

Resilient business model reflected in revenue and gross margin expansion

The summary provided below relates to the Q2 and H1 2022 results of Azerion Holding B.V., which is the main operational holding subsidiary of Azerion Group N.V.

Highlights of Q2 2022

+97%

Net Revenue growth
vs Q2 2021

- Net Revenue of EUR 104 million, nearly doubling Q2 2021, driven by acquisitions and organic growth.
- Adjusted EBITDA approaching EUR 12 million, up by 70% compared to Q2 2021, primarily boosted by improved net revenue and gross profit margin.
- Accelerated the integration of acquisitions, pointing to further synergies and productivity upside; increased focus on operational efficiencies and costs to strengthen our resilience.
- Partnership with ITV studios, with Love Island opening a virtual villa in Hotel Hideaway.
- Partnerships with Cyberkongs, Metaverse HQ and Metakey to increase the utility of NFTs within Habbo.
- In July, completed the acquisition of Madvertise's subsidiaries in Germany and France, bolstering in-app digital advertising capabilities.

+70%

Adj. EBITDA growth
vs Q2 2021

Highlights of H1 2022

- Net Revenue of over EUR 198 million, more than doubling H1 2021, mainly driven by acquisitions and organic growth.
- Adjusted EBITDA approaching EUR 18 million, up by more than 83% compared to H1 2021, primarily boosted by improved net revenue and gross profit margin.

Selected Financial KPIs

Azerion Holding B.V. EURm	Q2		H1	
	2022	2021	2022	2021
Net Revenue	103.9	52.7	198.3	98.3
Gross profit	41.9	20.8	74.8	35.8
Operating expenses	(46.5)	(15.9)	(74.0)	(29.3)
Operating profit / (loss)	(16.1)	1.3	(28.1)	(1.8)
EBITDA	(7.4)	5.6	(11.3)	6.9
Adjusted EBITDA	11.7	6.9	17.6	9.6
Revenue growth %	97.1%		101.7%	
Gross profit margin %	40.3%	39.5%	37.7%	36.4%
Adjusted EBITDA growth %	69.6%		83.3%	
Adjusted EBITDA margin %	11.3%	13.1%	8.9%	9.8%

As of Q2 2022, proforma metrics are reported directly to the agent as per terms and conditions of the senior secured callable fixed rate bonds ISIN: SE0015837794.

Co-CEO Umut Akpınar said: “This quarter our delivery remained strong and we are increasing our focus on costs to strengthen our resilience in the evolving macroeconomic environment. At the same time, our priority remains to offer the best service and products to our customers, continuously improving our operational efficiency and excellence. With a focus on value over volume, we are also growing direct sales from our local offices to advertisers and high-grading our publisher inventory. As we accelerate the integration of acquisitions, we expect more value to be unlocked for Azerion. We remain on track to deliver at least EUR 450 million revenue this year.”



Co-CEO Atilla Aytekin said: “In the second quarter we continued actively working on our acquisition funnel to complement our organic growth with a strong forward visible pipeline, which is demonstrated by the acquisitions we have completed so far this year. We also raised capital and will continue exploring options to fund acquisitions, including raising more equity.”

EUR 104m

Net Revenue Q2 2022

EUR 12m

Adjusted EBITDA Q2 2022



Azerion Holding B.V. - Financial overview Q2 2022

Revenue

Q2 2022 Net Revenue amounted to EUR 103.9 million, compared to EUR 52.7 million in Q2 2021. This reflects higher revenue from both the Platform and Premium Games segments, driven by acquisitions and organic growth.

Earnings

Adjusted EBITDA was EUR 11.7 million in Q2 2022, compared to EUR 6.9 million in Q2 2021, reflecting improved net revenue and gross profit margin.

The operating loss amounted to EUR 16.1 million, which includes a charge of EUR 16.1 million related to De-SPAC expenses, compared to an operating profit of EUR 1.3 million in Q2 2021.

Cash flow

Cash flow from operating activities in Q2 2022 was EUR 10.9 million, excluding the impact of employee SARs related cash outflows associated with the De-SPAC transaction, which amounted to EUR 5.9 million. Including those employee SARs related cash outflows, cash flow from operating activities was EUR 5.0 million. Cash flow from investing activities was an outflow of EUR 41.6 million, mainly due to acquisitions. Cash flow from financing activities totalled EUR 33.3 million.

Capex

We capitalize development costs 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. In Q2 2022 we capitalized EUR 4.2 million, which is equivalent to 17.0% of gross personnel costs.

Financial position and financing

Our net interest-bearing debt¹ amounted to EUR 183.7 million as at 30 June 2022, mainly comprising our outstanding bond loan with a nominal value of EUR 200 million (part of an in total EUR 300 million framework) and lease liabilities with a balance of EUR 17.5 million less the cash and cash equivalents position of EUR 39.0 million.

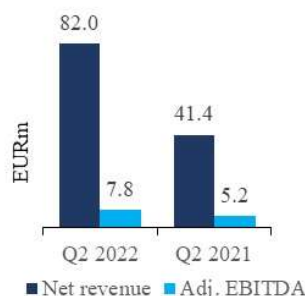
¹ As defined in section 1.1 of the Terms & Conditions of the Senior Secured Callable Fixed Rate Bonds ISIN: SE0015837794. Please also refer to the Definitions section and the notes of this Interim Report for more information.

Azerion Holding B.V. - Segment information Q2 2022

Platform

Our Platform segment includes casual games distribution, advertising and e-commerce, which are fully integrated through our technology. It generates revenue mainly by displaying digital advertisements in both game and non-game content, as well as selling and distributing AAA games through our e-commerce channels. Platform is also integrated with our Premium Games segment, leveraging inter-segment synergies.

Platform – Selected Financial KPIs



EURm	Q2		H1	
	2022	2021	2022	2021
Net Revenue	82.0	41.4	154.6	75.6
Gross profit	30.7	14.8	53.1	24.8
Operating expenses	(26.0)	(11.3)	(46.8)	(21.0)
Operating profit / (loss)	(3.1)	1.3	(14.5)	(2.0)
EBITDA	3.0	4.3	(3.5)	4.5
Adjusted EBITDA	7.8	5.2	9.8	6.4
Revenue growth %	98.0%		104.5%	
Gross profit margin %	37.4%	35.7%	34.3%	32.8%
Adjusted EBITDA growth %	50.0%		53.1%	
Adjusted EBITDA margin %	9.5%	12.6%	6.3%	8.5%

Financial data for Q2 and H1 2021 has been revised to reflect reporting segments adopted as of Q3 2021. 2021 comparative information has been updated to include the allocation of head office costs to segments.

Platform Net Revenue was EUR 82.0 million in Q2 2022, an increase of 98.0% compared to Q2 2021, mainly due to acquisitions and organic growth.

Adjusted EBITDA was EUR 7.8 million in Q2 2022, increasing by 50.0% compared to Q2 2021. This reflected higher net revenue and stronger gross profit margin, mainly driven by increased direct sales from our local offices to advertisers, which accounted for approximately 47% of total Platform revenue in Q2 2022, compared to some 35% in Q2 2021.

Results also benefited from increased user engagement, with users spending more time playing casual games. In addition, we have grown our casual games distribution portfolio during Q2 2022, adding approximately 790 new titles and 36 new publisher partners.

