



azerion

Azerion Holding B.V. – Interim Unaudited Financial Results Q4 2021 and Preliminary Unaudited Financial Results Full Year 2021

Revenue more than doubled in Q4 2021

Highlights of Q4 2021

+120.4%

Revenue increase vs Q4 2020

- Revenue for the quarter amounted to EUR 126.3m, an increase of EUR 69.0m, or 120.4%, as compared to Q4 2020 (EUR 57.3m). Of that increase EUR 32.8m was attributable to acquisitions made in 2021 and EUR 36.2m to the underlying business as it stood at the end of 2020 across Platform and Premium Games
- Adjusted EBITDA for the quarter amounted to EUR 19.1m, an increase of EUR 7.8m, or 68.9%, as compared to Q4 2020 (EUR 11.3m)
- All activities have continued to perform well throughout Q4 2021
- During Q4 2021, Azerion completed the acquisition of Titan Gate AD (also known as PubGalaxy) and Inskin Media Ltd

Highlights of Full Year 2021

+73.9%

Adjusted EBITDA increase vs FY 2020

- Revenue amounted to EUR 308.1m, an increase of 57.9% as compared to the full year 2020 (EUR 195.1m) On a pro forma basis, including the revenue that would have been recognized if all acquisitions in 2021 were part of the group for the full year 2021, revenue is estimated at approximately EUR 384.5m
- Adjusted EBITDA amounted to EUR 46.1m, an increase of 73.9% as compared to the full year 2020 (EUR 26.5m). On a pro forma basis, including the contribution that would have been recognized if all acquisitions in 2021 were part of the group for the full year 2021, adjusted EBITDA is estimated at approximately EUR 54.3m
- Before acquisitions completed in 2021, the underlying business as it stood at the year ended 2020 delivered revenue for full year 2021 of EUR 255.5m, representing approximately 31% growth on reported revenue for full year 2020
- In 2021, Azerion completed the acquisition of Genba Digital Limited, Whow Games GmbH, Delta Projects AB, Strossle International AB, Kmobile AB, Sublime Skinz Lab SAS, Admeen B.V., Titan Gate AD and Inskin Media Ltd.

Financial Overview (Unaudited)

Financial results (EURm) of the Azerion Holding B.V.	Q4 2021	Q4 2020	FY 2021	FY 2020	Pro Forma FY21
Revenue	126.3	57.3	308.1	195.1	384.5
COGS	(76.8)	(38.5)	(186.9)	(125.1)	
Gross profit	49.6	18.8	121.2	69.9	
Operating Expenses	(39.8)	(8.5)	(89.5)	(48.1)	
Reported EBITDA	9.7	10.3	31.7	21.9	
Adjusted EBITDA ¹	19.1	11.3	46.1	26.5	54.3
Revenue growth, % (YoY)	120.4%		57.9%		
Gross margin, %	39.2%	32.7%	39.3%	35.8%	
Adjusted EBITDA growth % (YoY)	68.9%		73.9%		
Adjusted EBITDA margin, %	15.1%	19.7%	15.0%	13.5%	14.1%

¹ As defined in section 1.1 of the Terms & Conditions of the Senior Secured Callable Fixed Rate Bonds ISIN: SE0015837794. Please also refer to the Definitions section of this Interim Report for more information.

CEOs' message on the results of Azerion Holding B.V.



“The fourth quarter of 2021, and the full year 2021 in general, have evidenced significant progress for Azerion. We are very pleased to report strong revenue and EBITDA growth, both for Q4 2021 as compared to Q4 2020, as well as for the full year 2021 compared to the full year 2020.

Q4 2021 revenue increased 120.4% to EUR 126.3m, while adjusted EBITDA for the same period increased 68.9% to EUR 19.1m. Full year 2021 revenue increased 57.9% to EUR 308.1m, and adjusted EBITDA increased for the same period 73.9% to EUR 46.1m.

We view these results as powerful support for the vision we have had for Azerion since inception – of a truly integrated technology platform able to deliver digital games and digital advertising across all formats and devices and benefiting from the flywheel effects of our scaled owned, operated and distributed content. Our content strategy drives user engagement, thereby attracting advertisers as our primary customer and revenue source, with significant additional content and distribution reach through our digital partnerships, all attracting game creators to contribute their own games and content to our platform driving more users and even greater engagement.

Our efforts have again been aimed at improving and increasing the various elements of our platform thereby adding to this flywheel effect. For example, we recently entered into a strategic partnership with Bidstack, making Azerion the exclusive commercial partner for Bidstack's AAA game in-game advertising; we welcomed pop icon Hello Kitty into our Habbo and Woozworld metaverses and Teletubbies into Habbo and Hotel Hideaway; we engaged users with another in-game concert in Hotel Hideaway; and we connected many new advertisers and digital publishers to our platform and further integrated and optimised our technological product suite.

Finally, during the year, we put significant time and effort into preparing for our business combination with special purpose acquisition company EFICI. As a result, on 2 February 2022, we were proud to become a public company listed on Euronext Amsterdam. The business combination and the subsequent listing of Azerion will not only give us access to the capital markets, but will also help us raise our profile amongst our customer and partner groups and talented workforce globally. Furthermore, in a consolidating and competitive market, it will help us stay financially flexible, whilst fuelling our business expansion, both organically and through further acquisitions.

Our operational and strategic progress in 2021 makes us more confident than ever in the exciting future ahead.”

Atilla Aytekin and Umut Akpınar

CEOs and Founders of Azerion

Background information: Azerion Holding B.V. and Azerion Group N.V.

