

Delivery on 2022 targets with profitable growth outlook

Highlights of Q4 2022

- Delivery of 2022 targets. Full year 2022 Net revenue of EUR 453 million (guidance of at least EUR 450 million), with Adjusted EBITDA of EUR 52 million (guidance of at least EUR 50 million), reflecting almost 10% organic growth in 2022.
- Record performance in the Platform segment, driving Q4 2022 Net revenue of EUR 149 million, up from EUR 126 million in Q4 2021. Adjusted EBITDA of EUR 22 million, up by 14% compared to Q4 2021, reflecting improved platform efficiencies.
- 2023 outlook of around EUR 560 million Net revenue and at least EUR 75 million Adjusted EBITDA.
- Highest direct sales results across the group, demonstrating the added value of local teams working hand in hand with clients to successfully advertise to their audiences.
- Additional integrations with automated platforms such as Amazon DSP and Google Audience targeting, increasing our revenue from programmatic advertising.
- Entered high-growth digital audio, enabling audio ad formats across the platform through the acquisition of Radionomy (Targetspot and Shoutcast).
- Strengthened our position in the Metaverse by creating more partnerships with brands such as DB Sports and successfully selling out a collection of 1,300 unique rooms in Habbo X.

Selected Financial KPIs

Financial results (EURm)	Q4		FY	
	2022	2021	2022	2021
Azerion Group ¹				
Net revenue	148.8	126.3	452.6	308.1
Gross profit	53.1	50.4	166.3	120.9
Operating profit / (loss)	8.9	5.4	(129.0)	8.4
Adjusted EBITDA	22.1	19.4	52.1	46.7
Net revenue growth %	17.8%		46.9%	
Gross profit margin %	35.7%	39.9%	36.7%	39.2%
Adjusted EBITDA growth %	13.9%		11.6%	
Adjusted EBITDA margin %	14.9%	15.4%	11.5%	15.2%

¹ Reported figures relate to Azerion Group N.V. following the merger with Azerion Holding B.V.. See “Background information” for more details

Co-CEO Umut Akpınar said:

“This quarter we continued improving our Platform and expanding our geographical presence to gain market share and harvest the benefits of scale in 2023. We focused on helping our clients achieve better results for their campaigns through differentiated, engaging and innovative ad formats. We continued integrating our past acquisitions and optimising costs, and expect to generate annualised savings of over EUR 10 million in 2023. This strong performance has allowed us to achieve our financial targets for 2022 and gives us confidence to update our guidance for 2023 and beyond.”



Co-CEO Atilla Aytekin said:

“In 2022 we completed strategic acquisitions and simplified our reporting structure. Looking ahead, we will focus on growing our Platform capabilities, whilst balancing our growth with a prudent financial framework. We will remain actively working on our M&A pipeline and as we target a capital structure that is more aligned with market practice, we announced the intention to cancel the majority of our treasury shares. In addition, we will also increase our focus on deleveraging our balance sheet in 2023.”

Financial overview

Net revenue

Net revenue for the quarter amounted to EUR 148.8 million, an increase of 17.8%, compared to Q4 2021, due to growth in the Platform segment. Full year 2022 Net revenue was EUR 452.6 million, compared to EUR 308.1 million in 2021.

Earnings

Adjusted EBITDA was EUR 22.1 million for the quarter compared to EUR 19.4 million in Q4 2021, an increase of 13.9%, driven by stronger contributions from the Platform segment, partially offset by lower Adjusted EBITDA from the Premium Games segment. Full year 2022 Adjusted EBITDA was EUR 52.1 million, compared to EUR 46.7 million in 2021.

The operating profit for the quarter amounted to EUR 8.9 million, compared to a profit of EUR 5.4 million in Q4 2021, reflecting various factors including increased Net revenue, contributions of acquisitions and reduced operating expenses.

Cash flow

Cash flow from operating activities in Q4 2022 was an inflow of EUR 20.0 million, Cash flow from investing activities was an outflow of EUR 14.8 million, mainly due to acquisitions. Cash flow from financing activities totalled an outflow of EUR 3.1 million. Full year 2022 cash flow from operating activities amounted to EUR 44.9 million, compared to EUR 24.0 million in 2021.

Capex

Azerion capitalizes development costs related to asset development, a core activity to support innovation in its platform. These costs primarily relate to developers' time devoted to the development of games, platforms, and other new features. In Q4 2022 Azerion capitalized EUR 5.5 million, equivalent to 18.0% of gross personnel costs, which is broadly in line with previous quarters.

