Annual Report 2022

Azerion Group N.V.

Contents

Report of the Board

Letter from the Chairman

When the Supervisory Board was established to support Azerion's entry in the stock market, I had the privilege to become its chairperson. Our main goal is to support Azerion to build a track record as a public company.

Building a track record

2022 was a year of delivery, further building on a strong foundation created over previous years. Besides growing the organic business, Azerion completed new acquisitions and continued the integration of previous ones. Despite macroeconomic challenges, the company reported a strong set of results and generated healthy cash flows, which further funded growth.

This encouraging performance is delivered by a strong management team. When meeting new challenges, they face these head on, bolstering their confidence to take the next steps in Azerion's path to become the go-to-partner for advertisers.

During the year Azerion executed a capital raise of € 10.5 million, predominantly supported by the co-CEOs and founders, demonstrating their commitment to Azerion's growth.

Governance

The company undertook important steps in 2022 to institutionalise compliance, risk management and transparency. Azerion simplified its accounting systems, financial processes and reporting structure with the merger of Azerion Group N.V. and Azerion Holding B.V. Although I recognise that these are important steps, there are more improvements to strive for. In the Supervisory Board, we are driving corporate governance and guarding our boundaries, while appreciating Azerion's entrepreneurial DNA, which is one of its key success factors. This is the balance that we are continuously striking in Azerion's journey as a public company.

We discuss the recent events relating to the investigation by the AFM in the Risk Management section of the Annual Report.

Outlook

The fundamentals for digital advertising are strong, with ever growing online audiences. For 2023, the Supervisory Board will support Azerion to keep the focus on its operational and financial performance, further simplification of legal structure and fund-raising activities.

My appreciation goes to all internal Azerion teams, thank you for all your hard work. Your capabilities make the company strong and resilient to face future challenges. Thank you as well to our partners, stakeholders and shareholders for your continued support.

Peter Tordoir
Chairman of Azerion's Supervisory Board

Message from the CEO

2022 will go down in the Azerion history books as a milestone year. We listed on the stock market, delivered on our financial targets, broadened our products and services portfolio and reached even larger and more diversified audiences. Every year we witness larger online audiences fuelling the digital advertising market. We began as a game company and have evolved to a platform that connects content creators and audiences through advertisement. Using the online game industry as a bridge into the digital world, we have gained a strong understanding of how internet users behave online and have applied these learnings in non-game content, as we progressively grow our footprint in the digital advertisement world. As we continue to grow our platform, innovate and expand our technology, we become an increasingly valuable one-stop-shop for advertisers worldwide.

In a rapidly growing and fragmented market, we are emerging as one of the key consolidators, particularly in Europe, by setting out a clear target to create an integrated advertising platform that is easy-to-use, competitively-priced and brand-safe. Listing Azerion was an important milestone for our company, as this further strengthened our recognition amongst our clients, partners and peers. This is evident by the increasing number and quality of partnerships we have with advertisers and premium content publishers. The network effects of our business are clear, companies want to work with us to distribute and monetise their content and connect advertisers to engaged digital audiences. Last year we made several acquisitions to compliment our organic growth with new technologies, capabilities and reach.

Our financial performance continued to improve, despite macroeconomic volatility as we further integrated our acquisitions and increased volumes across our owned and operated platform. 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 have grown direct sales from our local offices to advertisers and expanded our publisher monetisation services. As we accelerate the integration of acquisitions, we expect more value to be unlocked for Azerion.

Together with the management team, I am excited to bring Azerion's vision, mission and strategy into practice, and see all the progress we have achieved to deliver profitable organic growth. Our fundamentals for the digital advertising market are strong, as audiences move more and more to digital. Our value proposition to advertisers, digital publishers, game creators and consumers makes us a truly innovative and differentiated platform and as we gain market share, we are set to continue growing while improving our profitability.

Umut Akpinar
co-CEO and co-Founder of Azerion

Azerion at a glance

Customers

Consumers

500m+
Unique monthly active users [1]

20k+
Game titles [2]

Advertisers

400k+
Advertisers [3]

9bn+
Digital ads sold per month [4]

Partners

Digital publishers

300k+
Digital publishers [5]

10k+
Exclusive publisher websites [6]

Game creators

1k+
Game creators [7]

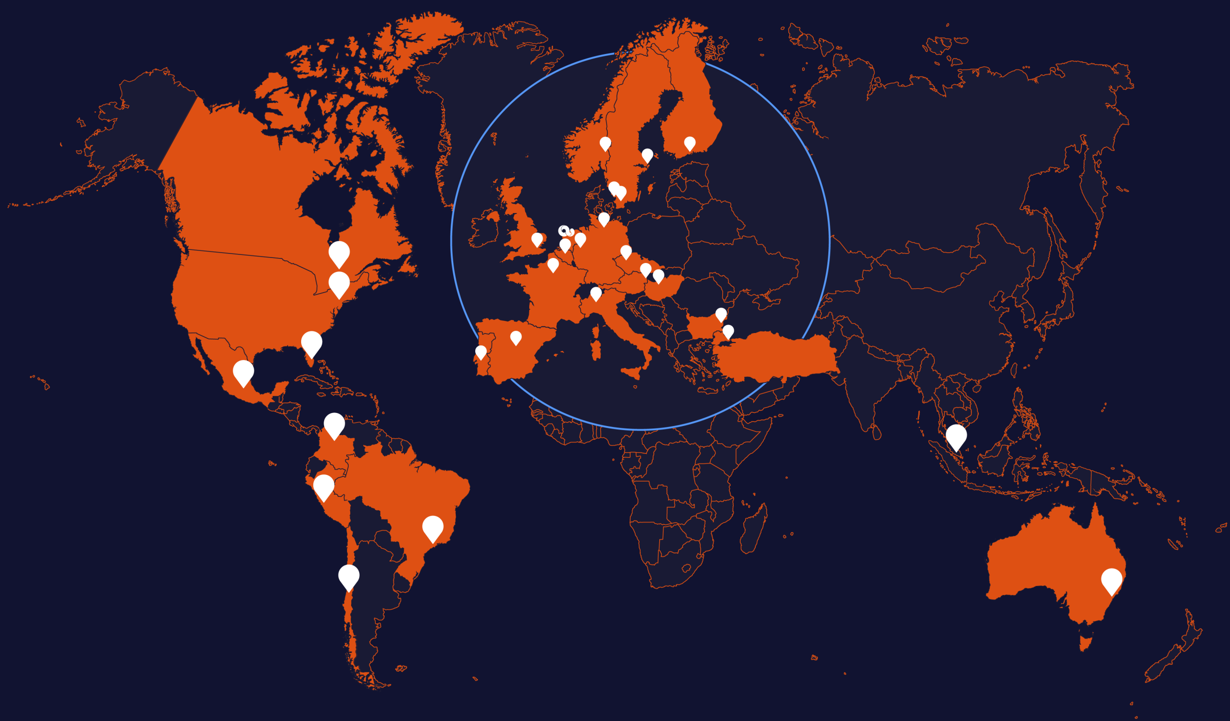
>250
Average new games per month [8]

Azerion

1400+
Employees and creatives [9]

HQ
31 offices in **24** countries [10]

HQ Amsterdam
Offices



[1] Total number of unique users that are reached through all our products, including through our digital publisher network; in September 2022.
[2] Average number of game titles in September 2022, as part of the GameDistribution portfolio.
[3] Average monthly number of advertisers placing >1 ad as of September 2022.
[4] Average number of publishers with >1 transaction as of September 2022.
[5] Number of active domains (websites and apps) where >1 paid impressions was shown as of September 2022.
[6] Number of active domains (websites and apps) exclusive to Azerion's where >1 paid impressions was shown as of September 2022.
[7] Average number of game developers for which Azerion distributes the content, mix of external and internal creators, as of September 2022.
[8] Number of games per month that are activated for distribution in our Casual Distribution channel, mix of external and internal content, as of September 2022.
[9] Total headcount as of 31 December 2022, including this year's M&A.
[10] Number of offices and country of operation as of 31 December 2022, including this year's M&A

Company profile

Company overview

Azerion is a technology company that operates a proprietary digital advertising platform that reaches consumers with both game and non-game content. It is a full stack provider of online digital advertising services, connecting advertisers with consumers through content providers. Our mission is to be the go-to-partner for advertisers for an easy to-use, competitively priced, brand-safe digital environment.

Increasing numbers of internet users, and their transition to digital forms of entertainment, are accelerating the growth of the digital advertising market. To engage audiences, brands will need to advertise where those audiences are, online. In a market that remains extremely fragmented, advertisers are required to connect with many different service providers to reach their target audience. Azerion is set to be a consolidator in this market and offer one integrated value proposition to advertisers, becoming their go-to-partner for easy-to-use, competitively priced and brand-safe digital environment. Azerion has grown rapidly by integrating various technology and market leaders to create a platform of scale. Positioned across Europe, and strategically in the US and Asia Pacific, Azerion allows companies to create brand awareness at a global scale.

Azerion's integrated platform partners with digital publishers and game creators to bring content to consumers and connect them to advertisers. Azerion's business model was developed around engaging audiences, and initially games were the way into audiences' hearts. That is why Azerion is proud of its Premium Games business, which has a loyal user base and generates valuable insights into consumer behaviour, unlocking a compelling extended value proposition to advertisers, who are seeking to engage with their audiences in the digital space.

Azerion offers a single service technology platform which allows advertisers, publishers and game creators to automate the purchase and sale of digital gaming and non-gaming content inventory. Azerion's advertising auction platform is further enriched through the use of its publisher monetisation services, as well as local sales teams adding industry and geographic knowledge to the sale of ads. This unique combination of services and insights provides advertisers greater value of distribution whilst content publishers have more relevant ads displayed, creating an engaging experience for the consumer.

During 2022, Azerion has worked with more than 400,000 advertisers globally and over 300,000 digital publishers using omnichannel solutions across all formats, devices and platforms. Through its platform and taking into account all its products, as at September 2022 Azerion's reach extended to an audience of on average over 500 million unique monthly active users. On average Azerion sells approximately 9 billion digital advertisements on a monthly basis, publishes on average more than 250 new games per month and works with over 1,000 game creators. As at September 2022, Azerion's platform had a portfolio of more than 20,000 game titles and more than 10,000 exclusive publisher websites. Within its games portfolio, Azerion has nine premium game titles, defined as games where revenue is generated mainly from users making purchases directly in-game.

History of Azerion

Foundation

2013

Focused on social and casual games

Content expansion

2017

Expansion into ad segment via GameDistribution

2016

Expansion into digital goods distribution through Voidu

2015

Expansion of content offering via several acquisitions

Tech expansion / ad network

2018

2017

Entering into monetisation tech via Improve Digital

Geographical expansion

Expansion into ad segment via GameDistribution

2019
Scale-up through partnerships

Launched partnerships with Ajax eSports and Monopoly

2020
Integration and expansion

Continued integration and expansion of content and monetisation tech ecosystem offering

2021
Significant scale up - organically and M&A

Further expanding / improving ecosystem with synergy potential

2022
Continued organic and M&A growth

Increased focus on integration and scaling of the Platform

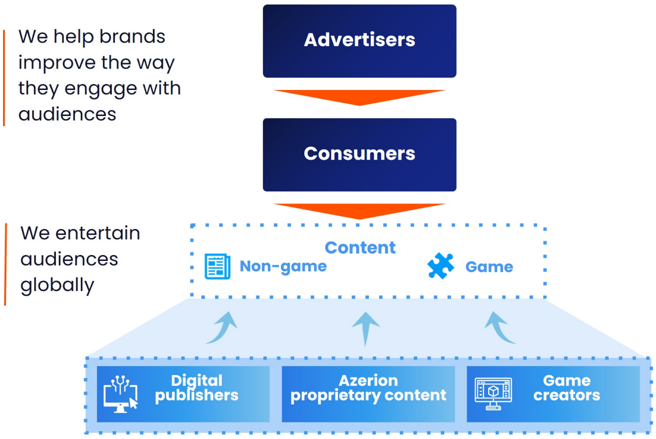
Listed on Euronext Amsterdam

Incorporated at the end of 2013, Azerion was active in 2014 with 45 employees. It has grown rapidly over the years through a combination of organic growth and strategic acquisitions. In 2022, Azerion became listed on the Euronext Stock Exchange on the 2nd of February. As of 31 December 2022 Azerion had 1,443 FTEs (2021: 1,242), across 31 offices in 24 countries. Azerion believes that its employees are key to the success of its business as they maintain and develop its relationships with consumers, advertisers, digital publishers, game creators as well as maintain and develop its proprietary technology platform, which is key to the operation of its business.

Business model

Azerion considers its platform to be at the center of the global digital advertising environment by providing consumers with scaled, diverse and engaging non-game and game content, whilst solving critical challenges for advertisers, digital publishers and game creators.

The diagram below shows a visualisation of Azerion's platform.



Content, data and technology are at the core of Azerion's platform and serve the needs of each of the stakeholders. There are four broad groups that engage with Azerion's platform: (1) Advertisers; (2) Consumers; (3) Digital publishers; and (4) Game creators. These groups create, distribute and engage with content. The operations and solutions that Azerion offers to the various groups that interact within its ecosystem generate strong complementary network effects.

Proprietary advertising platform

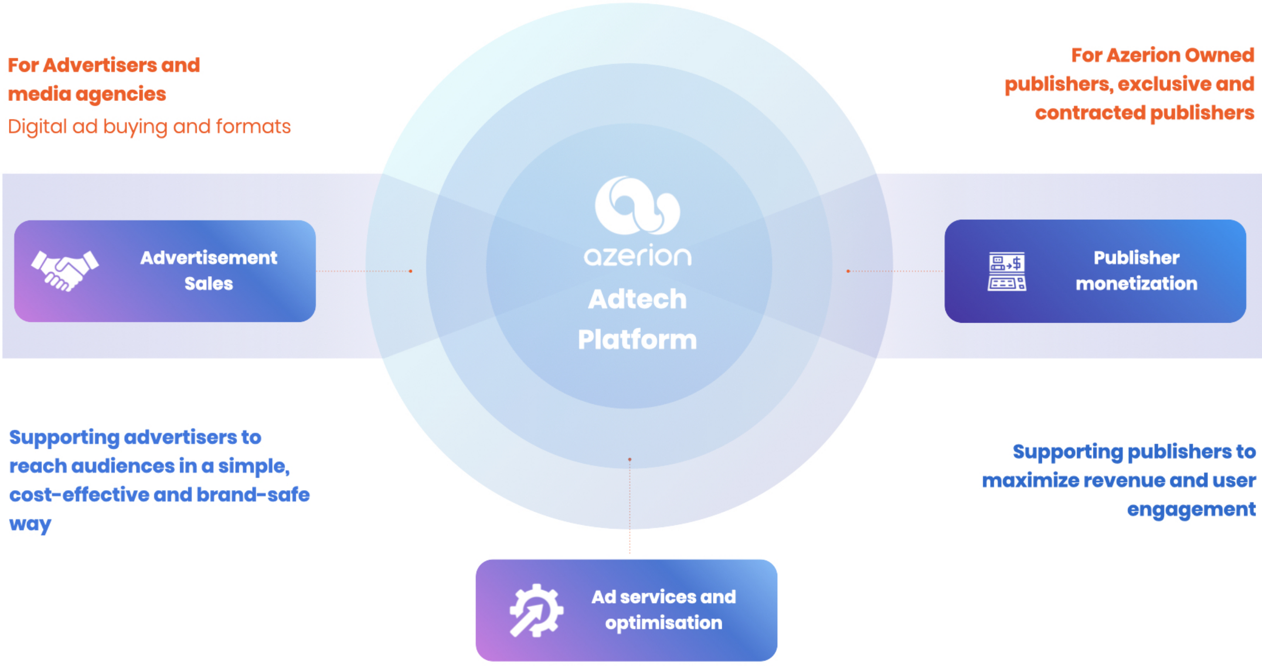
Azerion operates its own proprietary one-stop-shop advertising platform which connects advertisers to digital advertising opportunities across digital media channels globally and aims to cater for all the needs of all participants within its ecosystem. In the traditional online advertising value chain, there are many different layers and intermediaries that create a fragmented, complex and costly experience. By owning, operating, and consolidating the various layers into an efficient platform, Azerion is able to offer advertisers greater cost efficiencies and subsequently distribute a greater proportion of advertiser spend with publishers. This creates a competitive advantage for advertisers using Azerion's technology as they can reach their target audience more efficiently and frequently.

Brands that want to engage with audiences through advertisement typically do so through self managed campaigns or via the services of a media agency that manages campaigns on their behalf. Through Azerion's automatic auction sales platform and local direct sales teams that operate in numerous markets across the world, advertisers gain access to a global advertisement distribution network. Azerion operates the total programmatic advertisement supply chain, connecting advertisers campaigns via its demand side platforms (DSP), ad networks and supply side platform (SSP) to publisher inventory. Adverts are enriched through Azerion's advertisement optimization services and allocated to Azerion owned, exclusive or contracted publisher inventory, as well as third party platforms through its SSP solutions.

Offering publisher monetisation services, Azerion enables publishers to optimise the revenue they receive for their inventory. Publishers benefit from Azerion's advertisement optimization services by supporting them in filtering digital ad formats, target audiences, and other criteria from the advertiser, as well as set different rates for advertisement space for optimum monetisation of inventory. Publisher inventory that Azerion owns, have exclusive rights with or contracted to, that do not meet the criteria of the publisher, is offered to the open market for maximised publisher monetisation.

The more captivating the ad is the more memorable and likely the user will engage with the ad. Azerion offers proprietary digital advertising formats for display, video, high impact, mobile, in-app, digital-out-of-home, audio, in-game and hyperlocal channels across all major devices and platforms, driving significantly more user engagement compared to standard digital advertisement formats.

Azerion Adtech Platform



Unique value proposition for advertisers

Content is key to Azerion's business and is at the center of its business model. Audiences seek engaging and quality content that is accessible across a variety of devices and platforms. Monitoring trends in the market it is evident that users are increasingly seeking content that is not only digital but is agnostic to desktop and mobile as well as web or app based. User experience needs to be consistent across platforms and devices and blend seamlessly together. At the same time users want to be entertained, with content needing to be engaging, fun and increasingly gamified whilst being reliable, safe, and trustworthy. However, ultimately consumers want to onboard for free. The freemium model is an attractive proposition for advertisers, as well as game and non-game content providers, as this allows greater access to a wider audience. Azerion partners with non-game and game content providers and operates its own game solutions through casual, game distribution and e-commerce platforms.

Casual Games

Through its casual games and free to play (F2P) portals, Azerion offers casual games targeted at a wide, mass-market global audience for mainly PC and mobile users. Casual games generally have an easy-to-understand gameplay with a user interface facilitating short gaming sessions. Although Azerion owns some of the casual games that it offers to its users, most of the casual games that are offered are owned by third parties, with whom a licensing agreement is entered into. F2P portals are web-based platforms through which casual and other F2P games are made available to users. Operating a number of F2P portals users have access to a vast number of F2P casual games. Azerion also develops F2P portals for third parties, such as Gameloft & Cocos. Azerion's casual games and F2P portals business primarily generate revenue from advertisers paying for access to the users of those games and portals. Revenue generated from advertisements on Azerion's F2P game portals are shared with the content owners. For F2P game portals that Azerion develops for third parties, revenue generated from advertisements are shared with the F2P operator and the content owners.

Game Distribution

Game Distribution is a business-to-business platform for high-quality games targeted at a wide, mass-market audience. Game Distribution helps game developers and other content owners to monetise their games by connecting them with game publishers who can distribute the games to users. Game publishers form the link between the game developers and game users, marketing games to the gaming community and putting those games on the market for users to play. The games offered through Game Distribution primarily comprise casual games for PC and mobile. Game Distribution generates revenue predominantly from advertisers paying for access to the users of the games distributed through Game Distribution and, to a lesser extent, from users making in-game purchases. Revenue generated by Game Distribution is shared among the content owners, publishers and Azerion.

Azerion Fanzone

Through Azerion's Fanzone technology, sports clubs are able to engage with their members on an intimate level providing updates on announcements on the team, purchasing game tickets and club merchandise to further stimulate the club community through forums, playing games and more. These branded experiences also present a strong opportunity for advertisers to reach target audiences at scale, utilising Azerion's core expertise and portfolio of high-performing advertising technology. We leverage our experience in building businesses around audiences to expand into the world of sports, giving advertisers access to one of the most engaged consumer groups in the global market.

E-commerce

Azerion's sales platforms, Voidu and Genba Digital, enable digital content owners to distribute their games and software content online both to users and to games and software retailers. These sales platforms focus on selling digital access to triple-A games. Voidu is a digital business-to-consumer and e-retailer distribution platform enabling publishers, developers and distributors of games to distribute their games directly to users. Voidu has an extensive catalogue of gaming titles across a wide range of genres for console, PC and mobile devices. It generates revenue from selling games directly to consumers and e-retailers and shares that revenue with the content owners. Genba is a business-to-business digital logistics platform connecting games and software content owners with sales channels around the world. Genba works with publishers distributing games and software products to multiple regions through a network of retailers. Genba generates revenue from selling content through its platform in business-to-business sales and shares that revenue with the content owners.

Non-Game content

Azerion partners with hundreds of thousands of digital publishers of all types of content, including digital newspapers, magazines, blogs, websites or music. By way of example, Azerion works with the news media providers Telegraaph, Chicago Turbine, magazine titles such as the Stylist, auction and content sites Ebay and Vice as well as digital music.

Engaging audiences through Premium Games

Azerion operates nine premium game titles, defined as where it 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 the premium games is to stimulate social interaction among players by encouraging sharing, competing and cooperating with other players, as well as forming social bonds and networks offering an extended value proposition to advertisers and creating cross-selling opportunities with the Platform segment.

Premium Games are higher margin businesses which predominantly generate revenue through in-game purchases. The premium games can be divided broadly into metaverse and social card games.

Social Card Games

Azerion's social card games are predominantly played on mobile devices and consist of titles: Jackpot, Governor of Poker 3, Governor of Poker 2, Monopoly Poker and Poker World. These social card games are free to play and are driven by in-app purchases that enhance the players in-game experience. Contrary to the title of the games, these social card games do not constitute gambling as they do not facilitate cash out opportunities.

Metaverse

Azerion was one of the first companies to enter the metaverse and continues to be a front runner. Habbo Hotel was founded over 20 years ago and has developed a community of players from over 150 countries. This experience in developing, distributing and monetising the Web 3 has made us an attractive partner for advertisers for in-game branding opportunities and sale of virtual items. We help brands develop and sell digital collectables within the digital world to enhance the user gameplay and experience. The metaverse will continue to grow and offers many cross-selling opportunities for advertisers across our platform.

Azerion's growth strategy

Azerion's strategy is to continue its strong revenue and profitability growth in 2023 and onwards, which it will seek to achieve through a combination of organic growth opportunities and value accretive acquisitions. Azerion believes that its integrated platform and strong acquisition track record will enable it to execute and accelerate its buy-and-build strategy across its ecosystem. Azerion has identified four main drivers of continued growth: (i) structural market growth; (ii) platform growth; (iii) platform synergies and (iv) M&A.

Structural market growth
Azerion is well positioned to benefit from the anticipated future structural growth in the digital advertising and gaming markets. Ten years ago roughly two and half billion people had access to the internet and it has increased to five billion today. As an increasing amount of the population gain access to the internet the digital advertising market has grown significantly. In the coming years the cumulative average growth rate for the market is expected to grow by a CAGR of approximately 14% between 2022 and 2026, reaching a total market size of approximately $800bn (source: ResearchAndMarkets and "Datareportal – Digital 2022: Global overview report").

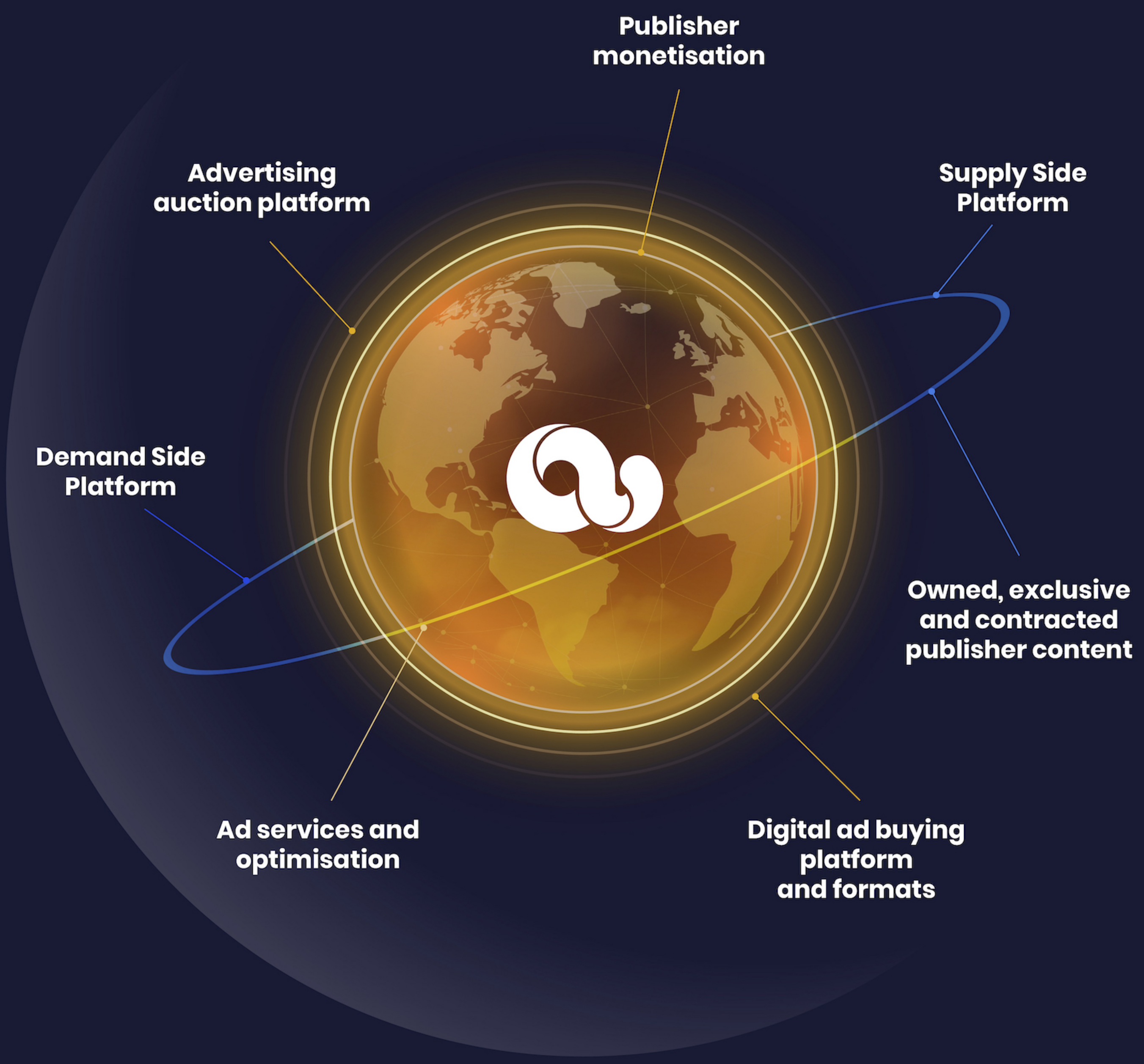
Platform growth
Azerion's organic growth strategy is centred around a number of drivers to capture market share as organic growth continues to increase in 2023 and onwards. These include, amongst others:

- Expand existing partnerships and build new strategic partnerships with agencies and advertisers;
- Expand geographically by the continued introduction of sales teams in selected new regions;
- Optimise advertiser spend on Azerion's proprietary advertising platform by providing high impact advertising formats for brands;
- Enter into a new and/or expanded strategic partnership with digital publishers;
- Further consolidate previous acquisitions and integrate into a single user interface.