Azerion Holding B.V. is the main holding subsidiary of Azerion Group N.V. (“Azerion Group”), a public company listed on Euronext Amsterdam (symbol: AZRN). The Azerion Holding B.V. Interim Unaudited Financial Results Q4 2021 and Preliminary Unaudited Financial Results Full Year 2021 are released as required by the terms and conditions of the listed Senior Secured Callable Fixed Rate Bonds (ISIN: SE0015837794).

Azerion Group (previously EFIC1) expects to publish its audited financial results for the full year 2021 by the end of April 2022. These results will not include the audited full year 2021 financial results for Azerion Holding B.V. as these financial results relate to a period before the business combination between Azerion Group (then EFIC1) and Azerion Holding B.V. was completed, with that completion taking place on 1 February 2022. It is intended however, that the audited full year 2021 results for Azerion Holding B.V. will be published separately by the end of April 2022.

The first financial results for the post business combination Azerion Group will be the half year 2022 interim financial results, further details for which will follow closer to the time.

Financial overview Q4 2021

EUR 126.3m

Revenue Q4 2021

Revenue

Revenue for the quarter amounted to EUR 126.3m, an increase of EUR 69.0m, or 120.4%, as compared to Q4 2020 (EUR 57.3m). Of that increase, approximately EUR 32.8m was attributable to acquisitions made in 2021, while EUR 36.2m was attributable to the underlying business as it stood at the end of 2020 across Platform and Premium Games.

During Q4 2021, Azerion completed the acquisition of two companies, Titan Gate AD (also known as PubGalaxy) and Inskin Media LTD.

EUR 19.1m

Adjusted EBITDA Q4 2021

Earnings

Azerion delivered EUR 19.1m adjusted EBITDA for the quarter compared to EUR 11.3m in Q4 2020, an increase of EUR 7.8m. The increase was mainly driven by acquisitions. Non-recurring items amounted to EUR 9.4m, mostly related to expenses driven by acquisitions and activities relating to our listing.

Earnings before tax amounted to EUR 4.7m compared to EUR 0.3m in Q4 2020. This result was driven by the operational performance described above, increased financial costs mostly driven by the bond financing raised in 2021, a one-off gain in consolidated security disposals and other gains in FX.

Cash flow

The Group's cash flow from operating activities in Q4 was EUR 19.0m mostly driven by movements in working capital. Cash flow from investing activities amounted to negative EUR 13.1m, the majority of which related to acquisitions completed in 2021. Cash flow from financing activities totalled negative EUR 11.6m mainly related to bond interest, lease interest (IFRS 16) and other debt repayments.

Capex

Azerion capitalizes development costs which are related to asset development, a core activity to support innovation in our platform. These costs primarily relate to developers' time devoted to the development of games, platforms, and other new features, EUR 4.0m were capitalized in Q4 2021, equivalent to 16.8% of personnel costs.

Acquisitions

On 15th October, Azerion acquired Titan Gate AD (also known as PubGalaxy), headquartered in Bulgaria, a publisher-centric digital monetisation platform which had been recognised by Deloitte as one of the fastest-growing tech companies in Central Europe².

On 16th October, Azerion acquired Inskin Media, a UK-based multi-screen, high-impact digital advertising company, connecting premium publishers with leading brands globally.

² Source: Deloitte Technology Fast 50 Central Europe 2017 Report

Financial position and financing

Azerion's net interest bearing debt³ amounted to EUR 193.5m, as at 31 December 2021. Net interest-bearing debt mainly comprises the Company's outstanding bond loan with a nominal value of EUR 200m (part of an in total EUR 300m framework) and lease liabilities with a balance of EUR 19.0m less the cash and cash equivalents position of EUR 35.3m.

Significant events after the reporting period

Azerion and EFIC1, a special purpose acquisition company (SPAC) listed on Euronext Amsterdam, successfully completed their business combination on 1 February 2022. As part of the completion of the business combination, the legal form of the combined company has been converted into a limited company (*naamloze vennootschap*) and it has been renamed Azerion Group N.V. ("Azerion Group"). The first day of trading on Euronext Amsterdam under the new name of Azerion Group's shares and warrants was on 2 February 2022.

The completion of the business combination supports Azerion Group in its ambitions to become a leading global digital entertainment and media platform. The business combination furthermore provides for a strong complementary partnership accelerating future value creation for all stakeholders through continued investments in Azerion Group's growth, both organically and through M&A. Azerion Group expects this listing over time to create a new long-term supportive shareholder base, enable Azerion Group to incentivise the existing and future management team and senior staff and continue to attract high calibre individuals.

With the completion of the business combination, there will be a significant equity cash injection to the group, which will be used to continue to pursue value-accretive acquisitions and to further invest in organic growth initiatives, as well as general corporate purposes.

Current Trading

We are very pleased with the performance of the business during Q4 2021 and we continue to see the business performing well in Q1 2022 to date.

³ As defined in section 1.1 of the Terms & Conditions of the Senior Secured Callable Fixed Rate Bonds ISIN: SE0015837794. Please also refer to the Definitions section and the notes of this Interim Report for more information.

Segment information

Platform

Our Platform segment includes our casual games, advertising and e-Commerce channels which are fully integrated through our technology. The Platform is also integrated with our Premium Games business line, although we discuss Premium Games as a separate segment below.