Financial position and financing

Our net interest-bearing debt* amounted to EUR 176.1 million as of 31 December 2022, mainly comprising our outstanding bond loan with a nominal value of EUR 200 million (part of a total EUR 300 million framework) and lease liabilities with a balance of EUR 19.2 million less the cash and cash equivalents position of EUR 50.9 million.

Tax positions

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Management's assessment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits. At the moment of publication of this preliminary unaudited financial results report, the assessment of current and deferred tax positions have not been fully finalised and might be revised ahead of the publication of the Annual Report 2022.

* 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 advertising, casual games distribution and e-Commerce, which are fully integrated through our technology. It generates Net 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

Financial results (EURm)	Q4		FY	
	2022	2021	2022	2021
Net revenue	124.7	101.4	363.5	234.5
Gross profit	41.0	34.0	121.4	78.0
Operating profit / (loss)	7.4	2.7	(6.5)	2.3
Adjusted EBITDA	17.0	11.5	35.0	26.6
Net revenue growth %	23.0%		55.0%	
Gross profit margin %	32.9%	33.5%	33.4%	33.3%
Adjusted EBITDA growth %	47.8%		31.6%	
Adjusted EBITDA margin %	13.6%	11.3%	9.6%	11.3%

Platform Net revenue was EUR 124.7 million in Q4 2022, an increase of 23.0% compared to Q4 2021, mainly due to acquisitions as well as organic growth.

Adjusted EBITDA was EUR 17.0 million in Q4 2022, increasing by 47.8% compared to Q4 2021, primarily driven by higher Net revenue and increased platform efficiency.

Results benefited from increased user engagement levels, with users spending more time playing casual games, as well as enhanced monetisation across the portfolio. In addition, we have grown our casual games distribution portfolio during Q4 2022, adding approximately 497 new titles and 493 new publisher partners.

Advertising - Selected Operational KPIs

	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022
Avg. Digital Ads Sold per Month (bn)	10.9	9.9	9.5	9.6	10.7
Advertising auction platform (bn)	4.5	4.1	4.3	4.3	5.4
Publisher monetisation services (bn)	6.4	5.8	5.2	5.3	5.3
Avg. Gross Revenue per Million Optimised Ad Requests from advertising auction platform (EUR)	12.9	8.6	9.1	11.2	16.7

- The **Average number of digital ads sold per month** (paid impressions) decreased to 10.7 billion from 10.9 billion in Q4 2021, reflecting an increase of the average ad price.
- The **Average gross revenue per million processed ad requests** was EUR 16.7 in Q4 2022, compared to EUR EUR 12.9 in Q4 2021, demonstrating our ability to manage our advertising auction platform efficiently and profitably, even against the continued challenging macro-economic environment.

Average digital ads sold per month 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 platforms Improve Digital, Admoove, Delta Projects and Infinia, as well as publisher monetisation services Headerlift, Pubgalaxy, Sublime, Inskin, Strossle, Keymobile, Madvertise and Quantum.

Average gross revenue per million ad requests has been revised to exclude ad requests that are rejected before entering our advertising auction platform Improve Digital. As a result this KPI has been renamed as Average gross revenue per million processed ad requests.

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, offering an extended value proposition to advertisers and generating cross-selling opportunities with the Platform segment.

Premium Games – Selected Financial KPIs

Financial results (EURm)	Q4		FY	
	2022	2021	2022	2021
Premium Games				
Net revenue	24.1	25.0	89.1	73.6
Gross profit	12.1	16.4	44.9	42.8
Operating profit / (loss)	1.8	2.6	2.1	6.0
Adjusted EBITDA	5.1	7.8	17.1	19.8
Net revenue growth %	(3.6)%		21.1%	
Gross profit margin %	50.2%	65.6%	50.4%	58.2%
Adjusted EBITDA growth %	(34.6)%		(13.6)%	
Adjusted EBITDA margin %	21.2%	31.2%	19.2%	26.9%

Premium Games Net revenue in Q4 2021 benefited from the ongoing commission related to secondary market sales of the Habbo NFTs launched in September 2021. Excluding this impact, Net revenue of EUR 24.1 million in Q4 2022 was at a similar level as in Q4 2021.

Adjusted EBITDA was EUR 5.1 million in Q4 2022, a decrease of 34.6% compared to Q4 2021, reflecting lower Net revenue, absence of NFT trail commission margin and higher marketing and user acquisition costs.