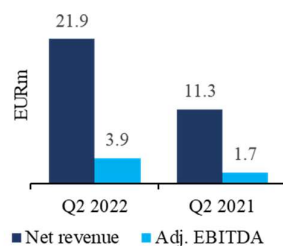
Advertising - Selected Operational KPIs

	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021
Avg. Digital Ads Sold per Month (bn)	8.3	8.8	9.9	6.1	5.3
Advertising auction platform (bn)	3.8	3.9	4.4	3.6	3.2
Publisher monetisation services (bn)	4.5	4.9	5.5	2.5	2.1
Avg. Gross Revenue per Million Ad Requests from advertising auction platform (EUR)	6.2	6.1	9.8	7.2	6.7

- The **Average number of digital ads sold per month** (paid impressions) increased to 8.3 billion from 5.3 billion in Q2 2021, reflecting higher user engagement from our owned and operated content, as well as increased audiences for non-game content. This was partly offset by a deliberate reduction in certain impressions, driven by the continuous high-grading of our publisher inventory and margin optimisation of digital advertisements.
- The **Average gross revenue per million ad requests** was EUR 6.2 in Q2 2022, compared to EUR 6.7 in Q2 2021, showing relative stability in efficiency and profitability of our advertising auction platform, which is continuously managed for value.

Premium Games

Our Premium Games segment includes nine game titles of social card games and metaverse, stimulating social interaction among players and building communities. The segment generates revenue mainly by offering users the ability to make in-game purchases for extra features and virtual goods to enhance their gameplay experience.



Premium Games – Selected Financial KPIs

EURm	Q2		H1	
	2022	2021	2022	2021
Net Revenue	21.9	11.3	43.7	22.7
Gross profit	11.2	6.0	21.7	11.0
Operating expenses	(7.3)	(4.6)	(14.0)	(8.3)
Operating profit / (loss)	0.2	0.0	(0.4)	0.2
EBITDA	2.8	1.3	5.4	2.4
Adjusted EBITDA	3.9	1.7	7.8	3.2
Revenue growth %	93.8%		92.5%	
Gross profit margin %	51.1%	53.1%	49.7%	48.5%
Adjusted EBITDA growth %	129.4%		143.8%	
Adjusted EBITDA margin %	17.8%	15.0%	17.8%	14.1%

Financial data for Q2 and H1 2021 has been revised to reflect reporting segments adopted as of Q3 2021. 2021 comparative information has been updated to include the allocation of head office costs to segments.

Premium Games Net Revenue was EUR 21.9 million in Q2 2022, an increase of 93.8% compared to Q2 2021, primarily due to the acquisition of Whow Games and organic growth.

Adjusted EBITDA was EUR 3.9 million in Q2 2022, increasing by 129.4% compared to Q2 2021, mainly reflecting higher contributions from Governor of Poker 3, which was primarily driven by new features and events that enhanced the user gameplay experience. This was partly offset by lower average daily users.

Premium Games – Selected Operational KPIs

	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021
Avg. Time in Game per Day (min)	80	81	80	79	79
Avg. DAUs (thousands)	567	607	599	616	693
Avg. ARPDau (EUR)	0.40	0.38	0.42	0.37	0.34

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

- The **Average time in game per day** from our Premium Games players was at a similar level as in Q2 2021.
- The **Average daily active users (DAUs)** decreased by almost 18% compared to Q2 2021, reflecting the reset in the number of users post Covid-19 elevated levels, partly offset by new users in France, following a user acquisition campaign.
- The **Average revenue per daily active user (ARPDau)** increased by over 17% compared to Q2 2021, primarily driven by new features and events that enhanced the user gameplay experience.

Other

Reporting segment Other only contains EUR 13.2 million De-SPAC related expenses not allocated to the Platform or Premium Games segments. Those costs impact the reported operating profit/loss, but are removed from Adjusted EBITDA.

Azerion Holding B.V. – Other information

Interest Bearing Debt

Interest Bearing Debt (EURm)	30 June 2022	31 December 2021
Total non-current indebtedness	229.8	213.3
Total current indebtedness	10.6	11.5
Total financial indebtedness	240.4	224.8
Deduct Zero interest bearing loans	(0.4)	(0.7)
Interest Bearing Debt	240.0	224.1
Less: Cash and cash equivalents	(39.0)	(35.3)
Net Interest Bearing Debt	201.0	188.8
<i>Of which permitted Net Interest Bearing Debt under the bond terms</i>	<i>183.7</i>	<i>188.8</i>

References to the bond terms in the table above refer to the senior secured callable fixed rate bond ISIN: SE0015837794

Financial indebtedness increased by EUR 15.6 million from 31 December 2021, mainly due to the reclassification of subordinated convertible loans from other equity instruments to borrowings. These subordinated convertible 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. Following the De-SPAC transaction, the loans are redeemable by issuing shares in the capital of Azerion Group N.V. Since these loans are no longer redeemable by issuing shares in the capital of Azerion Holding B.V., they have been reclassified from other equity instruments.

Reconciliation of net income to Adjusted EBITDA

Reconciliation of net income to Adjusted EBITDA	Q2						
	2022				2021		
<i>In millions of EUR</i>	Azerion Holding B.V.	Premium Games	Platform	Other	Azerion Holding B.V.	Premium Games	Platform
Profit / (loss) for the period	(22.1)				(12.5)	-	-
Income Tax expense	0.6				(0.1)	-	-
Profit / (loss) before tax	(21.5)				(12.6)	-	-
Net finance costs	5.4				13.9	-	-
Operating profit / (loss)	(16.1)	0.2	(3.1)	(13.2)	1.3	0.0	1.3
Depreciation & Amortization	8.7	2.6	6.1	-	4.3	1.3	3.0
EBITDA	(7.4)	2.8	3.0	(13.2)	5.6	1.3	4.3
Capital market expenses	-	-	-	-	1.0	-	-
De-SPAC related expenses	16.1	1.0	1.9	13.2	-	-	-
Other	(0.9)	0.1	(1.0)	-	0.1	0.4	0.9
Acquisition expenses	2.6	-	2.6	-	0.2	-	-
Restructuring	1.3	-	1.3	-	-	-	-
Adjusted EBITDA	11.7	3.9	7.8	-	6.9	1.7	5.2

Breakdown of operating expenses	Q2	
<i>In millions of EUR</i>	2022	2021
Personnel costs	20.4	10.3
Other expenses	26.1	5.6
Operating expenses	46.5	15.9
Of which:		
<i>Platform</i>	<i>26.0</i>	<i>11.3</i>
<i>Premium Games</i>	<i>7.3</i>	<i>4.6</i>
<i>Other</i>	<i>13.2</i>	<i>-</i>

Breakdown of operating expenses	H1	
<i>In millions of EUR</i>	2022	2021
Personnel costs	39.1	19.2
Other expenses	34.9	10.1
Operating expenses	74.0	29.3
Of which:		
<i>Platform</i>	<i>46.8</i>	<i>21.0</i>
<i>Premium Games</i>	<i>14.0</i>	<i>8.3</i>
<i>Other</i>	<i>13.2</i>	<i>-</i>

Azerion Holding B.V. – Condensed consolidated unaudited Financial Results for the six-month period ended 30 June 2022

Introduction

The principal activities of Azerion Holding B.V. ('Azerion Holding') and its group companies (jointly, the 'Holding Group') are described in the Annual Report 2021. The interim financial results for the six months period ended 30 June 2022 consist of the condensed consolidated financial statements, the management report and responsibility statement by Azerion Holding's Management Board. The information in this interim financial report has not been audited or reviewed by Azerion Holding's external auditor.