Platform synergies
Azerion is focused on realising platform synergies and capturing network effects, including delivering the synergies available from past acquisitions. Azerion realises platform synergies in a number of different ways, including through content, its advertising sales capabilities and its operations and technology. Firstly, Azerion realises synergies through its content by applying enhanced distribution and generating an increased return on investment on user acquisition, which supports an increase in revenue and margin. Secondly, Azerion realises operational synergies through utilisation of its advertising sales teams generating synergies through Azerion's proprietary technology and content. Lastly, Azerion realises synergies through its operations and technology, for example, by generating operational leverage with shared services, office space, back-office capabilities, hosting and development resources, which supports an increase in margin over time.

M&A
M&A has been a core element to Azerion's growth since inception with more than 50 acquisitions made in the last seven years. As the company moves forward it will continue to review acquisition opportunities appropriately in order to expand the demand side of its advertising network, geographical reach, quality content offering, margin improvement and synergies between its advertising and gaming platforms. Azerion maintains a visible pipeline of multiple, actionable acquisition targets with a broad range of annual revenue represented by the potential acquisition candidates within that pipeline.

Offering an **integrated model** that optimises **the advertising value chain**



Our mission is to be the **go-to-player** for advertisers for an **easy-to-use**, **competitively-priced** and **brand safe** digital environment

Management structure and Corporate Governance

Until 31 January 2022, Azerion Holding B.V. had a management board which comprised of executive directors Mr. Umut Akpinar acting as Co-Chief Executive Officer of Azerion Holding B.V. and Mr. Atilla Aytekin acting as Co-Chief Executive Officer of Azerion Holding B.V..

In addition, Azerion Holding B.V. had an Executive Committee that supported the members of the Management Board in the day-to-day management of Azerion Holding B.V.'s business. Until 31 January 2022, the Executive Committee consisted of the members of the Management Board and the following additional members ("Executive Committee"):

- Maria del Dado Alonso Sanchez, Chief Financial Officer
- Sebastian Moesman, Chief Revenue Officer
- Joost Merks, Chief Investment Officer

On 1 February 2022, Azerion Holding B.V. and European FinTech IPO Company 1 B.V. ("EFIC1"), a special purpose acquisition company (SPAC) listed on Euronext Amsterdam, completed a business combination. Pursuant to this business combination, at the EGM of EFIC1 held on 31 January 2022, a two-tier board structure for Azerion Group N.V., the parent company of Azerion Holding B.V., was established comprising for the first time a Supervisory Board and the Management Board.

As of 2 February 2022, the Management Board board comprised of Mr. Umut Akpinar acting as Co-Chief Executive Officer of Azerion Group N.V. and Mr. Atilla Aytekin acting as Co-Chief Executive Officer of Azerion Group N.V. as well as Maria Del Dado Alonso Sanchez as Chief Financial Officer of Azerion Group N.V. The Management Board was supported by an Executive Committee ("Executive Committee") consisting of the following members:

- Ben Davey, Chief Strategy Officer
- Sebastian Moesman, Chief Revenue Officer
- Joost Merks, Chief Investment Officer

As of 25 May 2022, Mr Ben Davey replaced Ms Maria del Dado Alonso Sanchez as Chief Financial Officer of Azerion Group N.V. and retained his position on the Executive Committee.

For more detail on the Supervisory Board and the Corporate Governance proceedings of Azerion Group N.V. following the business combination with EFIC1, please refer to Supervisory Board report, starting on page 47.

The Dutch Corporate Governance Code

The Dutch Corporate Governance Code applies to Dutch companies whose shares are listed on a regulated market or a comparable system. The Dutch Corporate Governance Code applies to Azerion Group N.V., as a result of its listing on Euronext Amsterdam. Azerion recognises the importance of good corporate governance and endorses the core principles of the Dutch Corporate Governance Code and is committed to following the Dutch Corporate Governance Code's best practices. However, considering its interest and the interests of stakeholders, Azerion deviates from a limited number of best practice provisions.

A detailed comply-or-explain section in relation to the Dutch Corporate Governance Code, refer to Corporate Governance, starting on page 45.

Shareholder engagements

Key events

In its first year as a listed company, the Investor Relations team at Azerion has worked to connect the business, namely senior management, with analysts, shareholders, and investor communities through publishing regular financial information and business updates. Through the continuous engagement with all the capital markets stakeholders, we were able to create greater visibility for the company and further enhance its recognition amongst clients, peers and partners.

Across the year Azerion participated and organised various conferences and roadshows in order to increase its visibility in the capital markets. These efforts helped us better understand how our analysts, shareholders and potential investors perceive Azerion. We organised a Strategic Deep dive webcast in November 2022 creating a platform for senior management to clearly explain our business, our recent achievements and the path to delivering on our financial targets.

The business combination resulted in two financial reporting entities, namely Azerion Group N.V. as a listed parent company and Azerion Holding B.V. as a subsidiary with issued and outstanding bonds listed in Sweden. In order to simplify the reporting of financial information in our publications we merged Azerion Group N.V. as the surviving company, with Azerion Holding B.V. as the disappearing company. This legal merger was completed on 31 December 2022 and became effective as of 1 January 2023. This has allowed us to report in a more timely and accurate manner. For our analysts and investors this also created greater transparency as to the financial performance of the business.

Share information

Azerion's issued capital and voting rights are notified to the Dutch Authority for the Financial Markets (AFM) accordingly. This reporting can be found in the register issued capital on https://www.afm.nl. Shareholders owning 3% or more of the issued capital and/or voting rights of a listed company must report this to the AFM as soon as this and certain other thresholds are reached or exceeded or crossed. The obligation to notify changes in ownership when a threshold is reached, exceeded or crossed is the responsibility of the respective shareholder. This reporting by shareholders can be found in the 'Register of substantial holdings and gross short positions' at https://www.afm.nl.

The following table sets out the notifications of substantial shareholdings with the AFM, as at 24 April 2023 :

Majority shareholder information

in % of ownership

	Number of ordinary shares [1]	Ownership percentage against number of ordinary shares outstanding [2]	Date of last notification at the AFM
Principion Holding B.V.	48,099,992	40.1%	23/05/2022
U.Akpinar [3]	13,593,750	11.3%	23/05/2022
A.Aytekin [3]	13,593,750	11.3%	23/05/2022
H.T.P Investments B.V.	8,173,174	6.8%	02/02/2022
Y.Erbas	7,500,000	6.3%	23/05/2022

[1] As recorded in the AFM Register of substantial holdings and gross short positions.

[2] Implied capital interest percentage based on number of Ordinary Shares outstanding (excl. Treasury) as at 15 February 2023, as presented on the Investor section of Azerion's website. As such, the implied percentages differ from the percentages shown in the AFM Register of substantial holdings and gross short positions, since the AFM percentages are based on all capital instruments (e.g. including Treasury Shares and not limited to Ordinary Shares alone).

[3] Co-founders and Co-CEOs U. Akpinar and A. Aytekin have participated in an equity capital raise, both reporting an additional 686,813 acquired ordinary shares in Azerion Group N.V. on 19 July 2022. These additional shares are recorded separately in the AFM "Register notifications directors and members of the supervisory board".

Visibility on our IR page website

Azerion has an Investor Relations page on our website where, among other information, our financial calendar, annual reports, press releases, presentations, webcasts, and shareholder information is readily available to the public. Investor Relations is the primary point of contact for all potential and current shareholders, bondholders, analysts, and other stakeholders.

Azerion aims to always act with integrity and in compliance with all applicable laws, regulations, and best practices. To ensure compliance and transparency, the ‘Investor Relations Privacy Policy’ was adopted and is reviewed annually to remain current. This policy can be found published on our website.

Operational and financial Review 2022

Azerion is organised broadly by way of two different segments: Platform and Premium Games.

The Platform segment contains our advertising, casual games, games distribution and e-commerce activities. The Premium Games segment contains our highest user engagement titles, monetised primarily through in-app purchases.

The Dutch structure regime *(structuurregime)* is not applicable to Azerion.

Overview of key events

Acquired companies

Azerion has experienced rapid expansion since 2014, driven by both organic activities and strategic acquisitions. Azerion remained a highly active acquirer in 2022, completing a number of transactions as described more fully below:

Control obtained

- 100% of issued capital in Infinia Mobile SL
- 100% of issued capital in Madvertise Media GmbH
- 100% of issued capital in Madvertise Media SAS
- 100% of issued capital in Vlyby Digital GmbH
- 100% of issued capital in Mmedia B.V.
- 100% of issued capital in Monolith Partners
- 100% of issued capital in Hybrid Theory Global Ltd
- 100% of issued capital in Radionomy Group B.V.
- 100% of issued capital in Adplay Srl

These acquisitions served to expand and solidify Azerion's European footprint in our Platform segment, while adding selected technological capabilities to our programmatic advertising solutions portfolio. The 2022 acquisitions supported our vision to deliver an entire end-to-end suite of solutions to our digital ecosystem of consumers, advertisers, publishers and game creators. The Azerion family is pleased to welcome these exciting businesses to the company, and are confident that they will bring added value to platform stakeholders.

During 2022 Azerion completed two asset deals consisting of full monetization solutions for digital publishers in Italy (TakeRate) and France (Adverline).

For further detail on the 2022 acquisitions, please refer to note 5: Acquisitions.

Disposals

During 2022 the Company liquidated the legal entity HI-Media USA Holdings Corp., Hi-Media LLC and one other dormant legal entity.

Other key events

On 1 February 2022, Azerion completed its business combination with special purpose acquisition company, EFIC1. As a result Azerion became listed on Euronext Amsterdam with trading in its shares commencing on 2 February 2022. As part of the business combination, Azerion received a net total primary cash proceeds of about €59 million.

In July 2022 and to further support Azerion's growth, a small equity capital raise of €10.5 million was completed in the form of a private placement of existing ordinary treasury shares of Azerion, predominantly to Azerion's co-CEO's investment vehicles. The net proceeds from the placement were available to support growth opportunities and for general corporate purposes, adding to the operating cash flows generated by the business.

On 31 December 2022, with effective date 1 January 2023, the legal merger of the legal entities Azerion Group N.V. and Azerion Holding B.V. was completed with approval by the bondholders, with Azerion Group N.V. being the surviving entity. The main objective of the merger was to simplify and streamline the financial reporting and other communications to the market.

Group financial review 2022

Financial review 2022

Financial results - Azerion Group

in million of €

	FY	
	2022	**2021**
Net revenue	452.6	308.1
Gross profit	166.3	120.8
Operating profit / (loss)	(139.0)	8.4
Adjusted EBITDA [1]	52.1	46.7
Net revenue growth %	46.9%	
Gross profit margin %	36.7%	39.2%
Adjusted EBITDA growth %	11.6%	
Adjusted EBITDA margin %	11.5%	15.2%

[1] For reconciliation of operating profit to adjusted EBITDA please refer to note 30: Operating segments.

Revenue

Revenue for the year amounted to € 452.6 million, an increase of € 144.5 million, or 46.9%, as compared to FY 2021 (€ 308.1 million). In relation to the total revenue for the year of € 452.6 million, Platform revenue increased 55% to € 363.5 million (2021: € 234.5 million), whereas Premium Games revenue increased 21.1% to € 89.1 million (2021: € 73.6 million). The segmental revenue split shifted to be more focused on Platform segment recognising the strategic efforts made by management, with Platform contributing 80.3% to total group revenue (2021: 76.1%) and Premium Games contributing 19.7% (2021: 23.9%).

Earnings

The Group incurred operating loss of € (139.0) million in 2022 compared to operating profit of € 8.4 million in 2021. This was mainly caused by de-SPAC related expenses of € 144.5 million which mainly consists of listing expense of € 107.1 million, professional fees of € 13.2 million, transaction related Share-Based payment costs of € 22.7 million.

Profit / (loss) for the year attributable to owners of the Company amounted to € (134.3) million loss, compared to € (19.6) million loss for the full year 2021. This is due to lower operating result described in the preceding paragraph, partly offset by favourable change in net finance costs of € (1.1) million (2021: € (26.6) million) and tax benefit in 2022 of € 7.0 million (2021 : € (2.0) million).

Capex

Azerion capitalizes its development costs, which are generated by continuous investments in asset development, a core activity to support innovation in its content and technology platforms. These costs primarily relate to developers' time devoted to the development of games, platforms, and other new features. A total of € 21.2 million (2021: € 17.0 million) were additions due to development, of which € 16.6 million (2021: € 12.1 million) related to internally developed intangible assets, equivalent to 3.7% of revenue (2021: 3.9%). Any costs associated with research are expensed as they arise and only identifiable development costs are capitalised. See note note 7: Intangible assets for more information on capitalisation of Research and development.

Information regarding financial instruments

Financial instruments include borrowings, trade and other receivables, cash items, trade payables and other amounts payable. During the normal course of business, the Group uses various financial instruments that expose it to market, currency, interest, cash flow, credit and liquidity risks. To control these risks, the Group has instituted policies and procedures that are intended to limit the risks of unpredictable adverse developments in the financial markets and thus for the financial performance of the Group. The business risk exposure is limited within financial instruments, due to the nature of the business. Contracts are generally short-term, and currency exposure is relatively limited but increases as the company grows internationally. The largest part of the Company's revenue and external financing is denominated in Euros.

For further information on financial instruments, please refer to note 28: Financial risk management

Research and development
Azerion has a large R&D team that is responsible for the development of online games and advertising technologies. In 2022, we invested significant resources into enhancing our gaming portfolio expanding alongside existing high-quality titles such as L.o.l Surprise, Instant Party Games and Smiley World. In addition, we continued to invest in developing new features for our existing gaming portfolio in Habbo, Hotel Hideaway and Governor of Poker 3 to increase the gaming experience and monetisation potential. The development process, including software architecture design and planning is managed from the Company's headquarters in Schiphol-Rijk.

Outlook
Azerion managed significant growth in the financial year 2022, focusing on the execution of its growth and efficiency optimisation strategies. Profiting from the relative resilience in its business model throughout the year, underlying growth for both platform and premium games segments continued. The company expects to remain resilient to market conditions and grow the platform business during the course of the year 2023. Additional scale in the platform segment is expected due to acquisitions made in 2022, as the company aims to provide greater efficiencies to clients as it optimises its technology and operations.

We currently expect to grow Net revenue to around € 560 million for the full year 2023 with adjusted EBITDA for 2023 expected to be at least € 75 million.

The expected improvement in Adjusted EBITDA margin is 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 new material acquisitions or divestments.

Platform financial review 2022

Our Platform segment includes advertising, casual games, 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 - Platform

in million of €

	FY	
	2022	2021
Net revenue	363.5	234.5
Gross profit	121.4	78
Operating profit / (loss)	(6.5)	2.3
Adjusted EBITDA	35.0	26.6
Net revenue growth %	55.0%	
Gross profit margin %	33.4%	33.3%
Adjusted EBITDA growth %	31.6%	
Adjusted EBITDA margin %	9.6%	11.3%

Platform Net revenue for the year was € 363.5 million, an increase of 21.1% compared to 2021, mainly due to acquisitions as well as organic growth.

Adjusted EBITDA for the year was € 35.0 million, increasing by 31.6% compared to 2021, primarily driven by higher Net revenue and increased platform efficiency.

Revenue and profitability were supported by the acquisitions of Infinia Mobile, Madvertise, Vlyby Digital, Mmedia, Monolith Partners, Hybrid Theory Global, Radionomy Group and Adplay during 2022. These acquisitions have expanded Azerion's platform reach, in terms of advertisers, publishers, content producers and audiences globally.

The focus of 2022 was to integrate these companies technically and commercially to provide customers greater scale and efficiencies. As the company continues to develop and integrate these technologies, the Azerion platform should grow in efficiencies providing an improved and expanded service to our clients.

Premium Games financial review 2022

Our Premium Games segment includes social games and metaverse, comprising of 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 - Premium Games

in million of €

	FY	
	2022	2021
Net revenue	89.1	73.6
Gross profit	44.9	42.8
Operating profit / (loss)	2.1	6.0
Adjusted EBITDA	17.1	19.8
Net revenue growth %	21.1%	
Gross profit margin %	50.4%	58.2%
Adjusted EBITDA growth %	(13.6)%	
Adjusted EBITDA margin %	19.2%	26.9%

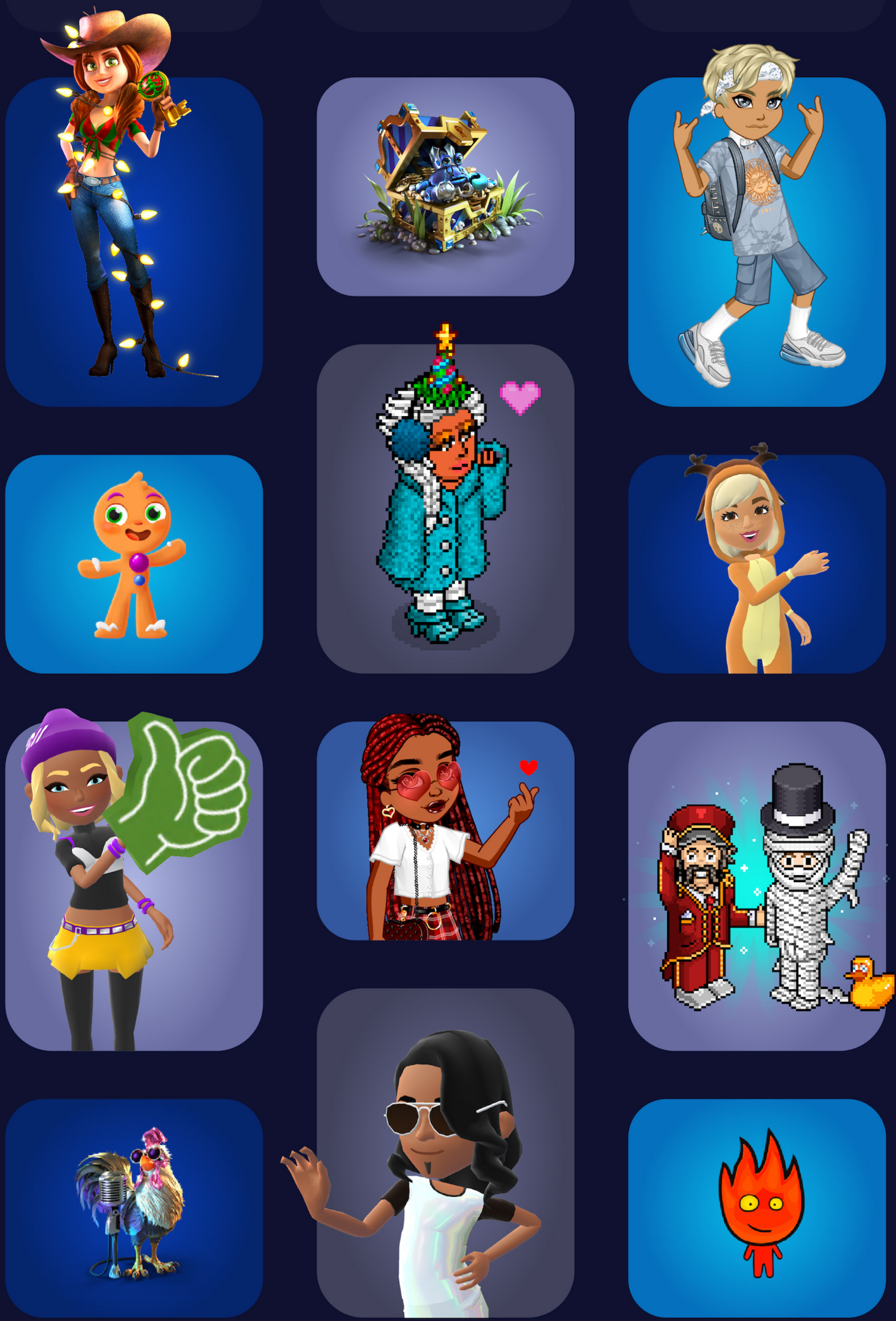
Premium Games Net revenue for the year was € 89.1 million, an increase of 21.1% compared to 2021, mainly due to organic growth.

Adjusted EBITDA for the year was € 17.1 million, a decrease of (13.6)% compared to 2021, reflecting lower Net revenue margins, largely due to the absence of high margin NFT activities and subsequent trail commissions in 2022, as compared to 2021, coupled with marketing and user acquisition costs.

Premium Games has been a solid contributor to revenue, growing year on year despite a challenging market with significant tailwinds easing. In 2022, we further developed our presence in the Metaverse and launched a new segment in Azerion Fanzone to develop new platforms that allow advertisers to connect with audiences through new channels.

Other financial review 2022

Reporting segment Other contained in 2022 an operating loss of € (134.6) 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. For details see note 30: Operating segments.



Risk management

Selected Significant Risks and Uncertainties

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

In achieving its long-term objectives, Azerion is inherently involved in taking certain risks and accepting selected uncertainties. The extent to which Azerion is prepared to take risks to achieve its objectives differs according to each objective and risk category. The table below, while not exhaustive, describes the principial material risks that may impact Azerion's business and the industries it operates in and is reviewed periodically by the Management Board and Executive Committee.

When considering making an investment in Azerion, you should read these risks and uncertainties. Other risks and uncertainties currently not known to Azerion may occur in future and could materially affect Azerion's operating results and financial position adversely .

As the De-SPAC Transaction between EFIC1 and Azerion Holding B.V. completed on 1 February 2022, Azerion complies with principle 1.4 of the Dutch Corporate Governance Code ('Risk management accountability') from 2022.

Risk category	Risk appetite	Impact	Mitigants
Strategic Risks			
Risks relating to success of new games and game related innovation	*High*	Low - There is a risk that the acquisition, development, distribution or introduction of new popular online games or extending the life of existing popular online games could fail and have an adverse effect on Azerion’s operating results and financial condition.	Azerion operates a very large established portfolio of proprietary and 3rd party online casual and social games, diversified across genres, game styles and target audiences. In addition, Azerion has access to player-related behaviour and preference data, which we use to inform decision-making. We also operate a AAA-game distribution platform which provides us additional insight into the latest game trends and player preferences, which we leverage for our casual game portfolio development. Therefore, it is unlikely that new games or features will significantly fail or that they would greatly impact Azerion 's results.
Risks related to technology developments and innovation	*High*	Medium - There is a risk that adjustments and changes in technology, development platforms, devices or operating models can affect the online gaming, advertising technology and e-commerce industries have an adverse effect on Azerion’s operating results and financial condition.	Azerion constantly evaluates technological developments and innovations in the sectors it operates in. Azerion's lean and agile product and engineering team allows the company to adapt to new technologies and challenges. Significant investments are made annually to maintain the relationships with counter parties, suppliers, clients and peers to be constantly aware of technological advancements and developments in order to adapt appropriately.
Key employee retention	*Low*	Medium - If Azerion cannot retain its senior leadership and other key employees, it may not be able to manage its operations successfully and deliver its strategic objectives.	Azerion has designed competitive compensation packages for its key employees, benchmarked against appropriate peers. Part of these packages are variable and aligned with the performance of the business. Our stock market listing is expected to add to the attractiveness of Azerion as an employer, due to a stock plan for senior management. In addition, we actively promote career development and other development opportunities.

Risk category	Risk appetite	Impact	Mitigants
Strategic Risks			
Competition	*Medium*	Medium - The digital advertising market is highly fragmented and intensely competitive and digital advertising businesses face competitive pressure from well-established internet companies, advertising agencies and traditional media. Increasing competitive pressure may have a material adverse effect on Azerion's operating results and financial position.	Azerion acts as a consolidator in a fragmented and competitive market. It has substantial acquisition experience and dedicates significant resources to sourcing, executing and financing acquisitions. In addition, Azerion continuously seeks to expand and improve its product and service offering to consumers and clients to remove friction and pricing inefficiencies from, for example, the digital advertising value chain. In addition, our increasing scale offers operating leverage to support our margins and our ability to be competitive over time.
Acquisition risks	*Medium*	Medium - Azerion may not be able to successfully source or integrate acquisitions without incurring substantial costs or additional risks, or with delays or with other adverse effects or may incur unforeseen liabilities from past acquisitions. Associated costs could have a material adverse effect on Azerion's operating results and financial condition.	Azerion acts as a consolidator in a fragmented market. It has substantial acquisition experience and dedicates significant resources to sourcing, executing and implementing acquisitions. It has a dedicated in-house M&A and integration team consisting of M&A specialists, legal counsel and finance specialists, supported by in-house specialists on compliance, tech/IT and business topics. In addition, it maintains working relationships with a broad range of advisory firms including on M&A, legal and financial/tax..
Operational Risks			
Advertising clients	*Medium*	Medium - If Azerion is unable to attract and maintain a sufficiently scaled userbase by failing to offer attractive advertising formats and models or technology, advertisers may not purchase Azerion's owned and third party inventory. Conversely, for Azerion's network of publishers it becomes less attractive to allocate publisher inventory through Azerion's technology solutions. This could have a material adverse effect on Azerion's operating results and financial position.	Azerion invests significantly into the development of its full stack Advertising Platform technology to provide a broader and targeted audience in a safe environment. Through ad optimisation and various ad formats, Azerion is able to provide a higher quality ad, resulting in greater audience engagement. Operating across the digital advertising supply chain, Azerion is able to increase publisher monetisation by reducing the number of intermediaries in the process, providing publishers a greater return on their inventory. Localised sales teams across Europe provide localised expertise to reach an engaged global audience.

Risk category	Risk appetite	Impact	Mitigants
Operational Risks			
Game and content customer (B2C) retention and acquisition	*Medium*	Medium - If Azerion is unable to attract and maintain a sufficient user base or otherwise fails to offer attractive games and game features, costs for retaining users as well as acquiring new users may increase or become less economically viable.	Azerion invests significant resources into the development of new features for existing and new games in order to maintain and grow its user base. Through data and analytics we are able to test and adjust our acquisition, retention and monitisation mechanisms to optimality align user preferences and enhance the gaming experience where possible.
Dependence on paying players and risks related to behaviour	*Medium*	Medium - Azerion's games are mostly available to users for free, but Azerion generates revenue from the games when users make in-game purchases, as well as from in-game advertising. If Azerion fails to manage its gaming economies properly or fails to protect Azerion's games against cheats, inappropriate behaviour or malfunction, our reputation may be damaged and users may be less inclined to play and/or spend money in the games, which could have a material adverse effect on Azerion's operating results and financial position.	Azerion invests significant resources in new feature development of its existing games as well as in new games in order to maintain its userbase and in ensuring its games are safe and reliable. Furthermore, in addition to in-app purchases, our games are monetised through advertising, providing revenue resilience.
B2B risks relating to third party content owners and third-party distribution partners	*Medium*	Medium - There is a risk that Azerion fails to maintain good relationships with a sufficient number of owners/developers of relevant content and third party distribution partners, which could cause the number of games it can offer and distribute to decrease. This could have a material adverse effect on Azerion's operating results and financial position.	Azerion operates a dedicated developer and publisher relations teams, who are responsible for ensuring that engaging gaming and non-gaming content is accessible on our Platform. Azerion's Platform benefits from scale as the larger the number of gaming and non-gaming content grows the more attractive and necessary it is for distribution partners to engage with it.
Risks related to intellectual property	*Low*	Low - There is a risk that Azerion's failure to protect its IPR and expenses related thereto may have a material adverse effect on Azerion's operating results and financial position.	Key IPs are protected by Azerion and our internal legal teams work with the business leadership to monitor and, if required, protect that IP, supported by external advisors if required. Monitoring is done with automated scans and vigilance by internal and external experts for IP infringements of our content.