Premium Games – Selected Operational KPIs

	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022
Avg. Time in Game per Day (min)	80	81	80	80	79
Avg. DAUs (thousands)	599	607	569	556	559
Avg. ARPDAU (EUR)	0.42	0.38	0.40	0.42	0.45

- The **Average time in game per day** from our Premium Games players remained at a similar level as in Q4 2021.
- The **Average daily active users (DAUs)** decreased by almost 7% compared to Q4 2021, reflecting a normalisation of Covid-19-induced elevated levels of users.
- The **Average revenue per daily active user (ARPDAU)** increased by more than 7% compared to Q4 2021, primarily driven by new features and events that enhanced the user gameplay experience.

Other

Reporting segment Other contained in Q4 an operating loss of EUR 0.3 million, mainly related to De-SPAC expenses (FY 2022: a loss of EUR 124.6 million, mainly related to 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.

Outlook

Net revenue for 2023 is expected to be around EUR 560 million, with expected annual growth thereafter of around 15% in the medium term. This outlook does not include the impact of any material acquisitions or divestments.

Adjusted EBITDA for 2023 is expected to be at least EUR 75 million, with annual Adjusted EBITDA margin thereafter expected to grow and be in the range of 14% to 16% in the medium term. The expected improvement in Adjusted EBITDA margin is expected to be primarily driven by gross profit margin optimisation, cost efficiencies and overall benefits of scale as the Azerion platform grows. This outlook does not include the impact of any material acquisitions or divestments.

Other information

Interest Bearing Debt

Interest Bearing Debt in millions of EUR	31 December 2022	31 December 2021
Total non-current indebtedness	214.3	213.3
Total current indebtedness	12.8	11.5
Total financial indebtedness	227.1	224.8
Deduct Zero interest bearing loans	(0.1)	(0.7)
Interest Bearing Debt	227.0	224.1
Less: Cash and cash equivalents	(50.9)	(35.3)
Net Interest Bearing Debt	176.1	188.8

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

Reconciliation of net income to Adjusted EBITDA

Reconciliation of net income to Adjusted EBITDA In millions of EUR	Q4						
	2022				2021		
	Azerion Group	Premium Games	Platform	Other	Azerion Group	Premium Games	Platform
Profit / (loss) for the period	14.3				(4.8)		
Income Tax expense	(2.3)				1.9		
Profit / (loss) before tax	12.0				(2.9)		
Net finance costs	(3.1)				8.6		
Share in profit/(loss) of joint venture	-				(0.3)		
Operating profit / (loss)	8.9	1.8	7.4	(0.3)	5.4	2.6	2.7
Depreciation & Amortization	12.1	3.3	8.7	0.1	6.7	3.4	3.4
EBITDA	21.0	5.1	16.1	(0.2)	12.1	6.0	6.1
De-SPAC related expenses	0.2	-	0.2	-	-	-	-
Other	(1.5)	0.0	(1.4)	(0.1)	4.1	0.5	3.6
Acquisition expenses	2.0	-	1.7	0.3	3.2	1.3	1.8
Restructuring	0.4	0.0	0.4	0.0	-	0.0	-
Adjusted EBITDA	22.1	5.1	17.0	-	19.4	7.8	11.5

Reconciliation of net income to Adjusted EBITDA In millions of EUR	FY						
	2022				2021		
	Azerion Group	Premium Games	Platform	Other	Azerion Group	Premium Games	Platform
Profit / (loss) for the period	(124.8)				(19.9)		
Income Tax expense	0.1				2.0		
Profit / (loss) before tax	(124.7)				(17.9)		
Net finance costs	(4.3)				26.6		
Share in profit/(loss) of joint venture					(0.3)		
Operating profit / (loss)	(129.0)	2.1	(6.5)	(124.6)	8.4	6.0	2.3
Depreciation & Amortization	38.5	12.1	26.3	0.1	24.8	10.5	14.3
EBITDA	(90.5)	14.2	19.8	(124.5)	33.2	16.5	16.6
De-SPAC related expenses	135.4	2.5	9.6	123.3	-	-	-
Other	(0.6)	(0.1)	(1.5)	1.0	10.3	2.0	8.2
Acquisition expenses	6.0	0.2	5.5	0.3	3.2	1.3	1.8
Restructuring	1.8	0.3	1.6	(0.1)	-	0.0	-
Adjusted EBITDA	52.1	17.1	35.0	-	46.7	19.8	26.6

Breakdown of operating expenses In millions of EUR	Q4		FY	
	2022	2021	2022	2021
Personnel costs	24.8	24.2	84.5	55.1
Other expenses	9.2	15.5	52.9	33.3
Operating expenses	34.0	39.7	137.4	88.4
Of which:				
Platform	27.4	30.4	94.5	63.2
Premium Games	6.7	9.3	28.3	25.2

