to be presented as non-current for the amounts to be paid in more than one year.

33 Standards issued but not yet effective

The amended standards that are issued but are not yet effective for December 31, 2020 are listed below:

IFRS 17	Insurance Contracts
IFRS 10 and IAS 28 (amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IFRS 3	Reference to the Conceptual Framework
Amendments to IAS 16	Property Plant and Equipment – Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract

Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture

The Group will adopt these amended standards when they become effective. The amended standards are not expected to have a material impact on the Group's financial statements, except for the following which are being assessed by management:

Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture. The effective date of the amendments has yet to be set by the Board; however, earlier application of the amendments is permitted. The directors of the Company anticipate that the application of these amendments may have an impact on the Group's consolidated financial statements in future periods should such transactions arise.

Amendments to IAS 1 – Classification of Liabilities as Current or Non-current

The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items. The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The amendments are applied retrospectively for annual periods beginning on or after January 1, 2023, with early application permitted.

Amendments to IFRS 3 – Reference to the Conceptual Framework

The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination. The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after January 1, 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.

2020

Azerion Holding B.V.
Company financial statements

Company statement of financial position as of December 31, 2020

(Before proposal of appropriation of result)

	Notes	31 December 2020 €	31 December 2019 €	1 January 2019 €
Assets				
Non-current assets				
Intangible fixed assets (including goodwill)	35	20,110,852	9,937,609	3,470,839
Property, plant and equipment	36	2,783,073	3,278,819	2,542,906
Financial fixed assets	37	53,010,840	28,445,108	17,605,858
		75,904,765	41,661,536	23,619,603
Current assets				
Receivables, prepayments and accrued income	38	50,470,926	32,865,131	13,825,547
Cash and cash equivalents		1,853,582	478,101	45,382
		52,324,508	33,343,232	13,870,929
Total assets		**128,229,273**	**75,004,768**	**37,490,532**
Equity	39			
Share capital		1,176	1,176	1,176
Share premium		525,280	525,280	525,280
Share based payment reserve		657,696	223,559	-
Other equity instruments		30,993,491	3,063,600	-
Legal reserves		13,772,548	4,862,389	3,603,722
Currency translation reserve		348,868	202,522	(41,897)
Retained earnings		(36,877,851)	(15,179,474)	(2,153,636)
Results for the financial year		(5,320,505)	(3,829,089)	(8,824,263)
Total equity		**4,100,703**	**(10,130,037)**	**(6,889,618)**
Liabilities				
Non-current liabilities				
Lease liabilities	40	2,475,037	2,760,428	2,282,282
Other non-current liabilities	41	64,611,470	11,642,344	19,014,688
		67,086,507	14,402,772	21,296,970
Current liabilities				
Lease liabilities	40	569,487	559,879	258,938
Other current liabilities	42	56,472,576	70,172,154	22,824,242
		57,042,063	70,732,033	23,083,180
Total liabilities		**124,128,570**	**85,134,805**	**44,380,150**
Total equity and liabilities		**128,229,273**	**75,004,768**	**37,490,532**

Company statement of profit and loss for the year ended December 31, 2020

	Notes	2020 €	2019 €
Share of results in participating interests		(8,588,458)	(1,095,219)
Result from operations after corporation tax		3,267,953	(2,733,870)
Profit / (loss) after tax		**(5,320,505)**	**(3,829,089)**

Notes to the company financial statements

34.1 General information

The Company financial statements are part of the 2020 consolidated annual accounts of Azerion Holding B.V. The information on the principal activities of the company is included in Note 1 of the consolidated financial statements.

The Company financial statements were authorized for issue by the Management Board on 6 December 2021.

The company financial statements of Azerion Holding B.V. (hereafter: the Company) have been prepared in accordance with Part 9, Book 2 of the Dutch Civil Code. In accordance with subsection 8 of article 362, Book 2 of the Dutch Civil Code, the company's financial statements are prepared based on the accounting principles of recognition, measurement and determination of profit, as applied in the consolidated financial statements. These principles also include the classification and presentation of financial instruments, being equity instruments or financial liabilities.

As the financial data of the company are included in the consolidated financial statements, the income statement in the company financial statements is presented in its condensed form (in accordance with article 402, Book 2 of the Dutch Civil Code).

In case no other policies are mentioned, refer to the accounting policies as described in the accounting policies in the consolidated financial statements of this annual report. For an appropriate interpretation, the company financial statements of Azerion Holding B.V. should be read in conjunction with the consolidated financial statements. The balance sheet and income statement include references. These refer to the notes.

The company prepared its consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union.

All amounts in the Company financial statements are presented in €.

Correction of material prior year error

In 2019, goodwill was erroneously not regarded as an extension to the net investment that Azerion Holding has on the subsidiaries which losses are continued to be recognized. Only loan receivables was considered as an extension to the net investment that Azerion Holding has on subsidiaries. In 2020, the Company corrected the material prior year error by including loan receivables and goodwill as extensions to the net investment that Azerion Holding has on the subsidiary on which the losses are continued to be recognised. This correction of this material prior year error is effective retrospectively from January 01, 2019.

The following table summarises the impact of correction of the prior year material error on the financial statements of the Company:

	31 December 2019	01 January 2019
	€	€
Total assets (decrease)/increase	(2,690,285)	(12,987,072)
Total equity decrease/(increase)	2,972,466	12,987,072
Share of results in participating interests	(285,478)	-

The abovementioned financial statement line items are restated in the statement of financial position to reflect the material prior year error correction. Refer to note 46 where the impact of the material prior year error is further disclosed.

34.2 Financial fixed assets

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to December 31 each year. Control is achieved when the Company:

- has the power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affects its returns.

Participating interests in group companies, where control is exerted on the business and financial policies, are valued based on the net asset value method in accordance with combination 3 election of Article 2:362 (8) DCC.

Until 2019, the participating interests with a negative net asset value are valued at zero. From 2020 the company guarantees (wholly or partially) debts of the participating interest concerned and subsequently a provision is recognized for the losses of participating interests when it is probable that the company will have an outflow of resources. Goodwill and Loan receivables are an extension to the net investment that Azerion Holding has on the subsidiary on which the losses are continued to be recognised.

34.3 Share of result of participating interests

The share in the result of participating interests consists of the share of the Company in the result of these participating interests.

34.4 Corporate income tax

The Company is the head of the fiscal unity for corporate income tax purposes. The Company recognizes the portion of corporate income tax that it would owe as an independent taxpayer, taking into account the allocation of the advantages of the fiscal unity. Settlement within the fiscal unity between the Company and its subsidiaries takes place through current account positions.

34.5 Cash flow statement

No cash flow statement is included in these company financial statements as the Company's cash flows are included in the consolidated cash flow statement.