Risk category	Risk appetite	Impact	Mitigants
Operational Risks			
Risks related to cyber security and dependence on (third party) technology	*Low*	Medium/High - There is a risk of Azerion failing to prevent technological/infrastructure disruptions to its technology platform and/or third-party critical infrastructure and/or external threats through cyber attacks, which could have a material adverse effect on Azerion's operating results and financial position.	Azerion has a specialised in-house Corporate IT team, working in partnership with the Legal and Data Protection teams, providing services including information security and cyber-security protection. A Cloud Centre of Excellence is used for the management of cloud security. In addition, Azerion has adopted and implemented both internal and externally provided technology tools and processes related to protection.
Customer loyalty	*Medium*	Medium - Although Azerion's overall levels of client concentration remain relatively low, in Azerion's client base there is a handful of large advertisers and publishers. In the advertizing market it is common practice to have short termination notice periods. If many large contracts are terminated simultaneously, this may have an adverse effect on Azerion's operating results and financial position.	Azerion works with and maintains a diverse and broad client and contract base and invests significant resources into maintaining and expanding client relationships (including contract duration) as well as in the attractiveness of its product suite. The largest segment of the client population uses Azerion's own product and game distribution and monetization. These clients don't terminate easily due to Azerion's unique value proposition. A small segment of the client population, however, has more choice in the market and may terminate more easily. To promote customer loyalty, Azerion operates a significant network of client service management teams across European countries and continuously adds new features and products to its technology to keep providing maximum value and minimum friction to all of its clients.
Technical developments in the market due to changes in cookie and privacy regulations	*Medium*	Low - Industry-wide blocking, restriction on or deletion of cookies or other modifications to privacy settings on PCs and mobile devices including the development of ad blocking technologies could restrict or impair Azerion's data collection and the effectiveness of its products and services.	Azerion strives to adhere to all relevant data and privacy-related laws and regulations. We have diversified revenue streams across products, operating systems and monetisation models. Industry-wide changes where consumer identity / behaviour cannot be revealed and tracking for advertisers becomes increasingly difficult, play to the strength of our business model of integrated content and advertising technology. Our available proprietary data allows informed decision-making and we do not materially rely on third parties to supply this data.

Risk category	Risk appetite	Impact	Mitigants
Operational Risks			
Market conditions	*Medium*	Medium - General economic, market and political conditions that negatively affect marketing and advertisement spend, may affect Azerion's operating results and financial position.	We have designed our organisation in a lean, agile and flexible way and train employees to be comfortable with changing circumstances. We have a proven ability to adapt to and mitigate adverse market conditions and our diverse business model and client base provide a measure of resilience to market conditions.
Market power shifts	*Medium*	Medium - Changes in the advertising network value chain, where programmatic buying reduces the intermediaries' importance or where other new models emerge, may result in a decrease in Azerion's margins, which may materially and adversely affect Azerion. A decrease in Azerion's margins may also result from a consolidation of publishers, advertisers or intermediaries along the value-chain as such shifting buying power across the industry. If for any other reason there is a shift in the buying power among the publishers, other intermediaries and the advertisers respectively, this could have a material adverse effect on Azerion's operating results and financial position.	Azerion has diversified revenue streams across owned and operated gaming content, game distribution and advertising technology. In advertising technology, we consolidated services and products throughout the entire value chain, both organically and through M&A. Our extensive content portfolio and audience-related datasets provide us with a competitive advantage and, combined with our end-to-end technology stack, provides a level of protection against changing market power shifts.
Risks related to environmental impact of our business activities	*Low*	Medium – Our business activities across online gaming and digital advertising require a significant amount of data usage and data processing as well as associated hardware manufacturing and power usage, both contributing to global greenhouse gas emissions. Compliance with environmental regulations may lead to additional costs for Azerion, which may adversely affect Azerion's operating results and financial position.	Azerion has multiple processes and policies in place to track and monitor its environmental impact, including promotion of climate awareness campaigns towards its employees, as well as various offset initiatives. In addition, energy reduction is an important vendor selection criterion.

Risk category	Risk appetite	Impact	Mitigants
Operational Risks			
Fraud in advertising creatives and bot activity in ad views	*Medium*	Medium - Advertising creatives may contain malvertise and fraudulent scripts, which may cause reputational damage to our clients and it may have regulatory consequences for our clients and Azerion itself. Bot accounts generate fraudulent ad views. That makes advertising less effective and (prospective) advertisers may not be interested in selling ads through Azerion's technology solutions. All of the above could have a material adverse effect on Azerion's operating results and financial position.	Azerion performs continuous automatic and manual scans on advertising creatives provided by demand side partners for malvertise and fraudulent scripts. Malvertise and fraudulent scripts are detected very quickly and removed immediately upon detection. Azerion has tools in place to automatically identify unusual behaviour in our publisher network - including tools to detect high numbers of bot account creation - and to block fraudulent activities.
Fraud related to in-game payments, app store purchases and e-commerce	*Medium*	Low - There is a risk of illegitimate in-game payments, illegitimate purchases in the app stores and illegitimate e-commerce purchases. That may cause products to be sold, without receiving payment, which could have a material adverse effect on Azerion's operating results and financial position.	Azerion has systems in place that check in real time whether a sale is done legitimately. In the rare instances where real time checks cannot be done, post event checks are conducted to identify and block any fraudulent accounts. The occurrences of fraud on Azerion's e-commerce platforms are both small in amount and in duration, as unusual behavioural patterns are easily recognised by automatic controls and by the experienced sales team. The detection of fraudulent and bot activity is recognised almost instantaneously and blocked immediately.
Phishing and social engineering	*Medium*	Medium - Phishing and social engineering activity sometimes target employees for personal or company details, occasionally in exchange for a reward. Whatsapp and e-mail scams sometimes target the employees to execute payments to illegitimate receivers. If processed, such payments could have a material adverse effect on Azerion's operating results and financial position.	Within Azerion there is broad awareness of these phishing and social engineering risks and management continues to focus on ongoing training, systems and controls. Furthermore, in case of a social engineering event, IT is informed and the e-mail addresses are added to the blocking lists and spam filters. Additionally, Azerion conducts a periodic anti-phishing awareness campaign.

Risk category	Risk appetite	Impact	Mitigants
Compliance and Legal Risks			
Compliance with regulations and/or government actions	*Low*	High - Azerion is subject to a variety of national and international laws, directives, regulations, policies, actions by governments or related authorities, and other legal obligations. The increasingly complex set of compliance rules could result in additional costs and liabilities and constraints for Azerion and may have a material adverse effect on its operating results and financial condition.	Azerion strives to adhere to all relevant regulatory obligations. We have in-house Legal and Compliance teams who, together with the relevant business teams, actively monitor and assess developments in laws and regulations in applicable jurisdictions and act appropriately where necessary or prudent to mitigate potential risks as well as continue to invest in technologies and tools to enhance the control environment.
Litigation	*Medium*	Low - As part of the ordinary course of operation, there is a risk of commercial disputes arising from time to time. In some instances those commercial disputes may result in litigation and additional costs and liabilities that may have a material adverse effect on its operating results and financial condition.	Azerion has in-house Legal teams who, together with the relevant business teams, actively monitor developments in its commercial relationships. In addition, where appropriate Azerion has a network of external legal advisers to advise on and assist in managing any such commercial disputes.
Financial and Reporting Risks			
Adverse micro- and macroeconomic developments and seasonality	*Medium*	Medium - Azerion is subject to microeconomic and macroeconomic developments across a wide geographical footprint. The industries in which Azerion operates are also subject to seasonality in activity. There is no assurance that trends seen in previous years with respect to operations and cash flows will continue into the future, which may limit the predictability of Azerion's operating results and financial position.	Notwithstanding recent distorting effects (e.g. the COVID-19 pandemic, global political instability), past performance (both organic and acquired) is not an indication of future performance. Gaming activity is usually highest during the summer and end-of-year holiday periods and advertising activity is generally highest towards the end of the year (to mirror consumer spending). We expect past performance patterns to continue over the long-term and Azerion should also benefit from an increasingly scaled and diverse customer and partner base and business model over time.

Risk category	Risk appetite	Impact	Mitigants
Financial and Reporting Risks			
Funding	*Low*	High - If sufficient cash flow to finance Azerion's strategy cannot be generated, Azerion may require access to external sources of capital. In such cases, Azerion may encounter internal and external funding challenges including (, but not limited to): decrease in creditworthiness; increase in interest rates; increase in risk premium for investors; limitations on debt issuance and/or refinancing; limitations on equity issuance; limitations on credit; inclement terms by lenders; inclement conditions for bond repayment. Such challenges may have a material adverse effect on Azerion's operating results and financial position.	Azerion has a track record of Adjusted EBITDA-profitable growth and is continuing to grow its business aiming to increase its revenue, Adjusted EBITDA and cash generation from operating activities over time. Azerion seeks to employ and maintain a diversified, well-balanced funding structure including equity, bond financing, factoring and bank facilities. In addition, Azerion addresses funding challenges through cash flow modeling, disciplined planning and control and early engagements with banks and advisers on (bond) refinancing strategies.
Crypto-currency risk	*Low*	Low - Azerion has run, and may continue to run, projects that involve accepting cryptocurrency payments (Ether). If Azerion fails to comply with any prohibitions that may be applicable to cryptocurrency, Azerion could face regulatory or other enforcement actions and potential fines and other consequences. Cryptocurrencies have in the past and may in the future experience periods of extreme volatility. Fluctuations in the value of any cryptocurrencies that Azerion accepts or holds at any time or failure by Azerion to convert any such cryptocurrencies into an official currency, such as Euro or USD, at the exchange rate that Azerion expected to realise when accepting the cryptocurrency or at all, may have a material adverse effect on Azerion's operating results and financial position.	Our activities that involve cryptocurrencies have been limited to date. While we do anticipate more of those projects in the future, they are expected to remain relatively limited for the time being in terms of overall economic impact to our consolidated financial results. Nevertheless, we are conservative in the choice of cryptocurrency we use/accept (we favour a widely accepted cryptocurrency) and we use service providers that help us identify counterparties, mitigate malfeasance and related concerns.

Risk category	Risk appetite	Impact	Mitigants
Financial and Reporting Risks			
Foreign exchange exposure risk	*Medium*	Medium - Most of Azerion's revenue and expenses continue to remain in Euros. However, due to the international nature of Azerion's business, including from recent acquisitions, an increasing portion of its revenue and expenses are denominated in currencies other than Euro, particularly USD and GBP. Fluctuations in exchange rates between the Euro and the other currencies in which Azerion does business could have a material adverse effect on Azerion's operating results and financial position.	The largest part of the Company's revenue, expenses and external financing is denominated in Euros. While conversion risk remains relatively low and selectively hedged in relation to certain aspects of the operation, the proportion of cashflows denominated in USD and GBP has increased compared to previous years. As a result, Azerion's business, finance and treasury teams work together to manage these evolving foreign exchange risks.
Related party transactions	*Medium*	Low - Azerion and certain of its subsidiaries are party to lease agreements, financing arrangements and certain other arrangements which may be considered related party transactions, indirect shareholders of Azerion or other related parties. These related party transactions may create potential conflicts of interest.	Azerion takes care to provide that such transactions are conducted on an arm's length basis, including by involving independent third parties and/or utilising market data where appropriate to assess and review key transaction terms and fundamentals.
Tax risks	*Medium*	Medium - Changes in tax laws, regulations and treaties, changes in the interpretation and enforcement thereof, and the introduction of new tax laws or regulations with or without retroactive effect could have a material adverse effect on Azerion. Azerion conducts business in multiple jurisdictions and is exposed to the tax laws of such jurisdictions, including the risks in connection with challenges to its tax position or adverse outcomes of tax audits. In addition, transfer pricing adjustments may adversely affect our corporate income tax expense.	Our in-house Tax team, supported by external advisers, monitor and review local practices to provide reasonable assurance that we remain aware of and act in compliance with relevant laws and policies, including those related to reporting and tax. A dedicated transfer pricing specialist manages the transfer pricing.

Risk category	Risk appetite	Impact	Mitigants
Financial and Reporting Risks			
Bond prepayment event	*Low*	High - Pursuant to the final terms and conditions for the Bonds, the Bonds will be subject to prepayment at the option bondholders if a prepayment event occurs. There is a risk that the Group will not have sufficient funds at the time of such a prepayment to make the required prepayment of the Bonds which would have a material adverse effect on the Group, e.g., by causing insolvency or an event of default under the Terms and Conditions, and thus have a material adverse effect on all bondholders and not only those that choose to exercise the option.	Azerion has invested significantly in its internal system of checks and balances to monitor and control events that could lead to early prepayment. This includes investment in its finance, accounting and legal teams and enhanced governance structures, as well as the appropriate use of external advisers and resources from time to time. In addition, our recent stock market listing provides us with additional sources of financing to help meet early prepayments, if any.
Risks relating to the bond guarantees	*Medium*	Low - Azerion's obligations towards the bondholders under the Bonds will be guaranteed. However, there is a risk that any enforcement of claims under the guarantees would be insufficient to satisfy all amounts owed to the bondholders at the time of enforcement. If the guarantors were to guarantee any other obligations, there is a risk that guarantees granted towards the current bondholders would be impaired.	Azerion has a track record of Adjusted EBITDA-profitable growth and is continuing to grow its business aiming to increase its revenue, Adjusted EBITDA and cash generation from operating activities over time. Azerion seeks to employ and maintain a diversified, well-balanced funding structure including equity, bond financing, factoring and bank facilities.
Risks relating to transaction security	*Medium*	Low - Azerion's obligations towards the bondholders under the Bonds will be secured. However, there is a risk that the proceeds of any enforcement sale of the pledged shares or that the sums of money of the pledged intra-group loans will not be sufficient to satisfy all amounts owed to the bondholders.	Azerion has a track record of Adjusted EBITDA-profitable growth and is continuing to grow its business aiming to increase its revenue, Adjusted EBITDA and cash generation from operating activities over time. Azerion seeks to employ and maintain a diversified, well-balanced funding structure including equity, bond financing, factoring and bank facilities.

The importance of effective risk management at Azerion is underlined in 2022, and for the future, following Azerion's announcement on 13 March 2023 of an investigation by the Dutch Authority for Financial Markets ("AFM"), related to compliance with article 15 of the Market Abuse Regulation. The AFM's investigation does not appear to focus on Azerion, but it does put us in the spotlight. To mitigate potential damage as a result, we took immediate action, which included ensuring effective ongoing management of the business.

Events relating to the investigation by the AFM

On 7 March 2023, the AFM approached Azerion to obtain information. Azerion's Supervisory Board and management team were subsequently informed about an investigation by the AFM, which according to AFM-information then made known to Azerion, appeared to be related to compliance with article 15 of the Market Abuse Regulation.

Shortly after this notification, Azerion put together a Special Committee through a delegation of Supervisory Board members, supported by relevant staff of the company. The information provided by the AFM was relatively limited, but it did appear that while including Azerion, the investigation seemed to be focused on the shareholders of Principion Holding B.V., including Azerion co-CEOs Atilla Aytekin and Umut Akpinar. Principion is Azerion's largest shareholder.

In the following few days, the Supervisory Board obtained separate legal advice and support from a leading Dutch law firm. The Special Committee and the wider Supervisory Board discussed the fact pattern that had emerged and further legal advice was obtained on the matter.

On 12 March 2023, after careful consultation with the Supervisory Board, Atilla Aytekin decided to temporarily step down as Co-Ceo of Azerion, pending the AFM investigation. This was considered to be in the interests of Azerion and its stakeholders.

In discussion with the Supervisory Board, it was agreed that the operational leadership of Azerion remained with Azerion's Executive Committee and broader leadership team, with Umut Akpinar as CEO and Ben Davey as CFO. This was a de facto continuation of the current day-to-day practice for organic and inorganic activities. The team has remained focused on fulfilling Azerion's strategy and dedicated execution of the business plan.

Very soon after the events took place, we proactively contacted a number of our key stakeholders to share with them the limited knowledge we had about the situation that had arisen. We also communicated as transparently and fully as possible to our colleagues. We thank all our stakeholders for their patience and are grateful to have these long-standing relationships supporting our business. Our business partners have appreciated that the AFM investigation appears to be focused on the shareholders of Principion.

The Special Committee of the Supervisory Board continues to steer the process and to be kept fully informed. As management team, we are pleased to note that notwithstanding all the circumstances, we have been able to rely on our robust organisation and the commitment and motivation of our employees. At the same time, we are aware of the ongoing uncertainty surrounding the progress and lead-time of the investigation by the AFM. We will continue to evaluate this situation throughout 2023, so that we, in the best interests of Azerion and its stakeholders, are able to determine what is the right way to go forward with the interest of Azerion at heart.

While the investigation is ongoing, based on the information known at this point in time, there is no indication that a material financial impact will arise for Azerion.

ESG overview

Introduction

Azerion has experienced significant growth since inception. But as we grow in revenue and profitability, so does our impact on the world around us. Therefore, we feel it is our duty as a company to grow responsibly, balancing financial performance with a positive impact on our planet, our community and our people. This is the bedrock of our vision around Environmental, Social, and Governance (ESG) principles.

Azerion has committed to implementing identified key aspects of the United Nations' (UN) Sustainable Development Goals, as well as observing the guidance set out in the European Union Non-Financial Reporting Directive 2014/95/EU (EU NFRD). Taking note of the guidelines and recommendations set out in the NFRD, this section of the Annual Report 2022 first lays out Azerion's overall ESG strategy and its relation to the UN's Sustainable Development Goals, before specifically addressing the following areas of focus under the NFRD:

- Our Impact Model
- Social Responsibility and Treatment of Employees
- Diversity
- Respect for Human Rights
- Anti-Corruption and Anti-Bribery
- Environmental Protection

Azerion's overall ESG strategy

In 2022, we further built on the ESG framework we developed in 2021. In particular, we deepened our assessment of different business and non-business factors and their impact on Azerion and the matter in which they should be prioritized. This selection and prioritization continues to be the basis of our ESG strategy and will determine the focus of our reporting on the non-financial elements of our business.

Our assessment reinforced the importance of a number of factors, that are classified as high impact areas: Data Security and Customer Privacy, which reflects the core of our digital business; Labour Practices and Health & Safety, both of which are addressed in our initiatives relating to health and ethical work practices for our employees; and Product Development & Lifecycle, which includes the incorporation of environmental, social and governance considerations in the characteristics and features of our products and services, including digital content and advertising technology solutions.

The foregoing is captured in our ESG framework, which consists of three pillars:

- Our planet
- Our community
- Our inclusion and well-being

We believe it is important to consider how our people, products, concepts and ideas support these pillars and how they contribute to the UN's Sustainable Development Goals. Our core pillars are supported by our company's values, including those relating to inclusion and diversity, human rights, anti-corruption and anti-bribery. Our implementation and execution plan includes, among other things using resources and products for good, ensuring employee wellbeing and giving back to the community.

Our planet

The strategy for Our Planet incorporates the UN Sustainable Development Goals 12.6 Responsible Consumption and Production, 13.2.2 Climate Action and 9.4 Industry, Innovation & Infrastructure. Our objectives include making a positive impact on our planet, incorporating a more sustainable approach to living and working by improving our energy efficiency, being more mindful of how we use resources and progressively monitoring the effect our business has on the environment. As part of these efforts, we have initiated projects to reduce direct CO2 emissions by reducing corporate travel and encouraging and facilitating remote work across our workforce. In one specific example, we are equipping all our meeting rooms with time sensors and digital booking systems in order to make optimal and energy-efficient use of office space. Furthermore, we harness the power of our advertising business, encouraging the redirection of advertising budgets so as to generate meaningful, tangible environmental and social-economic impact addressing the UN Sustainable Development Goal Climate Action through our advertising campaigns. Examples include:

- We continue to raise climate awareness through our partnership with IMPS/Lafig creating marine pollution themed games such as The Smurfs: Ocean Cleanup
- We worked with Right Thing.Media to help Karl Lagerfeld deliver an impactful 'KARL CARES' campaign around its carbon capture and reforestation projects
- For all our NFT drops and trading in Habbo X we use the exchange protocol 'Immutable X' on the Ethereum blockchain, reducing the carbon footprint of creating and trading NFTs

Our community

Our objectives include empowering, motivating and taking care of those around us, creating communities that are inclusive and in which all members are supported to create a bright future for the generations to come. And it includes our efforts to keep our customers and their online identities private and secure, by complying with the applicable regulatory frameworks, including GDPR and CPPA. Examples of our initiatives in these areas include the following:

- Our Woozworld community came together in 2022, showing support for the Ukrainian people by displaying Ukrainian flag furniture and tees, among others
- We enabled E.ON's campaign to help local UK communities reduce their energy costs by providing home energy check-ups to lower income households
- Azerion's Sulake (Habbo, Hotel Hideaway) is a supporter of Insafe's Safer Internet Day, supporting online safety by raising awareness of emerging online issues and current internet safety concerns

Inclusion and well-being

Our vision around Inclusion and Well-being incorporates the UN Sustainable Development Goal 10 Reduced Inequalities. Our objectives include to provide a holistic employee vitality system that considers both mental and physical health, with the ambition of building a workforce that is inclusive, healthy, inspired and feels valued. We are very proud of our diverse workforce that includes 70 different nationalities and we have taken a clear stance about equal work opportunities regardless of gender identity, sexual orientation, disability, religion, age, race, ethnicity, origin, or other status. Our diversity policy and our code of conduct are available on our website (SDG 10.2). Examples of initiatives include:

- Supporting diversity and inclusivity is part of the rationale behind Azerion's involvement in Dutch professional women's football, including being the name partner of the Women's Dutch League
- Pride month celebration in Habbo in collaboration with The Teletubbies, including through colourful streetwear and other cool accessories
- Organisation of and participation in multiple sporting events, including with clients, business partners and minority groups

Impact model

We set out below a visualization of Azerion's high level impact model. The impact model helps us frame our ESG thinking within the context of our business operations and drives our NFRD reporting:

Input

People
- > 1,400 FTEs
- ~38% women
- ~60% men

Azerion Presence
- 31 offices, 24 countries
- Data processing and hosting
- International travel

Partners
- Publishers and Advertisers
- Business Partners
- Communities & Charities

Social
- Dedicated sustainability team
- Community engagement
- Support of volunteering work

Business Model

Our ESG Vision

Tech and gaming have the potential to create a powerful force for good by reaching millions of people worldwide

Our ESG Mission

We want to do our part in working towards a better world, stronger communities and being environmentally conscious

Our ESG Strategy
- Our Planet
- Our Community
- Our Inclusion & Well-being

Output

Human
- Diversity; 70 different nationalities
- Vitality initiatives
- Employee training and development

Environmental impact
- Reducing energy usage in offices
- Reducing carbon footprint of servers through platform efficiencies
- Facilitating work from home infrastructure

Partner impact
- Partnered with Right Thing.Media to enable brands to deliver high social impact campaigns
- Dedicated CSR partnerships

Social Impact
- More than 15 different donations made including for war victims, women's football, minority mentoring programs and children's cancer support
- Collab with The Smiley Company to support positivity, self-expression and lifestyle among communities

Non-financial reporting review

Social responsibility and treatment of employees

Azerion strives to foster a welcoming community where our employees enjoy being in the work environment, feel part of the team and know that they will be treated with dignity and respect.

To help deliver on these objectives, Azerion has put in place the principles and guidelines embedded in its Code of Conduct and Diversity Policies, both of which may be found on our website. The Code of Conduct is decentralized and subject to local variation to accommodate different legal and regulatory requirements in the countries in which we are based.

The Code of Conduct is in place to ensure and communicate the formal channels available to employees for raising and resolving disputes and to address concerns and harmful behavior. Within Azerion, there is no place for harassment or bullying of any kind. The Human Resources team handles all complaints in a confidential and timely manner. Employees are encouraged to take an active role in combating all forms of harassment and discrimination and are promised that they will be adequately supported should they face harassment or discrimination at work.

Azerion is a diverse and inclusive opportunity employer. We are committed to making every reasonable effort to ensure that there is no discrimination on the grounds of age, sex, gender, sexual orientation and gender reassignment, pregnancy and maternity, paternity, race (including as relating to colour, nationality, ethnic or national origin), religion or belief, disability or marital status in the recruitment, treatment, retention of employees, hiring of contractors, or the treatment of visitors to our campuses. This policy applies to all aspects of Azerion's working practices and, therefore, applies to the recruitment and selection of employees, terms and conditions of employment, training, salary, work allocations, promotion, and the management of grievances and disciplinary procedures. Our recruitment, selection and promotion procedures and general policies will be periodically reviewed to ensure that Azerion's equal opportunities policy is being implemented.

Diversity

Diversity and inclusion are an integral part of the history, culture and identity of Azerion as a whole and are embedded in our company values. We believe that diversity fuels innovation and increases the connection with the customers and the communities we serve.

As at the end of 2022, the Management Board consisted of 2 members, both of whom are male.

More generally across Azerion, by the end of 2022 Azerion employees represented circa 70 nationalities, and 38% were female, 60% were men and the remainder were non-binary/undisclosed. Although Azerion believes that its gender diversity in its workforce is more balanced than the tech industry average as a whole, Azerion is committed to further increase the gender diversity across its organisation.

Respect for human rights

At Azerion, we strongly believe in the importance of protecting and upholding human rights. Our objective is for all our audiences to use our products freely and fairly and for our employees to work in an environment where they feel they are respected and their rights protected.

To help ensure the respect of human rights at Azerion, we promote and observe the principles set out in our Code of Conduct and our Diversity Policy, both of which can be found on our website.

Anti-corruption and anti-Bribery

At Azerion, we are aware of and striving to meet the basic safeguards set out in the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. Our priority is to operate in an ethical and straightforward manner. From an operational perspective, our ethical business strategy is embedded in our Code of Conduct and our Whistleblower Policy, which can be found on our website.

"Diversity and inclusion are an integral part of the history, culture and identity of Azerion as a whole and are embedded in our company values"

Under the Whistleblower Policy, Azerion has put down a single and uniform policy which is designed to meet corporate governance obligations and recommendations under Dutch law and international best practice. This policy provides every employee with an avenue to voice their concerns about alleged irregularities. Azerion respects employees who raise concerns about alleged irregularities and will not retaliate or allow retaliation against anyone who in good faith reports such alleged irregularities. The

Whistleblower Policy is central to our effort to establish and sustain an ethical workplace environment and sound business practices.

We do not tolerate corruption in any form and as a company, Azerion will strive to combat and prevent incidents of a corrupt nature. Occurrences of bribery are uncommon in our industry but nevertheless, we remain alert to ensure that no such incidents arise within the Company. Our ambition is to embrace an ethical and transparent way of conducting our business.

Environmental protection

Azerion notes with concern the climate challenges facing our planet and is focused on the impact we as a company can have on this issue. Sustainability is high on our executive agenda and we are supporting several initiatives aimed at protecting the environment.

We are conscious of our carbon footprint, which is for the vast majority driven by the server capacity required for operations of our games and advertising technology solutions, which Azerion obtains mainly through outsourced cloud services. The carbon emissions and energy usage that result from running the data centers, and making use of cloud-based services, have a negative impact on the environment which cannot be ignored. These emissions, i.e. resulting from activities from assets not owned or controlled by Azerion, make up a significant part of our global carbon footprint. For this reason, we are currently working with AWS, our main data center provider, to lower those emissions through pilot projects and improvements in power usage efficiency. We have jointly worked on optimising traffic and energy usage through machine learning models. We are very pleased with AWS' efforts in carbon reduction and offsetting that benefit this cause, including their ambition to use 100% renewable energy sources by 2025.

Azerion believes in building awareness and mobilising our employees to support the environmental agenda. We encourage employees to consider the impact of their actions on the environment and take steps to make this impact positive. At a higher level, Azerion has also embraced localised environmental initiatives, including compensating employees for commuting by public transport, providing vegetarian and vegan lunch and/or dining options and electrifying our fleet of corporate cars. We are also aware of the impact our products and services can have as a force for good in this area. One example in 2022 has been the start of our partnership with Right Thing.Media, via which we encourage and enable brands to deliver high social impact campaigns to audiences. Furthermore, in our offices we have worked on reducing emissions, for example through intensive usage of office plants, replacing existing lighting with LED sources, equipping meeting rooms with time sensors to minimize electricity usage, enhancing waste recycling programs and more.

