

Strong growth and delivery while going public

Highlights of Q1 2022

+107%

Revenue growth
vs Q1 2021

+118%

Adjusted EBITDA
growth vs Q1 2021

- Net Revenue of over EUR 94 million, more than doubling Q1 2021, mainly driven by strong growth in the Platform segment.
- Adjusted EBITDA of nearly EUR 6 million, up 118% compared to Q1 2021, primarily boosted by the Premium Games segment.
- Expanded the partnership with Ubisoft, adding 10 exclusive titles, following the successful development, release and distribution of Hungry Shark Arena.
- Completed the integration of Habbo Avatars collection, offering unique playable Avatars in the Habbo metaverse.
- Announced the acquisition of digital marketing company Infinia, bolstering our media platform capabilities, sales force and volumes in Spain and Latin America.
- In May, we won the Digital Media Owners Spring Award as number one media owner, surveyed by the Institute of Practitioners in Advertising in the UK.

Financial Overview

Financial results (EURm)			Pro forma
Azerion Holding B.V.	Q1 2022	Q1 2021	LTM
Net Revenue	94,4	45,5	403,2
COGS	(61,5)	(30,6)	
Gross profit	32,8	15,0	
Operating & Other Expenses	(44,9)	(18,1)	
Operating profit / (loss)	(12,1)	(3,1)	
EBITDA	(3,9)	1,7	
Adjusted EBITDA	5,9	2,7	53,5
Revenue growth, %	107,3%		
Gross margin, %	34,8%	32,9%	
Adjusted EBITDA growth, %	117,6%		
Adjusted EBITDA margin, %	6,2%	5,9%	13,2%

Co-CEO Umut Akpinar said:

“This quarter demonstrated our capacity to deliver results while completing our listing on Euronext Amsterdam. Our financial performance continued to improve and, despite macroeconomic volatility, we remain confident in our guidance to deliver at least EUR 450 million revenue this year. We will continue integrating our acquisitions and further drive volumes across our owned and operated platform.”



Co-CEO Atilla Aytekin said:

“Listing Azerion was an important milestone for our company, welcomed by our clients and partners, who increasingly approach us with business propositions. Our market continues to consolidate and we remain actively working on our acquisition funnel to complement our organic growth with more volume, capabilities and technology. As we continue to mature our M&A pipeline, we will consider a variety of options to fund acquisitions, including raising equity.”

Financial overview Q1 2022

EUR 94m

Revenue Q1 2022

Revenue

Revenue for the quarter amounted to EUR 94.4 million, an increase of EUR 48.9 million, or 107.3%, compared to Q1 2021. This reflects higher revenue from both the Platform and Premium Games segments.

EUR 6m

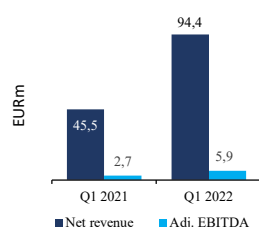
Adjusted EBITDA Q1 2022

Earnings

We delivered EUR 5.9 million adjusted EBITDA for the quarter compared to EUR 2.7 million in Q1 2021, an increase of EUR 3.2 million.

The loss before tax amounted to EUR 17.6 million compared to a loss of EUR 5.1 million in Q1 2021. Non-recurring items amounted to a net charge of EUR 9.8 million, mostly related to early exercise of share appreciation rights.

Consolidated



Cash flow

Our cash flow from operating activities in Q1 2022 was an inflow of EUR 6.5 million. Cash flow from investing activities was an outflow of EUR 8.2 million, mainly due to capital expenditures. Cash flow from financing activities totalled an inflow of EUR 9.0 million, mainly reflecting a capital contribution from Azerion Group N.V.

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 Q1 2022 we capitalized EUR 3.9 million, equivalent to 17.5% of personnel costs.

Acquisitions

During Q1 2022 we announced the acquisition of Infinia, which completed in April 2022.

Financial position and financing

Our net interest-bearing debt¹ amounted to EUR 185.3 million as at 31 March 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 19.0 million less the cash and cash equivalents position of EUR 42.6 million.

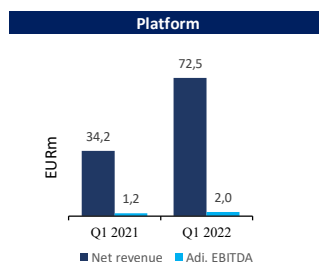
¹ As defined in section 1.1 of the Terms & Conditions of the Senior Secured Callable Fixed Rate Bonds ISIN: SE0015837794. Please also refer to the Definitions section and the notes of this Interim Report for more information.