Restructuring

As part of the process to accelerate the integration of acquired companies into Azerion Group N.V. and further realise synergies, we initiated a restructuring plan in Q1 2023 designed to continue the integration of our businesses, improving efficiency and focusing our resources on key strategic opportunities. This program is expected in aggregate to reduce our global workforce by approximately 9%, for which in aggregate charges of approximately EUR 2.1 million are expected to be recognised in the first quarter of 2023. These costs impact the reported operating profit / loss, but are removed from Adjusted EBITDA.

Background information

Legal merger

As announced on 13 January 2023, to simplify its reporting structure, Azerion merged the parent company Azerion Group N.V. and Azerion Holding B.V.. As a result, the interim unaudited results for the fourth quarter and full year 2022 relate only to the surviving entity Azerion Group N.V. In the same way, Azerion will publish one annual report for the full year 2022.

Condensed consolidated statement of profit or loss and other comprehensive income

In millions of EUR	Q4		FY	
	2022	2021	2022	2021
Net revenue	148.8	126.3	452.6	308.1
Costs of services & materials	(95.7)	(75.9)	(286.3)	(187.2)
Gross profit	53.1	50.4	166.3	120.9
Personnel costs	(24.8)	(24.2)	(84.5)	(55.1)
Depreciation	(2.1)	0.9	(7.0)	(5.3)
Amortization	(9.5)	(5.7)	(31.0)	(17.6)
Impairment of non-current assets	(0.5)	(1.9)	(0.5)	(1.9)
Other gains and losses	1.9	1.4	(119.4)	0.7
Other expenses	(9.2)	(15.5)	(52.9)	(33.3)
Operating profit / (loss)	8.9	5.4	(129.0)	8.4
Finance income	9.6	0.6	27.7	1.8
Finance costs	(6.5)	(9.2)	(23.4)	(28.4)
Net Finance costs	3.1	(8.6)	4.3	(26.6)
Share in profit/(loss) of joint venture	-	0.3	-	0.3
Profit / (loss) before tax	12.0	(2.9)	(124.7)	(17.9)
Income Tax expense	2.3	(1.9)	(0.1)	(2.0)
Profit / (loss) for the period	14.3	(4.8)	(124.8)	(19.9)
Attributable to:				
Owners of the company	12.9	(4.6)	(126.0)	(19.6)
Non-controlling interest	1.4	(0.2)	1.2	(0.3)
Profit / (loss) for the period	14.3	(4.8)	(124.8)	(19.9)
Exchange difference on translation of foreign operations	(1.3)	(3.4)	(2.6)	0.2
Remeasurement of net defined benefit liability	-	-	-	-
Total comprehensive income for the period	13.0	(8.2)	(127.4)	(19.7)
Total comprehensive (loss) / income attributable to:				
Owners of the company	13.2	(8.3)	(127.2)	(19.4)
Non-controlling interest	(0.2)	0.1	(0.2)	(0.3)

Condensed consolidated statement of financial position

In millions of EUR	31 December 2022	31 December 2021
Assets		
Non-current assets	440.5	323.6
Goodwill	183.9	177.3
Intangible assets	186.2	87.6
Property, plant and equipment	20.5	18.5
Non-current financial assets	37.0	35.9
Deferred tax asset	12.9	4.2
Investment in joint ventures	-	0.1
Current assets	210.0	140.1
Trade and other receivables ¹	157.9	103.5
Current tax assets	1.2	1.3
Cash and cash equivalents	50.9	35.3
Total assets	650.5	463.7
Equity		
Shareholders' equity	84.0	(8.6)
Non-controlling interest	2.4	1.7
Total equity	86.4	(6.9)
Liabilities		
Non-current liabilities	267.9	260.1
Borrowings	200.0	199.0
Lease liabilities	14.3	14.3
Provisions	0.6	0.4
Employee benefits	1.0	1.0
Deferred tax liability	41.6	29.8
Other non-current liability	10.4	15.6
Current liabilities	296.2	210.5
Borrowings	7.9	6.8
Lease liabilities	4.9	4.7
Provisions	0.9	1.0
Trade and other payables ¹	223.9	141.5
Other current liabilities	50.1	53.5
Current tax liabilities	8.5	3.0
Total liabilities	564.1	470.6
Total equity and liabilities	650.5	463.7