For a description of principal risks and uncertainties, including those related to ESG matters, please refer to our Risk Management chapter. It is important to us that Azerion continues to use its creativity to entertain, its impact to encourage a sense of responsibility and its resources to contribute to a more sustainable world and we will continue to develop our ESG strategy to positively impact the world we operate in.

EU Taxonomy

The EU Taxonomy has been implemented as part of the European Green Deal, which was passed in 2019. The European Green Deal was adopted by the EU in relation to the Paris Agreement goals, and aims to reach a climate-neutral economy by 2050 and to reduce net greenhouse gas emissions by at least 55% by 2030 (as compared to 1990 levels). In order to meet the 2030 and 2050 targets, investments need to be directed towards sustainable projects and activities. The EU Taxonomy Regulation (EU 2020/852), including associated delegated acts, is a legislative act adopted by the European Union in 2020 aimed at establishing a framework for sustainable investment. The regulation sets out common criteria and guidelines to identify economic activities that can be classified as environmentally sustainable, in order to promote sustainable finance and transition towards a more sustainable economy.

The EU Taxonomy Regulation sets out the basis for the EU Taxonomy by setting out certain overarching conditions that an economic activity has to meet in order to qualify as environmentally sustainable. These include the condition that an economic activity has to make a substantial contribution to one or more of the following six environmental objectives:

1. Climate change mitigation
2. Climate change adaptation
3. The sustainable use and protection of water and marine resources
4. The transition to a circular economy
5. Pollution prevention and control
6. The protection and restoration of biodiversity and ecosystems

Under the Taxonomy Regulation, the European Commission had to come up with the actual list of environmentally sustainable activities by defining technical screening criteria for each environmental objective through delegated acts. On the date of publication of this report, only one delegated act has been published, relating to 1) Climate change mitigation and 2) Climate change adaptation.

For 2022, the EU Taxonomy framework provisions require companies to report on their proportion of taxonomy-eligible activities and taxonomy-non-eligible activities in their total Turnover, CapEx and OpEx. This analysis and disclosure follows hereafter.

In the current EU Taxonomy framework, the European Commission has prioritized economic activities of sectors that can contribute most substantially to climate change mitigation and adaptation and, as such, focuses primarily on sectors with high greenhouse gas emissions. This includes such sectors as manufacturing, energy & utilities, transport, construction and real estate, among others, and economic activities enabling their sustainable contribution. Azerion's business activities primarily include providing digital advertising solutions and production, publishing and distribution of digital entertainment content, which are at present not covered by the EU Taxonomy framework and therefore mostly out of scope.

As a digital technology company Azerion produces, processes, analyzes and stores large amounts of data as part of its daily business operations. All of these activities are outsourced to third party infrastructure providers and are therefore not included in our eligibility analysis as no operational control or influence is exerted over these activities by Azerion.

Azerion welcomes the implementation of the EU Taxonomy framework and our analysis hereafter intends to assess the impact on our economic activities in line with the framework's stated objectives. It should be noted, however, that the EU Taxonomy framework is new, very complex and leaves substantial room for interpretation. We expect the framework to develop further over time, with further guidance, clarification, and best practices to arise. We will continue to monitor future developments and to adapt and enhance our methodologies, analysis and disclosure in future. In our analysis we have used judgments and assumptions to best align with the framework's ultimate goal. Changes to our interpretation, based on the foregoing, may occur in future.

Turnover

We used the Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021 to identify economic activities that were eligible to qualify as contributing substantially to climate change mitigation or climate change adaptation. However, based on our analysis of Azerion's economic activities, there are currently no revenue-generating activities that match the EU Taxonomy framework, as the delegated act currently focuses mainly on sectors with high greenhouse gas emissions. We subsequently used the Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021 to define and calculate the appropriate amounts and percentages in the table below. Considering Azerion's 0% eligibility, we have included a short form table only, rather than the suggested extensive template from the delegated act for this KPI as including that would not provide additional information.

The total amount of Azerion's turnover in the financial year 2022 is € 452.6 million of which 0% are eligible activities and 100% are non-eligible activities.

The regulation seeks to have companies provide alignment between the three applicable KPIs and the company's financial statements, as presented. In this light, the KPI 'Turnover' includes 'Revenue' included in the Consolidated Statement of Profit or Loss and Other Comprehensive Income, refer to Consolidated statement of profit or loss and other comprehensive income, starting on page 56.

Economic activities

In millions of €

	Absolute Turnover	Proportion of Turnover
		%
A. Taxonomy-eligible activities		
Turnover of environmentally sustainable activities (taxonomy-aligned) (A.1)	-	0%
Turnover of taxonomy-eligible but not environmentally sustainable activities (non taxonomy-aligned activities) (A.2)	-	0%
Total A (A.1 + A.2)	**-**	**0%**
B. Taxonomy-non-eligible activities		
Turnover of taxonomy-non-eligible activities	452.6	100%
Total (A + B)	**452.6**	**100%**

OpEx

Regulation (EU) 2020/852 of 18 June 2020 requires companies to disclose the proportion of their operating expenditure related to assets or processes associated with economic activities that qualify as environmentally sustainable. Azerion assessed its operating expenditures according to the definition provided in Annex I of the Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021, which definition is narrower than Azerion's accounting definition. Azerion's in-scope OpEx (i.e. according to the Regulation's definition) is considered not material in relation to its total group OpEx and in relation to its business model. We therefore apply the exemption possibility provided for in article 1.1.3.2 of Annex I of the Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021.

The total amount of Azerion's EU Taxonomy OpEx for the financial year 2022 is € 1.6 million and we report 0% eligibility and 0% alignment based on our assessment.

The definition of OpEx under the EU Taxonomy regulation is as follows: *"direct non-capitalised costs that relate to research and development, building renovation measures, short-term lease, maintenance and repair, and any other direct expenditures relating to the day-to-day servicing of assets of property, plant and equipment by the undertaking or third party to whom activities are outsourced that are necessary to ensure the continued and effective functioning of such assets."* This is a narrower definition than Azerion's accounting policies. In-scope operational expenditures for Azerion are limited to its office building repair and maintenance costs and short term leases. This represents an insignificant proportion of total group OpEx.

Economic activities

In millions of €

	Absolute OpEx	Proportion of OpEx
A. Taxonomy-eligible activities		
OpEx of environmentally sustainable activities (taxonomy-aligned) (A.1)	-	0%
OpEx of taxonomy-eligible but not environmentally sustainable activities (non taxonomy-aligned activities) (A.2)	-	0%
Total A (A.1 + A.2)	**-**	**0%**
B. Taxonomy-non-eligible activities		
OpEx of taxonomy-non-eligible activities	1.6	100%
Total (A + B)	**1.6**	**100%**

CapEx

Azerion's CapEx that would fall under the scope of the EU Taxonomy regulation consists of additions during the financial year 2022 to the following line items in Azerion's Consolidated Statement of Financial Position:

- note 5: Acquisitions
- note 6: Property, plant and equipment
- note 7: Intangible assets

We screened the asset groups against the economic activities described in the Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021 to identify eligible activities for climate change mitigation and climate change adaptation. Based on our assessment we concluded that Azerion's EU Taxonomy-eligible activities with relation to CapEx are limited to additions related to electric car leases in line item note 6: Property, plant and equipment. These capital expenditures are associated with the following activities as identified in Annex I to the Regulation (EU) 2021/2139, relating to Climate Change Mitigation:

- 6.5 Transport by motorbikes, passenger cars and light commercial vehicles

The total amount of Azerion's reportable taxonomy-eligible CapEx is € 0.1 million. Based on our assessment, we report 0.1% eligibility, but 0% alignment because not all substantial contribution criteria and 'does not significantly harm' criteria for taxonomy-alignment are met. For this reason we included a short form table as the extensive table would not contain additional information.

Economic activities
In millions of €

	Codes	Absolute turnover	Proportion of CapEx
			%
A. Taxonomy-eligible activities			
A.1 Environmentally sustainable activities (taxonomy-aligned)		-	-
CapEx of environmentally sustainable activities (taxonomy-aligned) (A.1)		**-**	**-**
A.2 Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)			
Transport by motorbikes, passenger cars and light commercial vehicles	6.5	0.1	0.1%
CapEx of taxonomy-eligible but not environmentally sustainable activities (non taxonomy-aligned activities) (A.2)		**0.1**	**0.1%**
Total A (A.1 + A.2)		**0.1**	**0.1%**
B. Taxonomy-non-eligible activities			
B. CapEx of taxonomy-non-eligible activities		86.3	99.9%
Total (A + B)		**86.4**	**100%**

Schiphol-Rijk, 26 April 2023

Statement of Management Board's responsibilities

The Management Board is responsible for preparing the Company's Annual Report. The Company's Annual Report comprises the Report of the Management Board, the Company's Financial Statements and other information. The Management Board is responsible for preparing the Annual Report in accordance with applicable law and regulations. The Management Board has prepared the Annual Report in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union and the relevant provisions of the Dutch Civil Code. The Management Board must not approve the Annual Report unless they are satisfied that it gives a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the Annual Report, the Management Board is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRS as adopted by the European Union and the relevant provisions of the Dutch Civil Code have been followed, subject to any material departures disclosed and explained in the Annual Report;and
- prepare the Annual Report on the going concern basis, unless it is inappropriate to presume that the Company will continue in business.

The Management Board is responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose, with reasonable accuracy at any time, the financial position of the Company and enable them to ensure that the Annual Report complies with applicable law. The Management Board has assessed whether the risk assessment executed showed any material failings in the effectiveness of the Company's internal risk management and control systems. Though such systems are designed to manage and control risks, they can provide reasonable, but not absolute, assurance against material misstatements. Based on this assessment, to the best of our knowledge and belief, no material failings of the effectiveness of the Company's internal risk management and control systems occurred and the internal risk and control systems provides reasonable assurance that the financial statements do not contain any errors of material importance.

With reference to section 5.25c paragraph 2c of the Dutch Act on Financial Supervision, each of the Management Board members, whose names and functions are listed below, confirm that, to the best of their knowledge :

- the Company's financial statements and the consolidated financial statements, which have been prepared in accordance with IFRS as adopted by the European Union and the relevant provisions of the Dutch Civil Code, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company;
- the Report of the Management Board gives a true and fair view on the situation on the balance sheet date, the development and performance of the business and the position of the Company of which the financial information is included in the Report of the Management Board and includes a description of the principal risks and uncertainties that Azerion faces; and
- having taken all matters considered by the Management Board and brought to the attention of the Management Board during the financial year into account, the Management Board considers that the Annual Report, taken as a whole is fair,

balanced and understandable. The Management Board believes that the disclosures set out in the Annual Report provide the information necessary for shareholders to assess Azerion's position, performance, business model and strategy.

After conducting a review of management analysis, the Management Board has reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Management Board considers it appropriate to adopt the going-concern basis in preparing the Annual Report.

Schiphol-Rijk, 26 April 2023

On behalf of the Management Board of Azerion Group N.V.

Umut Akpinar
co-CEO and co-Founder of Azerion

Supervisory Board

This chapter reports the Company's Corporate governance structure, the duties and responsibilities of the various boards and committees performed in 2022. This report further discussed the Supervisory Board's compliance with the Dutch Corporate Governance Code. The Letter from the Chairman can be read earlier in this report under the section Letter from the Chairman, starting on page 4.

Corporate Governance

Azerion Group N.V. (the "**Company**") (formally known as European FinTech IPO Company 1 B.V. ("**EFIC1**")), is a result of the De-SPAC Transaction between EFIC1 and Azerion Holding B.V., which completed on 1 February 2022. The Company is a public company with limited liability under the laws of the Netherlands and its shares trade on Euronext Amsterdam. The Company has a two tier governance structure.

Management Board

The management board of the Company (the "**Management Board**") is, together with the Company's executive committee, responsible for the management of the Company's operations, as well as the operations of the Company under the supervision of the Supervisory Board. The Management Board may perform all acts necessary or useful for achieving the Company's corporate purposes, except for those expressly attributed to the general meeting of shareholders of the Company (the "**General Meeting**") or the Supervisory Board as a matter of Dutch law or pursuant to the Company's articles of association (the "**Articles of Association**").

The Executive Committee

The Company has an Executive Committee that supports the members of the Management Board in the day-to-day management of the Company's business. The Executive Committee consists of the Management Board and Ben Davey – Chief Financial Officer, Sebastiaan Moesman – Chief Revenue Officer and Joost Merks – Chief Investment Officer.

Supervisory Board

The Supervisory Board is responsible for the supervision of the policy of the Management Board and the general course of affairs in the Company and the business it operates. The Supervisory Board supports the Management Board with its advice.

The Supervisory Board supervises the manner in which the Management Board implements the long-term value creation strategy of the Company and the general course of affairs in the Company and its affiliated business.

The Supervisory Board has appointed from among its members an Audit and Risk Committee (the "**Audit Committee**") and a Selection, Appointment and Remuneration Committee (the "**SAR Committee**").

Tasks of the Audit Committee

The responsibilities of the Audit Committee focus on supervising and/or assisting the activities of the Supervisory Board with respect to the integrity and quality of the financial reporting and the effectiveness of the internal risk management and control systems, including supervising the enforcement of the relevant legislation and regulation and the effect of codes of conduct. The Audit Committee also supervises the financing of the Company and assesses the external audit process and the scope and approach of the external auditor. The relationship with the external auditor is evaluated annually. Together with the Management Board, the Audit Committee reviews half-year and full year financial statements and quarterly updates.

Tasks of the SAR Committee

The SAR Committee is responsible for proposing the remuneration policy for the Management Board and Supervisory Board and the implementation thereof and assisting the Management Board and Supervisory Board with the establishment and review of the overall compensation strategy of the Company and ensuring that the compensation strategy is competitive. Furthermore, the SAR Committee shall assist the performance of the members of the Management Board as well as responsibilities connected thereto.

General Meeting

An Annual General Meeting is held within six months after the close of each financial year. The Management Board may convene an extraordinary General Meeting whenever the Company's interests so require. In addition, a shareholder or group of shareholders representing in aggregate at least 10% of the issued and outstanding share capital may, pursuant to the Dutch Civil Code, Dutch law and the Articles of Association, request that a General Meeting be convened.

The convocation of a General Meeting must be published through an announcement by electronic means. Notice of a General Meeting must be given at least forty two 42 calendar days in advance. Shareholders holding at least 3% of the Company's issued and outstanding share capital may request that an item be added to the agenda. Such requests must be made in writing, must either be substantiated or include a proposal for a resolution with an explanation and must be received by the Company at least 60 calendar days in advance of the day of the General Meeting.

The company's capital structure consists of ordinary shares, capital shares and conditional special shares. A complete overview of shares outstanding and the rights attached to these can be found in the note 13: Equity section.

Diversity

The Company values diversity and believes that diversity of all kinds, including by way of example only gender, age, nationality, ethnicity and education is essential to its long-term success. In this respect, the Company aims to have a balanced composition of all its corporate bodies in line with Dutch legislation and the Company's Diversity Policy. The Company's diversity approach is further set out in Chapter ESG overview, starting on page 35 of this Annual Report.

On 1 January 2022, the act (*Wet inzake Evenwichtiger man vrouw verhouding in de top van het bedrijfsleven*) introducing stricter gender equality requirements for members of supervisory boards entered into force. The Company's Supervisory Board is composed of two female members and four male members and is therefore in compliance with the gender diversity criteria of the new act.

The Dutch Corporate Governance code

The Company recognises the importance of good corporate governance, endorses the core principles of the Dutch Corporate Governance Code and is committed to following the Code's best practices.

Below, we list the principles and best practice provisions where we deviate from the Code.

Deviations from the Code

- Best Practice Provision 1.3.1 (Appointment of the senior internal auditor)

In deviation from provision 1.3.1 of the Code, no senior internal auditor has been appointed by the Management Board due to the size of the Company and limited complexity of transactions.

- Best Practice Provision 2.2.1 (Appointment and Reappointment Period Management Board Members)

The Company does not comply with best practice provision 2.2.1, which provides that all members of the Management Board are appointed for a maximum period of four years and reappointed for a term of not more than four years at a time. The two co-CEOs of the Company have been appointed for an indefinite period of time, given their position as co-founders of the Azerion business.

- Best Practice Provision 2.3.2 (Establishment of Committees)

The Company does not comply with best practice provision 2.3.2, which provides that if there are more than four Supervisory Board members, the Supervisory Board shall appoint an audit committee, a remuneration committee and a selection and appointment committee. The Company deviates from this best practice provision as it will only have an Audit and Risk committee and a Selection, Appointment and Remuneration Committee. The Company believes that in light of the size of the Supervisory Board, it is more efficient to have two committees and combine the functions and the responsibilities of the remuneration committee and the selection and appointment committee in one committee, the Selection, Appointment and Remuneration Committee.

- Best Practice Provision 3.1.2 (Remuneration Policy)

The Company does not comply with best practice provision 3.1.2 sub (vi) and (vii), which provide that shares awarded to members of the Management Board should be held for at least five years after they are awarded and that members of the Management Board should not be able to exercise share options awarded to them during the first three years after they are awarded. Under the terms of the Company's Long-term Incentive Plan, performance shares and the restricted shares can be sold upon vesting and share options can be exercised upon vesting. Performance shares vest after three years of granting and restricted shares vest after one year of granting. Share options vest after one year of granting. Although the Company's remuneration policy provides that members of the Management Board are encouraged to comply with best practice provision 3.1.2, there is no strict prohibition to ensure compliance with best practice provision 3.1.2. The Company believes that the terms of the Long-term Incentive Plan enable it to offer an attractive remuneration package which will incentivize the members of the Management Board and the Company's employees.

Corporate Governance statement

The Corporate Governance Code requires companies to publish a statement regarding their approach to corporate governance and compliance with the Code. This is referred to in Article 2a of the Decree on the contents of management report ('*Besluit inhoud bestuursverslag*'), as last amended on 29 August 2017. The information required to be included in this corporate governance statement as described in the Decree, is included in this Corporate Governance chapter as well as in the Management Board Report.

Supervisory Board report

Composition, diversity and independence

As of the date of this Annual Report 2022, the Supervisory Board of the Company is comprised of the following members:

Members of the Supervisory Board

Name	Position/Committee	Starting date and end date term of office	Gender	Age	Nationality
Peter Tordoir	Member and Chair of the Supervisory Board Member of the SAR Committee	First term as of 1 February 2022 – AGM 2026	Male	70	Dutch
Derk Haank	Member and Vice-Chair of the Supervisory Board Chair of the SAR Committee	First term as of 1 February 2022 – AGM 2026	Male	70	Dutch
Klaas Meertens	Member and Vice-Chair of the Supervisory Board Chair of the SAR Committee	First term as of 1 February 2022 – AGM 2024	Male	65	Dutch
Chris Figee	Member of the Supervisory Board Chair of the Audit Committee	First term as of 1 February 2022 – AGM 2025	Male	50	Dutch
Florence von Erb	Member of the Supervisory Board	First term as of 1 February 2022 – AGM 2024	Female	63	French
Katrin Brökelmann	Member of the Supervisory Board Member of the Audit Committee	First term as of 1 February 2022 – AGM 2025	Female	53	German

Mr. Peter Tordoir is an experienced, international and results driven manager in consumer and B2B publishing. He focuses on data-based driven digital publishing models and solutions and e-commerce, particularly in the financial and marketing information services. Mr. Tordoir brings extensive experience in the media industry and has over 30 years of experience in various executive positions: he is former CEO of Keesing Media Group and NovaGraaf Group. He also spent 25 years at VNU Group where he held various executive positions from EVO at VNY business information in the US, to CEO of VNU Business and VNU Marketing and Information in Europe and Asia. Mr. Tordoir is currently Vice-chairperson of the Dutch Red Cross.

Mr. Derk Haank has thirty years of experience in the academic publishing and consumer media industry. He has served as Chief Executive Officer of research publisher SpringerNature and been Member of the Supervisory Council of the Dutch broadcast association AvroTros. Mr. Haank has also acted as Chief Executive Officer of Elsevier Science and sat on the Executive Board of Reed Elsevier PLC. Mr. Haank holds a degree in Economics and Business Administration from Vrije Universiteit Amsterdam and a Master's degree in Economics and Business Administration from Universiteit van Amsterdam.

Mr. Klaas Meertens has led a successful career as an investor in the fields of investment banking and private equity. He is managing partner of the private equity firm HTP Investments in Amsterdam and also a founding partner of the multi-family office Novum Capital Partners in Geneva. In addition, he is a member of the supervisory board of Knaus Tabbert

AG, the Frankfurt listed European leisure vehicle producer. Prior to these positions, Mr. Meertens worked for J.P. Morgan in New York, Amsterdam and as of 1997 in London, where he first headed and built their TMT EMEA team and later became head of investment banking for the Benelux and Switzerland. He was also part of the EMEA Investment Banking Coverage management team. Mr. Meertens studied Physics at the University of Utrecht (BSc) and Management at the Interfaculty in Delft (MSc).

Mr.Chris Figee is an experienced public market CFO with a strong capital markets track-record and extensive experience in regulated environments. He has been a member of the Board of Management of KPN and Chief Financial Officer since 1 February 2020. Before his appointment at KPN, Chris was CFO of ASR Nederland NV. Mr. Figee is currently also a member of the Supervisory Board of UNICEF Netherlands and a member of the Economic Board Zuid-Holland. Mr. Figee graduated cum laude from the University of Groningen in Financial Economics and completed his studies as an investment analyst at EFFAS (European Federation of Financial Analysts). He also lectured in Risk Management at Stanford University.

Ms. Florence von Erb is the founder of Sure We Can Inc, a community-based not-for-profit i recyclable container redemption center in New York City. Ms. Von Erb has an extensive international career in finance and capital markets. She sits as an independent member in the Supervisory Board of Klépierre, a French real estate investment trust. Ms. Von Erb has also been serving as an independent director of global market research firm Ipsos SA since 2014. Ms. Von Erb began her finance career in 1980 working at JP Morgan's Paris, London and New York offices specializing in international securities markets. She is member of the United Nations NGO Social Development Committee, the Commission on the Status of Women and the UN Family Committee. Ms. Von Erb graduated from HEC Paris, specializing in finance.

Ms. Katrin Brökelmann has over 20 years of industry experience as an investment professional in Private Equity and Venture Capital, supporting high-growth technology-based companies, including SMEs, in the Technology, Media, Life Sciences and Business Services. In addition to her role at Azerion, Ms. Brökelmann is currently Partner and Member of the Agri FoodTech Investment Committee at Praesidium, a private investment office. Ms. Brökelmann holds a Master in International Management and Diplom-Kffr. from ESCP Europe and a BA from Vienna University of Economics and Business. Ms. Brökelmann is fluent in English, French, Italian and German.

Composition, mutation and reappointment schedule

As all members of the Supervisory Board have been appointed for their first term as of 1 February 2022, no mutations or reappointments are expected for the coming year.

Diversity and Independence

As stated in the paragraph Corporate Governance, starting on page 45 in this Annual Report 2022, the current composition of the Supervisory Board is in compliance with gender diversity as required by Dutch law.

All members of the Supervisory Board are independent in accordance with provision 2.1.7 and 2.1.8 of the Code.

Supervisory Board meetings and attendance in 2022

Supervisory Board meetings were held regularly to discuss the Company's progress and future plans, the functioning and composition of the Supervisory Board and the performance of the Management Board. During 2022, the Supervisory Board held 8 meetings. All Supervisory Board members were present at all meetings either in person or via conference call. Between meetings, there was regular contact between the Chairpersons of the Supervisory Board, SAR committee and Audit Committee and the Management Board.

The Company's quarterly results and annual accounts have been discussed along with related documents. In addition, the Supervisory Board mainly discussed the following topics in its meetings: the Company's mid-term and long-term strategy, the cash flow for the year, acquisitions, M&A planning including funding for the year, M&A criteria and thresholds for approval obligations, annual incentive plan, the various acquisitions, capital raising and investor relations.

All members of the Supervisory Board followed an induction program, including a strategic deep dive through which the members were introduced to all aspects of the Company's platform and premium games segments. Furthermore, the members were introduced to the financial, social and legal and compliance affairs of the Company, including an introduction to the Dutch corporate governance rules.

Long-term value creation strategy

The Supervisory Board had an extensive session with the members of the Executive team and senior management, discussing the various aspects of the Company's long term value creation, focusing on diverse aspects of the Company's platform, its premium game segment, its plan for future technology development and its sales strategy.

Self-evaluation

For the first time, the Supervisory Board has assessed and discussed its performance during 2023 by means of a self-assessment. The assessment included reviews of the composition of the Supervisory Board, its competence and expertise, effectiveness of the meetings and the lessons learned from this first year of listing. The overall conclusion of the assessment was positive, with certain areas of improvement, such as improved timeliness for pre-circulation of pre-reading material, the wish to have more insight in comparable industry comparative data and to spend more time on discussion of the long term strategic direction of the Company. The Supervisory Board will try to maintain the practices that have been positively assessed in 2023 and pay extra attention to the areas of improvement.

Committees in 2022

The two committees: the Audit Committee and SAR Committee (the "**Committees**") are responsible to support and assist the Supervisory Board with specific topics. These Committees are regulated by committee charters, available on the Company's website.

Remuneration report

The members of the Management Board and the Supervisory Board are entitled to a remuneration in accordance with the Remuneration Policy as adopted by the General Meeting on 31 January 2022. The Remuneration Policy aims to provide a remuneration structure that will allow the Company to attract, reward and retain highly qualified members of the Management Board and Supervisory Board and provide and motivate them with a balanced and competitive remuneration that is focused on sustainable results and is aligned with the long-term strategy of the Company. Given the business model and the structure of the Company, the remuneration of the Company is focused on performance-based elements, in particular long-term incentives.

The Supervisory Board, shall upon the initiative of the SAR Committee, review the Remuneration Policy on a regular basis. Changes to the Remuneration Policy must be adopted by the General Meeting upon a proposal of the Supervisory Board in accordance with applicable law.

The Remuneration Policy does not meet all the requirements of the Code, as the performance shares and restricted shares awarded to members of the Management Board, under the terms of the Company's Long-term Incentive Plan, can be sold upon vesting and share options can be exercised upon vesting instead of having to be held for at least five or three years:

- Performance shares vest after three years of granting and restricted shares vest after one year of granting.
- Share options vest after one year of granting.

Although the Company's Remuneration Policy provides that members of the Management Board are encouraged to comply with best practice provision 3.1.2, there is no strict prohibition to ensure compliance with best practice provision 3.1.2. The Company believes that the terms of the Long-term Incentive Plan enable it to offer an attractive remuneration package which will incentivize the members of the Management Board and the Company's employees.

Remuneration of the Management Board

The remuneration of each member of the Management Board may consist of a base salary, a variable annual bonus (short-term cash incentive), long-term incentive awards, pension and fringe benefits and severance arrangements. When determining the remuneration for member of the Management Board, the SAR Committee (and Supervisory Board) may consider, among other things, the requirements of the role, the needs of the Company's business, the skills and experience of the individual and the market for talent both domestically and internationally. In the case of internal promotions, commitments made prior to the appointment as member of the Management Board may continue to be honored in addition to any new remuneration arrangements that will apply.

Base salary

The base salary of the members of the Management Board aims to reflect the responsibility and scope of their role, taking into account their level of seniority and experience. The base salary for each member of the Management Board is a fixed cash compensation paid on a monthly basis. In light of the Company's remuneration philosophy to have a remuneration package for the members of the Management Board that is more heavily weighted towards performance-based elements, the base salary is targeted to be at or below the median level of executives with similar roles in comparable companies.

The base salary for the year 2022 is € 556 thousand for Mr. Aytekin (co-CEO), € 556 thousand for Mr. Akpinar (co-CEO).

For Ms. del Dado Alonso Sanchez, who left the Company in the course of 2022, the base salary amounted to € 285 thousand on a full year basis.