Segment information

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 Financial Highlights



Financial results (EURm)		
Platform	Q1 2022	Q1 2021
Net Revenue	72,5	34,2
COGS	(50,2)	(24,3)
Gross profit	22,3	9,9
Operating & Other Expenses	(33,8)	(13,2)
Operating profit / (loss)	(11,5)	(3,3)
EBITDA	(6,4)	0,7
Adjusted EBITDA	2,0	1,2
Revenue growth, %	111,8%	
Gross margin, %	30,8%	29,1%
Adjusted EBITDA growth, %	64,6%	
Adjusted EBITDA margin, %	2,7%	3,5%

Financial data for Q1 2021 has been revised to reflect reporting segments adopted as of Q3 2021

Platform revenue was EUR 72.5 million in Q1 2022, an increase of 111.8% compared to Q1 2021, mainly due to acquisitions. Gross margin remained at a similar level as in Q1 2021. Adjusted EBITDA was EUR 2.0 million in Q1 2022, an increase of 64.6% compared to Q1 2021.

Besides the impact of acquisitions, the improved financial performance reflects increased quality and quantity of the casual games distribution portfolio, achieved through exclusive partnerships and organic influx of content providers. New quality content and continuous adaptation of existing titles contributed to an increase in revenue compared to Q1 last year. During Q1 2022 we added approximately 745 new titles to our casual games distribution portfolio. In addition, we added 20 new publisher partners to our network to facilitate growth in key markets.

Advertising - Selected KPIs

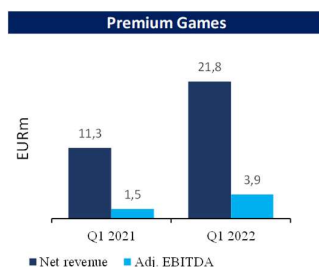
Advertising Selected KPIs	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021
Avg. Digital Ads Sold per Month (bn)	4.4	4.9	4.3	3.2	2.9
Avg. Gross Revenue per Million Ad Requests (EUR)	6.10	9.73	7.14	6.72	3.66

- **Avg. Digital Ads Sold per Month:** the average number of paid impressions per month increased to 4.4 billion from 2.9 billion in Q1 2021, reflecting significant growth in the advertising business.
- **Avg. Gross Revenue per Million Ad Requests:** Average gross revenue per million ad requests was EUR 6.10 in Q1 2022, compared to EUR 3.66 in Q1 2021.

Premium Games

Our Premium Games segment includes social games and metaverse, comprising nine premium game titles. 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. The aim of this segment is to stimulate social interaction among players and build communities.

Premium Games Financial Highlights



Financial results (EURm)		
Premium Games	Q1 2022	Q1 2021
Net Revenue	21,8	11,3
COGS	(11,3)	(6,3)
Gross profit	10,5	5,0
Operating & Other Expenses	(11,0)	(4,8)
Operating profit / (loss)	(0,6)	0,1
EBITDA	2,5	1,3
Adjusted EBITDA	3,9	1,5
Revenue growth, %	93,7%	
Gross margin, %	48,0%	44,2%
Adjusted EBITDA growth, %	151,9%	
Adjusted EBITDA margin, %	17,7%	13,6%

Financial data for Q1 2021 has been revised to reflect reporting segments adopted as of Q3 2021

Premium Games revenue was EUR 21.8 million in Q1 2022, an increase of 93.7% compared to Q1 2021. Gross margin increased to 48.0% from 44.2% in Q1 2021. Adjusted EBITDA was EUR 3.9 million in Q1 2022, an increase of 151.9% compared to Q1 2021.

The improved financial results reflect the acquisition of Whow Games and lower user acquisition costs. Results were also positively impacted by stronger performance of Governor of Poker 3 and Hotel Hideaway driven by a combination of new features, virtual goods and improved events in Hotel Hideaway. We also promoted our Premium Games with TV commercials in France for Governor of Poker 3, integrated Teletubbies-branded avatars in Hideaway and Habbo, and improved first-time user experience in Governor of Poker 3.