35 Intangible fixed assets (including goodwill)

	Websites	Goodwill	Total
	€	€	€
As at January 1, 2019			
Acquisition cost	3,266,312	13,422,120	16,688,432
Accumulated remeasurement of net investment	-	(11,613,062)	(11,613,062)
Accumulated amortization	(1,604,531)	-	(1,604,531)
Net book amount	**1,661,781**	**1,809,058**	**3,470,839**
Movement for the year ended December 31, 2019			
Additions	-	14,825,085	14,825,085
Remeasurement of the net investment	-	(7,705,059)	(7,705,059)
Amortization	(653,256)	-	(653,256)
As at December 31, 2019			
Acquisition cost	3,266,312	28,247,205	31,513,517
Accumulated remeasurement of net investment		(19,318,121)	(19,318,121)
Accumulated amortization	(2,257,787)	-	(2,257,787)
Net book amount	**1,008,525**	**8,929,084**	**9,937,609**
Movement for the year ended December 31, 2020			
Additions	-	9,251,478	9,251,478
Remeasurement of the net investment		1,575,026	1,575,026
Amortization	(653,261)	-	(653,261)
As at December 31, 2020			
Acquisition cost	3,266,312	37,498,684	40,764,996
Accumulated remeasurement of net investment		(17,743,096)	(17,743,096)
Accumulated amortization	(2,911,048)	-	(2,911,048)
Net book amount	**355,264**	**19,755,588**	**20,110,852**
Amortization rates	10-20 %	0 %	

Remeasurement of the net investment relates to the extension of Goodwill and Loan to the net investment that Azerion Holding has on subsidiaries on which the losses are continued to be recognised.

36 Property, plant and equipment

	Right-of-Use Vehicles	Office Equipment	Total
	€	€	€
As at January 1, 2019			
Cost	2,541,220	1,808	2,543,028
Cumulative depreciation	-	(122)	(122)
Net book value	**2,541,220**	**1,686**	**2,542,906**
Movements for the financial year ended December 31, 2019			
Additions	1,155,688	80,968	1,236,656
Depreciation	(494,440)	(6,303)	(500,743)
Disposals	(24,272)		(24,272)
Accumulated depreciation on disposals	24,272		24,272
As at December 31, 2019			
Cost	3,672,636	82,776	3,755,412
Cumulative depreciation	(470,168)	(6,425)	(476,593)
Net book value	**3,202,468**	**76,351**	**3,278,819**
Movements for the financial year ended December 31, 2020			
Additions	312,201	-	312,201
Disposals	(21,793)	(78,207)	(100,000)
Accumulated depreciation on disposals	21,793	5,733	27,526
Depreciation	(734,559)	(914)	(735,473)
As at December 31, 2020			
Cost	3,963,043	4,570	3,967,613
Cumulative depreciation	(1,182,933)	(1,607)	(1,184,540)
Net Book value	**2,780,110**	**2,963**	**2,783,073**
Depreciation rates	10% - 100%	20%	

37 Financial fixed assets

	Participations in group companies	Receivables from group companies	Receivables from related parties	Deferred Tax Asset	Other participating interests	Total
	€	€	€	€	€	€
As at January 1, 2019	**10,897,459**	**4,213,114**	**-**	**-**	**2,495,285**	**17,605,858**
Additions	4,612,655	7,630,771	-	-	5,035,948	17,279,374
Share of profits of participations	(326,030)	-	-	-	(769,189)	(1,095,219)
Exchange differences	244,419	-	-	-	-	244,419.
Disposals / transfers	-	(145,000)	-	-	(1,732,575)	(1,877,575)
Provisions	-	-	-	-	-	-
Remeasurement of the net investment	4,359,544	(8,071,296)				(3,711,752)
As at December 31, 2019	**19,788,050**	**3,627,589**	**-**	**-**	**5,029,469**	**28,445,108**
Additions	16,644,274	-	-	1,733,139	-	18,377,413
Loans granted	-	-	22,403,791	-	-	22,403,791
Share in result of participations	(8,413,458)	-	-	-	(175,000)	(8,588,458)
Disposals / transfers	-	(790,605)	-	-	-	(790,605)
Repayments	-	-	(6,100,000)	-	-	(6,100,000)
Accrued interest	-	-	621,595	-	-	621,595
Exchange differences	146,344	-	-	-	-	146,344
Reclassification	1,046,220	-	-	-	(1,046,220)	-
Other movements	-	-	-	-	70,677	70,677
Remeasurement of the net investment	(15,495,760)	13,920,735				(1,575,025)
As at December 31, 2020	**13,715,670**	**16,757,719**	**16,925,386**	**1,733,139**	**3,878,926**	**53,010,840**

Remeasurement of the net investment relates to the extension of Goodwill and Loan to the net investment that Azerion Holding has on subsidiaries on which the losses are continued to be recognised.

Receivables from group companies and related parties are unsecured, denominated in Euro. On March 17, 2020, the Group entered into a loan agreement with its shareholder Principion Holding B.V., lending its shareholder a total principal value of € 24.6 million (nominal value) against an interest rate of 1.0%. The maturity date of the loan is March 31, 2024. The shareholder repaid € 6.1 million of the loan principal during 2020 and € 624 thousand of interest is accrued in 2020. The fair value of the loan on initial recognition amounted to € 21.2 million. The difference between the market interest rate (4.0%) and the interest rate in the agreement (1.0%) resulted in a fair value adjustment of € 3.4 million on the initial recognition of the loan. The loan had an outstanding balance of € 16.5 million as of December 31, 2020.

The fair value of receivables from group companies approximates the book value.

Refer to Note 28 for details regarding the material acquisitions and disposals of the company.

During the 2019 financial year Azerion Holding B.V. acquired 5.0% interest in Spligames B.V., including the mobile business unit of Spilgames B.V. The minority interest acquired was acquired at a fair value of € 1.0 million, resulting in an equity purchase price (as a basis for the excess purchase price) of € 10.1 million.

In 2020, the Company acquired the remaining 95.0% of the shares in the capital of Spilgames B.V. by which it became its sole shareholder (refer to Notes 8 and 28 for further details on this transaction). As a result, the book value of the Company's previously held 5.0% interest in Spilgames B.V. has been reclassified from other participating interests to participations in group companies.

Spilgames added know-how to maximize user engagement and advertiser impact in the consolidating mobile and social games market.

The other participating interest as at December 31, 2020 related to the Company's investment in Talpa Azerion Gaming B.V., which is a 50% joint venture (refer to Note 29).

Azerion Holding B.V. has direct interest in the following participations:

Name	**Registered office**	**Share**
Talpa Azerion Gaming B.V.	Schiphol-Rijk (NL)	50%
Azerion Games and Content Holding B.V.	Schiphol-Rijk (NL)	100%
Azerion Tech Holding B.V.	Schiphol-Rijk (NL)	100%
Azerion International Holding B.V.	Schiphol-Rijk (NL)	100%

Refer to Note 28 of the consolidated financial statements, for information relating to material acquisitions and disposals which occurred during the period.

38 Receivables, prepayments and accrued income

	31 December 2020 €	31 December 2019 €	1 January 2019 €
Trade receivables	52,564	294,570	353,793
Receivables from group companies	48,046,062	25,636,095	10,981,974
Receivables from other related parties	-	-	119,718
Taxes and social security premiums	2,362,301	823,232	45,708
Other receivables and accrued income	9,999	6,111,234	2,324,354
	50,470,926	**32,865,131**	**13,825,547**

Receivables from group companies and related parties are unsecured, denominated in Euro.

The trade receivables, taxes and social security contributions and other receivables and other accrued income including receivables form group companies and other related parties, are all due within a period of one year from the balance sheet date.

The fair value of all receivables approximates the book value.