Variable annual bonus
The objective of the variable annual remuneration is to ensure that the members of the Management Board are well incentivised to achieve annual strategic goals and personal objectives to drive success in the long-term. It provides a focus on the key development areas for the Company, both financial and non-financial.

The members of the Management Board are eligible to receive an annual bonus subject to the achievement of certain pre-determined financial, strategic and operational performance measures, supporting the overall focus on long-term value creation of the Company. For the year 2022, the members of the Management Board waived their entitlement to a bonus.

Long-term incentive awards
The members of the Management Board are eligible for long-term incentive awards as further described in the Remuneration Policy. The current members of the Management Board, Mr. Atilla Aytekin and Mr. Umut Akpinar do not participate in the LTIP.

Share-based payment benefits
The share based payment benefits of Ms D. Alonso relate to the settlement of Stock Appreciation Rights. Ms. Alonso participated in Azerion's SAR Employee Plan, and these SARS were settled in connection with the Business Combination with European Fintech IPO Company 1 B.V., which was completed on 1 February 2022. In connection with the Business Combination, her SARs have been net settled in 69,015 depositary receipts for ordinary shares in the capital of Azerion Group N.V.

Share-based payment (Azerion Founder Warrants)
In the De-SPAC Transaction, a total number of 17,992,773 Azerion Founder Warrants were granted to the personal Holding Companies of the two founding members in the Management Board. These warrants were granted as part of the De-SPAC transaction to balance out a potential future dilutive share effect of warrants granted to EFIC1 shareholders. The grant date fair value amounted to € 9.9 million.

Pension and fringe benefits and severance arrangements
The members of the Management Board may be given the opportunity to participate in a personal pension scheme. Furthermore, the members of the Management Board are entitled to certain customary fringe benefits such as expense allowances, reimbursements of costs, a company car, a mobile phone and reasonable tax advice and support or allowance in lieu of such benefits. Where appropriate, the Company may meet certain costs relating to relocations of members of the Management Board and, if necessary, expatriate benefits.

Total remuneration received by the members of the Management Board

The total remuneration received by the Management Board in 2022 amounted to: € 12.9 million. The individual remuneration is set out below.

Remuneration received by the members of the Management Board
In million of €

	Atilla Aytekin	Umut Akpinar	Dado Alonso
Short-term employee benefits	0.6	0.6	0.3
Post-employment benefits	-	-	-
Share-based payment benefits	-	-	1.4
Share-based payments (Azerion Founder Warrants)	5.0	5.0	-
Other	-	-	-
Remuneration of the Management Board	**5.6**	**5.6**	**1.7**

Internal pay ratio

By determining the Remuneration Policy for the members of the Management Board, the Supervisory Board also takes into account the pay-ratio between the pay of the members of the Management Board and the average employee within the Company. The calculation of the internal pay-ratio is based on the average 2022 remuneration of all employees vis-à-vis the remuneration of the co-CEO's.

This resulted in a first pay-ratio of 55.7 for 2022. The Supervisory Board will monitor the extent to which this pay-ratio changes over the years and take it into consideration when making remuneration decisions for the Management Board.

Remuneration of the members of the Supervisory Board

The remuneration of the members of the Supervisory Board consists of a fixed annual payment. The level of this payment is based on benchmark assessment. Members of the Supervisory Board are also eligible to receive reimbursement of reasonable expenses incurred during their duties, including any applicable taxes. They are not eligible for an annual cash bonus or any other type of variable remuneration linked to the financial results of the Company.

For 2022, each member of the Supervisory Board receives a fixed annual fee of € 50 thousand. In addition, the chairperson of the Supervisory Board receives an additional annual fee of € 30 thousand, the chairpersons of the Audit Committee and the SAR Committee receive an additional annual fee of € 10 thousand each, and each committee member receives an additional annual fee of € 5 thousand.

Total remuneration received by the members of the Supervisory Board

The total remuneration received by the Supervisory Board in 2022 amounted to € 349 thousand. The individual remuneration is set out below:

Remuneration received by the Supervisory Board
in thousands of €

	Peter Tordoir	Christian Figee	Klaas Meertens	Florence von Erb	Derk Haank	Katrin Brökelmann
Short term employee benefits	79	65	50	46	59	50
Remuneration of the Supervisory Board	**79**	**65**	**50**	**46**	**59**	**50**

Report of the Audit Committee

During 2022, the Audit Committee (AC) comprised two members: Mr. Chris Figee (Chair) and Mrs. Katrin Bröckelman. The AC held 9 formal meetings during 2022 in addition to regular (informal) update arranged through (video) calls. The Audit Committee mainly discussed the 2022 quarterly results, the 2022 (interim) financial statements, including the complexities relating to the SPAC-reporting requirements, the cash and capital strategy of the Company and its risk monitoring system.

The external auditor was present at six of the AC meetings. During these meetings, the AC discussed, amongst others, the auditor's report as well, its assessment of the internal risk management and control systems with the auditor. Moreover the AC had a discussion with the auditor without the Management Board present.

Foreword of the Chair of the Audit Committee

As Chairperson for the Audit Committee, I'm very pleased to look back at an eventful year. We're satisfied with the continued strong revenue growth and solid gross margins Azerion has achieved, as well as a satisfactory EBITDA despite cost challenges, impacted both by a new cost base that comes with being listed and additional costs coming from acquisitions.

Reporting and transparency

Life as a new member of the stock market had a profound effect on the amount of reporting and accounting requirements, as well as on Azerion's pursuit of clarity and transparency.

Azerion made full use of this transition and finalized the legal merger of its two reporting entities Azerion Group NV and Azerion Holding BV, to increase reporting transparency and provide a simplified reporting structure. The company demonstrated great effort towards transparency as well by publishing its revised Q4 numbers together with its yearly results of 2021.

Being market-listed and acquired by special purpose acquisition company (SPAC) EFIC1 required a lot of the Financial Team. A huge thank you and appreciation goes out to them for improving the control framework and the delivery of the financial results in a timely manner.

Full cooperation and support to endeavour further

As always, the collaboration between Azerion's Finance Team and PWC, Azerion's external auditor, was based on full transparency and cooperation. The

Finance Team did an excellent job liaising with PWC to provide them with all needed information.

Going forward, 2023 will again be an interesting and challenging year for Azerion. How we manage priorities, risks, resources, and partnerships will be vital for laying the groundworks for the coming years. The Audit Committee holds a special position challenging the decisions taken and initiatives launched. However, with the knowledge and skills gained within the company, in the Supervisory Board, and in the Audit Committee in the last years, we look forward with confidence. The Audit Committee remains strongly committed to supporting all teams on Azerion's path as a listed company and moving ahead in the creation of value.

Chris Figee
Chairperson of Azerion's Audit Committee

Internal audit if no auditor is appointed (1.3.6)
Currently, no department for the internal audit functional has been established within the Company. In deviation from provision 1.3.1 of the Code, no senior internal auditor has been appointed by the Management Board due to the size of the Company and limited complexity of transactions.

External auditor
As from the 31 January 2022, PwC is appointed as the Company's external independent auditor (the "**External Independent Auditor**"). The appointment of PwC as External Independent Auditor for the Company aligned with the appointed external independent auditor for Azerion Holding B.V.

The External Independent Auditor reports to the Audit Committee on the actions taken to comply with professional and regulatory requirements and with best practice designed to ensure its independence. The performance of the External Independent Auditor is reviewed by the Audit Committee on an annual basis through a qualitative assessment of the services provided against the agreed audit plan and taking account of feedback received from management. Following this review, the Audit Committee has proposed to the Supervisory Board to submit a proposal to the General Meeting to appoint PWC as auditor to audit the annual accounts for the financial year 2023.

Report of the SAR Committee
During 2022, the SAR Committee comprised two members: Mr. Derk Haank (Chair) and Mr. Peter Tordoir. The SAR Committee held 1 formal meeting during 2022 in addition to regular (informal) updates arranged through (video) calls. The SAR Committee discussed the introduction of two new incentivization programs to serve as a tool to recruit, reward and retain critical talent, an executive annual incentive plan ("**Executive Plan**") and a senior annual cash incentive plan ("**Cash Plan**"). Both plans are intended to serve as the foundation for the variable remuneration of the senior executives and other key senior employees of the Company and do not impact the remuneration of the Management Board. The Executive Plan is an annual plan with a cash component and a share component, with a split to be determined annually, with awards to be determined in the discretion of the Management Board taking into account certain Group KPI's and considerations relating to personal performance. The Cash Plan is a cash plan only for key managers and individual contributors. Furthermore, the SAR Committee assessed the performance of the Co-CEO's during the financial year under review in Q1 of 2023

Annual General Meeting

The Annual General Meeting took place on 16 June 2022. The meeting discussed, among others, the annual report 2021, the remuneration report 2021 and adoption of the annual accounts 2021. Furthermore, the Dividend Policy was presented, which indicated that the Company does not intend to pay any dividends in the short to medium term as it wants to maintain financial flexibility to invest in its growth both organically and inorganically.

The Annual General Meeting for 2023 shall be held on 15 June 2023. The meeting will amongst others discuss the annual results of the Company for 2022 and the proposal to approve the financial statements for the financial year 2022, the proposal to redeem the treasury shares as announced in February 2023 as well as the proposal to re-appoint PWC as auditor to audit the annual accounts over the financial year 2023.

Financial statements 2022

For 2022, the Management Board has prepared consolidated financial statements of the Company, which have been audited by PwC, whose independent auditor's report is included in this report, and were reviewed and discussed on 26 April 2023 by the Supervisory Board members and the External Independent Auditor in the presence of the Management Board.

The Supervisory Board believes the 2022 consolidated financial statements of the Company meet all requirements for correctness and transparency. All members of the Supervisory Board and the Management Board have signed the 2022 Financial

Statements pursuant to the statuary obligations under Dutch law. The Management Board will present the financial statements for 2022 and its report at the scheduled Annual General Meeting expected to be held on 15 June 2023. The Supervisory Board recommends that the Annual General Meeting adopts the 2022 Financial Statements and discharges the Management Board and the Supervisory Board from liability for their management and supervision in the year under review.

Schiphol-Rijk, 26 April 2023

The Supervisory Board
Peter Tordoir
Derk Haank
Klaas Meertens
Chris Figee
Florence von Erb
Katrin Brökelmann

Consolidated financial statements

Consolidated statement of financial position

Consolidated statement of financial position

In millions of €

	Notes	31 December 2022	31 December 2021
Assets			
Non-current assets		**429.3**	**323.6**
Property, plant and equipment	6	20.5	18.5
Goodwill	8	184.2	123.0
Intangible assets	7	186.2	141.8
Non-current financial assets	10	36.8	36.0
Deferred tax asset	24	1.5	4.2
Investment in joint venture and associate		0.1	0.1
Current assets		**209.2**	**140.1**
Trade and other receivables [1]	11	157.3	103.5
Current tax assets		1.0	1.3
Cash and cash equivalents	12	50.9	35.3
Total assets		**638.5**	**463.7**
Equity			
Share capital	13	1.2	-
Share premium	13	130.8	0.5
Legal reserve	13	25.2	19.6
Share based payment reserve	14	13.7	1.8
Currency translation reserve	13	(1.3)	0.6
Other equity instruments	13	29.0	34.0
Retained earnings	13	(104.8)	(65.1)
Shareholders' equity		**93.8**	**(8.6)**
Non-controlling interest	13	2.4	1.7
Total equity		**96.2**	**(6.9)**
Liabilities			
Non-current liabilities		**257.7**	**260.1**
Borrowings	18	201.5	199.0
Lease liabilities	9	14.3	14.3
Provisions	15	1.6	1.4
Deferred tax liability	24	25.3	29.8
Other non-current liability	16	15.0	15.6
Current liabilities		**284.6**	**210.5**
Borrowings	18	7.9	6.8
Provisions	15	0.9	1.0
Trade, other payables and accrued liabilities [1]	17	221.9	141.5
Current tax liabilities		5.4	3.0
Lease liabilities	9	4.9	4.7
Other current liabilities	16	43.6	53.5
Total liabilities		**542.3**	**470.6**
Total equity and liabilities		**638.5**	**463.7**

[1] Contract assets and Contract liabilities have been reclassified to Trade and other receivables and Trade, other payables and accrued liabilities to reflect the appropriate accounting treatment. For more details see note 3: Significant accounting policies.

Consolidated statement of profit or loss and other comprehensive income

Consolidated statement of profit or loss and other comprehensive income

In millions of €

	Notes	2022	2021
Revenue	19	452.6	308.1
Costs of services and materials	21	(286.3)	(187.2)
Personnel costs	20	(107.2)	(55.1)
Depreciation	6	(7.0)	(5.3)
Amortization	7	(31.0)	(17.6)
Impairment of non-current assets	6, 7	(0.5)	(1.9)
Other gains and losses	22	1.4	0.7
Other expenses	21	(161.0)	(33.3)
Operating profit / (loss)		**(139.0)**	**8.4**
Finance income	23	22.3	1.8
Finance costs	23	(23.4)	(28.4)
Net Finance costs		**(1.1)**	**(26.6)**
Share in profit/(loss) of joint venture and associate		-	0.3
Profit / (loss) before tax		**(140.1)**	**(17.9)**
Income tax expense	24	7.0	(2.0)
Profit / (loss) for the year		**(133.1)**	**(19.9)**
Attributable to:			
Owners of the company		(134.3)	(19.6)
Non-controlling interest		1.2	(0.3)
Items that may be reclassified to profit and loss, net of tax			
Exchange difference on translation of foreign operations		(2.6)	0.2
Total other comprehensive income		**(2.6)**	**0.2**
Total comprehensive income / (loss)		**(135.7)**	**(19.7)**
Attributable to:			
Owners of the company		(135.5)	(19.4)
Non-controlling interest		(0.2)	(0.3)
Loss per share for losses attributable to the ordinary equity holders of the company:			
Basic profit/(loss) per share (in €)	31	(1.2)	(0.2)
Diluted profit/(loss) per share (in €)	31	(1.2)	(0.2)

Consolidated statement of changes in equity

Consolidated statement of changes in equity

In millions of €

	Notes	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
	Notes	13	13	13	14	13	13	13		13	
Balance as of 1 January 2021		**-**	**0.5**	**13.8**	**0.6**	**0.3**	**31.0**	**(42.1)**	**4.1**	**2.1**	**6.2**
Profit for the year		-	-	-	-	-	-	(19.6)	(19.6)	(0.3)	(19.9)
Other comprehensive income / (loss)		-	-	5.8	-	0.2	-	(5.8)	0.2	-	0.2
Total comprehensive income / (loss)		**-**	**-**	**5.8**	**-**	**0.2**	**-**	**(25.4)**	**(19.4)**	**(0.3)**	**(19.7)**
Transactions with owners in their capacity as owners:											
Share-based payments, net of tax	14	-	-	-	1.2	-	-	-	1.2	-	1.2
Changes in shareholder loans	13, 10	-	-	-	-	-	1.8	3.5	5.3	-	5.3
Issuance of investor share appreciation rights	5	-	-	-	-	-	0.2	-	0.2	-	0.2
Acquisition related share appreciation rights	5	-	-	-	-	-	1.0	-	1.0	-	1.0
Other movements		-	-	-	-	0.1	-	(1.1)	(1.0)	(0.1)	(1.1)
Total other movements		**-**	**-**	**-**	**1.2**	**0.1**	**3.0**	**2.4**	**6.7**	**(0.1)**	**6.6**
Balance as of 31 December 2021		**-**	**0.5**	**19.6**	**1.8**	**0.6**	**34.0**	**(65.1)**	**(8.6)**	**1.7**	**(6.9)**
Profit for the year		0.0	0.0	0.0	0.0	0.0	0.0	(134.3)	(134.3)	1.2	(133.1)
Other comprehensive income / (loss)		-	-	5.6	-	(2.0)	-	(4.8)	(1.2)	(1.4)	(2.6)
Total comprehensive income / (loss)		**0.0**	**0.0**	**5.6**	**0.0**	**(2.0)**	**-**	**(139.1)**	**(135.5)**	**(0.2)**	**(135.7)**
Transactions with owners in their capacity as owners:											
Changes in shareholder loans	13	-					(1.9)		(1.9)		(1.9)
Settlement of share-based payments	14,13	0.0	13.1		(1.8)				11.3		11.3
Settlement of Investor share appreciation rights	14,13	0.0	1.9				(1.9)		-		-
Settlement of Acquisition related share appreciation rights	14,13	0.0	17.2				(9.5)		7.7		7.7
Withholding wage taxes related to share-based payments	13	-						(6.6)	(6.6)		(6.6)
De-SPAC Transaction	4,13	0.2	28.5		3.7			107.1	139.5		139.5
Issuance of Azerion Founder Warrants	4,16	-			9.9			0.0	9.9		9.9
Private placement to sponsors and co-investors	4	-	23.1						23.1		23.1
Other private placement	13	0.0	10.5	-	-	-	-	-	10.5		10.5
Capital restructuring	4,13	1.0	(1.0)						-		-
Share considerations for new acquisitions	5,13	0.0	35.5				8.3		43.8		43.8
Issuance of HTP Call options	4,13	-			1.6				1.6		1.6
Exercise of HTP Call options	14,4,13	0.0	1.4		(1.4)				-		-
Other movements		-	0.1	-	(0.1)	0.1	-	(1.1)	(1.0)	0.9	(0.1)
Total other movements		**1.2**	**130.3**	**-**	**11.9**	**0.1**	**(5.0)**	**99.4**	**237.9**	**0.9**	**238.8**
Balance as of 31 December 2022		**1.2**	**130.8**	**25.2**	**13.7**	**(1.3)**	**29.0**	**(104.8)**	**93.8**	**2.4**	**96.2**

Consolidated statement of cash flows

Consolidated statement of cash flows

In millions of €

	Notes	2022	2021
Cash flows from operating activities			
Operating profit / (loss)		(139.0)	8.4
Adjustments for:		**186.1**	**27.3**
Depreciation and amortisation	6, 7	38.0	22.9
Impairment of tangible & intangible assets	6, 7	0.5	1.9
Movements in provisions per profit and loss	15	3.0	0.5
Share-based payments expense	14	22.7	1.2
De-SPAC related expenses	4	14.8	-
De-SPAC listing expense	4	107.1	-
Other non-cash items		-	0.8
Changes in working capital items:			
(Increase)/Decrease in trade and other receivables	11	(22.1)	(2.7)
Increase/(Decrease) in trade and other payables	17	49.8	6.6
Utilization of provisions		(3.1)	(0.3)
Interest paid		(18.7)	(14.0)
Income taxes paid		(1.4)	(1.3)
Net cash provided by (used for) operating activities excluding SARs related cash outflows		**51.6**	**24.0**
SARs related cash outflows		(6.7)	-
Net cash provided by (used for) operating activities including SARs related cash outflows		**44.9**	**24.0**
Cash flows from investing activities			
Payments for property, plant and equipment	6	(1.5)	(1.4)
Payments for intangibles	7	(20.2)	(16.7)
Acquisition of subsidiaries, net of cash	5, 16	(54.1)	(64.3)
Decrease/ (Increase) in loans and other investments	10	-	(0.7)
Net cash outflow from investing activities		**(75.8)**	**(83.1)**
Cash flows from financing activities			
Proceeds from external borrowings	18, 29	0.5	227.5
Transaction costs		-	(5.7)
Repayment of external borrowings	18, 29	(5.0)	(113.8)
Payment of principal portion of lease liabilities	9, 29	(7.6)	(4.1)
Increase in loan to related parties	10, 25	-	(12.4)
De-SPAC related expenses	4	(33.7)	-
Proceeds from De-SPAC transaction	4	404.1	-
Settlement of De-SPAC transaction	4	(310.9)	-
Early settlement of Senior Secured Callable Floating Rate Bonds	23, 29	-	(7.7)
Other inflows (outflows) from financing activities		-	0.2
Net cash inflows from financing activities		**47.4**	**84.0**
Net increase in cash and cash equivalents		**16.5**	**24.9**
Effects of exchange rate changes on cash and cash equivalents		(0.9)	-
Cash and cash equivalents at the beginning of the year	12	35.3	10.4
Cash and cash equivalents at the end of the year	12	**50.9**	**35.3**

Notes to the Consolidated financial statements

1. General information

Azerion Group N.V. information

Azerion Group N.V. (the ‘Company’) is a listed public company incorporated in the Netherlands under Dutch law on 25 January 2021 and registered at Boeing Avenue 30, 1119 PE, Schiphol-Rijk, the Netherlands. The Company’s number in the Trade Register at the Chamber of Commerce is 81697244. The Company is a holding company with its main operations situated in the Netherlands and the domicile of the Company is in the Netherlands.

The company was originally known as European FinTech IPO Company 1 B.V. ('EFIC1'), a Special Purpose Acquisition Company ('SPAC'). The Company was formed for the purpose of effecting a merger, capital stock exchange, asset acquisition, stock purchase, reorganisation or similar business combination with or acquisition of a target business or entity. The extraordinary general meeting of shareholders of EFIC1 (‘EGM’) was convened for and took place on 31 January 2022. During the EGM, the shareholders of EFIC1 approved (amongst other things) the proposed De-SPAC Transaction (‘Transaction’) with Azerion Holding B.V. This Transaction was completed on 1 February 2022 and EFIC1 B.V. changed in legal form into a limited company (naamloze vennootschap) on 2 February 2022 and renamed from EFIC1 to Azerion Group N.V. The first day of trading on Euronext Amsterdam, post completion of the Transaction, of the Ordinary Shares and warrants in the Company under the new name of Azerion Group N.V. and the new ticker symbols AZRN and AZRNW respectively, was 2 February 2022. Where in this report reference is made to EFIC1, reference is being made to the Company before the Transaction. Where in this report reference is made to Azerion Group N.V., reference is being made to the Company after the De-SPAC Transaction.The Transaction has been accounted for as a capital reorganisation, whereby Azerion Group N.V. is treated as the acquired company and Azerion Holding B.V. as the accounting acquirer. Operations prior to the Transaction are those of Azerion Holding B.V. and the historical financial statements of Azerion Holding B.V. became the historical financial statements of the combined entity, upon the consummation of the Transaction. Accordingly, the statement of other comprehensive income, the balance sheet and the statement of cash flows for 2022 includes the results of Azerion Group N.V. starting from the date of completion of the Transaction.

The comparative figures in the consolidated financial statements being compared to the 12 months period ended 31 December 2022 are those of Azerion Holding B.V.

These consolidated financial statements comprise the Company and its subsidiaries and entities it exercises control over (the ‘Group’ or ‘Azerion’).

Following the Transaction on 1 February 2022 a legal merger between Azerion Group N.V. and Azerion Holding B.V. was proposed. As no objections raised, this legal merger became effective as of 1 January 2023. This legal merger, under universal succession of title, implied that Azerion Group N.V., being the 100% shareholder of Azerion Holding B.V., absorbed all rights and obligations of Azerion Holding B.V. As Azerion Group N.V. filed a 403 statement for Azerion Holding B.V., the only financial statements to be published are those of Azerion Group N.V.

Business activities

Azerion operates a high-growth digital entertainment and media platform. It is a content-driven technology and data company, serving consumers, advertisers, digital publishers, and game creators globally. Digital gaming and digital advertising have the potential to create a powerful force for good through their reach to large and significantly engaged audiences worldwide. Our ambition is to establish Azerion as the leading digital entertainment and media platform in Europe, becoming the digital gaming provider of choice for our consumers and preferred service partner for advertisers, digital publishers and game creators.

Positioned initially as a digital social and casual gaming company, in recent years Azerion has expanded further along the user engagement value chain into integrated advertising technology. Azerion is engaged in a number of interrelated operating activities including providing technology solutions to automate the purchase and sale of digital advertising inventory for advertisers, publishers and game creators as well as developing, publishing, distributing and operating online social and casual games and digital content.

As audiences continue to transition to digital forms of entertainment, gaming has established itself as one of the most engaging forms of content, attracting advertisers into the ecosystem. Azerion's owned and operated content reaches millions of highly engaged users globally, captures advertising spend across its platform and generates revenues through in-game purchases in its premium games. By leveraging the platform, Azerion also receives a share of revenue generated through the placing of advertisements on the inventory of its digital publisher partners and a share of the advertisement revenue generated by the content of its game creator partners.

During 2022, Azerion has worked with more than 400,000 advertisers globally and over 300,000 digital publishers using omnichannel solutions across all formats, devices and platforms. Through its platform and taking into account all its products, as at September 2022 Azerion's reach extended to an audience of on average over 500 million unique monthly active users. On average Azerion sells approximately 9 billion digital advertisements on a monthly basis, publishes on average more than 250 new games per month and works with over 1,000 game creators. As at September 2022, Azerion’s platform had a portfolio of more than 20,000 game titles and more than 10,000 exclusive publisher websites. Within its games portfolio, Azerion has nine premium game titles, defined as games where revenue is generated mainly from users making purchases directly in-game.

Azerion is a highly diversified business generating revenue from a broad range of jurisdictions and verticals across its two segments, Platform and Premium Games.

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

Going concern

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

The Group incurred a comprehensive loss of € (135.7)million (2021: € (19.7)million loss) for the year ended 31 December 2022 of which € (0.2) million loss is attributable to the non-controlling interest (2021: € 0.3 million loss). As of 31 December 2022, the Group had net assets of € 96.2 million (2021: € (6.9) million negative). Management believes that the application of going concern basis is appropriate as at 26 April 2023.

Overall, the revenue for 2022 was € 452.6 million, an increase of 46.9% as compared with the full year 2021 (2021: €308.1 million). Platform revenue increased by 55.0% to € 363.5 million (2021: € 234.5 million), whereas Premium Games revenue increased by 21.1% to € 89.1 million (2021: € 73.6 million).

Based on the current financial position and results, the Group expects to meet its covenant ratios for subsequent quarterly measurement dates in 2023. The main financial covenant is called the maintenance ratio which represents the ratio of the net interest-bearing debt to adjusted EBITDA which should be less than 4.50x. As at 31 December 2022, the Group is in compliance with the maintenance ratio.

The net primary cash proceeds, together with expected future operational cash flows and available debt facilities of the Company have been assessed by the Management Board and are considered to provide sufficient liquidity to the Company for the following 12 months. The liquidity position of the Company is further strengthened by not proposing to pay any dividends for the next 12 months.

On 8 April 2021, the Group issued senior secured callable fixed rate bonds for a total of € 200 million, within a total framework amount of € 300 million. The maturity date of the bonds is 28 April 2024 and the bonds carry a fixed interest rate of 7.25% per annum. The management team are fully engaged in evaluating the options available to refinance the bonds. Those options include, but are not limited to, pursuing a similar repeat bond issuance, the implementation of alternative external third-party financing solutions and/or utilisation of other internally available financial resources. The refinancing strategy and execution planning will continue and be finalised in an appropriate timeframe taking into account considerations relating to business performance, strategic and operational requirements, internal cash generation, any implied deleveraging and applicable market conditions.

2. Preparation basis

Accounting basis

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

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

The consolidated financial statements were authorized for issue by the Supervisory Board on 26 April 2023.

These consolidated financial statements also include the financial information of the Company, Azerion Group N.V.

Accounting treatment of the De-SPAC Transaction

The Transaction between Azerion Group N.V. and Azerion Holding B.V. resulted in a structure in which the former shareholders of Azerion Holding B.V., although they sold a part of their ownership, retained control of Azerion Group N.V. The structure of the Transaction has therefore characteristics of a 'reverse acquisition' under IFRS 3, where Azerion Holding B.V. is the accounting acquirer and Azerion Group N.V. the acquired entity for accounting purposes. However, because Azerion Group N.V. was not a business according to IFRS 3, the principles of IFRS 3 are not directly applicable. The Transaction therefore qualifies as a 'share based payment' transaction under IFRS 2, whereby shares are issued to substantially acquire a listing for the Group. The accounting of this transaction in these financial statements are identified as the 'De-SPAC Transaction' or 'the Transaction'.