Results also benefited from the expansion of Web 3.0 with the integration of the Habbo Avatars NFT collection, which offers unique playable Avatars, airdrops towards owners and the feature to sell unique in-game usable NFT furniture, in the Habbo metaverse.

Premium Games – Selected KPIs

Premium Games Selected KPIs	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021
Avg. Time in Game per Day (min)	82	80	79	79	79
Avg. DAUs (thousands)	604	599	616	693	696
Avg. ARPDAU (EUR)	0.38	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 continued to grow steadily, mainly due to improved first time user experience and continuous improvement of live operations.
- **Avg. DAUs:** Daily Active Users increased by 1% compared to Q4 2021, following the reset of number of users post Covid-19 elevated levels.
- **Avg. ARPDAU:** Average Revenue per Daily Active User decreased compared to Q4 2021, due to seasonality. Compared to Q1 2021, ARPDAU increased from EUR 0.33 to EUR 0.38, primarily driven by improved live operations with better events and promotions.

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., formerly known as EFIC1. The Azerion Holding B.V. Interim Unaudited Financial Results Q1 2022 are released as required by the terms and conditions of the listed Senior Secured Callable Fixed Rate Bonds (ISIN: SE0015837794).

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

Condensed Consolidated financial statements (unaudited)

The condensed consolidated financial statements have been prepared in accordance with IFRS.

Condensed consolidated statement of profit or loss and other comprehensive income (EURm)	Q1 2022	Q1 2021
Revenue	94,4	45,5
Costs of services & materials	(61,5)	(30,6)
Gross profit	32,8	15,0
Personnel costs	(18,6)	(8,9)
Depreciation	(1,6)	(1,0)
Amortization	(6,5)	(3,5)
Impairment of non-current assets	-	-
Other gains and losses	(9,3)	(0,3)
Other expenses	(8,9)	(4,5)
Operating profit / (loss)	(12,1)	(3,2)
Finance income	0,4	0,7
Finance costs	(5,9)	(2,7)
Net finance costs	(5,5)	(2,0)
Share in profit / (loss) of joint venture	-	-
Profit / (loss) before tax	(17,6)	(5,1)
Income Tax expense	(0,7)	(0,1)
Profit / (loss) for the period	(18,3)	(5,2)
<i>Attributable to:</i>		
Owners of the company	(18,0)	(4,7)
Non-controlling interest	(0,2)	(0,4)
Profit / (loss) for the period	(18,3)	(5,2)
Exchange difference on translation of foreign operations	(0,4)	4,5
Remeasurement of net defined benefit liability	0,0	0,1
Total comprehensive income for the period	(18,6)	(0,6)
<i>Total comprehensive (loss) / income attributable to:</i>		
Owners of the company	(17,9)	0,2
Non-controlling interest	(0,7)	(0,8)

Condensed consolidated statement of financial position (EURm)	March 31, 2022	December 31, 2021
Assets		
<i>Non-current assets</i>	321,1	323,6
Intangible assets (incl. Goodwill)	262,6	264,8
Property, plant and equipment	19,1	18,5
Non-current financial assets	36,2	36,1
Deferred tax asset	3,2	4,2
Investment in joint ventures	0,0	0,1
<i>Current assets</i>	131,7	140,1
Trade and other receivables	76,5	91,3
Contract assets	11,6	12,1
Current tax assets	1,1	1,3
Cash and cash equivalents	42,6	35,3
Total assets	452,9	463,7
Equity		
Shareholders' equity	(1,1)	(8,6)
Non-controlling interest	1,4	1,7
Total equity	0,4	(6,9)
Liabilities		
<i>Non-current liabilities</i>	258,3	260,2
Borrowings	198,8	199,0
Lease liabilities	13,9	14,3
Provisions	1,2	0,4
Employee benefits	1,0	1,0
Deferred tax liability	28,2	29,8
Other non-current liability	15,2	15,6
<i>Current liabilities</i>	194,2	210,5
Borrowings	5,5	6,8
Lease liabilities	5,1	4,7
Provisions	0,3	1,0
Trade and other payables	135,5	141,1
Other current liabilities	44,6	53,5
Contract liabilities	0,6	0,4
Current tax liabilities	2,6	3,0
Total liabilities	452,5	470,6
Total equity and liabilities	452,9	463,7