Platform Financial Highlights (Unaudited)

Financial results (EURm)				
Platform	Q4 2021	Q4 2020*	FY 2021	FY 2020
Revenue	102.0	48.5	235.3	150.7
COGS	(66.2)	(34.0)	(154.1)	(105.8)
Gross profit	35.8	14.5	81.2	44.9
Operating Expenses	(30.0)	(9.0)	(63.9)	(36.4)
Reported EBITDA	5.8	5.5	17.3	8.5
Adjusted EBITDA	11.5	5.9	26.6	12.0
Revenue growth, %	110.3%		56.1%	
Gross margin, %	35.1%	29.9%	34.5%	29.8%
Adjusted EBITDA growth %	94.9%		121.7%	
Adjusted EBITDA margin, %	11.3%	12.2%	11.3%	8.0%



*Please note that to enable comparison to our Q4 2021 reporting, the financial data for Q4 2020 has been adjusted to reflect the reporting segments adopted by Azerion from Q3 2021 onwards

Revenue for our Platform was EUR 102.0m in Q4 2021, an increase of 110.3% as compared to Q4 2020 (EUR 48.5m). Gross margin increased to 35.1% in Q4 2021 from 29.9% in Q4 2020. Excluding the effect of acquisitions completed in 2021, revenue increased approximately 69% in Q4 2021 as compared to Q4 2020.

Important drivers of the revenue growth include continued investments in the quality and quantity of our casual games distribution portfolio, growth in our publisher partner network and optimised advertising performance.

During Q4 we added ~480 new titles to our Game Distribution portfolio, all carefully curated and quality-assessed by our internal teams and tailored to current gamer preferences and market trends. Across our combined Premium and Casual Games portfolio, our average number of gameplays per month for Q4 2021 amounted to ~353m as compared to ~323m for Q3 2021 and ~360m for Q2 2021.

Secondly, we added exciting new publisher partners to our network, especially in our main geographic markets, as well as new white-label partnerships in the UK, France and the USA. Moreover, we have capitalised on the acquisition of Admeen, the group of casual gaming portals, which facilitated advertising inventory supply growth as well as contributing to user base growth during Q4. We also observed promising results of cross-vertical promotion to drive new users onto our platform.

In addition, advertising activity in the Platform channel was very strong during Q4. While we continue to see remaining supply chain issues among advertisers limiting advertising activity for some clients and sectors, this was more than offset by strong activity with budgets coming online more generally across the board. The fourth quarter results are evidence that our scaled platform has the critical mass to deliver optimised results for advertisers and publishers. Coupled with operational efficiency, technology integrations to offer a full suite of adtech products and quality inventory supply growth, we have a powerful, integrated proposition that drives profitable results.

Adjusted EBITDA amounted to EUR 11.5m in Q4 2021, an increase of 94.9% vs Q4 2020 (EUR 5.9m). Adjusted EBITDA margin decreased to 11.3% from 12.2%. EBITDA

adjustments were EUR 5.7m and mainly consisted of costs related to capital market transactions, acquisitions and disposals and restructuring.

Advertising - Selected KPIs

Advertising Selected KPIs	Q4 2021	Q3 2021	Q2 2021	Q1 2021
Avg. Digital Ads Sold per Month (bn)	4.9	4.3	3.2	2.9
Avg. Gross Revenue per Million Ad Requests	9.67	7.12	6.76	3.70

Note: Improve Digital data shown in table

- **Avg. Digital Ads Sold per Month:** The average number of paid impressions served through Improve Digital per month increased strongly in Q4 2021 to approximately 4.9 billion from 4.3 billion in Q3 2021, a result of quality inventory supply growth and growth in the number of advertisers
- **Avg. Gross Revenue per Million Ad Requests:** Average gross revenue per million ad requests has grown strongly in Q4 2021 to EUR 9.67, driven by increasingly strong market conditions, as well as our relative success in inventory pricing on the back of our scaled datasets and analytics

Premium Games

Financial Highlights (Unaudited)

Financial results (EURm)	Q4 2021	Q4 2020*	FY 2021	FY 2020
Premium Games				
Revenue	24.2	8.6	72.8	44.4
COGS	(10.5)	(4.2)	(32.7)	(19.4)
Gross profit	13.7	4.4	40.1	25.0
Operating Expenses	(9.8)	0.4	(25.7)	(11.7)
Reported EBITDA	3.9	4.8	14.4	13.3
Adjusted EBITDA	7.5	5.6	19.5	14.5
Revenue growth, %	181.4%		64.0%	
Gross margin, %	56.6%	51.2%	55.1%	56.3%
Adjusted EBITDA growth %	33.9%		34.5%	
Adjusted EBITDA margin, %	31.0%	65.1%	26.8%	32.7%

*Please note that to enable comparison to our Q4 2021 reporting, the financial data for Q4 2020 has been adjusted to reflect the reporting segments adopted by Azerion from Q3 2021 onwards.

Revenue in Q4 2021 was EUR 24.2m, an increase of 181.4% year-on-year (Q4 2020: EUR 8.6m). Whow Games (acquired in June 2021) accounted for EUR 13.0m of this revenue increase. Revenue for the full year 2021 was EUR 72.8m, representing an increase of 64.0% as compared to full year 2020. Whow Games contribution to reported revenue in full year 2021 was approximately EUR 23.7m, therefore the revenue for the remaining business as it stood at the end of 2020 grew by approximately 11% as compared to full year 2020.