Nevertheless, given the characteristics of the Transaction, the presentation in the financial statements is, by analogy, based on the IFRS 3 principles for reverse acquisitions. That implies that the consolidated financial statements are issued under the name of Azerion Group N.V. (the legal parent) but are in substance the continuation of Azerion Holding B.V. with one adjustment, which is to present the legal capital of Azerion Group N.V. As a result of the application of IFRS 3 by analogy to the transaction, and the application of the reverse acquisition guidance, Azerion Holding B.V.'s operating history and financial performance forms the basis for the comparative financial information for the combined company. The comparative financial year included herein are operations of Azerion Holding B.V. prior to the transaction.

As a result of the De-SPAC Transaction, and therefore not included in the comparative information, the following other changes to the capital structure of Azerion Group N.V. were effectuated:

1. **Ordinary shares.** As a result of the fact that the holders of 6.9 million shares did not offer their shares for redemption, the corresponding amount was reclassified from liabilities to equity.
   Accounting treatment: *Reclassification from Non-current liabilities to equity.*

2. **Ordinary shares.** As part of the capital reorganisation Azerion Holding B.V.'s share capital was exchanged for shares in Azerion Group N.V. of € 956,538, being 95,7 million shares, at a par value of € 0.01.
   Accounting treatment: *This capital reorganisation is shown in the consolidated statement of changes in equity as an increase within share capital by € 955,362 from the share capital of Azerion Holding B.V. .*

3. **Special Shares and Conditional Special Shares.** Cancellation of 853,989 Special Shares and conversion of 1,152,886 Special Shares into Conditional Special Shares. (Conditional Special Shares are convertible into Ordinary Shares subject to additional conditions to be met within five years as of the Completion Date.)
   Conversion of the remaining 6,533,019 Special Shares into Ordinary Shares of Azerion Group N.V.
   The holders of the Conditional Special Shares waived dividend and voting rights.
   Accounting treatment: *The Special Shares are accounted for as equity settled Share Based Payments. The cancellation is accounted for as a reclassification to Retained Earnings. The Conversion into Conditional Special Shares is accounted for as an equity settled Share Based Payment (no changes in the Share Based Payments Reserve). The conversion into Ordinary Shares is accounted for as a reclassification within equity*

from Share Based Payments Reserve into Share Capital and Share Premium.

4. **Davey Call Options.** Amendment of the Davey Call Options into an unconditional call option on a maximum of 628,974 Ordinary Shares and a call option on 110,996 Ordinary Shares which will solely become exercisable if the share price of Ordinary Shares equals or exceeds € 12.00 per share for any 20 trading days within any 30 trading-day period within a period of five years after the business combination.
Accounting treatment: *The Davey Call Options are accounted for as equity settled Share Based Payments. The partial cancellation is accounted for as a reclassification into Retained Earnings. As a result of the amendment no changes in the Share Based Payments Reserve are to be recognised.*

5. **HTP Call Options.** Grant to HTP Sponsor of 145,634 unconditional call options and 25,700 conditional call options on same terms as the Davey Call Option.
Accounting treatment: *The HTP Call Options are accounted for as equity settled Share Based Payments measured at grant date fair value.*

6. **Founder Warrants.** The holders of the Founder Warrants waived their right to retain the warrants in case of a call by the issuer (now Azerion Group N.V.). As a result, the terms and conditions of the Founder Warrants are now closely comparable to the Public Warrants.
Accounting treatment: *The Founder Warrants are accounted for as current liabilities, based on the cashless redemption option that introduces variability in number of shares to be issued on exercise, and accounted for at fair value through profit or loss, presented as "Net finance costs".*

7. **Azerion Founder Warrants.** Grant of 17,922,773 Azerion Founder Warrants to the founders of Azerion Holding B.V., subject to the same terms and conditions as the other Founder Warrants, as a compensation for potential dilutive effects resulting from possible future exercise of the Public Warrants and Founder Warrants.
Accounting treatment: *The Azerion Founder Warrants are accounted for as an equity-settled Share-Based Payments transaction.*

Refer to note 4: De-SPAC Transaction for further information's on the Transaction.

Functional and presentation currency

These consolidated financial statements are presented in millions of euros (€), which is the Company's functional currency and rounded to the nearest hundred thousand unless stated otherwise.

Use of estimates and judgements

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

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

The areas involving significant estimates and judgements are:

Estimated useful life of intangible assets (note 7: Intangible assets)
The useful lives have to be determined for intangible assets. The useful lives are estimated based upon best practice within the group. The group reviews the remaining useful lives of its non-current assets annually.

Capitalization of development costs (note 7: Intangible assets)
Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred.

Estimation of the recoverable amounts of cash generating units for impairment of goodwill (note 8: Goodwill)
The recoverable amount of the cash-generating units is determined based on a value in use calculation which uses cash flow projections based on financial forecasts approved by the directors covering a five-year period and a pre-tax discount rate calculated by the weighted average cost of capital method. Refer to note 8: Goodwill for the key assumptions used by management in setting the financial forecast.

Valuation of Share-Based payments (note 14: Share-based payments)
The grant-date fair value of equity-settled share-based payment awards granted to employees before 2022 are recognized as an expense with a corresponding increase in equity in share-based payment reserve over the vesting period of the awards. The fair value is determined by management in reference to the grant date based on periodic valuations, adjusted for estimated growth or decline that has taken place since the latest external valuation. After the transaction the fair value is based on the share price of the ordinary share of Azerion Group N.V.

Related to the Transaction the Special Shares, Conditional Special Shares, Davey Call Option, the HTP Call Option and the Azerion Founder Warrants are treated as share based payments. The estimates and judgements are as follows.

Special Shares and Conditional Special Shares (note 14: Share-based payments)
In March 2021 EFIC1 issued Special Shares to its Sponsors. The Special Shares were convertible into Ordinary Shares during the De-SPAC transaction. Management has exercised judgement in determining whether these instruments should be treated as financial instruments or as share-based payments and concluded that the instruments are to be qualified as equity-settled share based payments. At grant date a valuation model was applied to calculate the value of these instruments.

The (originally issued) Special Shares fully vested on 31 January 2022, based on the considerations made in 2021 and given the expectation at the end of 2021 that the Transaction would take place. In the Transaction the Special Shares were partly cancelled, partly converted in Ordinary Shares and partly converted into Conditional Special Shares. Management considered that the Conditional Special Shares are to be treated as a modification of the previous instruments and therefore as share based payments. Based on fair value calculations before and after the modification, no amounts were recognised as additional expenses.

Davey Call Option (note 14: Share-based payments)
In March 2021 EFIC1 issued Call Options to Mr. B. Davey. These Call Options are considered a share-based payment for the services provided as a member of EFIC1's leadership team. As the Davey Call Option entitled only rights to Special Shares, which would automatically and mandatorily convert into Ordinary Shares upon the De-SPAC transaction, the share-based payment is equity-settled. In 2021 the Davey Call Option was economically considered as 1,012,560 individual options with an exercise price of € 0.01 to a Special Share as underlying. Although the Davey Call Option has an American feature, a Black-Scholes-Merton option pricing model was used to calculate the value at grant date.

The (originally issued) Davey Call Options fully vested on 31 January 2022, based on the considerations made in 2021. In the Transaction, 270,590 Davey Call Options were cancelled and the remaining 739,790 were split into 628,974 unconditional Call Options (convertible into Ordinary Shares) and 110,996 Call Options which will solely become exercisable if the share price of Ordinary Shares equals or exceeds € 12.00 per share for any 20 trading days within any 30 trading-day period within a period of five years after the De-SPAC transaction. Management considered that the reduction of the Davey Call Options should be treated as a modification of the previous instruments. Based on fair value calculations before and after the modification, no amounts were recognised as additional expenses.

HTP Call Option (note 14: Share-based payments)
As a result of the Transaction, and on exactly the same terms as the Davey Call Option, the HTP Sponsor received 145,634 unconditional call options and 25,700 conditional call options which will solely become exercisable if the share price of Ordinary Shares equals or exceeds € 12.00 per share for any 20 trading days within any 30 trading-day period within a period of five years after the De-SPAC Transaction. Management considered that these call options are to be treated as newly issued, fully vested equity-settled share based payments. For the valuation of these unconditional call options the share price on the stock exchange as at 1 February 2022 was used. For the

valuation of the conditional call options the share price was amended with a discount reflecting the marketability limitations at the date of issue.

Azerion Founder Warrants (note 14: Share-based payments)
On completion of the De-SPAC Transaction, Azerion Group N.V. issued 17,992,773 Azerion Founder Warrants to the founders of Azerion Holding B.V. For the assessment of the grant date fair value of the Azerion Founder Warrant, as equity-settled Share-Based payments under IFRS 2, Management considered that, after the closing of the Transaction, the terms and conditions of the Azerion Founder Warrants are closely comparable to the Public Warrants and concluded therefore that they should be valued using the listed price of the Public Warrants without any amendment (a Level 2 valuation methodology).

Classification of share appreciation rights issued as part of acquisitions (note 5: Acquisitions)
As part of acquisitions up to 2021 the Company issued share appreciation rights as part of the consideration to the sellers. When the consideration will be settled by the Company delivering a fixed number of its own equity instruments in exchange for the financial asset, the share appreciation rights are classified as equity. Refer to where the terms and conditions of the share appreciation rights are disclosed.

Public Warrants (note 16: Other liabilities)
The Public Warrants do not qualify as equity as a cashless settlement option exist. As a result, they classify as financial liability instruments. The Public Warrants are valued using the listed price of the Public Warrants (a Level 1 valuation methodology).

Founder Warrants (note 16: Other liabilities)
The Founder Warrants are derivatives and, because of their specific redemption features they classify as financial liability instruments. The holders of the Founder Warrants waived their right to retain the warrants in case of a call by the issuer (now Azerion Group N.V.) against a redemption price of €0.01 per Founder Warrant in the event that the last trading price of the Ordinary Shares equals or exceeds €18.00 per Ordinary Share for any 20 trading days within a 30 consecutive trading day period. Management considered that after the closing of the Transaction, the terms and conditions of the Founder Warrants are closely comparable to the Public Warrants and concluded therefore that they should be valued using the listed price of the Public Warrants without any amendment (a Level 2 valuation methodology).

Business combination and purchase price allocation (note 5: Acquisitions)
While the Group employs experts to determine the acquisition date fair value of acquired intangibles, the fair values of assets acquired and liabilities assumed are based on significant management assumptions and estimates, which are inherently uncertain and highly subjective and as a result, actual results may differ from estimates. If different assumptions were to be used, it could materially impact the purchase price allocation.

For certain entities which were acquired in 2021 and 2022 an earn-out has been included in the purchase consideration. When determining the fair value of the earn-out, several assumptions and judgments were made regarding the estimated future revenue and cash flows of these acquisitions and therefore the future cash-out for the earn-out.

Valuation of deferred tax assets and liabilities (note 24: Income tax)
Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Management's assessment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

3. Significant accounting policies

Basis of consolidation

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

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

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

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

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

Transactions with non-controlling shareholders

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

Business combinations

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

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

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

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held interests (including joint operations) in the acquired entity are remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

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

Goodwill

Goodwill is initially recognized and measured as set out above.

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

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

Joint Ventures

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

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

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

Foreign currency

Foreign currency transactions

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

Foreign operations

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

Financial instruments

Recognition and derecognition

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

Classification and initial measurement of financial assets

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

- amortized cost (including cash and cash equivalents, non-current financial assets (loans to shareholder), deposits, trade and most of other receivables fall into this category); or
- fair value through profit or loss (FVTPL) (including equity investments). As at 31 December 2022 and 31 December 2021, the Group did not have any financial assets at fair value through profit or loss.

The classification is determined by considering both:

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

All income and expenses relating to financial assets that are recognized in profit or loss are presented within finance costs and finance income, except for impairment of trade receivables which is presented within Trade and other receivables (note 11: Trade and other receivables).

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

Subsequent measurement of financial assets

Financial assets at amortized cost

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

Financial assets through Profit and Loss

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

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

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

Classification and measurement of equity instruments
Other equity instruments
Other equity instruments are recognised as equity instruments if, and only if, the instrument includes no contractual obligation to deliver cash or another financial asset, and, for a non-derivative instrument, no contractual obligation to deliver a variable number of its own equity instruments; or for a derivative instrument, it will be settled by the Group through a fixed amount of cash for a fixed number of its own equity instruments.

The subordinated loans classified as equity will be settled through a fixed number of shares. The measurement is at amortised cost value on reclassification.

The share appreciation rights and shares to be issued will be settled through a fixed number of shares. The valuation of the shares is derived from the date of the transaction.

Classification and measurement of financial liabilities
Warrants
The Warrants consist of the Public Warrants and the Founder Warrants. The Warrants are derivatives and because of their specific redemption features, a variable number of shares will be issued on exercise, they classify as financial liability instruments, at fair value through profit or loss. Subsequent changes in the fair value of the Warrants are recognised directly in the consolidated statement of profit and loss.

Other
The Group's financial liabilities include debt to shareholders, related parties and third parties, SARs granted to investors as part of acquisitions up to 2021 as well as accounts payable to suppliers and trade creditors, lease liabilities and contingent consideration and earn-out in business acquisitions. Except for liabilities to SAR holders, financial liabilities are initially measured at fair value and are adjusted for transaction costs where applicable. Subsequently, financial liabilities are measured at amortized cost using the effective interest rate method. All interest-related charges are recognized within finance costs in the statement of comprehensive income. In the statement of financial position 2021 the liabilities related to SARs holders were classified as 'at fair value through profit and loss' and subsequently measured at fair value. Based on the contractual terms and conditions the SARs were exercised immediately before the Transaction.

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expired. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in the consolidated statement of profit and loss. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

As at 31 December 2022 and 31 December 2021, the Group did not have any other financial liabilities designated at fair value through profit or loss (in accordance with IFRS9 paragraphs 4.2.2. or 6.7.1).

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

Intangible assets

Recognition and measurement

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

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

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

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

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

Assets	Years
Games and software	5-10 years
Client lists	5-20 years
Trademark, Patents and Brands	5-10 years
Websites	7-10 years

Amortization methods and useful lives are reviewed at each reporting date and adjusted if appropriate. The internally generated Intangible assets useful lives are in line with those noted above.

Borrowing costs

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

During the year ended 31 December 2022, no borrowing costs have been capitalised resulting in all borrowing costs being recognised in profit or loss.

Provisions

The provision for restructuring mainly relates to the estimated costs of initiated restructurings, the most significant provisions are approved by the Management Board. When such restructurings require discontinuance and/or re-organization of activities, the anticipated costs are included in restructuring provisions. A liability is recognized for those costs only when the Company 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, the Company recognizes any impairment loss on the assets associated with the restructuring.

Property, plant and equipment

Recognition and measurement

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

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss within other gains and losses. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Subsequent expenditure

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

Depreciation

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

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

Estimated useful life of property, plant and equipment
in years

Assets	Years
Right-of-Use Buildings	1 – 5 years
Right-of-Use Vehicles	1 – 5 years
Right-of-Use Equipment	1 - 5 years
Equipment	1 – 10 years
Renovations	1 – 5 years

Other leased assets (refer to Note 3.11) are depreciated over the shorter of the asset useful life or the lease term.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Impairment of assets

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

Leases

As a lessee

The lease portfolio of the Group consists of real estate, vehicles and leases of office equipment. The Group recognizes a right-of-use asset and a lease liability at the commencement date. The right-of-use assets are presented as part of property, plant and equipment (refer to note 9: Leases). The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, less any lease incentives received.

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

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

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

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

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

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

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

The Group has also elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets (€ 5 thousand individually) and short-term leases (with term less than 12 months). The lease payments associated with these leases are recognized as an expense within other expenses on a straight-line basis over the lease term.

As a lessor

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

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

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

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

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

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

When the Group enters into a finance sublease, it:

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

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

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

Prepayments

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

Cash and cash equivalents

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

Employee benefit obligations

Short-term employee benefits

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

Other long-term employee benefits

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

Post-employment obligations

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

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

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

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

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

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

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

The Group recognises remeasurements and service costs within other comprehensive income. Net interest expense or income is recognised within finance costs (see note 23: Net finance costs).

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

Termination benefits

The provision for restructuring mainly relates to the estimated costs of initiated restructurings, the most significant provisions are approved by the Management Board. When such restructurings require discontinuance and/or re-organization of activities, the anticipated costs are included in restructuring provisions. A liability is recognized for those costs only when the Company 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, the Company recognizes any impairment loss on the assets associated with the restructuring.

Share-Based payments

The grant-date fair value of equity-settled share-based payment awards granted to employees and the holders of the Azerion Founder Warrants are recognized within personnel cost with a corresponding increase in equity in share-based payment reserve over the vesting period of the awards. This continues until the vesting period has expired. Upon expiration, the Group's best estimate of the number of equity instruments that will ultimately vest is reflected.

Equity

Share capital

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

Share premium

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

Legal reserve

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

Share-Based payment reserve

Share-Based payment reserve is used to recognise the value of equity-settled Share-Based payments provided to employees as part of their remuneration. It also includes grant date fair value of the Azerion Founder Warrants, that were assessed by Management as equity-settled Share-Based Payment transactions.

Currency translation reserve

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

Other equity instruments

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

Retained earnings

Retained earnings includes all current and prior period retained profits.

Non-controlling interest

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

Revenue from contracts with customers

Performance obligations and revenue recognition policies

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

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

Type of product/service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Platform	The provision of each unit is a separate performance obligation. **Advertising deal – bundle of similar ad impressions:** Each bundle of ad impressions that are "substantially the same" and provided in a similar framework, is a separate performance obligation. **Advertising deal – clicks or actions:** Each click or action is a separate performance obligation. **Advertising deal – combination of bundles and/or clicks and actions:** Multiple Performance Obligations: • Each bundle of ad impressions that are "substantially the same" and provided in a similar framework, is a separate performance obligation. • Each click or action is a separate performance obligation. **Sale of ad inventory:** Each unit of ad inventory sold, and related ad impression provided, represents a separate performance obligation.	**Advertising deal – bundle of similar ad impressions:** The revenue is recognised over time as the bundle of ad impressions are being provided. Revenue recognition is based on the transaction price and is measured with reference to the number of completed ad impressions as a portion of the total ad impressions promised in the bundle. **Advertising deal – clicks or actions:** The revenue from the sale and provision of clicks or actions by users, are recognised at a point in time when the user clicks on or performs an action based on the ad impression. The revenue recognised per click or action is equal to the transaction price agreed with the customer per the insertion order. **Advertising deal – combination of bundles and/or clicks and actions:** Refer to the above the revenue recognition noted for a bundle of ad impressions and/or clicks and actions. **Sale of ad inventory:** The revenue is recognised over time as Azerion is providing the ad inventory and the related ad impression. Given the time involved in providing the service, revenue is practically recognised at the point when each ad impression is served at an amount equal to the transaction price.
	Gaming revenue: Main performance obligations are from sales in the virtual world of gaming:- Sale of **consumables**- Sale of **durables**- Sale of **memberships**	**Consumables:** Revenue from the sale of consumables is recognised at a point in time. **Durables:** Revenue from the sale of durables is recognised over time, depending on the consumption period of the customer. **Memberships**: Revenue is recognised evenly over the membership period. Gaming revenue: Main performance obligations are from sales in the virtual world of gaming:- Sale of **consumables**- Sale of **durables**- Sale of **memberships**
Premium Games	Main performance obligations are from sales in the virtual world of gaming: - Sale of **consumables** - Sale of **durables** - Sale of **memberships** - Sale of **NFT's** The provision of each unit is a separate performance obligation.	**Consumables:** Revenue from the sale of consumables is recognised at a point in time. **Durables:** Revenue from the sale of durables is recognised over time, depending on the consumption period of the customer. **Memberships**: Revenue is recognised evenly over the membership period. **NFT's**: See 3.16.2

Operating profit

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

Finance income and finance costs

The Group's finance income and finance costs include:

- interest income;
- interest expense;
- net interest expense on defined benefit obligation; and
- fair value change to the financial instruments.

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

Income tax

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

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

Current tax

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

Deferred tax

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

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

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

The Group elected to apply the Initial-Recognition-Exemption on initial recognition as well as for subsequent measurement therefore the right-of-use asset and the lease liability are considered separately for deferred tax purposes.

Uncertain tax position

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

Fair value measurement

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

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

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

Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its shares. Basic EPS is calculated by dividing the profit attributable to owners of the company (excluding any costs of servicing equity other than ordinary shares) by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

Comparative information

The Group's consolidated financial statements have been prepared consistently with the previous period in order to give accurate trend analysis regarding the financial position and performance. Where necessary, comparative figures have been reclassified to agree to the presentation of the current period consolidated financial statements and significant changes are explained.

During 2022 the Group discovered that contract balances had been erroneously presented under "Contract assets" while the performance obligations were fully satisfied and recognized. Only the invoices were not yet created and sent to customers, and under "Contract liabilities" while the campaigns have been fully delivered and recognized and the invoices not received yet from suppliers.

As a consequence contract assets amounting to € 12.1 million which were presented under "Contract assets" have been classified into "Trade and other receivables" and Contract liabilities amounting to € 0.4 million which were presented under "Contract liabilities" have been classified into "Trade, other payables and accrued liabilities".

For comparability reasons the segment results of all quarters of 2022 will be updated to reflect the 2023 change in allocation keys related to central costs allocated to the segments Platform and Premium Games.

Standards issued but not yet effective

The new and amended standards that are issued but are not yet effective for 31 December 2022 are listed below:

- New standard IFRS 17   Insurance Contracts
- Amendments to IFRS 10 and IAS 28   Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to IAS 1   Classification of Liabilities as Current or Non-current
- Amendments to IAS 1 and IFRS Practice Statement 2   Disclosure of Accounting Policies
- Amendments to IAS 8   Definition of Accounting Estimates
- Amendments to IAS 12   Deferred Tax related to Assets and Liabilities arising from a Single Transaction

For The Group the new standard IFRS 17 Insurance contracts will not be applicable.

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

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

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

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

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

4. De-SPAC Transaction

Accounting treatment

As stated in paragraph Accounting Treatment of the De-SPAC Transaction in note 2: Preparation basis, the De-SPAC Transaction between Azerion Group N.V. and Azerion Holding B.V. qualifies as a 'share based payment' transaction under IFRS 2 and the presentation in the financial statements is, by analogy, based on the IFRS 3 principles for reverse acquisitions. That resulted in the recognition of a 'Listing expense' in the consolidated statement of profit or loss with a corresponding amount in equity.

Listing expense calculation

At the De-SPAC Transaction date, the difference in the fair value of equity instruments held by Azerion Group N.V's. shareholders over the fair value of identifiable net assets of Azerion Group N.V. represents a service of listing of Azerion and is accounted for as a share-based payment analogous to IFRS 2. In accordance, a one-time, non-cash impact of € 107.1 million has been recognized in 'Other expenses' against retained earnings.

The table below presents the specification of the Listing Expense:

Listing expense specification

In millions of €

	Total fair value
Listed shares of EFIC1	66.6
Special Shares	65.2
Davey Call Options	7.7
Total Consideration	139.5
EFIC1 identifiable net assets (including share-based payment reserve)	32.4
Value of IFRS 2 listing service	107.1

The calculation of the consideration is as follows:

- 6,981,516 EFIC1 B.V. shares, after redemption, at the closing price on 1 February 2022, of € 9.54;
- 8,539,894 Special Shares, before changes in the transaction, at a closing price on 1 February 2022 of € 7.63;
- 1,012,560 Davey Call Options, before changes in the transaction, at a closing value on 1 February 2022 of € 7.63.

More details can be found in the Company Financial Statements note 14: Share-based payments.

The specification of the EFIC1 B.V. Identifiable Net Assets at the De-SPAC Transaction date is as follows:

Specification of the EFIC1 B.V. Identifiable Net Assets in the Transaction

In millions of €

Assets	
Trade and other receivables	0.3
Cash and cash equivalents	404.5
Total assets	404.8
Liabilities	
Trade and other payables	336.9
Other current liabilities	35.5
Total value of the liabilities	372.4
Identifiable Net assets (including share-based payment reserve)	32.4

- Trade and other payables includes: an amount of € 310.9 million which is the redemption to the shareholders who decided not to continue as shareholders in the new combination (which amount was paid on 3 February

2022); the sponsor and co-investor commitment for an amount of € 23.1 million which is reclassified to equity after the completion.
- Other current liabilities includes the fair value of the Founder and Public Warrants, of in total € 23.5 million and the value of the Capital Shares of € 0.22 million.

The Identifiable Net assets of EFIC1 including share-based payment reserve, resulted in an increase in equity presented as part of the **De-SPAC Transaction** line item in Consolidated statement of changes in equity, starting on page 57:

- € 0.2 million of increase in share capital (conversion of ordinary shares and special shares)
- € 3.7 million of Share-Based Payment granted by EFIC1
- € 28.5 million in share-premium related to the remaining net asset value after De-SPAC Transaction

Cash flows

The Transaction resulted in € 93.2 million of net cash proceeds which consists of : € 404.5 million of cash and cash equivalent, € 0.4 million of repaid interests and after redemption to shareholders of € 310.9 million of funds from the EFIC1 escrow account (net of negative interest and after effectuation of the share repurchase arrangement). These proceeds are offset by € 33.7 million De-SPAC related expenses paid.

Shares and Shareholder information
Immediately after completion of the De-SPAC Transaction (1 February 2022) the issued share capital of Azerion Group N.V. was as follows:

Issued share capital after De-SPAC
in number of shares

	Number [1]
Total Ordinary Shares	181,561,748
Of which shares in treasury [2]	70,078,452
Ordinary Shares	111,483,296
Capital Shares	22
Conditional Special Shares	1,152,886
Public Warrants [3]	12,736,605

[1] Excluding any conditional and unconditional option rights and Founder Warrants existing at the date of the De-SPAC Transaction, which in aggregate entitle the holders to receive up to a maximum of 24,160,245 Ordinary Shares.

[2] In March 2021, EFIC1 issued Ordinary Shares to shareholders and immediately bought back these Ordinary Shares at the same price per share (€ 0.01). These Ordinary Shares in Treasury can be used for acquisitions, exercise of warrants and option rights and other general funding purposes.

[3] The outstanding Warrants listed on Euronext Amsterdam at the date of the De-SPAC Transaction entitle the holders to receive up to 12,736,605 Ordinary Shares.

The ownership percentages, immediately after the completion of the De-SPAC Transaction, were as presented in the table below. These percentages may differ from the capital interest and voting rights percentages as found in the register of substantial interests of the AFM, due to the specific regulatory requirements applicable to AFM notifications.

Shares ownership

in number of shares

	Ownership in shares	% in ordinary Share capital [1]
Former investors in Azerion Holding B.V. [2 3]	82,787,492	74.3
Azerion Holding B.V., former depositary receipt holders	8,382,903	7.5
Azerion former stock appreciation rights holders [4]	4,483,367	4.0
Former EFIC1 converted Special Shares holders	6,533,019	5.9
Other shareholders	9,296,515	8.3
Total ordinary shares	111,483,296	100

1 Excluding treasury shares as well as any conditional and unconditional option rights and Founder Warrants existing at 2 February 2022, which in aggregate entitle the holders to receive up to a maximum of 24,160,245 Ordinary Shares.