Responsibility statement

Pursuant to section 5:25d, paragraph 2(c), of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*), the Management Board of Azerion Holding hereby declares that to the best of its knowledge:

- i. the condensed consolidated financial statements for the six-month period ended 30 June 2022 give a true and fair view of the assets, liabilities, financial position and profit or loss of Azerion Holding and the entities included in the consolidation taken as a whole; and
- ii. the interim report of the Management Board for the period ended 30 June 2022 gives a fair review of the information required pursuant to article 5:25d, paragraph 8 and 9 of the Dutch Financial Supervision Act regarding Azerion Holding and the entities included in the consolidation.

Schiphol-Rijk, 31 August 2022

Management Board

Mr. U. Akpınar

Mr. A. Aytekin

Management Board report

Highlights of half year 2022

- Net Revenue of over EUR 198 million, more than doubling H1 2021, mainly driven by acquisitions and organic growth.
- Adjusted EBITDA approaching EUR 18 million, up by more than 83% compared to H1 2021, primarily boosted by improved net revenue and gross profit margin.

Azerion Holding B.V. - Selected Financial KPIs

Azerion Holding B.V.		
EURm	2022	2021
Net Revenue	198.3	98.3
Gross profit	74.8	35.8
Operating expenses	(74.0)	(29.3)
Operating profit / (loss)	(28.1)	(1.8)
EBITDA	(11.3)	6.9
Adjusted EBITDA	17.6	9.6
Revenue growth %	101.7%	
Gross profit margin %	37.7%	36.4%
Adjusted EBITDA growth %	83.3%	
Adjusted EBITDA margin %	8.9%	9.8%

First half 2022 Net Revenue amounted to EUR 198.3 million, compared to EUR 98.3 million in Q2 2021. This reflects higher revenue from both the Platform and Premium Games segments, driven by acquisitions and organic growth.

Adjusted EBITDA was EUR 17.6 million in H1 2022, compared to EUR 9.6 million in H1 2021, primarily reflecting higher net revenue and gross profit margin.

The Operating loss before tax amounted to EUR 28.1 million compared to a loss of EUR 1.8 million in H1 2021. This includes a charge of EUR 16.1 million of de-SPAC related expenses

Platform

Our Platform segment includes casual games distribution, advertising and e-commerce, which are fully integrated through our technology. It generates revenue mainly by displaying digital advertisements in both game and non-game content, as well as selling and distributing AAA games through our e-commerce channels. Platform is also integrated with our Premium Games segment, leveraging inter-segment synergies.

Platform – Selected Financial KPIs

H1		
EURm	2022	2021
Net Revenue	154.6	75.6
Gross profit	53.1	24.8
Operating expenses	(46.8)	(21.0)
Operating profit / (loss)	(14.5)	(2.0)
EBITDA	(3.5)	4.5
Adjusted EBITDA	9.8	6.4
Revenue growth %	104.5%	
Gross profit margin %	34.3%	32.8%
Adjusted EBITDA growth %	53.1%	
Adjusted EBITDA margin %	6.3%	8.5%

Financial data for H1 2021 has been revised to reflect reporting segments adopted as of Q3 2021. 2021 comparative information has been updated to include the allocation of head office costs to segments.

Platform Net Revenue was EUR 154.6 million in the first half of 2022, compared to EUR 75.6 million in the first half of 2021, primarily driven by acquisitions and organic growth.

Adjusted EBITDA was EUR 9.8 million in the first half of 2022, compared to EUR 6.4 million in the same period a year before, mainly reflecting higher revenue and gross profit margin, driven by increased direct sales from our local offices to advertisers.

Premium Games

Our Premium Games segment includes nine game titles of social card games and metaverse, stimulating social interaction among players and building communities. The segment generates revenue mainly by offering users the ability to make in-game purchases for extra features and virtual goods to enhance their gameplay experience.

Premium Games – Selected Financial KPIs

H1		
EURm	2022	2021
Net Revenue	43.7	22.7
Gross profit	21.7	11.0
Operating expenses	(14.0)	(8.3)
Operating profit / (loss)	(0.4)	0.2
EBITDA	5.4	2.4
Adjusted EBITDA	7.8	3.2
Revenue growth %	92.5%	
Gross profit margin %	49.7%	48.5%
Adjusted EBITDA growth %	143.8%	
Adjusted EBITDA margin %	17.8%	14.1%

Financial data for H1 2021 has been revised to reflect reporting segments adopted as of Q3 2021. 2021 comparative information has been updated to include the allocation of head office costs to segments.

Premium Games Net Revenue was EUR 43.7 million in the first half of 2022, compared to EUR 22.7 million in the first half of 2021, mainly due to the acquisition of Whow Games and organic growth.

Adjusted EBITDA was EUR 7.8 million in the first half of 2022, compared to EUR 3.2 million in the same period a year before, mainly reflecting higher net revenue.

Condensed consolidated statement of profit or loss and other comprehensive income

<i>In millions of EUR</i>	Q2		H1	
	2022	2021	2022	2021
Revenue	103.9	52.7	198.3	98.3
Costs of services & materials	(62.0)	(31.9)	(123.5)	(62.5)
Gross profit	41.9	20.8	74.8	35.8
Personnel costs	(20.4)	(10.3)	(39.1)	(19.2)
Depreciation	(1.6)	(1.2)	(3.2)	(2.2)
Amortization	(7.1)	(3.1)	(13.6)	(6.6)
Other gains and losses	(2.8)	0.7	(12.1)	0.5
Other expenses	(26.1)	(5.6)	(34.9)	(10.1)
Operating profit / (loss)	(16.1)	1.3	(28.1)	(1.8)
Finance income	0.3	0.5	0.7	1.2
Finance costs	(5.7)	(14.4)	(11.6)	(17.1)
Finance costs	(5.4)	(13.9)	(10.9)	(15.9)
Share in profit/(loss) of joint venture	-	0.0	-	0.0
Profit / (loss) before tax	(21.5)	(12.6)	(39.0)	(17.7)
Income Tax expense	(0.6)	0.1	(1.3)	0.1
Profit / (loss) for the period	(22.1)	(12.5)	(40.3)	(17.6)
<i>Attributable to:</i>				
Owners of the company	(22.2)	(12.3)	(40.1)	(17.8)
Non-controlling interest	0.1	(0.2)	(0.2)	0.2
Profit / (loss) for the period	(22.1)	(12.5)	(40.3)	(17.6)
Exchange difference on translation of foreign operations	(0.7)	(0.5)	(1.1)	(0.1)
Remeasurement of net defined benefit liability	0.0	0.0	0.0	0.0
Total comprehensive income for the period	(22.8)	(13.0)	(41.4)	(17.5)
<i>Total comprehensive (loss) / income attributable to:</i>				
Owners of the company	(23.0)	(12.8)	(40.8)	(18.1)
Non-controlling interest	0.2	(0.2)	(0.6)	0.6