Games that performed particularly strongly included Governor of Poker 3 and Hotel Hideaway, driven by a combination of new features and live ops during the quarter. For both games, Q4 is generally a strong quarter and events such as team challenge chests, special saloons, Lucky Chest (GOP 3) and Mystery Party, Comeback Classics (Hotel Hideaway) drove engagement and especially monetisation. However, there is also a more structural element to this quarter's performance, as a number of features are permanent, including the integration of Teletubbies-branded avatars and virtual goods into Hotel Hideaway, as well as a new tiered rewards system and improved 3D graphics in Hotel



Hideaway and stability improvements, a new bug tracking tool and improved first-time user experience in Governor of Poker 3.

Following the successful launch of our NFT project in Habbo Hotel in Q3 2021, we have followed up with additional complimentary profile picture and furniture drops and integrated the NFT avatars and furniture into the game. This integration was a significant achievement and we believe we are one of the first studios to deliver on our roadmap and complete actual in-game NFT integrations.

Furthermore, we continued in Q4 to capture the benefits of the acquisition of Whow Games. We continue to integrate the business, share best practices and benefit from data analytics and affiliate program synergies.

Adjusted EBITDA increased 33.9% to EUR 7.5m, from EUR 5.6m in Q4 2020. This corresponds to an adjusted EBITDA margin for Q4 2021 of 31.0% compared to 65.1% in Q4 2020. Note that Q4 2020 includes a year to date correction related to the Talpa JV operation, excluding this Q4 20 adjusted EBITDA margin would be approximately 34%.

Adjustments to EBITDA totalled EUR 3.6m and mainly comprise of capital market transactions, acquisitions and disposals and restructuring.

Premium Games – Selected KPIs

Premium Games Selected KPIs	Q4 2021	Q3 2021	Q2 2021	Q1 2021
Avg. Time in Game per Day (minutes)	80	79	79	79
Avg. DAUs (thousands)	599	616	693	696
Avg. ARPDAU (EUR)	0.42	0.37	0.34	0.33

Note: Whow Games included for the full historical period for comparability purposes

- **Avg. Time in Game per Day:** time spent playing our Premium Games has been stable throughout the year and increased slightly in Q4, highlighting the continued engagement potential of our games
- **Avg. DAUs:** Daily Active Users have reduced by approximately 2.75% as compared to Q3 and approximately 14% as compared to Q1, which is the result of our focus on value for and of our players, rather than volume of players as a goal in itself, as well as some effect of user number normalisation following Covid-19 elevated levels
- **Avg. ARPDAU:** Average Revenue per Daily Active User continues to increase well, being the result of our efforts on in-game engagement, commissions received from NFT follow-on sales and monetisation mechanics (as we discussed in previous reports).

Consolidated financial statements

The annual consolidated financial statements have been prepared in accordance with IFRS. Interim condensed consolidated financial statement presented below have been prepared in accordance with IAS 34 – Interim Financial Reporting standard and in accordance with the accounting policies consistent with the accounting policies used in the preparation of annual consolidated financial statements for the year ended December 31, 2020. Accordingly, these interim condensed consolidated financial statements should be read in conjunction with the annual consolidated financial statements.

All amounts are in million Euros unless otherwise stated.

Consolidated statement of comprehensive income (unaudited)

Income statement (EURm)	Notes	Q4 2021	Q4 2020	FY2021	FY2020 Audited
Revenue		126.3	57.3	308.1	195.1
COGS		(76.8)	(38.5)	(186.9)	(125.1)
Gross margin		49.6	18.8	121.2	69.9
Operating expenses	(7)	(39.8)	(8.5)	(89.5)	(48.1)
EBITDA		9.7	10.3	31.7	21.9
D&A		(4.8)	(8.5)	(21.0)	(18.0)
Other gains and losses		7.4	0.3	7.2	0.0
EBIT		12.3	2.0	17.9	3.9
Financial income and expenses*	(8)	(7.6)	(1.7)	(26.0)	(9.3)
EBT		4.7	0.3	(8.1)	(5.4)
Income taxes		(2.3)	(1.1)	(2.7)	(0.0)
Result from operations after tax		2.4	(0.7)	(10.8)	(5.4)
Third party share		(0.1)	(0.4)	0.3	0.1
Result after tax (after minority share)		2.3	(1.2)	(10.5)	(5.3)
EBITDA		9.7	10.3	31.7	21.9
Transition expenses – Capital Markets		5.7	0.3	8.2	0.5
Transition expenses – Acquisitions/Disposals		3.2	0.3	4.0	1.0
Other non-recurring income or expenses		0.5	0.4	2.2	3.1
Adjusted EBITDA		19.1	11.3	46.1	26.5

Other comprehensive income (EURm)	Q4 2021	Q4 2020	FY2021	FY2020 Audited
Result from operations after tax	2.4	(0.7)	(10.8)	(5.4)
Exchange difference on translation of foreign operations	(7.9)	(5.9)	(6.0)	0.1
Remeasurement of defined benefit plan	0.0	0.0	0.0	(0.1)
Total other comprehensive income	(5.5)	(6.6)	(16.8)	(5.4)
Attributable to:				
Owners of the company	(5.6)	(6.9)	(16.5)	(5.3)
Non-controlling interest	0.1	0.3	(0.3)	(0.1)

* FY2020 Audited other gains and losses excluding FX gains, financial income and expenses including share in profit/loss of JV.