2 An entity controlled by Azerion's co-founders and co-CEOs.

3 Including shares held for settlement of future acquisition-related earn out and other obligations.

4 Excluding shares held for settlement of future acquisition-related earn out and other obligations.

5. Acquisitions

Business Combinations completed in 2022

Acquisition completed in 2022

In millions of €

	Notes	Infinia	Madvertise	Targetspot	Other [1]	Total
Property, plant and equipment (including right-to-use assets)	6	0.2	0.4	1.7	0.7	3.0
Intangible assets	7	9.3	5.8	16.5	23.1	54.7
Deferred tax assets		0.2	0.7	-	1.1	2.0
Trade and other receivables		5.8	5.8	13.6	14.0	39.2
Cash and cash equivalents		2.4	0.4	1.9	2.2	6.9
Borrowings	18	(2.3)	(1.6)	(1.9)	(0.4)	(6.2)
Deferred tax liabilities		(1.8)	(1.4)	(3.4)	(5.5)	(12.1)
Lease liabilities	9	-	(0.3)	(1.3)	(0.5)	(2.1)
Trade, other payables and accrued liabilities		(5.4)	(6.3)	(21.8)	(21.2)	(54.7)
Total identifiable net assets and liabilities at fair value		**8.4**	**3.5**	**5.3**	**13.5**	**30.7**
Consideration paid at closing		6.0	1.9	2.3	9.7	19.9
Cash and cash equivalents and bank overdrafts at acquired subsidiary		(2.4)	(0.4)	(1.9)	(2.2)	(6.9)
Outflow of cash and cash equivalents net of cash acquired		**3.6**	**1.5**	**0.4**	**7.5**	**13.0**
Consideration paid at closing		6.0	1.9	2.3	9.7	19.9
Deferred consideration [2]		4.8	6.2	3.9	3.8	18.7
Contingent consideration [2]		4.3	-	6.4	2.3	13.0
Other equity instruments		-	-	0.2	8.1	8.3
Treasury shares at fair value [3]		1.0	3.1	17.3	10.7	32.1
Total consideration paid or to be paid at closing		**16.1**	**11.2**	**30.1**	**34.6**	**92.0**
Minus: Total identifiable net assets and liabilities at fair value		(8.4)	(3.5)	(5.3)	(13.5)	(30.7)
Goodwill	8	**7.7**	**7.7**	**24.8**	**21.1**	**61.3**

[1] Others include the following acquisitions where the total balance of consideration paid or to be paid at closing is below € 10 million: Vlyby Digital GmbH (€ 7.2 million), Mmedia B.V. (€ 5.7 million), Hybrid Theory Global Ltd (€ 9.3 million), AdPlay S.r.l. (€ 6.3 million), Monolith Partners (€ 1.4 million), TakeRate S.r.l. (€ 2.8 million), Adverline SAS (€ 2.0 milllion).

[2] Refer to note 16: Other liabilities where the deferred considerations and Contingent considerations relating to the acquisitions are included.

[3] 5,248,310 Ordinary Shares issued in 2022

Acquisition of Targetspot

On 21 November 2022, Azerion Holding B.V. ("Azerion") acquired 100% of the share capital of Radionomy BV ("Radionomy"). Radionomy has been a leader and pioneer in digital audio since 2007. Radionomy connects brands to their target audiences via an inventory of leading publishers across all areas of digital audio. Through its proprietary technologies, Radionomy provides end-to-end integration between advertisers and publishers, for contextually targeted, cookie-free campaigns involving both direct and programmatic buying. Radionomy is also a leader in audio streaming, its Shoutcast brand enabling over 85,000 radio stations to be streamed online. Radionomy is operational in 9 countries and employs around 100 people worldwide.

The purchase consideration for 100% shares in the capital of Radionomy is € 30.1 million, which comprises of a cash payment at closing of € 2.3 million, deferred consideration of € 3.9 million, contingent consideration of € 6.4 million, including guarantee of € 3.8 million, equity of € 17.3 million issued and classified in share premium and equity of € 0.2 million not issued yet and classified in other equity instruments as of 31 December 2022.

The deferred consideration is to be paid within 5 months (€ 2.0 million) and 14 months (€ 1.9 million) respectively after the acquisition date. The fair value of the deferred consideration of € 3.9 million was estimated by calculating the present value of the future expected cash flows. The estimate is based on a discount rate of 4.5% per annum. Refer to note 16: Other liabilities where the deferred consideration relating to the acquisition of Targetspot as at 31 December 2022 is included.

In the event that certain pre-determined, sales targets are achieved additional contingent consideration of up to € 2.6 million may be payable in cash. € 2.6 million contingent consideration is payable at the end of Earn-Out

Period (1 January 2023 – 31 December 2023). The Earn-out will be computed on a linear basis as from sales in 2023 of € 31 million, with the maximum amount of € 2.6 million corresponding to sales in 2023 of € 36 million. The earn out payment below pre-determined minimum sales target is zero. The fair value of the contingent consideration of € 2.6 million was estimated by calculating the present value of the future expected cash flows. The estimates are based on a discount rate of 12.6% per annum.

Azerion also guarantees that its share price will increase to € 9.10 (20-day VWAP) at least once in the period from share purchase agreement signing to 31 December 2024. If this price target is not achieved, Azerion will pay out 70% of the shortfall between price at end of period and € 9.10 for each share (capped at € 5.1 million). At Azerion's discretion, the shortfall can be compensated in cash or shares, the fair value of guarantee of € 3.8 million is determined using Monte Carlo simulation as of acquisition date.

Based on the share purchase agreement, Azerion provided 2,782,644 shares at the share price of € 6.3 with a value of € 17.5 million. The issued shares of € 17.3 million are classified as share premiums and equity of € 0.2 million not issued yet are classified in other equity instruments as of 31 December 2022.

The provisional fair value of acquired assets and liabilities of Radionomy has been determined. This resulted in a € 5.3 million provisional net fair value of the acquired assets and liabilities and € 24.8 million recognized goodwill. The goodwill of € 24.8 million mainly relates to the assembled workforce and other intangibles such as expected revenue sinergies.

The fair value of financial assets includes receivables with a fair value of € 5.5 million and a gross contractual value of € 5.6 million. The best estimate at the acquisition date of the contractual cash flows not to be collected is € 0.1 million. No material acquisition related costs were incurred relating to the acquisition.

Radionomy contributed € 2.9 million to the group revenue in 2022. If the acquisition had been completed on the first day of the financial year, Group revenue would have been € 24.6 million higher in total.

Radionomy contributed a profit of € 0.4 million to the group's net profit and loss. If the acquisition had been completed on the first day of the financial year, net profit for the year would be € 3.2 million lower.

Acquisition of Infinia

On 4 April 2022 Azerion Group N.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 € 16.1 million, which comprises of a cash payment at closing of € 6.0 million, deferred consideration of € 4.8 million, contingent consideration of € 4.3 million, equity payments of € 1.0 million.

The deferred consideration is to be paid within 12 months (€ 2.2 million) and 24 months (€ 2.0 million) respectively after the acquisition date. The fair value of the deferred consideration of € 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. Refer to note 16: Other liabilities where the deferred consideration relating to the acquisition of Infinia as at 31 December 2022 is included.

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 € 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.

In the event that certain pre-determined sales targets are achieved additional contingent consideration of up to € 4.3 million may be payable in cash. € 2.3 million contingent consideration is payable at the end of Earn-Out Period 1 (1 January 2022 to 31 December 2022) and a further € 2.0 million payable at the end of Earn-Out Period 2 (1 January 2023 to 31 December 2023). Up to € 1.8 million would be paid to the Sellers if Infinia meets Earn-Out Period 1 targets. When 100% maximum target is met, 100% of the earn out is assigned to revenue (€ 8.5 million revenue for Spain only, € 16.5 million revenue for consolidated). Up to € 1.7 million would be paid to the Sellers if Infinia meets Earn-Out Period 2 targets. When 100% maximum target is met, 100% of the earn out is assigned to revenue (€ 8.6 million revenue for Spain only, € 18 revenue million for consolidated). The earn out payment below 70% of the revenue targets is zero. For both earn out payments, the Spain revenue target is subject a to minimum consolidated gross margin of 38% and the earn out payment for consolidated revenue targets are subjected to minimum consolidated gross margin of 40%. The earn out payment below pre-determined minimum consolidated gross margin levels is zero. € 0.5 million in cash to be paid if at least 20% of total campaign volume of Infinia is delivered through Azerion product for 2022 as part of Earn-Out Period 1. € 0.4 million in cash to be paid if at least 40% of total campaign volume of Infinia is delivered through Azerion product for 2023 as part of Earn-Out Period 2. The fair value of the contingent consideration of € 4.3 million was estimated by calculating the present value of the future expected cash flows. The estimated are based on a discount rate of 9.8% per annum.

Based on the share purchase agreement, Azerion issued 112,359 Azerion Group N.V. shares from treasury at the share price of € 8.90 representing a total value of € 1.0 million.

The fair value of the acquired assets and liabilities of Infinia has been determined. This resulted in a € 8.4 million net fair value of the acquired assets and liabilities and € 7.7 million recognized goodwill. The goodwill of € 7.7 million mainly relates to the assembled workforce and other intangibles such as expected revenue sinergies.

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

No material acquisition related costs were incurred relating to the acquisition.

Infinia contributed € 9.9 million to the group revenue during 2022. If the acquisition had been completed on the first day of the financial year, Group revenue would have been € 2.6 million higher in total.

Infinia contributed a profit of € 1.4 million to the group's net profit and loss. If the acquisition had been completed on the first day of the financial year, net profit for the year would be € 0.3 million lower.

Acquisition of Madvertise

On 4 July 2022, Azerion Group N.V. ("Azerion") acquired 100% of the share capital of Madvertise Media SAS ("Madvertise FR") and Madvertise Media GmbH ("Madvertise DE"), together Madvertise, based on two Share Purchase Agreements. Madvertise FR is a French technology company founded in 2011 in France while Madvertise DE is a German technology company founded in 2011 in Germany. Madvertise specializes in premium mobile advertising. Madvertise proprietary technology to optimize and maximize advertiser visibility. 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 market.

The purchase consideration for 100% shares in the capital of Madvertise is € 11.2 million, which comprises of a cash payment at closing of € 1.9 million, deferred consideration of € 6.2 million, equity payments of € 3.1 million.

The deferred consideration is to be paid within 3 months (€ 3.4 million) and 6 months (€ 2.8 million) respectively after the acquisition date. The fair value of the deferred consideration of € 6.2 million was estimated by calculating the present value of the future expected cash flows. The estimate is based on a discount rate of 6.5% per annum. Refer to note 16: Other liabilities where the deferred consideration payable relating to the acquisition of Madvertise as of 31 December 2022 is included.

Based on the share purchase agreement, Azerion provided 384,614 shares at the share price of € 7.8 with a value of € 3.1 million.

The fair value of the acquired assets and liabilities of Madvertise has been determined. This resulted in a € 3.5 million net fair value of the acquired assets and liabilities and € 7.7 million recognized goodwill. The goodwill of € 7.7 million mainly relates to the assembled workforce and other intangibles such as expected revenue sinergies.

The fair value of financial assets includes receivables with a fair value of € 1.2 million and a gross contractual value of € 1.3 million. The best estimate at the acquisition date of the contractual cash flows not to be collected is € 0.1 million.

No material acquisition related costs were incurred relating to the acquisition.

Madvertise contributed € 6.2 million to the group revenue during 2022. If the acquisition had been completed on the first day of the financial year, Group revenue would have been € 5.4 million higher in total.

Madvertise contributed a loss of € 0.3 million to the group's net profit and loss. If the acquisition had been completed on the first day of the financial year, net profit for the year would be € 0.4 million higher.

Acquisition of Vlyby Digital
On 30 September 2022, Azerion Group N.V. ("Azerion") acquired 100% of the share capital of Vlyby Digital GmbH ("Vlyby"). Vlyby is a German company focusing on programmatic video advertising and self-service publisher solutions. Vlyby founded in 2017 in Munich, Germany. Vlyby's product suite includes a header bidding wrapper for all relevant video demand partners, machine learning based yield optimization and a high performant video player solution combined with a self-service management and real-time reporting interface.

The purchase consideration for 100% shares in the capital of Vlyby is € 7.2 million, which comprises of a cash payment at closing of € 1.1 million, deferred consideration of € 0.2 million, contingent consideration of € 1.4 million, equity payments of € 4.5 million.

The deferred consideration is to be paid within 15 months (€ 0.2 million) after the acquisition date. The fair value of the deferred consideration of € 0.2 million was estimated by calculating the present value of the future expected cash flows. The estimate is based on a discount rate of 8.3% per annum. Refer to note 16: Other liabilities where the deferred consideration relating to the acquisition of Vlyby as of 31 December 2022 is included.

In the event that certain pre-determined sales and EBITDA targets are achieved additional contingent consideration of up to € 1.4 may be payable in cash. € 1.4 million contingent consideration is payable at the end of Earn-Out Period (1 January 2022 to 31 December 2022). Up to € 1.4 million would be paid to the Sellers if Vlyby meets Earn-Out Period targets. When 100% maximum target is met, 100% of the earn out is assigned to revenue and EBITDA (€ 7.1 million revenue, € 1.1 million EBITDA). The earn out payment below 75% of the revenue and EBITDA targets is zero. For earn out payments, revenue and EBITDA targets are subject a to minimum EBITDA margin of 10%. The earn out payment below pre-determined minimum EBITDA margin level is zero. The fair value of the contingent consideration of € 1.4 million was estimated by calculating the present value of the future expected cash flows. The estimated are based on a discount rate of 12.6% per annum.

Based on the share purchase agreement, Azerion provided 658,314 shares at the share price of € 7.0 with a value of € 4.5 million.

The fair value of acquired assets and liabilities of Vlyby has been determined. This resulted in a € 1.3 million net fair value of the acquired assets and liabilities and € 5.9 million recognized goodwill. The goodwill of € 5.9 million mainly relates to the assembled workforce and other intangibles such as expected revenue sinergies.

The fair value of financial assets includes receivables with a fair value of € 0.1 million and a gross contractual value of € 0.1 million. The best estimate at the acquisition date of the contractual cash flows not to be collected is zero.

No material acquisition related costs were incurred relating to the acquisition.

Vlyby contributed € 2.4 million to the group revenue during the fourth quarter of 2022. If the acquisition had been completed on the first day of the financial year, Group revenue would have been € 3.3 million higher in total.

Vlyby contributed a profit of € 0.7 million to the group's net profit and loss. If the acquisition had been completed on the first day of the financial year, net profit for the year would be € 0.2 million higher.

Acquisition of Hybrid Theory
On 10 November 2022, Azerion Holding B.V. ("Azerion") acquired 100% of the share capital of Hybrid Theory Global Ltd ("Hybrid"). Hybrid is a data led programmatic agency and trading desk specialising in mid and lower funnel campaigns. Their technology delivers a hybrid approach that connects data intelligence with human nuance, understanding, and creativity, to power smarter advertising across the full customer journey. Headquartered in London and with offices in six other markets, this acquisition also opens a new footprint for Azerion in the US, and the broader APAC market.

The purchase consideration for 100% shares in the capital of Hybrid is € 9.3 million, which comprises of equity of € 8.1 million not issued yet and classified in other equity instruments, and equity of € 1.2 million (220,101 shares) issued and classified in share premiums as of 31 December 2022. Equity of € 8.1 million was issued and classified in share premiums in February 2023.

The fair value of acquired assets and liabilities of Hybrid has been determined. This resulted in a € 3.9 million net fair value of the acquired assets and liabilities and € 5.4 million recognized goodwill. The goodwill of € 5.4 million mainly relates to the assembled workforce and other intangibles such as expected revenue sinergies.

The fair value of financial assets includes receivables with a fair value of € 0.8 million and a gross contractual value of € 0.8 million. The best estimate at the acquisition date of the contractual cash flows not to be collected is zero.

No material acquisition related costs were incurred relating to the acquisition.

Hybrid contributed € 3.8 million to the group revenue during the fourth quarter of 2022. If the acquisition had been completed on the first day of the financial year, Group revenue would have been € 15.7 million higher in total.

Hybrid contributed a profit of € 0.4 million to the group's net profit and loss. If the acquisition had been completed on the first day of the financial year, net profit for the year would be € 1.2 million lower.

Acquisition of Adplay
On 9 November 2022, Azerion Group N.V. ("Azerion") acquired 100% of the share capital of Adplay S.r.l. (“Adplay”). Adplay is a tech media company focused on the development of proprietary solutions for Publishers and Brand advertisers and a strategic partner for the implementation of digital transformation and innovation plans, through its own technologies and tailored consulting services. Adplay will provide further growth of Azerion Platform in Italy through video player and distribution capabilities and its publisher relations.

The purchase consideration for 100% shares in the capital of Adplay is € 6.2 million, which comprises of a cash payment at closing of € 2.0 million, contingent consideration of € 0.2 million, equity payments of € 4.0 million.

In the event that certain pre-determined, sales, gross profit and EBITDA targets are achieved additional contingent consideration of up to € 0.2 may be payable in cash. € 0.2 million contingent consideration is payable at the end of Earn-Out Period (2 years after the completion). Up to € 0.2 million would be paid to the Sellers if Adplay meets Earn-Out Period targets (Sales € 10.6 million, gross profit: € 2.4 million, EBITDA: € 0.35 million). The earn out payment below pre-determined minimum sales, gross profit and EBITDA targets is zero. The fair value of the contingent consideration of € 0.2 million was estimated by calculating the present value of the future expected cash flows. The estimated are based on a discount rate of 12.6 % per annum.

Based on the share purchase agreement, Azerion provided 580,470 shares at the share price of € 6.9 with a value of € 4.0 million.

The fair value of acquired assets and liabilities of Adplay has been determined. This resulted in a € 3.1 million net fair value of the acquired assets and liabilities and € 3.1 million recognized goodwill. The goodwill of € 3.1 million mainly relates to the assembled workforce and other intangibles such as expected revenue sinergies.

The fair value of financial assets includes receivables with a fair value of € 2.6 million and a gross contractual value of € 2.6 million. The best estimate at the acquisition date of the contractual cash flows not to be collected is zero.

No material acquisition related costs were incurred relating to the acquisition.

Adplay contributed € 2.6 million to the group revenue during the last quarter of 2022. If the acquisition had been completed on the first day of the financial year, Group revenue would have been € 7.3 million higher in total.

Adplay contributed a profit of € 0.2 million to the group's net profit and loss. If the acquisition had been completed on the first day of the financial year, net profit for the year would be € 0.3 million higher.

Acquisition of MMedia
On 17 October 2022, Azerion Group N.V. ("Azerion") acquired 100% of the share capital of MMedia B.V. ("Mmedia"). Mmedia is a leading sales house, tech partner and intermediary for publishers and advertisers in the Dutch digital advertising space with a strong focus on sports, lifestyle and automotive audiences. Mmedia offers a selective collection of leading websites and apps in automotive, finance, lifestyle and sports. Together with multiple editorial-offices and video production teams, MMedia creates content for the advertisers.

The purchase consideration for 100% shares in the capital of MMedia is € 5.7 million, which comprises of a cash payment at closing of € 3.8 million, deferred consideration of € 1.9 million.

The deferred consideration is to be paid within 4 months (€ 1.9 million) after the acquisition date. The fair value of the deferred consideration of € 1.9 million was estimated by calculating the present value of the future expected cash flows. The estimate is based on a discount rate of 8.5% per annum. Refer to note 16: Other liabilities where the deferred consideration relating to the acquisition of MMedia as of 31 December 2022 is included.

The fair value of acquired assets and liabilities of Mmedia has been determined. This resulted in a € 2.8 million net fair value of the acquired assets and liabilities and € 2.9 million recognized goodwill. The goodwill of € 2.9 million mainly relates to the assembled workforce and other intangibles such as expected revenue sinergies.

The fair value of financial assets includes receivables with a fair value of € 1.5 million and a gross contractual value of € 1.5 million. The best estimate at the acquisition date of the contractual cash flows not to be collected is zero.

No material acquisition related costs were incurred relating to the acquisition.

MMedia contributed € 3.4 million to the group revenue during the fourth quarter of 2022. If the acquisition had been completed on the first day of the financial year, Group revenue would have been € 9.0 million higher in total.

Mmedia contributed a profit of € 0.1 million to the group's net profit and loss. If the acquisition had been completed on the first day of the financial year, net profit for the year would be € 0.6 million lower.

Acquisition of Takerate
On 26 September 2022, Azerion Group N.V. ("Azerion") acquired net assets from TakeRate SRL ("TakeRate") through an asset purchase agreement. On this day TakeRate transferred all rights, assets, intellectual properties, contracts and employees relating to the assets.

The purchase consideration for assets of TakeRate is € 2.8 million, which comprises of a cash payment at closing of € 0.7 million, deferred consideration of € 1.1 million, equity payments of € 1.0 million.

The deferred consideration is to be paid within 6 months (€ 0.4 million) and 9 months (€ 0.7 million) after the agreement date. The fair value of the deferred consideration of € 1.1 million was estimated by calculating the present value of the future expected cash flows. The estimate is based on a discount rate of 6.5% per annum. Refer to note 16: Other liabilities where the deferred consideration relating to the acquisition of Takerate as of 31 December 2022 is included.

Based on the asset purchase agreement, Azerion provided 127,226 shares at the share price of € 7.86 with a value of € 1.0 million.

The fair value of acquired assets and liabilities of TakeRate has been determined. This resulted in a € 1.3 million net fair value of the acquired assets and liabilities and € 1.5 million recognized goodwill.

No material acquisition related costs were incurred relating to the acquisition.

Acquisition of Monolith

On 15 November 2022, Azerion Holding B.V. ("Azerion") acquired 100% of the share capital of Monolith Partners ("Monolith"). Monolith's business is the purchase and resale of advertising space.

The purchase consideration for 100% shares in the capital of Monolith is € 1.4 million, which comprises of a deferred consideration of € 0.8 million, contingent consideration of € 0.6 million.

The deferred consideration is to be paid within 4 months (€ 0.8 million) after the acquisition date. The fair value of the deferred consideration of € 0.8 million was estimated by calculating the present value of the future expected cash flows. The estimate is based on a discount rate of 8.5% per annum. Refer to where the deferred consideration relating to the acquisition of Monolith as of 31 December 2022 is included.

In the event that certain pre-determined EBITDA target is achieved additional contingent consideration of up to € 0.6 million may be payable in cash. € 0.6 million contingent consideration is payable at the end of Earn-Out Period (1 January 2023 to 31 December 2023). € 0.6 million would be paid to the Sellers if Monolith meets Earn-Out Period targets (€ 0.2 million EBITDA). The earn out payment below EBITDA target is zero. The fair value of the contingent consideration of € 0.6 million was estimated by calculating the present value of the future expected cash flows. The estimated are based on a discount rate of 12.6% per annum.

The fair value of acquired assets and liabilities of Monolith has been determined. This resulted in a € 0.1 million net fair value of the acquired assets and liabilities and € 1.3 million recognized goodwill. The goodwill of € 1.3 million mainly relates to the assembled workforce and other intangibles such as expected revenue sinergies.

The fair value of financial assets includes receivables with a fair value of € 1.4 million and a gross contractual value of € 1.6 million. The best estimate at the acquisition date of the contractual cash flows not to be collected is € 0.2 million.

No material acquisition related costs were incurred relating to the acquisition.

Monolith contributed € 1.3 million to the group revenue during 2022. If the acquisition had been completed on the first day of the financial year, Group revenue would have been € 5.5 million higher in total.

Monolith contributed a profit of € 0.2 million to the group's net profit and loss. If the acquisition had been completed on the first day of the financial year, net profit for the year would be € 1.1 million lower.

Acquisition of Adverline

On 16 September 2022, Azerion Group N.V. ("Azerion") acquired assets from Adverline SAS ("Adverline") through an asset purchase agreement. On this day Adverline transferred all rights, assets, intellectual properties, contracts and employees relating to the assets.

The purchase consideration for assets of Adverline is € 2.0 million, which comprises of a cash payment at closing of € 1.3 million, deferred consideration of € 0.7 million.

The deferred consideration is to be paid within 6 months (€ 0.7 million) after the agreement date. The fair value of the deferred consideration of € 0.7 million was estimated by calculating the present value of the future expected cash flows. The estimate is based on a discount rate of 6.5% per annum. Refer to note 16: Other liabilities where the deferred consideration relating to the acquisition of Adverline as of 31 December 2022 is included.

The fair value of acquired assets of Adverline has been determined. This resulted in a € 1.0 million net fair value of the acquired assets and € 1.0 million recognized goodwill.

No material acquisition related costs were incurred relating to the acquisition.

Business combinations completed in 2021

Acquisitions completed in 2021

In millions of €

	Notes	Strossle International AB	Genba Digital Limited	WHOW Games GmbH	Sublime Skinz Labs SAS	Inskin Media LTD	Others [1]	Total
Property, plant and equipment (excluding right-to-use assets)	6	–	0.1	0.2	0.1	–	–	0.4
Intangible assets	7	6.3	10	43.6	8.5	12.1	20.5	101.0
Deferred tax assets		–	–	–	–	–	0.4	0.4
Trade and other receivables		2.3	10.6	4.0	10.6	5.8	7.3	40.3
Cash and cash equivalents		1.0	4.6	3.2	3.6	2.0	4.0	18.5
Borrowings	18	(0.5)	(0.1)	(1.8)	(8.4)	(1)	(2)	(13.5)
Deferred tax liabilities		(1.3)	(1.8)	(13.1)	(2.1)	(2)	(2.4)	(22.9)
Trade, other payables and accrued liabilities		(2.5)	(12.5)	(5.8)	(8.7)	(5.9)	(5.3)	(40.6)
Loans from related parties		–	–	–	–	–	(1.9)	(1.9)
Total identifiable net assets and liabilities at fair value		**5.4**	**11.0**	**30.3**	**3.5**	**10.9**	**20.5**	**81.6**
Consideration paid at closing		6.4	10.6	27.0	8.9	10.2	9.5	72.7
Cash and cash equivalents and bank overdrafts at acquired subsidiary		(1.0)	(4.6)	(3.2)	(3.6)	(2)	(4)	(18.5)
Outflow of cash and cash equivalents net of cash acquired		**5.4**	**6.0**	**23.8**	**5.3**	**8.2**	**5.5**	**54.2**
Consideration paid at closing		6.4	10.6	27.0	8.9	10.2	9.5	72.7
Deferred consideration [2]		0.3	3.4	9.6	–	9.1	1.9	24.3
Contingent consideration [2]		1.8	4.7	20.2	1.7	2.6	6.2	37.3
SARs payment at fair value		1.7	1.8	–	–	–	5.9	9.4
Transaction bonus	13, 16	–	–	–	2.1	–	–	2.1
Total consideration paid or to be paid at closing		**10.2**	**20.6**	**56.8**	**12.7**	**22.0**	**23.4**	**145.8**
Minus: Total identifiable net assets and liabilities at fair value		(5.4)	(11.0)	(30.3)	(3.5)	(10.9)	(13.2)	(74.5)
Goodwill	8	**4.8**	**9.6**	**26.5**	**9.2**	**11.1**	**10.1**	**71.2**

[1] Others include the following acquisitions where the total balance of consideration paid or to be paid at closing is below € 10 million: Delta Projects AB (€ 9.0 million), KMobile AB (€ 5.7 million), Admeen B.V. (€ 4.5 million), Titan Gate AD (€ 4.1 million), Talpa Azerion Gaming (€ -).

[2] Refer to note 16: Other liabilities where the deferred considerations and Contingent considerations relating to the acquisitions are included.