39 Equity

	31 December 2020 €	31 December 2019 €
Issued share capital		
117,563 ordinary shares at par value of €0,01 each	1,176	1,176
Share premium reserve	**525,280**	**525,280**
Legal reserve		
Balance as at January 1	4,862,389	3,603,722
Allocation	8,910,159	1,258,667
Balance as at December 31	**13,772,548**	**4,862,389**
Currency translation reserve		
Balance as at January 1	202,522	(41,897)
Allocation/Withdrawal	146,346	244,419
Balance as at December 31	**348,868**	**202,522**
Share based payment reserve		
Balance as at January 1	223,559	-
Allocation	434,137	223,559
Balance as at December 31	**657,696**	**223,559**
Other equity instruments		
Balance as at January 1	3,063,600	-
Borrowings converted to equity	14,971,957	-
Issuance of Investor SARs	1,629,775	-
SAR Options related to acquisitions	11,328,159	3,063,600
Balance as at December 31	**30,993,491**	**3,063,600**

Retained earnings		
Balance as at January 1	(19,008,563)	(10,977,899)
Result of the year	(5,320,505)	(3,829,089)
Fair value adjustment on shareholder loans	(3,384,239)	-
Other comprehensive income	(132,797)	29,555
Increase/decrease due to acquisitions	(5,442,093)	(2,972,463)
Re-allocation to legal reserve	(8,910,159)	(1,258,667)
Balance as at December 31	**(42,198,356)**	**(19,008,563)**
Total Equity	**4,100,703**	**(10,130,037)**

Refer to Note 11 of the consolidated financial statements, for the period ending December 31, 2020, for information relating to movements in equity.

40 Leases

Lease liabilities

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ("IBR") to measure the present value of future lease payments. The IBR is determined as the sum of a reference rate, credit risk premium and country risk premium. The calculation of IBR considers the currency of the lease contract, the lease term, type of leased assets, the region of the lessee and the credit rating of the lessee. A single IBR is applied to a portfolio of leases, which are similar in nature and in lease term within a region. The weighted average IBR applied to lease liabilities was 9.3%.

The carrying amount of lease liabilities and the related movements during the period are as follows:

	2020 €	**2019** €
As at January 1	**3,320,307**	**2,541,220**
Additions	156,796	1,104,889
Reassessments	23,904	50,799
Lease modifications	131,502	-
Accrued interest	360,426	293,480
Payment of lease invoices	(948,411)	(670,081)
As at December 31	**3,044,524**	**3,320,307**
Non-current	2,475,037	2,760,428
Current	569,487	559,879

At December 31, 2020, the total lease liability amounted to € 3.0 million (2019: € 3.3 million). This comprised of a non-current portion of € 2.5 million (€ 2.8 million) and a current portion of € 570 thousand (2019: € 560 thousand).

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be paid after the reporting date:

	31 December 2020 €	31 December 2019 €	1 January 2019 €
Less than 1 year	948,412	667,245	505,843
1 to 2 years	959,264	885,807	503,007
2 to 3 years	877,409	826,616	465,599
3 to 4 years	634,327	720,941	427,978
4 to 5 years	375,399	433,673	406,282
More than 5 years	1,407,745	1,755,445	2,070,000
Total undiscounted lease liability	**5,202,556**	**5,289,727**	**4,378,709**
Unpaid finance expense	(2,158,032)	(1,969,420)	(1,837,489)
Total lease liability	**3,044,524**	**3,320,307**	**2,541,220**

Amounts recognized in the statement of profit and loss:

	2020 €	2019 €
Depreciation on right-of-use asset	(734,559)	(494,440)
Interest expense (included in finance cost)	(360,426)	(293,480)

The total cash outflows recognized in the statement of cash flows is as follows:

	2020 €	2019 €
Principle portion of lease liabilities	(587,985)	(376,601)
Interest paid on lease liabilities	(360,426)	(293,480)

41 Liabilities

	Subordinated loans	Convertible loans	Debts to participating interests	Loans from group companies	Senior secured floating rate bonds	Other	Total
	€	€	€	€	€	€	€
Balance at January 1, 2019	**-**	**4,125,000**	**11,572,800**	**3,466,388**	**-**	**-**	**19,164,188**
Current	-	-	149,500	-	-		149,500
Non-current	-	4,125,000	11,423,300	3,466,388	-		19,014,688
Additions	1,500,000	-	5,000,000	-	23,617,857	78,205	30,196,062
Accrued interest	359,649	1,429,415	214,793	220,947	961,168	-	3,185,972
Repayment	-	(625,000)	(1,100,000)	(796,675)	(703,081)	(7,260)	(3,232,016)
Reclassifications and other movement	6,839,600	-	(6,839,600)	-	198,274	-	198,274
Balance at December 31, 2019	**8,699,249**	**4,929,415**	**8,847,993**	**2,890,660**	**24,074,218**	**70,945**	**49,512,480**
Current	-	4,929,415	8,847,993	-	24,074,218	18,510	37,870,136
Non-current	8,699,249	-	-	2,890,660	-	52,435	11,642,344
Additions	-	-	-	-	70,017,250	-	70,017,250
Accrued interest	571,688	(53,105)	-	-	5,145,127	-	5,663,710
Repayment	(1,854,511)	(4,876,310)	-	-	(29,619,120)	-	(36,349,941)
Reclassification to equity	(14,971,957)	-	-	-	-	-	(14,971,957)
Reclassification and other movement	8,847,993	-	(8,847,993)	(2,890,660)	1,242,085	(70,945)	(1,719,520)
Balance at December 31, 2020	**1,292,462**	**-**	**-**	**-**	**70,859,560**	**-**	**72,152,022**
Balance as at December 31, 2020							
< 1 Year	1,292,462	-	-	-	6,248,090	-	7,540,552
≥1 year ≤ 5 years	-	-	-	-	64,611,470	-	64,611,470
> 5 Years	-	-	-	-	-	-	-

Refer to Note 16 of the consolidated financial statements, for the period ending December 31, 2020, for information relating to convertible loans, debt to credit institutions and subordinated loans.

Senior secured floating rate bonds

The Reclassification and other movement in the 2020 financial year relate to losses on contract modifications due to changes in the bond terms.

Loans from group companies

The average intercompany balances are unsecured and denominated in Euro. Nothing has been agreed in respect of repayment of the loans and securities.

Debts to participants

The interest rates for debts to participants are varied between 3% and 10% per annum.

The fair value of all non-current payables approximates the book value.

42 Other current liabilities

	31 December 2020 €	31 December 2019 €	1 January 2019 €
Short-term portion of long-term debt	7,540,552	37,870,136	149,500
Revolving credit facility	7,548,032	7,704,778	-
Trade and other creditors	877,857	3,018,640	865,704
Loans from group companies	37,662,703	18,528,354	19,335,677
Tax payable	970,173		
Accruals and deferred income	-	3,050,246	2,473,361
Payables to group companies	1,873,259	-	-
	56,472,576	**70,172,154**	**22,824,242**

The average intercompany balances are unsecured and denominated in Euro. Nothing has been agreed in respect of repayment of the loans and securities.

The current liabilities have a due period shorter than 1 year.

The fair value of all current payables approximates the book value.

Azerion has a revolving credit facility with Billfront Ltd of € 7.5 million Dec 2020 (€ 7.7 million Dec 2019). The revolving credit facility with Billfront is charged at Euribor + 7.6%, with an upfront arrangement fee of 0.7% of the maximum aggregate outstanding amount. It is renewed every 30 to 120 days and is generally renewed at 60-day intervals. It requires a collateral of 125% of qualifying accounts receivable.