Consolidated balance sheet (unaudited)

Balance sheet (EURm)	Notes	Dec-21	Sept-21 Restated*	Sep-21	Dec-20 Audited
ASSETS					
Non-current assets		308.7	282.1	300.9	125.9
Intangible assets (incl. Goodwill)	(2)	247.8	230.0	242.4	94.9
Property, plant and equipment	(1)	18.5	17.6	17.6	7.0
Non-current financial assets	(3)	36.1	31.7	35.4	17.7
Deferred tax asset		6.3	2.7	5.4	2.4
Investment in joint venture		-	-	-	3.9
Current assets		139.2	125.1	125.1	71.1
Trade and other receivables	(4)	90.7	70.9	70.9	51.7
Contract Assets		12.0	12.5	12.5	8.5
Current tax asset		1.2	0.6	0.6	0.5
Cash and cash equivalents		35.3	41.1	41.1	10.4
TOTAL ASSETS		447.9	407.2	426.0	197.0
Equity					
Group equity		2.2	0.5	15.3	4.1
Non-controlling interest		1.8	1.8	1.3	2.1
Total group equity		4.0	2.2	16.6	6.2
LIABILITIES					
Non-current liabilities		235.2	224.7	228.4	83.4
Borrowings	(5)	199.0	202.2	202.2	72.1
Lease liabilities		14.3	13.2	12.9	4.7
Provisions		0.4	1.7	1.7	0.9
Employee benefits		0.7	0.7	0.7	0.7
Deferred tax liability		8.2	4.9	8.9	5.2
Other non-current liabilities**		12.6	2.0	2.0	-0.0
Current liabilities		208.7	180.2	181.0	107.4
Borrowings	(5)	6.5	6.6	6.6	11.4
Lease liabilities		4.7	6.6	6.6	1.5
Provisions		1.0	2.1	2.1	1.0
Trade and other payables	(6)	144.4	111.3	111.3	91.1
Contract liabilities		0.4	0.5	0.5	0.4
Current tax liabilities		5.6	1.5	2.3	1.4
Other current liabilities**		46.1	51.5	51.5	0.6
TOTAL LIABILITIES		443.9	404.9	409.4	190.8
TOTAL LIABILITIES AND EQUITY		447.9	407.2	426.0	197.0

* Sept 2021 including opening balance adjustments driven by 2020 audited financial statements.

** Total contingent consideration related to acquisitions as of the balance sheet date is EUR 53.8m which are included in other current and other non-current liabilities.

Interest Bearing Debt (EURm)	Dec-21	Sept-21 Restated *	Sept-21	Dec-20
Total non-current indebtedness	218.2	215.4	215.2	76.8
Total current indebtedness	11.2	13.2	13.1	12.9
Total financial indebtedness	229.4	228.6	228.3	89.7
Less: Cash and cash equivalents	(35.3)	(41.1)	(41.1)	(10.4)
Total net debt	194.1	187.5	187.2	79.3
<u>Facilities excluded</u>				
Accrued Interests	-	(1.1)	(1.1)	(1.4)
Zero interest bearing loans	(0.6)	(0.7)	(0.7)	(1.5)
Net Interest Bearing Debt⁴	193.5	186.8	186.5	77.8

Changes in equity (EURm)	Group Equity	Non-controlling interest	Total
Balance as of 31 December 2020	4.1	2.1	6.2
Total comprehensive income	(16.5)	(0.3)	(16.8)
Borrowings converted to equity	1.3	-	1.3
Fair value adjustments on shareholder loans	3.5	-	3.5
Recognition of share based payments	1.0	-	1.0
Issuance of acquisition related share appreciation rights	7.8	-	7.8
Other	1.0	-	1.0
Balance at 31 December 2021	2.2	1.8	4.0

⁴ As defined in section 1.1 of the Terms & Conditions of the Senior Secured Callable Fixed Rate Bonds ISIN: SE0015837794. Please also refer to the Definitions section of this Interim Report for more information.

Consolidated cash flow statement (unaudited)

Cash flow statement (EURm)	Q4 2021	Q4 2020	FY2021	FY2020 Audited
Cash flow from operating activities	19.0	2.2	5.3	19.6
Cash flow from investing activities	(13.1)	(7.2)	(74.9)	(22.7)
Cash flow from financing activities	(11.6)	8.1	94.5	3.6
Effect of exchange rate changes and accounting principles	(0.1)	-	-	-
Total cash flows	(5.8)	3.0	24.9	0.5
<u>Compilation cash</u>				
Opening cash	41.1	7.3	10.4	9.9
Movement of cash and equivalents	(5.8)	3.0	24.9	0.5
Closing cash	35.3	10.4	35.3	10.4

Notes to the financial statements

1. Property, plant and equipment

	Right-of-Use Buildings	Right-of-Use Vehicles	Right-of-Use Office Equipment	Equipment	Renovations	Total
At 31 December 2020						
Cost	7.7	1.2	0.0	2.4	0.3	11.6
Accumulated depreciation	(2.5)	(0.7)	(0.0)	(1.3)	(0.1)	(4.6)
Net book amount	5.2	0.5	0.0	1.0	0.2	7.0
Movement for the year ended 31 December 2021						
Changes in consolidation scope	3.4	0.0	0.2	0.2	0.2	3.9
Additions	13.6	1.1	-	0.8	0.7	16.1
Disposals	(0.9)	-	-	(0.0)	(0.1)	(1.0)
Depreciation/impairment	(5.6)	(0.7)	(0.1)	(0.5)	(0.2)	(7.1)
Exchange differences	(0.4)	(0.0)	(0.0)	(0.1)	(0.0)	(0.5)
Reclassifications	(0.1)	0.1	(0.0)	(0.4)	0.4	0.0
At 31 December 2021:						
Cost	21.3	2.3	0.0	5.8	3.5	32.8
Accumulated depreciation	(6.1)	(1.3)	(0.0)	(4.8)	(2.2)	(14.3)
Net book amount	15.2	1.0	0.0	1.0	1.3	18.5