Condensed consolidated statement of financial position

<i>In millions of EUR</i>	30 June 2022	31 December 2021
Assets		
<i>Non-current assets</i>	335.4	323.8
Goodwill	130.8	123.0
Intangible assets	147.0	141.9
Property, plant and equipment	17.9	18.5
Non-current financial assets	36.5	36.1
Deferred tax asset	3.1	4.2
Investment in joint ventures	0.1	0.1
<i>Current assets</i>	138.6	140.0
Trade and other receivables	85.8	91.3
Contract assets	12.8	12.1
Current tax assets	1.0	1.3
Cash and cash equivalents	39.0	35.3
Total assets	474.0	463.8
Equity		
Shareholders' equity	6.4	(8.6)
Non-controlling interest	1.6	1.7
Total equity	8.0	(6.9)
Liabilities		
<i>Non-current liabilities</i>	269.0	260.2
Borrowings	217.2	199.0
Lease liabilities	12.7	14.3
Provisions	0.7	0.4
Employee benefits	1.0	1.0
Deferred tax liability	29.5	29.9
Other non-current liabilities	7.9	15.6
<i>Current liabilities</i>	197.0	210.5
Borrowings	5.8	6.8
Lease liabilities	4.8	4.7
Provisions	1.3	1.0
Trade and other payables	144.8	141.1
Other current liabilities	35.5	53.5
Contract liabilities	0.9	0.4
Current tax liabilities	3.9	3.0
Total liabilities	466.0	470.7
Total equity and liabilities	474.0	463.8

Condensed consolidated statement of cash flows

<i>In millions of EUR</i>	Q2		H1	
	2022	2021 ¹	2022	2021 ¹
Cash flows from operating activities				
Operating profit / (loss)	(16.1)	1.3	(28.1)	(1.8)
Adjustments for operating profit / (loss)	34.8	6.9	44.6	11.0
Changes in working capital items:				
Decrease (increase) in net receivables	(9.2)	(6.2)	11.0	1.0
Increase (decrease) in accounts payables and other payables	6.3	(0.7)	1.7	(9.1)
Utilization of provisions	(0.7)	-	(0.7)	-
Income tax paid	(0.2)	0.1	(0.5)	-
Interest paid	(4.0)	(1.1)	(9.4)	(3.2)
Net cash provided by (used for) operating activities excluding employee SARs related cash outflows	10.9	0.3	18.6	(2.1)
Employee SARs related cash outflows	(5.9)	-	(7.1)	-
Net cash provided by (used for) operating activities including employee SARs related cash outflows	5.0	0.3	11.5	(2.1)
Cash flows from investing activities				
Net capital expenditures	(5.1)	(2.3)	(10.6)	(5.5)
Net cash outflow on acquisition of subsidiaries	(36.5)	(30.4)	(39.2)	(30.4)
Net cash provided by (used for) investing activities	(41.6)	(32.7)	(49.8)	(35.9)
Cash flows from financing activities				
Capital contributions	53.3	-	65.5	-
De-SPAC related expenses	(16.9)	-	(16.9)	-
Other financing activities	(3.1)	(1.6)	(6.3)	(2.3)
Proceeds from external borrowings	-	200.0	-	227.5
Repayment of external borrowings	-	(100.0)	-	100.3)
Increase in loans to related parties	-	(11.9)	-	(11.9)
Early settlement of Senior Secured Callable Floating Rate Bonds	-	(7.7)	-	(7.7)
Net cash provided by (used for) financing activities	33.3	78.8	42.3	105.3
			-	
Effect of changes in exchange rates on cash and cash equivalents	(0.3)	0.2	(0.3)	0.2
Effect of exchange rate changes & accounting principles	(0.3)	0.2	(0.3)	0.2
			-	
Cash flow variation	(3.6)	46.6	3.7	67.5
			-	
Cash and cash equivalents at the beginning of the period	42.6	31.3	35.3	10.4
Cash and cash equivalents at the end of the period	39.0	77.9	39.0	77.9

¹Reclassifications have been made to the cash flow statement that was previously published by Azerion Holding B.V. in H1 2021 in order to achieve a fairer presentation of the nature of the cash in and cash out flows of such period. Reference is made to the note "Reclassifications" in the notes of these condensed consolidated financial statements for further information.

Condensed consolidated statement of changes in equity

Half year 2022 <i>In millions of EUR</i>	Share capital	Share premium	Legal reserves	Share Based Payment Reserve	Currency translation reserve	Other equity instruments	Retained earnings	Attributable to parent	Non-controlling interest	Total equity
Balance as of 31 December 2021	0.0	0.5	19.6	1.8	0.6	34.0	(65.2)	(8.6)	1.7	(6.9)
Profit/(Loss) for the period	-	-	-	-	-	-	(40.1)	(40.1)	(0.2)	(40.3)
Other comprehensive income	-	-	-	-	(1.2)	-	-	(1.2)	0.1	(1.1)
Total comprehensive income	-	-	-	-	(1.2)	-	(40.1)	(41.3)	(0.1)	(41.4)
Borrowings converted to equity	-	66.5	-	-	-	-	-	66.5	-	66.5
Shareholder loans reclassified to borrowings	-	-	-	-	-	0.4	-	0.4	-	0.4
Share appreciation rights classified to other current liabilities	-	-	-	-	-	(17.2)	-	(17.2)	-	(17.2)
Capital contributions	-	-	-	-	-	(5.8)	-	(5.8)	-	(5.8)
Settlement of share-based payments	-	13.0	-	(1.8)	-	-	-	11.2	-	11.2
Settlement of Investor share appreciation rights	-	1.9	-	-	-	(1.9)	-	-	-	-
Settlement of Acquisition related share appreciation rights	-	18.0	-	-	-	(9.5)	-	8.5	-	8.5
Withholding wage taxes related to share-based payments	-	-	-	-	-	-	(7.2)	(7.2)	-	(7.2)
Other movements	-	-	-	-	-	-	(0.1)	(0.1)	-	(0.1)
Total transactions with owners	-	99.4	-	(1.8)	-	(34.0)	(7.3)	56.3	-	56.3
Allocation/withdrawal legal reserves	-	-	4.0	-	-	-	(4.0)	-	-	-
Balance as of 30 June 2022	0.0	99.9	23.6	0.0	(0.6)	0.0	(116.5)	6.4	1.6	8.0

Half year 2021										
<i>In millions of EUR</i>	Share capital	Share premium	Legal reserves	Share Based Payment Reserve	Currency translation reserve	Other equity instruments	Retained earnings	Attributable to parent	Non-controlling interest	Total equity
Balance as of 31 December 2020	0.0	0.5	13.8	0.7	0.3	31.0	(42.2)	4.1	2.1	6.2
Profit/(Loss) for the period	-	-	-	-	-	-	(17.8)	(17.8)	0.2	(17.6)
Other comprehensive income	-	-	-	-	(0.3)	-	-	(0.3)	0.4	0.1
Total comprehensive income	-	-	-	-	(0.3)	-	(17.8)	(18.1)	0.6	(17.5)
Borrowings converted to equity	-	-	-	-	-	1.4	-	1.4	-	1.4
Fair value adjustment on shareholder loans	-	-	-	-	-	-	(1.4)	(1.4)	-	(1.4)
Share-based payments	-	-	-	0.4	-	-	-	0.4	-	0.4
Issuance of Acquisition related share appreciation rights	-	-	-	-	-	1.0	-	1.0	-	1.0
Other movements	-	-	-	-	-	-	(0.5)	(0.5)	-	(0.5)
Total transactions with owners	-	-	-	0.4	-	2.4	(1.9)	0.9	-	0.9
Allocation/withdrawal legal reserves	-	-	2.1	-	-	-	(2.1)	-	-	-
Balance as of 30 June 2021	0.0	0.5	15.9	1.1	0.0	33.4	(64.0)	(13.1)	2.7	(10.4)

Notes to the unaudited condensed consolidated interim financial statements

General information

Azerion Holding B.V. ('Azerion Holding') is a private limited liability company incorporated under Dutch law on 11 November 2013 and registered at 30 Boeing Avenue, 1119 PE, Schiphol-Rijk, the Netherlands. Up until 1 February 2022, Principion Holding B.V. was the ultimate parent company of the Azerion Holding. Azerion Holding's number in the Trade Register at the Chamber of Commerce is 59272449. Azerion Holding is a holding company with its main operations situated in the Netherlands.