The significant decrease in the accruals and deferred income is due to the deferred income decreasing from € 3.1 million to € 0 in the 2020 financial period.

43 Off balance sheet commitments

Securities
The bank overdraft position consists of a loan received from Billfront for which Improve Digital B.V. issued a guarantee and their trade receivables as securities.

Contingent liabilities
Fiscal unity for corporate income tax and value added tax purposes
On December 31, 2020, the Company is part of a fiscal unity for corporate income tax and value added tax purposes. The Company is head of both fiscal unities.

Under the conditions of the Collection of State Taxes Act 1990 (Invorderingswet 1990) the members of the fiscal unity are jointly and severally liable for the payment of the corporate income tax and value added tax due by any member of the fiscal unity.

Notes to the company profit and loss account for the year ended December 31, 2020

44 Employees

During 2020 no employees were employed in the company (2019: 0).

45 Remuneration of directors

The emoluments (including pensions obligations) which were charged in 2020 amount to € 840 thousand (2019: € 794 thousand) for the directors of the Company.

46 Changes in accounting policies and prior year errors

The company financial statements of Azerion Holding B.V. (hereafter: the company) have been prepared in accordance with Part 9, Book 2 of the Dutch Civil Code. The company prepared its consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union. In accordance with subsection 8 of article 362, Book 2 of the Dutch Civil Code, the company's financial statements are prepared based on the accounting principles of recognition, measurement and determination of profit, as applied in the consolidated financial statements. These principles also include the classification and presentation of financial instruments, being equity instruments or financial liabilities.

As the financial data of the company are included in the consolidated financial statements, the income statement in the company financial statements is presented in its condensed form (in accordance with article 402, Book 2 of the Dutch Civil Code).

In case no other policies are mentioned, refer to the accounting policies as described in the accounting policies in the consolidated financial statements of this annual report. For an appropriate interpretation, the company financial statements of Azerion Holding B.V. should be read in conjunction with the consolidated financial statements. The balance sheet and income statement include references to required notes.

As this is the first year in which subsection 8 of article 362, Book 2 of the Dutch Civil Code is applied, the result of the changes in accounting policies to align the accounting principles of the company financial statements with the consolidated financial statements are presented below.

46.1 Exceptions applied

When applying the provisions subsection 8 of article 362, Book 2 of the Dutch Civil Code, to align the accounting principles of recognition, measurement and determination of profit, as applied in the consolidated financial statements, some exemptions from the retrospective application of certain requirements are permissible. These have been applied by the company.

46.1.1 Leases

At the date of transition to IFRS the Company measured lease liabilities at the present value of the remaining lease payments, discounted using the incremental borrowing rate; measured right of use assets on a lease-by-lease basis at an amount equal to the lease liability adjusted for prepaid and accrued amounts; and assessed for the impairment the right-of-use assets.

46.1.2 Revenue

IFRS 15 Revenue from contracts with customers has not been applied to revenue contracts that occurred before January 1, 2019. The use of this exemption means that the transition date per IFRS 1 is used as the IFRS 15 date of initial application therefore the Company is not required to restate contracts that were completed before the transition date. Thus, the Company applies the IFRS 15 standard from January 1, 2019.

46.2 Estimates

The estimates at January 1, 2019 and December 31, 2019 are consistent with those made for the same dates in accordance with Dutch GAAP (after adjustments to reflect any differences in accounting policies). The estimates used by the Company to present these amounts in accordance with IFRS reflect conditions at January 1, 2019 and December 31, 2019.

46.3 Reconciliation between previously applied accounting policies and newly adopted accounting policies

46.3.1 Company reconciliation of equity as of January 1, 2019

	Notes	Dutch GAAP 1 January 2019 €	Effect of remeasurements to IFRS €	Opening balance adjustments €	Restated 1 January 2019 €
Assets					
Non-current assets					
Intangible fixed assets (including goodwill)	35	9,094,949	-	(5,624,110)	3,470,839
Property, plant and equipment	36	1,686	2,541,220	-	2,542,906
Financial fixed assets	37	17,051,922	-	553,936	17,605,858
		26,148,557	2,541,220	(5,070,174)	23,619,603
Current assets					
Receivables, prepayments and contract assets	38	16,423,036	-	(2,597,489)	13,825,547
Cash and cash equivalents		45,382	-	-	45,382
		16,468,418	-	(2,597,489)	13,870,929
Total assets		**42,616,975**	**2,541,220**	**(7,667,663)**	**37,490,532**
Equity	39				
Share capital		1,176	-	-	1,176
Share premium		525,280	-	-	525,280
Legal reserves		3,603,722	-	-	3,603,722
Currency translation reserve		(41,897)	-	-	(41,897)
Retained earnings		(3,310,236)	-	(7,667,663)	(10,977,899)
Total equity		**778,045**	**-**	**(7,667,663)**	**(6,889,618)**
Liabilities					
Non-current liabilities					
Lease liabilities	40	-	2,282,282	-	2,282,282
Other non-current liabilities	41	19,014,688	-	-	19,014,688
		19,014,688	2,282,282	-	21,296,970
Current liabilities					
Lease liabilities	40		258,938	-	258,938
Other current liabilities	42	22,824,242			22,824,242
		22,824,242	258,938	-	23,083,180
Total liabilities		**41,838,930**	**2,541,220**	**-**	**44,380,150**
Total equity and liabilities		**42,616,975**	**2,541,220**	**(7,667,663)**	**37,490,532**

46.3.1.1 Effect of remeasurement to IFRS

Leases

At the date of transition, the Company applied a single recognition and measurement approach for all leases except for short-term leases:

- right-of-use assets of € 2.5 million were recognized and presented within property, plant and equipment at January 1, 2019;
- additional lease liabilities of € 2.5 million were recognized as at January 1, 2019;
- the weighted average incremental borrowing rate applied to lease liabilities was 9,1%.

Trade and other receivables

The adoption of IFRS principles has changed the Company's accounting for impairment losses for financial assets by replacing incurred loss approach under Dutch GAAP with a forward-looking expected credit loss (ECL) approach. IFRS requires the Company to recognise an allowance for ECLs for all debt instruments not held at fair value through profit or loss and contract assets. At the date of transition to IFRS, there is no material impact on the company financial statements.

Property, plant and equipment

The adoption of IFRS resulted in a material increase in the Property, Plant and Equipment due to the recognition of right of use assets under IFRS 16 as at January 01, 2019 amounting to € 2.5 million.

46.3.1.2 Opening balance adjustments

The table below provides an overview of the prior year errors that were identified in the current financial year ("Opening balance adjustments – Prior year errors identified in 2020) and errors that were disclosed in the 2019 financial statements ("Opening balance adjustments – Known prior year errors"):

	Notes	**Opening balance adjustments – Known prior year errors €**	**Opening balance adjustments – Prior year errors identified in 2020 €**	**Total opening balance adjustments €**
Intangible fixed assets (including goodwill)	35	6,072,628	(11,696,738)	(5,624,110)
Financial fixed assets	37	(3,333,887)	3,887,823	553,936
Receivables, prepayments and contract assets	38	-	(2,597,489)	(2,597,489)
Retained earnings		5,311,409	(12,987,072)	(7,667,663)

The correction relating to the prior year material error as disclosed in note 34.1 is included in the "Opening balance adjustments – Prior year errors identified in 2020" column.