2. Intangible assets

	Games and Software	Client List	Trademark & Patents	Other	Goodwill	Total
At 31 December 2020						
Cost	50.7	7.3	3.8	10.0	53.1	124.9
Accumulated amortization	(20.0)	(4.9)	(1.8)	(3.3)	(0.0)	(30.0)
Net book amount	30.7	2.4	2.0	6.7	53.1	94.9
Movement for the year ended 31 December 2021						
Change in consolidation scope	15.6	-	0.1	1.3	132.8	149.8
Additions	15.7	-	-	1.3	-	17.0
Disposals	(0.1)	-	-	-	-	(0.1)
Amortization	(12.7)	(0.5)	(0.5)	(0.2)	-	(13.9)
Exchange differences	0.1	-	-	-	-	0.1
Reclassifications	4.1	(0.5)	2.5	(6.1)	-	-
At 31 December 2021						
Cost	114.1	7.4	5.7	6.4	185.9	319.5
Accumulated amortization	(60.7)	(6.0)	(1.6)	(3.4)	-	(71.7)
Net book amount	53.4	1.4	4.1	3.0	185.9	247.8

3. Non-current financial assets

	31 December 2021
Balance as at 31 December 2020	17.7
Additions	14.2
Interest	1.1
Fair value adjustment to loan receivable	3.5
Repayment	(0.4)
Balance as at 31 December 2020	36.1

4. Trade Receivables

	31 December 2021	31 December 2020
Trade receivables	80.8	39.7
Receivables from related parties	0.3	0.8
Prepaid expenses	2.3	1.5
Value added taxation	8.8	9.1
Other receivables	4.3	2.9
Loss allowance	(5.8)	(2.3)
Total balance	90.7	51.7

5. External borrowings

	Subordinated loans	Bonds	Debt to credit institutions	Other	Total
Balance at 31 December 2020	1.3	70.9	10.8	0.5	83.5
Change in consolidation scope	-	-	10.3	-	10.3
Additions	-	222.8	-	-	222.8
Repayment	-	(98.3)	(3.0)	(0.4)	(101.7)
Decrease in factoring contracts	-	-	(10.6)	-	(10.6)
Interest accrual	-	2.5	-	-	2.5
Exchange rate effect	-	-	-	-	-
Others	(1.3)	-	-	-	(1.3)
Balance 31 December 2021	-	197.9	7.5	0.1	205.5

6. Trade and other payables

	31 December 2021	31 December 2020
Trade payables	63.1	39.3
Wage taxes and social securities	7.4	4.0
Deferred wage taxes	5.1	6.2
Other taxes	10.7	10.8
Other liabilities and accruals	58.1	30.7
Total balance	144.4	91.1

7. Operating expenses

	FY2021	FY2020
Personnel cost	(56.6)	(32.7)
Operating costs	(2.8)	(2.6)
Other costs	(3.3)	(1.4)
Insurance costs	(0.4)	(0.4)
Professional services	(16.5)	(7.0)
Selling expenses	(6.0)	(1.8)
Travel & representation costs	(2.7)	(1.3)
Operating provisions, net of reversals	(1.2)	(1.0)
Total	(89.5)	(48.1)
<i>Non-recurring expenses:</i>		
Transition expenses - Capital Markets	8.2	0.5
Transition expenses - Acquisitions/Disposals	4.0	1.0
Other non-recurring income or expenses	2.2	3.1
Total non-recurring expenses	14.4	4.6
Operating expenses excl. non-recurring	(75.1)	(43.5)

8. Financial income and expenses

	FY2021	FY2020
Other finance income	2.0	1.6
Finance income	2.0	1.6
Other finance costs	(28.0)	(10.7)
Finance costs	(28.0)	(10.7)
Net Finance Income/Costs	(26.0)	(9.1)
Share in profit/(loss) from JV	-	(0.2)

Other information

About Azerion

Azerion Group N.V. (“Azerion Group”, the direct parent company of Azerion Holding B.V.), operates a high-growth, EBITDA profitable digital entertainment and media platform. It is a content-driven, technology and data company, serving consumers, digital publishers, advertisers and game creators globally. Azerion Group is engaged in a number of interrelated operating activities including providing technology solutions to automate the purchase and sale of digital advertising inventory for advertisers, publishers and game creators as well as developing, publishing, distributing and operating online social and casual games and digital content.

Founded in 2014 by two Dutch entrepreneurs, Azerion has experienced rapid expansion thanks to organic growth and strategic acquisitions. Azerion is headquartered in Amsterdam, the Netherlands. As at end of December 2021, Azerion employed approximately 1,200 staff across 35 offices in 21 countries.

Risk and Uncertainty Factors

The digital gaming and digital advertising industries are dynamic global markets. There are various risks and uncertainties that may have a material adverse effect on Azerion’s business, financial condition, results of operations and prospects. These risks include macro-economic circumstances and general economic and geo-political environments, changes in applicable legislation and regulations, governments, infrastructure and new, emerging technologies or existing technologies going out of style or use. There are also risks related to Azerion failing to source and integrate new acquisitions, or failure to source attractive content and attract sufficient advertisers and publisher partners. In addition, Azerion must be continuously technically competent and prepared for risks and uncertainties relating to fraud and deception on digital traffic and the internet. Failure of internet and infrastructure is an uncertainty. Although this type of major failure occurs rarely, it can have a significant effect if it were to materialise.