Azerion Holding B.V. and European FinTech IPO Company 1 B.V. ('EFIC1'), a special purpose acquisition company listed on Euronext Amsterdam, successfully completed a business combination on 1 February 2022. The business combination was announced on 13 December 2021. Amongst other matters, the business combination was approved during the Extraordinary General Meeting of Shareholders of EFIC1 on 31 January 2022.

On 1 February 2022, with the transaction completing, EFIC1 obtained 100% ownership in Azerion Holding B.V. and was changed in legal form into a limited company (*naamloze vennootschap*) on 2 February 2022 and renamed from EFIC1 to Azerion Group N.V.

Preparation basis

These condensed consolidated interim financial statements were prepared in accordance with IAS 34 Interim Financial Reporting of the International Financial Reporting Standards (IFRS) as adopted by the European Union. They do not include all of the information required for a complete set of annual financial statements and should be read in conjunction with the consolidated financial statements of Azerion Holding B.V. as at and for the year ended 31 December 2021.

These condensed consolidated interim financial statements were authorized for issue by the Management Board on 31 August 2022.

Functional and presentation currency

These condensed consolidated interim financial statements are presented in euros (EUR), which is Azerion Holding's functional currency and rounded to the nearest hundred thousand unless stated otherwise.

Reclassifications and restatements

In the condensed consolidated statement of cash flows, reclassifications have been made to the cash flow statement that was previously published by Azerion Holding B.V. in H1 2021 in order to achieve a fairer presentation of the nature of the cash in and cash out flows of such period. The reclassifications mainly comprised a reclassification of EUR 12.0 million relating to the cash acquired from acquisitions from cash flow from operating activities to cash flow from investing activities (to net against the consideration paid for acquisitions), EUR 28.2 million reclassification from cash flow from financing activities to operating activities relating to deferred and contingent considerations resulting from acquisitions, a reclassification of EUR 11.5 million relating to advances on loans to related parties from cash flow from investing activities to cash flow from financing activities. In addition, there was a reclassification of approximately EUR 7.7 million associated with costs of early settlement of bonds from cash flow from operating activities to cash flow from financing activities.

In the condensed consolidated financial statements for Q3 2022 and Q4 2022, the Company intends to restate the comparative condensed consolidated statement of profit or loss and other comprehensive income for Q3 2021, respectively, Q4 2021 in order to align such comparative information with the audited 2021 annual report and annual financial statements of the Company.

In the condensed statement of profit or loss and other comprehensive income the non-controlling interest not attributable to the parent has been adjusted to reflect the appropriate values for Q2 and H1 2021.

Use of estimates and judgements

The preparation of these condensed consolidated interim financial statements in conformity with IFRS requires management to make estimates, judgments and assumptions which affect the reported amounts in these condensed consolidated interim financial statements. These estimates are inherently subject to judgement and actual results could differ from those estimates. The estimates, judgments and assumptions in applying Azerion's accounting policies and the key sources of estimation uncertainty were the same as those described in Azerion's consolidated annual financial statements for the year ended 31 December 2021.

Significant accounting policies

The accounting policies applied in the preparation of the condensed consolidated interim financial statements are consistent with those applied in the preparation of Azerion's annual consolidated financial statements for the year ended 31 December 2021 apart from the accounting policies listed below. A number of new standards are effective from 1 January 2022, but they do not have a material effect on Azerion Holding's condensed consolidated interim financial statements. Azerion Holding has not early-adopted any standard, interpretation or amendment that has been issued but is not yet effective and endorsed.

Accounting policy relating to restructuring provisions

The provision for restructuring mainly relates to the estimated costs of initiated restructurings and are approved by the Management Board. When such restructurings require discontinuance and/or re-organization of activities, the anticipated costs are included in the restructuring provisions. A liability is recognized for those costs only when Azerion Holding has a detailed formal plan for the restructuring and has raised a valid expectation with those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it. Before a provision is established, Azerion Holding recognizes any impairment loss on the assets associated with the restructuring.

Risk management

The consolidated annual financial statements 2021 describe certain risk categories and risks (including risk appetite) which could have a material adverse effect on Azerion's financial position and results. Those categories and risks remain valid and should be read in conjunction with these half year financial statements.

Seasonality

Azerion is subject to the seasonal nature of gaming and advertising spending. Historically, Azerion's results of operations and cash flows have been subject to reasonably predictable seasonality. There is no assurance that these patterns will continue to be visible in future which may impact the predictability of Azerion's operating results and financial position.

Gaming activity is usually highest during the summer and end-of-year holiday periods and advertising activity is generally highest during the winter holiday season (to reflect consumer spending). We expect these patterns to continue over the long-term but should also benefit from an increasingly scaled and diverse customer and partner base and business model over time.

Segment information

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 generate certain classes of revenue and incur certain classes of expenses. The principal business activities generate revenue through Premium Games and Platform.

Management has presented the performance measure Adjusted EBITDA because the Group's Chief Executives monitor this performance measure at a consolidated level as it is relevant for the purpose of resource allocation and assessment of segment performance.

Refer to the 'Definition' section where the meaning of Adjusted EBITDA is explained. Adjusted EBITDA is not a defined performance measure in IFRS Standards. The Group's definition of Adjusted EBITDA may not be comparable with similarly titled performance measures and disclosures by other entities.

Reconciliation of profit/(loss) for the period to Adjusted EBITDA

Reconciliation of net income to Adjusted EBITDA	H1						
	2022				2021		
<i>In millions of EUR</i>	Azerion Holding B.V.	Premium Games	Platform	Other	Azerion Holding B.V.	Premium Games	Platform
Profit / (loss) for the period	(40.3)				(17.6)		
Income Tax expense	1.3				(0.1)		
Profit / (loss) before tax	(39.0)				(17.7)		
Net finance costs	10.9				15.9		
Operating profit / (loss)	(28.1)	(0.4)	(14.5)	(13.2)	(1.8)	0.2	(2.0)
Depreciation & Amortization	16.8	5.8	11.0	(0.0)	8.7	2.2	6.5
EBITDA	(11.3)	5.4	(3.5)	(13.2)	6.9	2.4	4.5
				-			
De-SPAC related expenses	24.9	2.4	9.4	13.2	1.6	-	0.0
Other	-	-	-	-	0.8	0.8	1.9
Acquisition expenses	2.6	-	2.6	-	0.3	-	-
Restructuring	1.3	-	1.3	-	-	-	-
Adjusted EBITDA	17.6	7.8	9.8	-	9.6	3.2	6.4

Segment revenues

In the following tables, revenue is disaggregated by segment and primary geographical market.