46.3.1.2.1 Opening balance adjustments – Known prior years

Financial fixed assets

A prior year adjustment of € 3.3 million was processed at January 01, 2019 as per the 2019 financial statements.

Intangible fixed assets (including goodwill)

A prior year adjustment of € 6.1 million was processed at January 01, 2019 as per the 2019 financial statements.

Retained earnings

Due to the adjustments mentioned above the effect on retained earnings was € 5.3 million (increase) at January 01, 2019.

46.3.1.2.2 Opening balance adjustments – Prior year errors identified in 2020

Financial fixed assets

Included in the opening balance adjustments is an amount of € 3.9 million. The opening 2019 net investments did not include the extension of the negative equity value investments to goodwill. Since the accounting policy of Azerion Holding is that Goodwill and Loan receivables are an extension to the net investment the losses should first be settled against goodwill and the receivable position.

Intangible fixed assets (including goodwill)

Included in the opening balance adjustments is an amount of € 11.7 million. The opening 2019 net investments did not include the extension of the negative equity value investments to goodwill. Since the accounting policy of Azerion Holding is that Goodwill and Loan receivables are an extension to the net investment the losses should first be settled against goodwill and the receivable position.

Trade and other receivables

Included in the opening balance adjustments is an amount of € 2.6 million. The opening 2019 net investments did not include the extension of the negative equity value investments to goodwill. Since the accounting policy of Azerion Holding is that Goodwill and Loan receivables are an extension to the net investment the losses should first be settled against goodwill and the receivable position.

Retained earnings

Due to the adjustments mentioned above the effect on retained earnings was € 13 million (decrease) at January 01, 2019.

46.3.2 Group reconciliation of equity as of December 31, 2019

	Notes	Dutch GAAP 31 December 2019	Effect of remeasurements to IFRS	Other adjustments	Restated 31 December 2019
		€	€	€	€
Assets					
Non-current assets					
Intangible fixed assets (including goodwill)	35	28,762,174	4,994,387	(23,818,952)	9,937,609
Property, plant and equipment	36	76,352	3,202,467	-	3,278,819
Financial fixed assets	37	25,650,842	(1,282,184)	4,076,450	28,445,108
		54,489,368	6,914,670	(19,742,502)	41,661,536
Current assets					
Receivables, prepayments and contract assets	38	27,883,413	(868,027)	5,849,745	32,865,131
Cash and cash equivalents		478,101	-	-	478,101
		28,361,514	(868,027)	5,849,745	33,343,232
Total assets		**82,850,882**	**6,046,643**	**(13,892,757)**	**75,004,768**
Equity	39				
Share capital		1,176	-	-	1,176
Share premium		525,280	-	-	525,280
Share based payment reserve		-	223,559	-	223,559
Equity instruments		-	-	3,063,600	3,063,600
Legal reserves		4,862,389	-	-	4,862,389
Currency translation reserve		202,522	-	-	202,522
Retained earnings		(8,754,648)	3,638,842	(13,892,757)	(19,008,563)
Total equity		**(3,163,281)**	**3,862,401**	**(10,829,157)**	**(10,130,037)**
Liabilities					
Non-current liabilities					
Lease liabilities	40	-	2,760,428	-	2,760,428
Other non-current liabilities	41	11,642,344	-	-	11,642,344
		11,642,344	2,760,428	-	14,402,772
Current liabilities					
Lease liabilities	40	-	559,879	-	559,879
Other current liabilities	43	74,371,819	(1,136,065)	(3,063,600)	70,172,154
		74,371,819	(576,186)	(3,063,600)	70,732,033
Total liabilities		**86,014,163**	**2,184,242**	**(3,063,600)**	**85,134,805**
Total equity and liabilities		**82,850,882**	**6,046,643**	**(13,892,757)**	**75,004,768**

46.3.2.2 Effect of remeasurement to IFRS

Leases

At the date of transition, the Company applied a single recognition and measurement approach for all leases except for short-term leases

- right-of-use assets of € 3.2 million were recognized and presented within property, plant and equipment at December 31, 2019;
- additional lease liabilities of € 3.3 million were recognized as at December 31, 2019;
- the weighted average incremental borrowing rate applied to lease liabilities was 9,1%.

Trade and other receivables

The adoption of IFRS principles has changed the Company's accounting for impairment losses for financial assets by replacing incurred loss approach under Dutch GAAP with a forward-looking expected credit loss (ECL) approach. IFRS requires the Company to recognise an allowance for ECLs for all debt instruments not held at fair value through profit or loss and contract assets. At the date of transition to IFRS, there is no material impact on the company financial statements. The trade receivables and current liabilities € 1 million reclassification relate to a IFRS 9 classification change between these two-line items in 2019.

Property, plant and equipment

The adoption of IFRS resulted in a material increase in the Property, Plant and Equipment due to the recognition of right of use assets under IFRS 16 amounting € 3.2 million as at 31 December 2019.

Financial fixed assets

For the balances as at December 31, 2019, the only impact on the financial fixed asset balance was the effect of a share in participations interest entry amounting to € 1.6 million due to the impact on the IFRS adoption on the subsidiaries of Azerion holding included in the financial fixed asset balance. Further, an intangible asset and financial fixed asset reclassification that amounted to € 2.9 million due to the difference in the IFRS and Dutch GAAP purchase price allocation for the acquisitions of AdUX, Hi-Media and Improve Digital executed in 2019.

Share-based payments

Under Dutch GAAP, the Company recognised the cost for the share-based payment transactions as the difference between the grant date fair value and exercise price of the options, with remeasurement taking place at the end of the reporting period. IFRS requires the fair value of the share options to be determined using an appropriate pricing model recognised over the vesting period, using the grant date fair value with no remeasurement taking place at the end of the reporting period. An additional expense of € 223 thousand has been recognised in profit or loss for the year ended December 31, 2019.

Intangible fixed assets (including goodwill)

Under Dutch GAAP, Goodwill was capitalized and amortized on a straight-line basis. Goodwill under IFRS is required to be capitalized, however, no amortization thereof takes place. The amortization for the periods presented have therefore been reversed within profit or loss. The impact is a reversal of € 2.1 million amortization for the period ended December 31, 2019.

Addition to the reversal of the amortization there was an intangible asset and financial fixed asset reclassification that amounted to € 2.9 million that relate to the difference in the IFRS and Dutch GAAP purchase price allocation for the acquisitions of AdUX, Hi-Media and Improve Digital executed in 2019.

Current liabilities

The trade receivables and current liabilities € 1 million reclassification relate to a IFRS 9 classification change between these two-line items in 2019.

Retained earnings

Due to the IFRS remeasurements mentioned above the effect on retained earnings was € 3.6 million for the year ended December 31, 2019.

46.3.2.3 Other adjustments

The table below provides an overview of the prior year errors that were identified in the current financial year ("Other adjustments – Prior year errors identified in 2020) and errors that were disclosed in the 2019 financial statements ("Other adjustments – Known prior year errors"):

	Notes	**Other adjustments – Known prior year errors €**	**Other adjustments – Prior year errors identified in 2020 €**	**Total other adjustments €**
Intangible fixed assets (including goodwill)	35	-	(23,818,952)	(23,818,952)
Financial fixed assets	37	-	4,076,450	4,076,450
Receivables, prepayments and contract assets	38	-	5,849,745	5,849,745
Retained earnings		-	(13,892,757)	(13,892,757)
Equity instruments		-	3,063,600	3,063,600
Other current liabilities	43	-	(3,063,600)	(3,063,600)

The correction relating to the prior year material error as disclosed in note 34.1 is included in the "Other adjustments – Prior year errors identified in 2020" column.