When considering making an investment in Azerion Group, you should read these risks and uncertainties in combination with all risk and uncertainties explained in i) the Bond Listing Prospectus, dated 9 December 2021 (available at <https://www.azerion.com/wp-content/uploads/2021/12/Azerion-Bond-Prospectus.pdf>), ii) the Consolidated Audited Annual Financial Statements 2020, dated 7 December 2021 (available at <https://www.azerion.com/wp-content/uploads/2021/12/Azerion-Consolidated-Financial-Statements-2020-incl.-Auditors-Report.pdf>), and iii) the Shareholder Circular relating to the Business Combination with EFIC1, dated 13 December 2021 (available at <https://www.azerion.com/wp-content/uploads/2022/02/Shareholder-Circular-13.12.2021.pdf>).

Cautionary Notice

This communication contains information that qualifies as inside information within the meaning of Article 7(1) of the EU Market Abuse Regulation.

This communication may include forward-looking statements. All statements other than statements of historical facts may be forward-looking statements. Words and expressions such as believes, estimates, plans, projects, anticipates, expects, intends, may, will, should or other similar words or expressions are typically used to identify forward-looking statements. Forward-looking statements are subject to risks, uncertainties and other factors that are difficult to predict and that may cause the actual results of the company to differ materially from future results expressed or implied by such forward-looking statements.

Any forward-looking statements reflect the company’s current views and assumptions based on information currently available to the company’s management. Forward-looking statements speak only as of the date they are made, and the company does not assume any obligation to update such statements, except as required by law.

Declaration and Management statement

Subject to the paragraph below, to the best of our knowledge, the Interim Unaudited Financial Results Q4 2021 and Preliminary Unaudited Financial Results Full Year 2021 are truly and fairly presented.

Some financial positions, which have currently been assessed on a preliminary basis, are likely to change as a result of the formal closing of the ongoing audit process for the full year 2021, although it is not expected that such changes will be material. The items that are potentially subject to such change include those items relating to (a) the impact of the 2022 listing on the 2021 financial statements, (b) the 2021 acquisitions and (c) tax. The Audited Financial Results for the full year 2021 are expected to be published by the end of April 2022.

Legal

This report has been prepared as required by the terms and conditions of the Senior Secured Callable Fixed Rate Bonds ISIN: SE0015837794. This report has not been reviewed or audited.

Financial Calendar for Azerion Holding B.V.

By the end of April 2022: Publication of Audited Financial Results Full Year 2021

31 May 2022: Interim Financial Results Q1 2022

31 August 2022: Interim Financial Results Q2 2022

30 November 2022: Interim Financial Results Q3 2022

Azerion Holding B.V. is the main holding subsidiary of Azerion Group, a public company listed on Euronext Amsterdam (symbol: AZRN). The Azerion Holding B.V. Interim Unaudited Financial Results Q4 2021 and Preliminary Unaudited Financial Results Full Year 2021 are released as required by the terms and conditions of the listed Senior Secured Callable Fixed Rate Bonds (ISIN: SE0015837794).

Azerion Group (previously EFIC1) expects to publish its audited financial results for the full year 2021 by the end of April 2022. These results will not include the audited full year 2021 financial results for Azerion Holding B.V. as these financial results relate to a period before the business combination between Azerion Group (then EFIC1) and Azerion Holding B.V. was completed, with that completion taking place on 1 February 2022. It is intended however, that the audited full year 2021 results for Azerion Holding B.V. will be published separately by the end of April 2022.

The first financial results for the post business combination Azerion Group will be the half year 2022 interim financial results, further details for which will follow closer to the time.

Conference Call

A conference call to discuss the Azerion Holding B.V. Interim Unaudited Financial Results Q4 2021 and Preliminary Unaudited Financial Results Full Year 2021 will be held on Monday 28 February 2022, at 14:00 CET / 13.00 GMT. Full access details are set out on the following page and are also available on the Azerion website (<https://www.azerion.com/investors-bc/>)

Contact

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Dado Alonso, CFO
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Investor Relations: ir@azerion.com

Conference Call Details

Monday 28 February 2022, 14.00 - 15.00 CET / 13.00 – 14.00 GMT

Azerion Holding B.V. - Interim Unaudited Financial Results for Q4 2021 and Preliminary Unaudited Financial Results Full Year 2021

To view the **livestream**, please register and watch here:

<https://kvgo.com/corporate-services/azerion-companies-financial-results-q4-2021>

Please note that only dial-in participants can ask questions during the conference call. To **ask a question** during the presentation, please dial the toll free number below and give these details:

Program Title: Azerion Q4 Results

Conference ID: AZERION

Toll free international dial in numbers:

Austria: 080-029-2061
Belgium: 08-007-2519
Colombia: 01-800-518-0807
Czech Republic: 80-070-0539
Denmark: 8-088-6270
Denmark (national): + 45-7-877-4197
France: 080-091-2273
Germany: 0-800-186-2030
Hong Kong: 80-090-1494
India: 000-800-100-7615
Ireland: 180-076-0616
Italy: 80-087-3807
Netherlands: 0-800-022-5803
Norway: 80-01-3780
Poland: 00-800-112-4099
Portugal: 80-081-9765
Russia: 8-108-002-960-1012
Singapore: 800-101-2018
Spain: 90-094-7610
Sweden: 02-079-9847
Sweden (national): + 46-10-750-2346
Switzerland: 080-056-4800
UK: 0808-101-1183
US: 800-895-3361

Toll Global number: +1-785-424-1062 (to be used as back up if toll free numbers do not connect)

Definitions

ARPPDAU means Average Revenue per Daily Active User - revenue per period divided by days in the period divided by average daily active users in that period

Azerion Group means Azerion Group N.V.