Condensed consolidated statement of cash flow (EURm)	Q1 2022
Cash flows from operating activities	
Operating profit / (loss)	(12,0)
Adjustments for non-cash operating profit / (loss)	9,8
<i>Changes in working capital items:</i>	
Decrease / (increase) in net receivables	20,2
Increase / (decrease) in accounts payables and other payables	(5,8)
Income tax paid	(0,4)
Interest paid	(5,3)
Net cash provided by (used for) operating activities	6,5
Cash flows from investing activities	
Net capital expenditures	(5,6)
Decrease / (increase) in loans and other investments	0,0
Net cash outflow on acquisition of subsidiaries	(2,6)
Net cash provided by (used for) investing activities	(8,2)
Cash flows from financing activities	
Capital contributions	12,2
Other financing activities	(3,2)
Net cash provided by (used for) financing activities	9,0
Effect of changes in exchange rates on cash and cash equivalents	(0,0)
Effect of exchange rate changes & accounting principles	(0,0)
Cash flow variation	7,3
Cash and cash equivalents at the beginning of the year	35,3
Cash and cash equivalents at the end of the period	42,6

Other information

Reconciliation of net income to Adjusted EBITDA (EURm)	Q1 2022		
	Azerion Holding B.V.	Premium Gaming	Platform
Profit / (loss) for the period	(18,3)		
Income Tax expense	0,7		
Profit / (loss) before tax	(17,6)		
Net finance costs	5,6		
Operating profit / (loss) (also called EBIT)	(12,0)	(0,6)	(11,5)
Depreciation & Amortization	8,1	3,1	5,1
EBITDA	(3,9)	2,5	(6,4)
Transition expenses - Capital Markets*	8,8	1,3	7,5
Other non-recurring income or expenses	1,0	0,1	0,9
Adjusted EBITDA	5,9	3,9	2,0

*Early exercised share-based appreciation rights

Interest Bearing Debt (EURm)	March 31, 2022	December 31, 2021
Total non-current indebtedness	212,7	213,3
Total current indebtedness	10,6	11,5
Total financial indebtedness	223,3	224,8
<u>Adjustments</u>		
Add Postponed VAT payables	0,6	0,5
Add Postponed Wage tax payable	4,5	3,2
Deduct Zero interest bearing loans	0,6	0,7
Interest Bearing Debt	227,9	227,8
Less: Cash and cash equivalents	(42,6)	(35,3)
Net Interest Bearing Debt	185,3	192,5

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.

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.

Some financial positions, which have currently been assessed for Azerion Holding B.V. are likely to change as a result of the consolidation of the post business combination accounts of Azerion Group N.V., to be reported in the half year 2022 results on the dates indicated in our financial calendar at www.azerion.com/investors.

Certain financial data included in the report consists of alternative performance measures (“non-IFRS financial measures”), including EBITDA and Adjusted EBITDA. The alternative performance 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's cash flow based on IFRS. Even though the alternative performance measures are used by management to assess the Azerion Holdings 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's financial position or results of operations as reported under IFRS.

Adjusted EBITDA as defined in the Definitions section of this Interim Report. For all definitions and reconciliations of alternative performance measures please also refer to www.azerion.com/investors. This report may contain forward-looking alternative performance measures. We are unable to provide a reconciliation of these forward-looking alternative performance measures to the most comparable IFRS financial measure because certain information is dependent on future events some of which are outside the control of the company.

Contact

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Definitions

Adjusted EBITDA means in all places other than in relation to Pro Forma LTM, 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 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 Holding Group Company;
- (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 members of the Holding Group.

Adjusted EBITDA means in the context of Pro Forma LTM, EBITDA as defined in the terms and conditions of the Senior Secured Callable Fixed Rate Bonds ISIN: SE0015837794, in respect of the Reference 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 Cost;
- (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 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;
- (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.

ARPDau 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.

Average DAUs: DAUs means Daily Active Users and average DAUs is the number of distinct users per day averaged across the relevant 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 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 Costs;
- (c) before deducting any amount attributable to the amortisation, depreciation or depletion of assets of members of the Holding Group.

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;

Gross Margin means Gross Profit as a percentage of revenue.

Gross Profit means the profit Azerion Holding B.V. makes after subtracting all (variable) costs that are related to manufacturing and selling 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 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 LTM means the last twelve months Revenue or Adjusted EBITDA (as applicable) adjusted to include the contribution from companies or assets acquired during the last twelve months as if they had been acquired at the start of the last twelve months.

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.

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.