<i>In millions of EUR</i>	30 June 2022	30 June 2021
Platform	154.6	75.6
Premium Games	43.7	22.7
Total revenue from contracts with customers	198.3	98.3

<i>In millions of EUR</i>	30 June 2022	30 June 2021
The Netherlands	116.1	69.8
Other European countries	77.4	27.5
Non-European countries	4.8	1.0
Total revenue from contracts with customers	198.3	98.3

Segment assets

Operating segments - Assets <i>In millions of EUR</i>	30 June 2022	31 December 2021
Platform	330.4	312.0
Premium Games	102.7	111.3
Total segment assets	433.1	423.3
Unallocated assets	40.9	40.5
Consolidated total assets	474.0	463.8

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. Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments. The unallocated assets relate to current tax assets and non-current financial assets.

Information about Azerion's segment current assets by geographical location are detailed below:

<i>In millions of EUR</i>	30 June 2022	31 December 2021
The Netherlands	53.2	52.2
Other European countries	76.6	83.3
Non-European countries	8.8	4.5
Total current assets	138.6	140.0

Information about Azerion's segment non-current assets by geographical location are detailed below:

<i>In millions of EUR</i>	30 June 2022	31 December 2021
The Netherlands	104.1	104.3
Other European countries	227.2	215.1
Non-European countries	4.2	4.4
Total non-current assets	335.5	323.8

Acquisitions of subsidiaries**Infinia Mobile SL**

On 4 April 2022 Azerion Holding B.V. ('Azerion') acquired 100% of the share capital of Infinia Mobile SL ('Infinia'). Infinia is a digital marketing company founded in 2015 in Spain and has offices in USA, Mexico, Peru, Colombia, Brazil and Chile. Infinia develops data management platforms which enables advertising companies to extract data based on users' habits. Through the acquisition, Azerion gains a stronger foothold in the Spanish market and expands reach in the LATAM markets.

The fair value purchase consideration for 100% shares in the capital of Infinia is EUR 16.1 million, which comprises a cash payment at closing of EUR 6 million, deferred consideration of EUR 4.2 million, contingent consideration of EUR 4.3 million, equity payments of EUR 1 million and transaction bonuses of EUR 0.6 million.

The deferred consideration is to be paid within 12 months (EUR 2.2 million) and 24 months (EUR 2 million) respectively after the acquisition date. The fair value of the deferred consideration of EUR 4.2 million was estimated by calculating the present value of the future expected cash flows. The estimate is based on a discount rate of 1.6% and 1.9% per annum respectively.

Based on the share purchase agreement, Azerion issued 112.358 Azerion Group N.V. shares from treasury at a share price of EUR 8.90, representing a total value of EUR 1.0 million. The share consideration is classified as a liability and included in the other liabilities.

Transaction bonuses are not subject to any contingencies and will be paid bi-annually over a period of 2 years. The fair value of the transaction bonuses of EUR 0.6 million was estimated by calculating the

present value of the future expected cashflows. The estimate is based on an average discount rate of 1.6% per annum depending on the timeframe related to the transaction bonus.

The fair value of acquired assets and liabilities of Infinia has been determined. This resulted in a EUR 8.4 million net fair value of the acquired assets and liabilities and EUR 7.7 million recognized goodwill.

The fair value of financial assets includes receivables with a fair value of EUR 4.9 million and a gross contractual value of EUR 5.6 million. The best estimate at the acquisition date of the contractual cash flows not to be collected is EUR 0.7 million.

Below is a summary of the fair value of the net assets acquired, including consideration paid and goodwill:

<i>In millions of EUR</i>	Infinia
Property, plant and equipment (excl. IFRS16)	0.1
Intangible assets	9.3
Non-current financial assets	0.0
Deferred tax assets	0.2
Trade and other receivables	5.2
Accrued income	0.6
Taxes and social security premiums (incl. pensions)	0.1
Cash and cash equivalents	2.4
External borrowings	(1.0)
External borrowings - short term	(1.3)
Deferred tax liabilities	(1.8)
Trade and other payables	(4.7)
Loans from related parties	-
Deferred income	(0.1)
Taxes and social security premiums (incl. pensions)	(0.1)
Accruals and other liabilities	(0.5)
Total identifiable net assets and liabilities at fair value	8.4
Consideration paid at closing	6.0
Cash and cash equivalents and bank overdrafts at acquired subsidiary	(2.4)
Outflow of cash and cash equivalents net of cash acquired	3.6
Consideration paid at closing	6.0
Deferred cash payment	4.2
Contingent consideration	4.3
Equity payment at fair value	1.0
Transaction bonus	0.6
Total consideration transferred or to be transferred	16.1
Minus: Total identifiable net assets and liabilities at fair value	(8.4)
Goodwill	7.7

Cashflows from investing activities

The table below discloses the 'Acquisition of subsidiaries, net of cash' line in the statement of cashflows:

<i>In millions of EUR</i>	30 June 2022	30 June 2021
Payments in 2022, net of cash acquired	3.6	30.4
Deferred considerations paid in 2022	7.4	-
Contingent consideration paid in 2022	28.2	-
Acquisition of subsidiaries, net of cash	39.2	30.4

Goodwill

Goodwill increased by EUR 7.8 million compared to 31 December 2021 due to the acquisition of Infinia. Refer to the ‘Acquisition of subsidiaries’ section above for more information on the Infinia acquisition. Further, there is a currency translation impact of EUR 0.3 million which is set-off against an EUR 0.4 million increase which relates to additional consideration paid in relation to the Inskin acquisition.

We have reviewed the impact on Azerion’s business of global macro-economic developments such as high inflation, rising interest rates and the conflict in Eastern Europe and have concluded that there has been no material deterioration in any of the key assumptions made during the last annual impairment review based on current strategy and financial projections and that there are no indicators of any impairment during the six months ended 30 June 2022. Consistent with previous financial years, a full annual impairment review will be undertaken at year-end.

Intangible assets

Intangible assets consist of games, software, websites, client lists and trademarks. The balance increased by EUR 5.1 million compared to 31 December 2021 which is mainly due to the acquisition of Infinia (refer to the ‘Acquisitions of subsidiaries’ section) and additions to capitalized internal development costs totalling EUR 9.3 million and EUR 9.6 million respectively. Amortization amounting to EUR 13.6 million was recorded in the period January - June 2022. Amortization of the respective intangible assets categories were as follow: games, software and websites amounted to EUR 10.1 million, client lists amounted to EUR 2.6 million while trademarks amounted to EUR 0.9 million.