Azerion Holding means Azerion Holding B.V. and **Holding Group** means Azerion Holding and each of its subsidiaries from time to time and **Holding Group Company** means any of them

Average DAUs means Daily Active Users - average DAUs is the number of distinct users per day and averaged across the relevant period

Adjusted EBITDA means, in respect of the period, the consolidated profit of the Holding Group from ordinary activities according to the latest Financial Report(s):

- (a) before deducting any amount of tax on profits, gains or income paid or payable by any member of the Holding Group;
- (b) before deducting any Net Finance Charges;
- (c) before taking into account any extraordinary items and any non-recurring items which are not in line with the ordinary course of business provided that such items are not in excess of an amount equal to ten (10) per cent. of EBITDA in the Reference Period;
- (d) before taking into account any Transaction Costs;
- (e) not including any accrued interest owing to any Holding Group Company;
- (f) before taking into account any unrealised gains or losses on any derivative instrument (other than any derivative instruments which is accounted for on a hedge account basis);
- (g) after adding back or deducting, as the case may be, the amount of any loss or gain against book value arising on a disposal of any asset (other than in the ordinary course of trading) and any loss or gain arising from an upward or downward revaluation of any asset;
- (h) after deducting the amount of any profit (or adding back the amount of any loss) of any Holding Group Company which is attributable to minority interests;
- (i) plus or minus the Holding Group's share of the profits or losses of entities which are not part of the Holding Group; and
- (j) after adding back any amount attributable to the amortisation, depreciation or depletion of assets of members of the Holding Group

Adjusted EBITDA Margin means Adjusted EBITDA as a percentage of revenue

EBIT means, in respect of the period, the consolidated profit from ordinary activities according to the latest Financial Report(s):

- (a) before deducting any amount of tax on profits, gains or income paid or payable by any member of the Group;
- (b) before deducting any Net Finance Charges

EFIC1 means European FinTech IPO Company 1 B.V.

Finance Charges means as defined in the terms and conditions of the Senior Secured Callable Fixed Rate Bonds ISIN: SE0015837794 for the Reference Period, the aggregate amount of the accrued interest, commission, fees, discounts, payment fees, premiums or charges and other finance payments in respect of Financial Indebtedness whether paid, payable or capitalised by any member of the Holding Group according to the latest Financial Report(s) (calculated on a consolidated basis)

Financial Indebtedness means as defined in the terms and conditions of the Senior Secured Callable Fixed Rate Bonds ISIN: SE0015837794 any indebtedness in respect of:

- (a) monies borrowed or raised, including Market Loans;
- (b) the amount of any liability in respect of any Finance Leases;
- (c) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);
- (d) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing;

- (e) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the mark to market value shall be taken into account, provided that if any actual amount is due as a result of a termination or a close-out, such amount shall be used instead);
- (f) any counter indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; and
- (g) (without double counting) any guarantee or other assurance against financial loss in respect of a type referred to in the above paragraphs (a)-(f)

Net Finance Charges means as defined in the terms and conditions of the Senior Secured Callable Fixed Rate Bonds ISIN: SE0015837794 for the Reference Period, the Finance Charges according to the latest Financial Report(s), after deducting any interest payable for that Reference Period to any member of the Holding Group and any interest income relating to cash or cash equivalent investment

Net Interest Bearing Debt as defined in the terms and conditions of the Senior Secured Callable Fixed Rate Bonds ISIN: SE0015837794 means the aggregate interest bearing Financial Indebtedness less cash and cash equivalents of the Holding Group in accordance with the Accounting Principles (for the avoidance of doubt, excluding any Bonds owned by the Issuer, guarantees, bank guarantees, Subordinated Loans, any claims subordinated pursuant to a subordination agreement on terms and conditions satisfactory to the Agent and interest bearing Financial Indebtedness borrowed from any Group Company) as such terms are defined in the terms and conditions of the Senior Secured Callable Fixed Rate Bonds ISIN: SE0015837794

Pro Forma FY means the full year revenue or Adjusted EBITDA (as applicable) adjusted to include the contribution from companies or assets acquired during the year as if they had been acquired at the start of the relevant year

Reference Period means as defined in the terms and conditions of the Senior Secured Callable Fixed Rate Bonds ISIN: SE0015837794 each period of twelve consecutive calendar months

Reported EBITDA means, in respect of the period, the consolidated profit of the Holding Group from ordinary activities according to the latest Financial Report(s):

- (a) before deducting any amount of tax on profits, gains or income paid or payable by any member of the Holding Group;
- (b) before deducting any Net Finance Charges;
- (c) before deducting any amount attributable to the amortisation, depreciation or depletion of assets of members of the Holding Group.
- (d) before deducting any amount of other gains and losses

Transaction Costs means all fees, costs and expenses, stamp, registration and other taxes incurred by Azerion Holding or any other Holding Group Company in connection with (i) the Bond Issue, (ii), any Subsequent Bond Issue, (iii) the listing of the Bonds or any Subsequent Bonds, (iv) acquisitions, mergers and divestments of companies and (v) an Equity Listing Event, as such terms are defined in the terms and conditions of the Senior Secured Callable Fixed Rate Bonds ISIN: SE0015837794