46.5.4.3.1 Other adjustments– Known prior year errors

None

46.5.4.3.2 Other adjustments – Prior year errors identified in 2020

Financial fixed assets

Included in the opening balance adjustments is an amount of € 4.1 million. The closing 2019 net investments did not include the extension of the negative equity value investments to goodwill. Since the accounting policy of Azerion Holding is that Goodwill and Loan receivables are an extension to the net investment the losses should first be settled against goodwill and the receivable position.

Intangible fixed assets (including goodwill)

Included in the opening balance adjustments is an amount of € 16.6. Goodwill is an extension to the net investment and any loan receivables that Azerion Holding has on the subsidiary on which the losses are continued to be recognized. Losses are first allocated to goodwill.

Included in the opening balance adjustments is an amount of € 7.2 million. The closing 2019 net investments did not include the extension of the negative equity value investments to goodwill. Since the accounting policy of Azerion Holding is that Goodwill and Loan receivables are an extension to the net investment the losses should first be settled against goodwill and the receivable position.

Trade and other receivables

Included in the opening balance adjustments is an amount of € 5.9 million. The closing 2019 net investments did not include the extension of the negative equity value investments to goodwill. Since the accounting policy of Azerion Holding is that Goodwill and Loan receivables are an extension to the net investment the losses should first be settled against goodwill and the receivable position.

Current liabilities

The equity instruments and current liabilities € 3.1 million reclassification relating to a classification error between these two-line items in 2019. This entry relates to prior period adjustments that were not disclosed as part of the signed 2019 statutory financial statements and identified in the 2020 financial year audit.

Equity instruments

The equity instruments and current liabilities € 3.1 million reclassification relate to a classification error between these two-line items in 2019. This entry relates to prior period adjustments that were not disclosed as part of the signed 2019 statutory financial statements and identified in the 2020 financial year audit.

Retained earnings

Due to the adjustments mentioned above the effect on retained earnings was € 13.9 million for the year ended December 31, 2019.

46.5.5 Company reconciliation of profit and loss and other comprehensive income for the year ended December 31, 2019

	Notes	Previously reported 2019	Effect of remeasurements to IFRS	Other adjustments	Restated 2019
		€	€	€	€
Share of results in participating interests		(2,228,062)	847,368	285,475	(1,095,219)
Loss from operations after corporation tax	45	(4,696,424)	1,962,554	-	(2,733,870)
Loss after tax		**(6,924,486)**	**2,809,922**	**285,475**	**(3,829,089)**

46.5.5.3 Effect of remeasurement to IFRS

Share in result of participating interest

The share in results of participating interest remeasurement is due to the conversion from Dutch GAAP to IFRS for the period ending December 31, 2019.

Loss from operations after corporation tax

For the period ending December 31, 2019, Azerion Holding B,V, adopted IFRS, The conversion from Dutch GAAP resulted in a decrease in the loss from operations after corporation tax of € 3.5 million. The significant changes are due to the reversal of the amortization on goodwill of € 2.1 million, IFRS 16 impact of € 118 thousand negative, a shared based payments IFRS 2 impact of € 224 thousand negative, an IFRS 9 impact of € 183 thousand and a share in participations interest entry amounting to € 847 thousand due to the impact on the IFRS adoption on the subsidiaries of Azerion holding included in the financial fixed asset balance.

46.5.5.4 Other adjustments

The table below provides an overview of the prior year errors that were identified in the current financial year ("Other adjustments – Prior year errors identified in 2020) and errors that were disclosed in the 2019 financial statements ("Other adjustments – Known prior year errors"):

	Notes	Other adjustments – Known prior year errors	Other adjustments – Prior year errors identified in 2020	Total other adjustments
		€	€	€
Share of results in participating interests		-	285,475	285,475

46.5.5.4.1 Other adjustments – Known prior year errors

None

46.5.5.4.2 Other adjustments – Prior year errors identified in 2020

Loss from operations after corporation tax

The other adjustment relate to the recognition of losses of loss making subsidiaries in the Azerion Holding B.V. group.

47 Other disclosure

Appropriation of the result for the 2019 financial year
The annual account for 2019 was adopted by the General Meeting held on October 30, 2020. The General Meeting has determined the appropriation of the result as it was proposed.

Recognition of the profit for 2020
The board of directors proposes to add the 2020 result to the other reserves for the total amount. The General Meeting of Shareholders will be asked to approve the appropriation of the 2020 result, this proposition is already recognized in the financial statements.

Adoption of the financial statements
The consolidated and company financial statements are created and adopted by the management respectively the General Meeting.

Schiphol-Rijk, December 06, 2021
On behalf of the directors of Azerion Holding B.V.

Mr. U. Akpinar Mr. A. Aytekin Ms. D. Alonso

Other information

Provisions of the Articles of Association relating to profit appropriation

Concerning the appropriation of profit the following has been determined in article 20 of the provisions of the articles of the companies:

The profit is placed at the disposal of the General Shareholders' Meeting. The company can distribute the profit in case the shareholders' equity amounts to more than the paid-up and called-up part of the capital added to the reserves that need to be kept in virtue of the law.

Independent auditor's report

To: the general meeting of Azerion Holding B.V.

Report on the financial statements 2020

Our opinion

In our opinion:

- the consolidated financial statements of Azerion Holding B.V. together with its subsidiaries ('the Group') give a true and fair view of the financial position of the Group as at 31 December 2020 and of its result and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union ('EU-IFRS') and with Part 9 of Book 2 of the Dutch Civil Code;
- the company financial statements of Azerion Holding B.V. ('the Company') give a true and fair view of the financial position of the Company as at 31 December 2020 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the accompanying financial statements 2020 of Azerion Holding B.V. (hereafter: Azerion), Amsterdam. The financial statements include the consolidated financial statements of the Group and the company financial statements.

The consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2020;
- the following statements for 2020: the consolidated statement of profit and loss and other comprehensive income and the consolidated statements of changes in equity and cash flows; and
- the notes, comprising significant accounting policies and other explanatory information.

The company financial statements comprise:

- the company statement of financial position as at 31 December 2020;
- the company statement of profit and loss for the year ended 31 December 2020; and
- the notes, comprising the accounting policies applied and other explanatory information.

The financial reporting framework applied in the preparation of the financial statements is EU-IFRS and the relevant provisions of Part 9 of Book 2 of the Dutch Civil Code for the consolidated financial statements and Part 9 of Book 2 of the Dutch Civil Code for the company financial statements.

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The basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. We have further described our responsibilities under those standards in the section 'Our responsibilities for the audit of the financial statements' of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of Azerion Holding B.V. in accordance with the 'Wet toezicht accountants-organisaties' (Wta, Audit firms supervision act), the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

Our audit approach

Overview and context

Azerion is a media, entertainment and technology company that operates on a European scale. The Group is comprised of several components and therefore we considered our group audit scope and approach as set out in the section 'The scope of our group audit'. We paid specific attention to the areas of focus driven by the operations of the Group, as set out below.