During the first half of 2022, the Group accelerated its process to integrate into the Azerion Group entities that were acquired during 2021. As part of the integration process, management determined that the Inskin and Sublime trademarks will be phased out by the end of 2022 due to the integration of these businesses into Azerion. This resulted in a re-assessment of the useful life of the Inskin and Sublime trademarks. These trademarks, which management previously intended to use for 10 years, are now expected to be used for 12 to 18 months from the acquisition date. As a result, the expected useful life of the trademarks decreased. Consequently, additional amortization of EUR 0.3 million was recorded in the 2022 interim statement of other comprehensive income. The effect of these changes on actual and expected amortization expense, included in ‘amortization’, is as follows:

<i>In millions of EUR</i>	2022 H1	2022 H2	2023	2024	2025	2026	Later
(Decrease) increase in amortization expense	0.3	1.5	(0.2)	(0.2)	(0.2)	(0.2)	(1.0)

Property, plant & equipment

Property, plant and equipment consists of right of use assets, equipment and leasehold improvements. The balance decreased by EUR 0.6 million compared to 31 December 2022, mainly due to depreciation and disposals amounting to EUR 3.5 million, which is offset by additions to right of use assets (new office lease contracts in France and Germany) and additions to equipment amounting to EUR 1.5 million and EUR 1.2 million respectively

Equity

Share Capital

As at 30 June 2022, the authorized share capital of Azerion Holdings B.V. comprised 117,563 ordinary shares with a par value of EUR 0.01 per share in total amount of EUR 1,176 (December 2021: EUR 1,176) and zero preference shares with no par value. All shares were issued and fully paid up.

Share premium

As at 30 June 2022, the share premium amounted to EUR 99.9 million (2021: EUR 0.5 million). The increase in the share premium is a result of the settlement of the SARs as part of the De-SPAC amounting to EUR 32.9 million and capital contributions from Azerion Group N.V. amounting to EUR 66.5 million. The capital contributions of Azerion Group N.V. were EUR 65.5 million in cash and EUR 1.0 million in equity. The EUR 1.0 million equity contribution was for the purposes of the acquisition of Infinia.

Legal reserve

As at 30 June 2022, the legal reserve amounted to EUR 23.6 million (2021: EUR 15.9 million). The legal reserve comprises the amounts relating to capitalized development costs for the Group's developed technology and is not freely distributable to shareholders.

Share based payment reserve

As at 30 June 2022 the share-based payment reserve amounted to EUR nil (2021: EUR 1.1 million). The parent of the Group, which up until 1 February 2022 was Azerion Holding B.V., maintained a Share Appreciation Right (SAR) plan up to that date. The plan was initiated in 2018 and provided SARs to employees, consultants, and advisors of the Group. The plan was settled by way of a capital contribution and issuance of shares in Azerion Group N.V. as part of the De-SPAC transaction on 1 February 2022.

Currency translation reserve

As at 30 June 2022 the currency translation reserve amounted to negative EUR 0.6 million (2021: EUR 0.0 million). The translation reserve comprises foreign currency differences arising from the translation of the assets and liabilities of foreign operations of Azerion Holding B.V. (excluding amounts attributable to non-controlling interests).

Other equity instruments

As at 30 June 2022, other equity instruments amounted to EUR nil (2021: EUR 33.4 million).

Subordinated convertible loans

As at 30 June 2022, Azerion Holding had EUR nil million (2021: EUR 16.4 million) loans from related parties classified as other equity instruments. The subordinated convertible loans that were included in other equity instruments as of 31 December 2021 have an equity redemption option on 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 Holdings B.V. As at 31 December 2021 the loans were redeemable by issuing 3,038 shares in the issued share capital of Azerion Holding B.V.

Following the De-SPAC transaction, the loans are redeemable by issuing shares in the capital of Azerion Group N.V. Since these loans are no longer redeemable by issuing shares in the capital of Azerion Holding B.V., they have been reclassified from other equity instruments to borrowings.

Investor and acquisition share appreciation rights

EUR nil (2021: EUR 11.2 million) relates to share appreciation rights issued to investors and as part of the acquisitions that occurred during 2021 and 2020.

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 after approval of Azerion Holding's management.

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.

The obligations relating to all share appreciation rights were assumed by Azerion Group N.V. by way of a capital contribution and issuance of shares in Azerion Group N.V. as part of the De-SPAC transaction on 1 February 2022.

Share options

EUR nil (2021: EUR 5.8 million) relates to the issuance of share options as part of the acquisition of the remaining 49% in one of the subsidiaries of the group. Due to the De-SPAC transaction, if settled in shares, will be settled with Azerion Group N.V. shares instead of Azerion Holding B.V. shares. Since the options will no longer be settled in Azerion Holding B.V.'s own equity instruments this amount is subsequently reclassified to other current liabilities.

Movements in retained earnings

As at 30 June 2022 the retained earnings amounted to EUR 116.5 million negative (2021: EUR 64.0 million negative).

EUR 40.1 million negative relates to the total comprehensive income for the half year.

EUR 4.0 million negative relates to the reclassification from retained earnings to the legal reserve.

Based on the terms and conditions of the Employee SAR program Azerion paid wage taxes amounting to EUR 7.2 million on behalf of the employees upon settlement of the program. This amount is therefore deducted from equity as a net settlement of the share-based payment in accordance with IFRS2.33E-33H.

Borrowings

Borrowings increased by EUR 17.2 million from 31 December 2021 mainly due to the reclassification of the subordinated convertible loans from other equity instruments to borrowings. These subordinated convertible 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. Following the De-SPAC transaction, the loans are redeemable by issuing shares in the capital of Azerion Group N.V. Since these loans are no longer redeemable by issuing shares in the capital of Azerion Holding B.V., these have been reclassified from other equity instruments to borrowings.

Lease liabilities

The lease liabilities decreased by EUR 1.6 million from 31 December 2021 which is mainly due to unwinding of the lease liabilities.

Other liabilities

As at 30 June 2022 the other liabilities (current and non-current) amount to EUR 43.4 million (31 December 2021: EUR 69.1 million) and mainly consist of deferred consideration, contingent consideration, acquisition SARs and postponed wage taxes. During the first half of 2022, deferred and contingent consideration positions amounting to EUR 35.6 million were settled in line with the share purchase agreements. The decrease in the other liabilities is offset by an increase of EUR 9.1 million due to deferred consideration and contingent consideration in line with the Infinia share purchase agreement. Furthermore, due to the De-SPAC transaction, share options with a value of EUR 5.8 million issued as part of an acquisition will be settled with Azerion Group N.V. shares instead of Azerion Holding B.V. shares. Since the options will no longer be settled in Azerion Holding's own equity instruments this is subsequently reclassified to other liabilities. Based on the share purchase agreement the transaction should be settled by 31 December 2022.

Provisions

Commercial litigation

As of 31 December 2021, a provision of EUR 0.4 million was recorded relating to a dispute on the termination of a lease agreement for office spaces leased from a third party. During Q2 2022 the courts reached a verdict on the matter which resulted in a payment of EUR 0.4 million, although an appeal has been filed.

Restructuring

As part of the process to accelerate the integration of acquired companies into Azerion Group and further realise synergies, we initiated a restructuring plan designed to streamline our business, reduce our cost structure and focus our resources on key strategic opportunities. This programme is expected in aggregate to reduce our global workforce by approximately 3%, for which aggregate charges of EUR 1.3 million have been recognised in H1, consisting primarily of employee contract termination costs. The restructuring plan was drawn up and execution commenced in H1 2022 when the provision is recognised in the financial statements. EUR 1.1 million of the provision remained as at end H1 and is expected to be utilized over the next 12 months.

Tax

Income tax expense for the period

Income tax expense is recognised at an amount determined by multiplying the profit (loss) before tax for the interim reporting period by management's best estimate of the weighted-average annual income tax rate expected for the full financial year, adjusted for the tax effect of certain items recognised in full in the interim period. As such, the effective tax rate in the interim financial statements may differ from management's estimate of the effective tax rate for the annual financial statements.