¹ Contract assets and Contract liabilities have been reclassified to Trade and other receivables and Trade and other payables to reflect the appropriate accounting treatment

Condensed consolidated statement of cash flow

In millions of EUR	Q4		FY	
	2022	2021	2022	2021
Cash flows from operating activities				
Operating profit / (loss)	8.9	5.4	(129.0)	8.4
<i>Adjustments for operating profit / (loss):</i>	14.0	4.3	177.0	27.3
<i>Changes in working capital items:</i>				
(Increase)/Decrease in trade and other receivables	(22.5)	(7.2)	(22.1)	(2.7)
Increase (decrease) in trade payables and other payables	25.4	44.7	48.3	6.6
Utilization of provisions	(1.5)	(0.3)	(3.1)	(0.3)
Interest paid	(4.7)	(8.7)	(18.7)	(14.0)
Income tax paid	0.4	(1.1)	(0.8)	(1.3)
Net cash provided by (used for) operating activities excluding SARs related cash outflows	20.0	37.1	51.6	24.0
SARs related cash outflows	-	-	(6.7)	-
Net cash provided by (used for) operating activities including SARs related cash outflows	20.0	37.1	44.9	24.0
Cash flows from investing activities				
Payments for property, plant and equipment	(0.1)	(1.2)	(1.5)	(1.4)
Payments for intangibles	(6.1)	(5.7)	(20.2)	(16.7)
Decrease/ (Increase) in loans and other investments	-	(0.7)	-	(0.7)
Net cash outflow on acquisition of subsidiaries	(8.6)	(25.7)	(54.1)	(64.3)
Net cash provided by (used for) investing activities	(14.8)	(33.3)	(75.8)	(83.1)
Cash flows from financing activities				
Proceeds from external borrowings	-	-	-	227.5
Transaction costs	-	(5.7)	-	(5.7)
Repayment of external borrowings	(0.8)	(3.2)	(2.3)	(113.8)
Increase in loans to related parties	-	(0.5)	-	(12.4)
Early settlement of Senior Secured Callable Floating Rate Bonds	-	-	-	(7.7)
De-SPAC related expenses	(0.3)	-	(33.7)	-
Payment of principal portion of lease liabilities	(2.2)	(0.6)	(7.6)	(4.1)
Proceeds from De-SPAC transaction	-	-	404.1	-
Settlement of De-SPAC transaction	-	-	(310.9)	-
Other inflows (outflows) from financing activities	0.2	0.2	(2.2)	0.2
Net cash provided by (used for) financing activities	(3.1)	(9.8)	47.4	84.0
Net increase in cash and cash equivalents	2.1	(6.0)	16.5	24.9
Effect of changes in exchange rates on cash and cash equivalents	(0.4)	0.1	(0.9)	-
Cash and cash equivalents at the beginning of the period	49.2	41.2	35.3	10.4
Cash and cash equivalents at the end of the period	50.9	35.3	50.9	35.3

Breakdown of adjustments to operating profit / (loss) in consolidated statement of cashflows

In millions of EUR	Q4		FY	
	2022	2021	2022	2021
Adjustments for operating profit / (loss):				
Depreciation and amortisation	11.6	4.8	38.0	22.9
Impairment of tangible & intangible assets	0.5	1.9	0.5	1.9
Movements in provisions per profit and loss	1.2	(2.4)	3	0.5
Share-based payments expense	0.6	0.6	13.6	1.2
De-SPAC related expenses	0.2	-	14.8	-
De-SPAC listing expense	-	-	107.1	-
Other non-cash items	-	(0.6)	0.0	0.8

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;
- h. after adding back any amount attributable to the amortisation, depreciation or impairment of fixed assets

Adjusted EBITDA Margin means Adjusted EBITDA as a percentage of Net 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 platforms Improve Digital, Admoove, Delta Projects and Infinia, as well as publisher monetisation services Headerlift, Pubgalaxy, Sublime, Inskin, Strossle, Keymobile, Madvertise and Quantum.

Average gross revenue per million processed ad requests from the advertising auction platform is calculated by dividing gross advertising revenue by a million of advertisement requests running through advertising auction platform Improve Digital. Not all advertisement requests are processed and become eligible to be fulfilled as 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.

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 Costs

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 impairment of fixed assets

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 Net revenue

Gross Profit means the profit made after subtracting from Net revenue all (variable) costs that are related to manufacturing of its products or services.

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 Group N.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 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 Group 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 Group N.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 Group N.V.'s cash flow based on IFRS. Even though the non-IFRS financial measures are used by management to assess 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 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 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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