The company has issued Bonds in various phases during 2020 and 2021 and this has triggered the requirement to prepare the financial statements under EU-IFRS. This required a conversion of the financial reporting framework from generally accepted accounting principles in the Netherlands (Dutch GAAP) to EU-IFRS. The implications of the conversion on the financial statements are disclosed in Note 31 and Note 46 of the respective consolidated and company financial statements.

Azerion is a fast-growing company. This growth is partially realised through acquisitions. As a result, the scale of operations has increased significantly over the past years and is expected to continue to grow. These circumstances require adequate processes, internal control measures and a strong finance function. During the year 2020 these were not yet at the level required and therefore our audit was primarily based on substantive audit procedures.

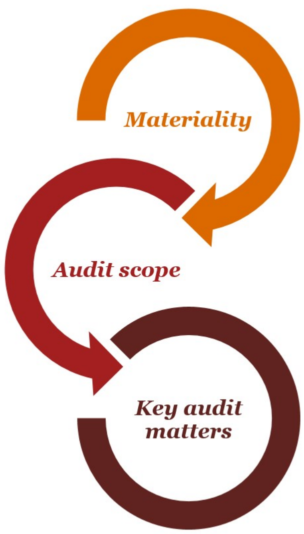
As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the management board made important judgements, for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. In paragraph 2.3 of the consolidated financial statements the Company describes the areas of judgement in applying accounting policies and the key sources of estimation uncertainty.

We have determined the impairment assessment of goodwill as a key audit matter, given the significance of the amounts involved, the significant estimation uncertainty and the related higher inherent risks of material misstatement. We have also determined the accounting for acquisitions as a key audit matter, given the estimates and judgements involved in the business combinations, related purchase price allocations and the complexity and judgements related to non-cash elements of the considerations. The key audit matters are set out in the section 'Key audit matters' of this report.

Other areas of focus, that were not considered as key audit matters were the first-time adoption of IFRS, the accounting for capitalised development costs, as well as the occurrence of revenues recognised.

We ensured that the audit teams at both group and component level included the appropriate skills and competences which are needed for the audit of a media- and technology company. We therefore included experts or specialists in the areas of IT, tax, valuations and IFRS accounting in our team.

The outline of our audit approach was as follows:



Materiality

- Overall materiality: €1,950,000

Audit scope

- We conducted a full scope audit at six components and specific audit procedures at two other components to achieve sufficient audit coverage, in three countries.
- For the two components outside the Netherlands, we used foreign component auditors.
- Audit coverage: 78% of consolidated revenue, 75% of consolidated total assets.

Key audit matters

- Impairment assessment of goodwill.
- Accounting for acquisitions.

Materiality

The scope of our audit is influenced by the application of materiality, which is further explained in the section 'Our responsibilities for the audit of the financial statements'.

Based on our professional judgement we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and to evaluate the effect of identified misstatements, both individually and in aggregate, on the financial statements as a whole and on our opinion.

Overall group materiality	€1,950,000
Basis for determining materiality	We used our professional judgement to determine overall materiality. As a basis for our judgement, we used 1% of revenues.
Rationale for benchmark applied	We used revenues as the primary benchmark, a generally accepted auditing practice, based on our analysis of the common information needs of users of the financial statements. On this basis, we believe that revenues are an important metric for the financial performance of the Company. We have not used profit before tax as benchmark as this benchmark was less representative of the scale of operations of the company.
Component materiality	To each component in our audit scope, we, based on our judgement, allocate materiality that is less than our overall group materiality. The range of materiality allocated across components was between €200,000 and €1,750,000. Certain components were audited to a local statutory audit materiality that was also less than our overall group materiality.

We also take misstatements and/or possible misstatements into account that, in our judgement, are material for qualitative reasons.

We agreed with the management board that we would report to them misstatements identified during our audit above €97,500 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

The scope of our group audit

Azerion is the parent company of a group of entities. The financial information of this group is included in the consolidated financial statements of Azerion.

We tailored the scope of our audit to ensure that we, in aggregate, obtained sufficient coverage of the financial statements for us to be able to give an opinion on the financial statements as a whole, taking into account the management structure of the Group, the nature of operations of its components, the accounting processes and controls, and the markets in which the components of the Group operate. In establishing the overall group audit strategy and plan, we determined the type of work required to be performed at component level by the Group engagement team and by each component auditor.

Our group audit strategy included consideration of significant components as well as taking into consideration the sufficiency of work performed over material line items in the financial statements.

In scoping our group audit, we first determined the components that are individually financially significant to the group, namely Improve Digital B.V., Youda Games Holding B.V., Voidu B.V., Sulake Oy, Adux SA as well as the parent Azerion Holding B.V. These components were subjected to an audit of their complete financial information (full scope audit). Additionally, we performed specific procedures on two components to achieve appropriate coverage on financial line items in the consolidated financial statements (Yoki Network Holding B.V., Azerion Services B.V.).

In total, in performing these procedures, we achieved the following coverage on the financial line items:

Revenue	78%
Total assets	75%

None of the remaining components represented more than 3% of total group revenue or total group assets. For those remaining components we performed, among other things, analytical procedures to corroborate our assessment that there were no significant risks of material misstatements within those components.

The group engagement team performed the audit work for Azerion Holding B.V., Azerion Services B.V., Improve Digital B.V., Youda Games Holding B.V., Voidu B.V. and Yoki Network Holding B.V. For components Adux SA and Sulake Oy we used component auditors who are familiar with the local laws and regulations to perform the audit work.

Where component auditors performed the work, we determined the level of involvement we needed to have in their audit work to be able to conclude whether we had obtained sufficient and appropriate audit evidence as a basis for our opinion on the consolidated financial statements as a whole.

We issued instructions to the component audit teams in our audit scope. These instructions included amongst others our risk analysis, materiality and scope of the work. We explained to the component audit teams the structure of the Group, the main developments that are relevant for the component auditors, the risks identified, the materiality levels to be applied and our global audit approach. We discussed the significant accounting and audit issues identified by the component auditors, their reports, the findings of their procedures and other matters, which could be of relevance for the consolidated financial statements.

The COVID-19 outbreak limited our ability to physically visit all the significant components during the year, hence we conducted a series of video calls and performed remote review of selected working papers of the work performed by component teams. In terms of the execution of our audit, we considered the impact of the travel and other restrictions on our audit and on the review and supervision of our teams. Our teams largely worked remotely and digitally, supported by video meetings and PwC's digital tooling. We increased the frequency of communication between the Group and component teams, including additional joint meetings with Group and component management.

The group engagement team performed the audit work on the group consolidation, conversion to EU-IFRS including the relating notes and a number of other items at head office level. These included impairment of goodwill and intangible assets, accounting for capitalised development cost, share-based payments and changes in long term loans. By performing the procedures above at components, combined with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence on the Group's financial information, as a whole, to provide a basis for our opinion on the financial statements.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements. We have communicated the key audit matters to the management board. The key audit matters are not a comprehensive reflection of all matters identified by our audit and that we discussed. In this section, we described the key audit matters and included a summary of the audit procedures we performed on those matters.

We addressed the key audit matters in the context of our audit of the financial statements as a whole and in forming our opinion thereon. We do not provide separate opinions on these matters or on specific elements of the financial statements. Any comment or observation we made on the results of our procedures should be read in this context.