The Group's consolidated effective tax rate in respect of continuing operations for the six months ended 30 June 2022 was negative 3%. The main contributor to the effective tax rate deviating from Azerion Holding's tax rate are tax losses that are not recognized of EUR 7.9 million.

Related party transactions

AgriBank PLC

On 24 June 2022, the co-CEOs of the Group completed the acquisition of an indirect majority stake in AgriHoldings plc, the holding company of AgriBank PLC, via their personal holding companies. During 2021 and 2022 certain subsidiaries in the Group have entered into non-recourse factoring agreements with AgriBank PLC. As a result of such factoring agreements, the total amount of receivables factored and derecognized is amounting to EUR 23.6 million and the related expenses recognized in operating profit/loss and finance costs in the condensed statement of other comprehensive income amounts to EUR 0.8 million for the half year ended 30 June 2022. Other receivables contain a EUR 3.9 million prepayment.

Subsequent events

Acquisition of Madvertise

Azerion and European AdTech company Madvertise signed a binding share purchase agreement, subject to certain conditions, on 5 July 2022 with the acquisition completed on 12 July 2022. Azerion acquired the German and French subsidiaries of Madvertise for a total consideration of EUR 11.3 million (cash and share consideration). With the acquisition of Madvertise's extensive advertising network and proprietary 'BlueStack' ad-serving and mobile monetization technology, Azerion will significantly strengthen its in-app digital offering for publishers and advertisers as well as its presence in the French and German markets. The cash payment (combination of upfront and deferred payments) amounts to at least EUR 4.8 million, or 42% of the total consideration, while the share consideration represents up to circa EUR 6.5 million, or 58% of the total consideration, with an initial transfer of 384,614 Azerion treasury shares to the selling shareholders at closing. At the date of authorisation of the interim consolidated financial statements 2022, the purchase price allocation for this acquisition has not been finalised due to the short period of time between the announcement and the finalisation of the interim consolidated financial statements 2022. Consequently, no further disclosures on acquired assets and liabilities are made.

Capital Contribution

On 26 July 2022 Azerion Holding B.V. received a capital contribution of EUR 6.0 million from its parent Azerion Group N.V.

Definitions

Adjusted EBITDA 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 subsidiary;
- (b) before deducting any Net Finance Costs;
- (c) before taking into account any extraordinary items and any non-recurring items which are not in line with the ordinary course of business;
- (d) before taking into account any Transaction Costs;
- (e) not including any accrued interest owing to any subsidiary;
- (f) before taking into account any unrealised gains or losses on any derivative instrument (other than any derivative instruments which are 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; and
- (h) after adding back any amount attributable to the amortisation, depreciation or depletion of assets of any subsidiary

Adjusted EBITDA Margin means Adjusted EBITDA as a percentage of revenue

Average number of digital ads sold per month (paid impressions) represents the number of digital advertisements displayed to users of game and non-game content. The numbers reported do not include volumes from past acquisitions that are not yet fully integrated. As of this quarter, the reported numbers include the following previous acquisitions: advertising auction platform Improve Digital, as well as publisher monetisation services Headerlift, Pubgalaxy, Sublime, Inskin, Strossle and Keymobile.

Average gross revenue per million ad requests from the advertising auction platform is calculated by dividing gross advertising revenue by a million of advertisement requests. Not all advertisement requests are fulfilled and become an advertisement sold, therefore this metric measures our efficiency and overall profitability of the digital advertising auction platform, demonstrating that the revenue generated by the advertisements that are sold also remunerate and more than cover the costs of all the advertisement requests.

Average time in game per day measures how many minutes per day, on average, the players of Premium Games spend in our games. This demonstrated their engagement with the games, which generates more opportunities to grow the ARPDAU.

Average DAUs means average daily active users, which is the number of distinct users per day averaged across the relevant period.

ARPDAU means Average Revenue per Daily Active User, which is revenue per period divided by days in the period divided by average daily active users in that period and represents average per user in-game purchases for the period.

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.

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

EBITDA 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 subsidiary;
- (b) before deducting any Net Finance Costs;
- (c) before deducting any amount attributable to the amortisation, depreciation, or depletion of assets of any subsidiary.

EFIC1 means European FinTech IPO Company 1 B.V.

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).

Gross Profit Margin means Gross Profit as a percentage of revenue

Gross Profit means the profit made after subtracting all (variable) costs that are related to manufacturing of its products or services. The gross profit can be calculated by deducting the cost of goods sold (COGS) from total sales.

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 Azerion Holding B.V. and its subsidiaries from time to time in accordance with the Accounting Principles (for the avoidance of doubt, excluding any Bonds owned by the Issuer, guarantee, 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 Azerion Holding Group Company) as such terms are defined in the terms and conditions of the Senior Secured Callable Fixed Rate Bonds ISIN: SE0015837794

Operating expenses are defined as the aggregate of personnel costs and other expenses as reported in the statement of Other comprehensive income. More details on the cost by nature reporting can be found in the published annual financial statements of 2021.

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

Disclaimer and Cautionary Statements

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 are, or may be deemed to be, forward-looking statements. Forward-looking statements include, among other things, statements concerning the potential exposure of Azerion to market risks and statements expressing management's expectations, beliefs, estimates, forecasts, projections and assumptions. Words and expressions such as aims, ambition, anticipates, believes, could, estimates, expects, goals, intends, may, milestones, objectives, outlook, plans, projects, risks, schedules, seeks, should, target, will or other similar words or expressions are typically used to identify forward-looking statements. Forward-looking statements are statements of future expectations that are based on management's current expectations and assumptions and involve known and unknown risks, uncertainties and other factors that are difficult to predict and that could cause the actual results, performance or events to differ materially from future results expressed or implied by such forward-looking statements contained in this communication. Readers should not place undue reliance on forward-looking statements.

Any forward-looking statements reflect Azerion's current views and assumptions based on information currently available to Azerion's management. Forward-looking statements speak only as of the date they are made and Azerion does not assume any obligation to update or revise such statements as a result of new information, future events or other information, except as required by law.

The interim financial results of Azerion Holding B.V. as included in this communication are required to be disclosed pursuant to the terms and conditions of the Senior Secured Callable Fixed Rate Bonds ISIN: SE0015837794.

This report has not been reviewed or audited by Azerion's external auditor.

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

For all definitions and reconciliations of non-IFRS financial measures please also refer to www.azerion.com/investors.

This report may contain forward-looking non-IFRS financial measures. We are unable to provide a reconciliation of these forward-looking non-IFRS financial measures to the most comparable IFRS financial measures because certain information needed to reconcile those non-IFRS financial measures to the most comparable IFRS financial measures is dependent on future events some of which are outside the control of Azerion. Moreover, estimating such IFRS financial measures with the required precision necessary to provide a meaningful reconciliation is extremely difficult and could not be accomplished without unreasonable effort. Non-IFRS financial measures in respect of future periods which cannot be reconciled to the most comparable IFRS financial measure are calculated in a manner which is consistent with the accounting policies applied in Azerion Group N.V.'s and Azerion Holding B.V.'s consolidated financial statements.

This communication does not constitute an offer to sell, or a solicitation of an offer to buy, any securities or any other financial instruments.

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