Key audit matter	***Our audit work and observations***
Impairment assessment of goodwill *refer to note 5 of the consolidated financial statements* As of December 2020, the Group's goodwill amounted to €53.1 million in the consolidated financial statements. The value of the goodwill is of significant importance to the group's financial position and an impairment could have a significant impact thereon. Therefore, combined with the significant judgements applied and inherent uncertainty of future events, we considered the impairment assessment of goodwill a key audit matter. Goodwill is tested for impairment annually together with other assets of the respective cash generating units at the level on which they are monitored. In this case the aggregated levels of cash generating units on which they are monitored are the operating segment levels, being the Gaming and the Monetization Technology segments (hereafter; CGUs). For each CGU, the recoverable amount was determined based on a value-in-use calculation. The calculation involved several key assumptions in determining the inputs to the model including: • revenue growth developments; • operating margins; • working capital requirements; • discount rates; • long-term growth rates; • forecasting models up to five years.	We have performed our audit procedures on the impairment assessment with the support of our valuation specialists. Our audit procedures included, amongst others: • Assessing the control environment in which the impairment reviews are performed. We specifically have satisfied ourselves that the final impairment calculations, including the assumptions used, were approved by the appropriate management levels. • Assessing the management board's determination of CGU's at the appropriate level that is in line with how management is monitoring the business. • Testing the methodical set up of the value in use calculation by comparing the method used to industry best practices. • Substantively testing the mathematical accuracy of supporting calculations and corroborated revenue growth rates with external market surveys. • Assessing the composition of future cash flow forecasts by evaluating the current and past performance of the CGU and the consistency with external market and industry data. We performed procedures to understand any deviations from market and industry data. • Comparing the inputs to the discount rates to externally obtained data such as the risk-free rates in the market, equity market risk premiums, country risk premiums, debt/equity ratios as well as the betas of comparable companies.

Key audit matter	*Our audit work and observations*
The impairment testing of goodwill is significantly impacted by these inputs and there is a risk that impairment is avoided if inputs are influenced by management. Based on the calculated value in use for each operating segment, management concluded that these values for each operating segment were higher than the net assets of that segment and therefore no impairment charge was recognized for the year 2020.	• Assessing the terminal growth rates used by management per CGU by comparing them to the long-term growth rates most reflective of the underlying operations, obtained from independent external sources. • Assessing the appropriateness to use a five-year forecasting model based on the business characteristics and comparing this with industry averages. • Evaluating the judgements and estimates made by management for indications of possible bias. We challenged management on the judgements and estimates made, performed sensitivity analysis on key assumptions and evaluated the important judgements made by management in the impairment analysis for such indications of bias. We did not note any indication of management bias in this respect. Finally, we evaluated whether the disclosures in respect of the impairment assessment was adequate. Our audit procedures outlined above, did not result in significant findings.
Accounting for acquisitions *refer to note 28 in the consolidation financial statements* During 2020 the Company acquired several businesses. The accounting for such acquisitions is complex and requires significant judgements. Total considerations paid and to be paid amount to €20.2 million. As a result we considered the accounting for two specific elements of the acquisition a key audit matter. The following elements involve significant judgements and complexity and were assessed by management in collaboration with management experts: • Determination of the total consideration paid in cash and non-cash. As part of the acquisition considerations were paid in share appreciation rights (SARS). Judgements where required to determine the value of the SARS at the date of the acquisitions and to whether they should be treated as equity or liability instrument.	We have performed our audit procedures on the accounting for acquisitions with the support of our valuation specialists. Our audit procedures included, amongst others: • In relation to managements use of experts, evaluating the competence, capabilities and objectivity by obtaining information on the reputation of the company and the experience of the individual performing the work. We obtained an understanding of the work of those experts and evaluated the relevance of that work as audit evidence. • Testing the determination of the total consideration paid in cash and non-cash by evaluating purchase agreements, sales deeds and bank statements. • Testing the valuation of the SARS. The most important assumption in this calculation was the valuation of the entity. We assessed the appropriateness of the model and the assumptions used by the management expert in the valuation of the entity.

Key audit matter	*Our audit work and observations*
The company also assessed the future relationship with the seller and determined whether the SARS should be treated as part of the consideration paid or as employee benefits. • Identification and valuation of the acquired assets and liabilities and in particular the intangible assets. Judgements and assumptions were involved in identifying intangibles that should be recognized such as games and client lists as well as determining the value of recognized intangible assets through the models used by the management experts.	• Evaluating the accounting for the SARS as equity or liability instrument based on the characteristics of the planned settlement. • Evaluating whether the SARS should be treated as part of the consideration paid or as employee benefits by reviewing whether any conditions in relation to future employment of the previous owners of the business acquired were present in the share and purchase agreement or any other contracts. • Asserting the identification of intangible assets by validating if the assets were separable or if they arose from a contractual or legal right. • Testing the valuation of the intangible assets. The most important assumption relates to the future cashflows of the asset. The future cash flows were determined in the report of the management expert and we evaluated the methodology used with industry standards. • Substantively testing the mathematical accuracy of supporting calculations. Finally, we evaluated whether the disclosures in respect of acquisitions, including disclosures of the SARS and identified intangible assets were adequate. Our audit procedures outlined above, did not result in significant findings.

Report on the other information included in the annual report

The annual report contains other information. This includes all information in the annual report in addition to the financial statements and our auditor's report thereon.
Based on the procedures performed as set out below, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains the information that is required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained in our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing our procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of such procedures was substantially less than the scope of those performed in our audit of the financial statements.

The management board is responsible for the preparation of the other information, including the management boards' report and the other information in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Our appointment

We were appointed as auditors of Azerion Holding B.V. following the passing of a resolution by the shareholders at the annual meeting held on 1 April 2018. Our appointment has been renewed annually by shareholders representing a total period of uninterrupted engagement appointment of two years.

Responsibilities for the financial statements and the audit

Responsibilities of the management board

The management board is responsible for:

- the preparation and fair presentation of the financial statements in accordance with EU-IFRS and with Part 9 of Book 2 of the Dutch Civil Code; and for
- such internal control as the management board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the management board is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the management board should prepare the financial statements using the going concern basis of accounting unless the management board either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The management board should disclose events and circumstances that may cast significant doubt on the Company's ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements

Our responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high but not absolute level of assurance, which makes it possible that we may not detect all material misstatements. Misstatements may arise due to fraud or error. They are considered to be material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A more detailed description of our responsibilities is set out in the appendix to our report.

Amsterdam, 6 December 2021
PricewaterhouseCoopers Accountants N.V.

Original has been signed by W. Poot RA

Appendix to our auditor’s report on the financial statements 2020 of Azerion Holding B.V.

In addition to what is included in our auditor’s report, we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

The auditor’s responsibilities for the audit of the financial statements

We have exercised professional judgement and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit consisted, among other things of the following:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the intentional override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management board.
- Concluding on the appropriateness of the management board’s use of the going concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion.
  Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Considering our ultimate responsibility for the opinion on the consolidated financial statements, we are responsible for the direction, supervision and performance of the group audit. In this context, we have determined the nature and extent of the audit procedures for components of the Group to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole. Determining factors are the geographic structure of the Group, the significance and/or risk profile of group entities or activities, the accounting processes and controls, and the industry in which the Group operates. On this basis, we selected group entities for which an audit or review of financial information or specific balances was considered necessary.

We communicate with the management board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the matters communicated with the management board, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.