6. Property, plant and equipment

Property, plant and equipment

In millions of €

	Right-of-Use Buildings	Right-of-Use Vehicles	Right-of-Use Office Equipment	Equipment	Renovations	Total
As at 1 January 2021						
Costs	7.7	1.2	–	2.4	0.3	11.6
Accumulated depreciation	(2.5)	(0.7)	–	(1.4)	–	(4.6)
Net book amount	**5.2**	**0.5**	**–**	**1.0**	**0.3**	**7.0**
Movements for the year ended 31 December 2021						
Acquisitions of subsidiaries and businesses	3.4	–	0.2	0.2	0.2	4.0
Capital expenditures / additions	13.6	1.1	–	1.4	–	16.1
Cancellations/ Disposals	(0.9)	–	–	–	(0.1)	(1.0)
Depreciation	(3.8)	(0.7)	(0.2)	(0.5)	(0.1)	(5.3)
Impairment	(1.9)	–	–	–	–	(1.9)
Exchange differences	(0.4)	–	–	–	–	(0.4)
Reclassifications	–	0.1	–	(0.3)	0.2	–
As at 31 December 2021						
Costs	21.3	2.3	–	4.7	1.3	29.6
Accumulated depreciation	(6.1)	(1.3)	–	(2.9)	(0.8)	(11.1)
Net book amount	**15.2**	**1.0**	**–**	**1.8**	**0.5**	**18.5**
Movements for the year ended 31 December 2022						
Acquisitions of subsidiaries and businesses	1.9	0.2	–	0.8	0.1	3.0
Capital expenditures/ additions	3.8	0.9	0.7	2.1	–	7.5
Cancellation / Disposals	(1.0)	–	–	–	–	(1.0)
Depreciation	(4.8)	(0.7)	(0.4)	(1.0)	(0.1)	(7.0)
Impairment	–	–	–	(0.3)	–	(0.3)
Exchange rate differences	(0.3)	0.1	0.1	–	(0.1)	(0.2)
Balance as of 31 December 2022						
Costs	21.1	3.2	0.8	10.5	1.3	36.9
Accumulated depreciation	(6.3)	(1.7)	(0.4)	(7.1)	(0.9)	(16.4)
Net book amount	**14.8**	**1.5**	**0.4**	**3.4**	**0.4**	**20.5**

7. Intangible assets

Intangible assets

In millions of €

	Games, Software and Websites	Client Lists	Trademark, patents and brands	Other	Total
As at 1 January 2021					
Cost	50.7	7.3	3.8	10.0	71.8
Accumulated amortization	(20.0)	(4.9)	(1.8)	(3.3)	(30.0)
Net book amount	**30.7**	**2.4**	**2.0**	**6.7**	**41.8**
Movements for the year ended 31 December 2021					
Capitalised internal development	11.3	-	-	0.8	12.1
Additions	4.4	-	-	0.5	4.9
Acquisitions of subsidiaries and businesses	47.0	47.3	5.2	1.5	101.0
Disposals	(0.3)	-	-	(0.3)	(0.6)
Amortization	(14.0)	(2.7)	(0.7)	(0.2)	(17.6)
Exchange differences	0.2	0.2	(0.1)	(0.1)	0.2
Reclassification and other	4.1	(0.5)	2.4	(6.0)	-
As at 31 December 2021					
Cost	131.1	54.8	10.7	3.3	199.9
Accumulated amortization	(47.7)	(8.1)	(1.9)	(0.4)	(58.1)
Net book amount	**83.4**	**46.7**	**8.8**	**2.9**	**141.8**
Movements for the year ended 31 December 2022					
Capitalised internal development	16.6	-	-	-	16.6
Additions	3.7	-	-	0.9	4.6
Acquisitions of subsidiaries and businesses	26.4	21.3	3.2	3.8	54.7
Disposals	(0.2)	-	-	(0.1)	(0.3)
Impairment	(0.2)	-	-	-	(0.2)
Amortization	(21.9)	(5.5)	(3.3)	(0.3)	(31.0)
Exchange differences	(0.5)	(0.3)	-	(0.1)	(0.9)
Reclassification and other	2.4	(0.7)	0.1	(0.9)	0.9
As at 31 December 2022					
Cost	177.7	68.9	13.4	7.3	267.3
Accumulated amortization	(68.0)	(7.4)	(4.6)	(1.1)	(81.1)
Net book amount	**109.7**	**61.5**	**8.8**	**6.2**	**186.2**

Capitalised development costs are included in Games & Software and Other intangible assets. The full amount recorded as “Capitalised internal development costs” in Games & Software and Other relates to payroll related internal development costs incurred. Any costs associated with research are expensed as they arise and only identifiable development costs are capitalised. Net book value of internally generated intangible assets as at 31 December 2022 amounted to € 81.1 million (31 December 2021: € 67.3 million).

The other intangible asset class mainly include products in development, licenses and IP rights and a revenue share agreement. The reclassifications during the year mostly consist of website related intangible assets that have been integrated within games and software. These amounts have been reclassified in order to more appropriately disclose the nature and classification of these assets. The reclassification from Other to Client lists and Trademarks was made in the current year to reflect more accurately the nature of the intangible assets identified from previous years acquisitions. The intangible assets included in the Other intangible assets class have finite useful lives.

For the estimated useful lives of intangible assets, please see respective section of note 3: Significant accounting policies.

8. Goodwill

Goodwill

In millions of €

	Goodwill
As at 1 January 2021	
Cost	53.1
Movements for the year ended 31 December 2021	
Additions	-
Acquisitions of subsidiaries and businesses	71.2
Disposals	-
Exchange differences	(0.2)
Reclassification and other	(1.1)
As at 31 December 2021	
Cost	123.0
Movements for the year ended 31 December 2022	
Acquisitions of subsidiaries and businesses	61.3
Exchange differences	(0.6)
Reclassification and other	0.5
As at 31 December 2022	
Cost	184.2

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units (CGUs), or groups of CGUs, that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquisition are assigned to those units or groups of CGUs. Goodwill is tested for impairment, annually or more frequently if there are indications that goodwill might be impaired.

The Group identifies two operating segments as its groups of CGUs to which goodwill has been allocated, Platform and Premium Games.

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. 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.

Goodwill is allocated to the respective CGU's as indicated below:

Goodwill allocated to CGUs

In millions of €

	Platform	Premium Games	Total
Carrying value as at 31 December 2022	156.4	27.8	184.2
Carrying value as at 31 December 2021	95.2	27.8	123.0

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

Premium Games

The recoverable amount of the Premium Games segment, which is the Gaming CGU, is determined based on a value in use calculation which uses cash flow projections based on financial forecasts approved by the directors covering a five-year period and a pre-tax discount rate of 10.6% per annum (2021: 7.9% per annum) calculated by the weighted average cost of capital method as derived through the Capital Asset Pricing Model. The key assumptions used by management in setting the financial forecasts for the initial five-year period were as follows:

Forecast sales growth rates

Forecast sales growth rates are based on past experience adjusted for a continued strong growth rate as historically seen. Net revenue for the year was € 89.1 million, an increase of 21% compared to 2021, mainly due to organic growth. Azerion has applied, based upon own experience, growth rates of 4%.

Operating profits

Operating profits are forecasted based on historical operating margins and future expectations. Azerion has applied, based upon own experience, Adjusted EBITDA margins in the range between 19% and 23%.

Cash flows

Management forecasts cash flows based on historical experience and expected significant capital expenditures. Cash flows beyond that five-year period have been extrapolated using a steady 1.0% (2021: 1.0%) per annum growth rate. This growth rate does not exceed the long-term average growth rate for the market.

Platform

The recoverable amount of the Platform segment as a group of CGU's is determined based on a value in use calculation which uses cash flow projections based on financial forecasts approved by the directors covering a five-year period and a pre-tax discount rate of 12.5% (2021: 9.8%) per annum calculated by the weighted average cost of capital method.

The key assumptions used by management in setting the financial forecasts for the initial five-year period were as follows:

Forecast sales growth rates

Forecast sales growth rates are based on past experience adjusted for a continued strong growth rate as historically seen. For the years 2022-2026 the global market for digital advertising and marketing is expected to grow at a CAGR of 14% (source: Research And Markets and "Datareportal – Digital 2022: Global overview report"). Next to the indicated global market growth rate Azerion has applied, based upon own experience, growth rates between 15% and 30%. Azerion's strategy is to further penetrate into local markets and acquire more local direct advertiser spend.

Operating profits

Operating profits are forecasts based on historical operating margins and future expectations. Adjusted EBITDA margin is expected to grow and be in the range of 13% to 20% 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.

Cash flows

Management forecasts cash flows based on historical experience and expected significant capital expenditures. Cash flows beyond that five-year period have been extrapolated using a steady 1.0% (2021: 1.0%) per annum growth rate. This growth rate does not exceed the long-term average growth rate for the market.

Sensitivity analysis

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

Based on the impairment analysis no impairment was recognized as at 31 December 2022 or 31 December 2021. At an adverse 10% movement in the Adjusted EBITDA growth the WACC can increase on average by 25 basis points before impairments are triggered for the Platform CGU. At an adverse 10% movement in the Adjusted EBITDA growth the WACC can increase on average by 5 basis points before impairments are triggered for the Premium Games CGU.

9. Leases

As a Lessee

Right-of-use asset

The carrying amount of right-of-use assets related to leased buildings, leased vehicles and leased office equipment are included in property, plant and equipment (see note 6: Property, plant and equipment).

Lease liabilities

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ("IBR") to measure the present value of future lease payments. The IBR is determined as the sum of a reference rate, credit risk premium and country risk premium. The calculation of IBR considers the currency of the lease contract, the lease term, type of leased assets, the region of the lessee and the credit rating of the lessee. A single IBR is applied to a portfolio of leases, which are similar in nature and in lease term within a region. The weighted average IBR applied in 2022 to lease liabilities was 8.0% (2021: 8.4%).

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

Lease liabilities

In millions of €

	2022	2021
As at 1 January	**19.0**	**6.2**
Acquisition of subsidiaries and businesses	2.1	3.6
Additions	3.9	14.6
Repayments of the principal amount	(4.6)	(4.1)
Accrued interest	1.5	1.4
Interest paid	(1.5)	(1.4)
Cancellation	(0.9)	(0.8)
Exchange differences	(0.3)	(0.5)
Reassessments and modifications	-	-
As at 31 December	**19.2**	**19.0**
Non-current	14.3	14.3
Current	4.9	4.7

The Lease Liabilities on 31 December 2022 amount to € 19.2 million (2021: € 19.0 million), which mainly consists of offices € 17.7 million (2021: € 17.9 million).

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

Maturity analysis of lease payments

In millions of €

	31 December 2022	31 December 2021
Less than 1 year	5.6	5.9
1 to 2 years	5.1	4.5
2 to 3 years	4.6	3.6
3 to 4 years	2.5	3.2
4 to 5 years	1.9	1.7
More than 5 years	3.3	4.4
Total undiscounted lease liability	**23.0**	**23.3**
Unpaid finance expense	(3.8)	(4.3)
Total lease liability	**19.2**	**19.0**

10. Non-current financial assets

The Group holds the following financial assets:

Financial assets

In millions of €

	Loans and other receivables
As at 1 January 2021	**17.7**
Acquisitions of subsidiaries and businesses	0.5
Additions	13.7
Accrued interest	1.0
Repayments / disposals	(0.4)
Modification of shareholder loans	4.9
Fair value adjustment on shareholder loans	(1.4)
As at 31 December 2021	**36.0**
Additions	0.1
Reclassification of deposits to cash and cash equivalents	(0.4)
Accrued interest	1.4
Others	(0.2)
As at 31 December 2022	**36.9**

Loans and other receivables

Loan to shareholder Principion Holding B.V.

On 17 March 2020, the Group entered into a loan agreement with its shareholder Principion Holding B.V., lending its shareholder a total principal value of € 24.6 million (nominal value) against an interest rate of 1.0%. The maturity date of the loan is 31 March 2024. The loan, which is classified as subsequently measured at amortised cost, had a fair value on initial recognition of € 21.2 million. A further loan of € 12.4 million was advanced on the same terms during April and May 2021.

During 2020 the difference between the market interest rate (4.0%) and the interest rate in the agreement (1.0%) resulted in a negative fair value adjustment of € 3.4 million on the initial recognition of the loan recognised directly in equity. Further fair value loss on initial recognition of € (1.4) million was recorded directly in equity on additional € 12.4 million advanced in 2021. During 2021 the interest rate on these loans was amended to 4.0% to reflect the market interest rate. This amendment gave rise to a modification of € 4.9 million positive recorded directly in equity.

The shareholder repaid € 0 of the loan principals during 2022 (2021: € 0) and € 1.4 million of interest is accrued in 2022 (2021: € 1.0 million).

The loan had an outstanding balance of € 34.7 million as of 31 December 2022 (2021: € 33.4 million).

Other

The remaining other non-current financial assets mainly relate to security deposits which included € 1.1 million rent deposit in Finland.

11. Trade and other receivables

Trade and other receivables

In millions of €

	31 December 2022	31 December 2021
Trade receivables	124.9	89.5
Loss allowance	(4.9)	(2.6)
Receivables from related parties	1.4	0.1
Prepayments	7.7	2.3
Value added taxation	16.1	9.3
Other receivables	12.1	4.9
Total	**157.3**	**103.5**

The increase in 2022 of Trade and other receivables of € 53.8 million mainly relates to the incoming acquisitions. Change in value-added taxation is also mainly related to 2022 acquisitions. See note 5: Acquisitions.

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

Refer to note 25: Related parties for more details on receivables from related parties.

Movement in loss allowance

In millions of €

	2022	2021
As at 1 January	**(2.6)**	**(2.3)**
Provision for loss allowance	(0.5)	(0.8)
Write-off	0.6	0.4
Exchange rate effect	(0.1)	(0.1)
Other	(2.3)	0.2
As at 31 December	**(4.9)**	**(2.6)**

Trade receivables are shown net of an allowance for doubtful accounts determined based on insolvency risk and historical experience, adjusted for forward-looking factors specific to the receivables and economic environment performed on an individual receivable basis. € (2.3) million in other loss allowances is mainly related to a previous years' correction.

Information about the loss allowance and write-off of trade receivables and the group's exposure to credit risk can be found in note 28: Financial risk management.

12. Cash and cash equivalents

Cash and cash equivalents

In millions of €

	31 December 2022	31 December 2021
Cash at bank and in hand	50.6	34.1
Cash equivalents	0.3	1.2
Total cash and cash equivalents	**50.9**	**35.3**

The group had no restricted cash as of 31 December 2022 and 31 December 2021.

13. Equity

General

The Transaction between Azerion Group N.V. and Azerion Holding B.V. resulted in a structure in which the former shareholders of Azerion Holding B.V., although they sold a part of their ownership, retained control of Azerion Group N.V. Given the characteristics of the Transaction, the presentation in the financial statements is, by analogy, based on the IFRS 3 principles for reverse acquisitions. That implies that the consolidated financial statements are issued under the name of Azerion Group N.V. (the legal parent) but are in substance the continuation of Azerion Holding B.V. with one adjustment, which is to present the legal capital of Azerion Group N.V.

Components of equity

In millions of €

	31 December 2022	31 December 2021
.		
Share capital	1.2	-
Share premium	130.8	0.5
Legal reserve	25.2	19.6
Share based payment reserve	13.7	1.8
Currency translation reserve	(1.3)	0.6
Other equity instruments	29.0	34.0
Retained earnings	(104.8)	(65.1)
Non-controlling interest	2.4	1.7
Total equity	**96.2**	**(6.9)**

The movements of the respective components of equity, as stated in the Consolidated statement of changes in equity, starting on page 57, are disclosed as follows.

Share capital

As at 31 December 2022, the share capital amounted € 1.2 million (2021: € 0.0 million).

As part of the recapitalisation, Azerion Group N.V. issued shares in exchange for the shares in Azerion Holding B.V. This capital reorganisation is shown as an increase within share capital of € 1.2 million, with :

- **Capital restructuring** : € 1.0 million of increase from the conversion of Azerion Holding B.V. share capital by reducing share premium
- **De-SPAC Transaction** : € 0.2 million of increase related to the conversion of special shares into ordinary shares and ordinary shares into equity.

The total number of Ordinary Shares as at 31 December 2022 and as at 31 December 2021 is as follow:

Share capital

Number of shares

	Ordinary shares		Preference shares		Total	
	Total Shares	Total amount in millions of €	Total Shares	Total amount in millions of €	Total Shares	Total amount in millions of €
31 December 2022	181,561,748	1.2	-	-	181,561,748	1.2
31 December 2021	117,563	-	-	-	117,563	-

Immediately after completion of the De-SPAC Transaction, as at 1 February 2022, 111,483,296 shares were placed and paid up and 70,078,452 were held in Treasury, for further notice refer to note 4: De-SPAC Transaction.

In addition 6,836,251 shares were transferred from Treasury shares with :

- 5,248,310 related to considerations for 2022 acquisitions (refer to note 5: Acquisitions)
- 1,442,307 related to other private placement
- 145 634 related to the exercise of the HTP call options.

As a result, the number of Treasury shares decreased from 70,078,452 shares after De-SPAC Transaction to 63,242,201 shares as at 31 December 2022.

As at 31 December 2022, 118,319,547 shares were placed and paid up and 63,242,201 shares were held in Treasury.

Share premium

As at 31 December 2022, Share premium amounted € 130.8 million (2021: € 0.5 million).

Before 2022, the company granted share based payments to employees. The difference between the grant date fair value (included in the share based payments reserve) and the fair value on exercise date is included in equity (share capital and share premium) with the concurring amount in profit or loss.

In previous years the Company acquired several subsidiaries. In those transactions investor share appreciation rights and acquisition related share appreciation rights were issued to the sellers. It was contractually agreed that these instruments vested before an IPO (like) transaction. These rights were partly recognised in equity (Other equity instruments) and in other liabilities. The net increase in equity amounted to € 7.7 million.

The obligations relating to all share appreciation rights were assumed by Azerion Group N.V. by way of a capital contribution as part of the De-SPAC transaction on 1 February 2022, which resulted in an € 32.2 million increase in share premium, with :

- € 13.1 million related to the **settlement of employee related share-based payments**
- € 1.9 million related to **settlement of Investor share appreciation rights**
- € 17.2 million related to the **settlement of acquisition related share appreciation rights**

For further information related to the share appreciation rights, refer to note 14: Share-based payments.

As part of the **De-SPAC Transaction**, the increase of € 28.5 million represents the remaining Identifiable Net assets of EFIC1, after conversion of ordinary and special shares refer to note 4: De-SPAC Transaction

In addition, in March 2022, the HTP Sponsor exercised call options which resulted in an € 1.4 million reclassification from Share-Based Payments Reserve to Share Premium (refer to note note 14: Share-based payments).

The **private placement to sponsors and co-investors** contributed an amount of € 23.1 million in Share Premium.

In addition, **other private placemen**t of € 10.5 million was completed, in the form of a private placement of existing ordinary treasury shares of Azerion, predominantly to Azerion's co-CEO's investment vehicles.

Furthermore, € 35.5 million of **share considerations for new acquisitions** were issued, refer to note 5: Acquisitions and note 16: Other liabilities for further details.

Legal reserve

As of 31 December 2022, pursuant to Dutch law, certain limitations exist relating to the distribution of shareholders' equity of € 93.8 million. These limitations relate to legal reserves required by Dutch law of € 25.2 million (2021 :€ 19.6 million).

The legal reserve movement in 2022 comprises of €5.6 million relating to capitalized development costs for the Group's developed technology and is not freely distributable to shareholders.

Share-Based payment reserve

As part of the De-SPAC Transaction, Azerion Group N.V. assumed all the obligations related to the Employee Share Appreciation Rights program of Azerion Holding B.V. and settled them by issuance of shares in the capital of Azerion Group N.V. In addition, the Share-Based payments issued by EFIC1 in 2021 and the grant of the Azerion Founder Warrants as equity-settled Share-Based Payments are included. For further information refer to note 14: Share-based payments.

Currency translation reserve

As at 31 December 2022 the currency translation reserve amounted to € (1.3) million (2021: € 0.6 million). The translation reserve comprises foreign currency differences arising from the translation of the assets and liabilities of foreign operations of Azerion Group N.V. (excluding amounts attributable to non-controlling interests).

Other equity instruments

As at 31 December 2022 other equity instruments amounted to € 29.0 million (2021: € 34.0 million).

Shareholder loans

As at 31 December 2022 € 14.9 million (2021: € 16.8 million) loans from related parties were subordinated with € (1.9) million of **changes in shareholder loans** related to an amendment to the nominal value of the loans.

These loans include an equity redemption option of outstanding loan balances, in addition to a cash redemption option. Under the modified terms, the discretion to redeem the loans in equity or cash lies with Azerion Group N.V. The loans are redeemable by issuing 2,376,919 shares in the issued share capital of Azerion Group N.V. The loans have a maturity date of 28th April 2024, the company has no obligation to pay interest.

Investor and acquisition share appreciation rights

As at 31 December 2022, as a result of the De-SPAC transaction investor and acquisition share appreciation rights were fully exercised :

- € (1.9) million related to **settlement of Investor share appreciation rights**
- € (9.5)million related to the **settlement of acquisition related share appreciation rights**

Share appreciation rights issued to investors up to 2021 were vested at grant date and became exercisable in the event of certain defined exit events, which include an initial public offering of the group's shares. All investor rights settled through issuing shares. Based on the terms and conditions of the share appreciation rights agreements, all share appreciation rights became vested and were exercised immediately before the Transaction, just before 1 February 2022. The holders of the share appreciation rights received shares in Azerion Group N.V.

Share considerations for new acquisitions

As at 31 December 2022, € 14.1 million (2021: € 5.8 million) of share options remain, with € 8.3 million of s**hare considerations for new acquisitions** were issued in 2022 (refer to note 5: Acquisitions).

In 2021 € 5.8 million relates to the issuance of share options as part of the acquisition of the remaining 49% in Sulake during 2020. Based on the share purchase agreement the Company should settle the transaction by 31 December 2022 latest. The Company has the option to settle either in cash or shares. It should be noted that the counterparty in question disputes the right of Azerion to settle in shares. The dispute is likely to be subject to arbitration in 2023.

Movements in retained earnings

As at 31 December 2022 the retained earnings amounted to € (104.8) million (2021: € (65.1) million).

€ (139.1) million relates to the total comprehensive income for the year.

Based on the terms and conditions of the Employee share-based program, the Company paid € (6.6) million of **withholding wage taxes related to share-based payments** , 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.

The opening balance amounts in equity, given the various components in the transaction, contains the issue of new shares, the value of the listing expense, the share-based payment reserve which is included in the retained earnings and (as a balance) the impact on share premium.

The retained earnings include the **De-SPAC Transaction** listing expense (€107.1 million).

Non-controlling interest in Azerion Group N.V.

The non-controlling interest (NCI) relates to minority stakes held by third parties in Azerion Group N.V.'s consolidated subsidiaries. The total NCI as at 31 December 2022 amounted to € 2.4 million (2021: € 1.7 million).

14. Share-based payments

In 2022 the following plans were carried forward and/or exercised:

- Share Appreciation Right plan of Azerion Holding B.V.
- Share based payments granted by EFIC1 in 2021 and in the De-SPAC Transaction.

During 2022, the Group created the following plans:

- Management Board Long-Term Incentive Plan (LTIP)
- Executive Annual Incentive Plan

Share Appreciation Right plan of Azerion Holding B.V.

Azerion Holding B.V. maintained a Share Appreciation Right (SAR) plan up to the date of the Transaction, 1 February 2022. This plan was initiated in 2018 and provided SARs to employees, consultants and advisors of the Group. Plans were awarded to plan participants at the discretion of the Management board.
The number of SARs available for issuance under the plan was determined by the Management Board on an annual basis. SARs were instruments similar to futures, without gearing, or forward contracts on the shares of Azerion Holding B.V.

Share Based Payments granted by EFIC1 in 2021 and in the De-SPAC Transaction

During its establishment in 2021 EFIC1 issued two categories of instruments:

1. Special Shares and
2. an Option to acquire Special Shares (Davey Call Option).

For both instruments management evaluated that these instruments are equity settled Share Based Payments in scope of IFRS 2.

In the Transaction the Special Shares were partly cancelled, partly converted into Ordinary Shares and partly converted into Conditional Special Shares. As at 31 December 2022 only Conditional Special Shares remain.

In the Transaction the Davey Call Option, was partly cancelled and the remaining number was split into a conditional and an unconditional part. In addition a re-allocation took place which, in effect, resulted in a number of Conditional and Unconditional Call Options issued to HTP, one of the sponsors of EFIC1.

In the De-SPAC Transaction, Azerion Founder Warrants were issued to balance out potential dilutive effects from possible future exercise of the Public Warrants and the Founder Warrants. Management evaluated that the Azerion Founder Warrants are equity settled Share-Based payments in the scope of IFRS 2.

Management Board LTIP

The members of the Management Board are in principle eligible for long-term incentive awards as further described in the Remuneration Policy and as approved by the shareholders as part of the Transaction. The current members of the Management Board, Mr. Atilla Aytekin and Mr. Umut Akpinar do not participate in the LTIP and no share awards were granted during 2022 under the LTIP.

Executive Annual Incentive Plan

During 2022, the Management Board, in consultation with the Supervisory Board, developed an Executive Annual Incentive Plan for its senior leadership team under which, subject to certain performance targets, and at the discretion of the Management Board, members of the senior leadership team may be awarded shares in Azerion. No share awards were granted during 2022 under the Executive Annual Incentive Scheme.

Key elements of the various instruments and plans

Plan of Azerion Holding B.V.

Azerion Holding B.V. granted SARs to certain employees of the Group. These awards vest upon the satisfaction of service conditions. The service condition was generally satisfied over five years and awards begin to vest following the employees' three-year employment anniversary.

Earlier vesting would occur if certain conditions related to an initial public offering (IPO) or change in control is met (defined as an “exit” event). Vested SARs become exercisable at an exercise price of €0.01 on the date an exit, as defined, occurs. Upon exercise, each SAR is settled in exchange for one share in the Company.
Up to 2021 the fair value was determined on the grant date based on discounted cash flow with benchmark to market multiples with reference to an external valuation. The technique used is a discounted cash flow analysis using estimated future cash flows, weighted average cost of capital and a terminal growth rate as its major inputs. No future dividends were considered in the valuation of the SARs. The number of SARs unvested and outstanding at 31 December 2021 was 1,263. The settlement of the SAR plan occurs in actual shares with no cash option available to employees as alternative.

All SARs under the previous plan were exercised immediately before the Transaction and the holders of the SARs received shares in Azerion Group N.V. No SARs were granted under this plan in 2022.

Share Based Payments granted by EFIC1 in 2021 and in the De-SPAC Transaction
(Conditional) Special Shares
In March 2021 EFIC1 issued Special Shares to its Sponsors. The Special Shares are convertible into Ordinary Shares in a De-SPAC transaction. Management has exercised judgement in determining whether these instruments should be treated as financial instruments or as share-based payments (IFRS 2) and concluded that the instruments are in the scope of IFRS 2 as equity-settled share based payments.

As there was no market price readily available for the Special Shares, the fair value of the Special Shares was estimated using a valuation technique to estimate what the price of the Special Shares would have been on the measurement date in an arm’s length transaction between knowledgeable, willing parties. The instruments are measured at their grant date fair value of € 1.95.

The (originally issued) Special Shares fully vested on 31 January 2022, based on the considerations made in 2021, given the expectation at that moment that the De SPAC Transaction would take place. In the De-SPAC Transaction the Special Shares were partly cancelled, partly converted in Ordinary Shares and partly converted into Conditional Special Shares. Management considered that the Conditional Special Shares are to be treated as a modification of the previous instruments and therefore as share based payments under IFRS 2. Based on fair value calculations before and after the modification, no amounts were recognised as additional expenses.

As part of the De-SPAC Transaction, the Sponsors have agreed that the Conditional Special Shares are convertible into Ordinary Shares in accordance with the provisions of the Articles of Association and subject to the condition that the closing share price of the Ordinary Shares on Euronext Amsterdam equals or exceeds €12.00 for any 20 trading days within any consecutive 30-trading day period within a period of five years as of the Transaction date, 1 February 2022. Should this condition not been met after five years, these (or such number remaining at that time) Conditional Special Shares will be cancelled as per such date.

Option to Acquire Special Shares (Davey Call Option)
In March 2021 EFIC1 issued Call Options to Mr. B. Davey. These Call Options are in scope of IFRS 2 and their granting is considered a share-based payment for the services provided as a member of EFIC1’s leadership team. As the Davey Call Option entitled only rights to Special Shares, which would automatically and mandatorily convert into Ordinary Shares upon a De-SPAC Transaction, they qualify as equity settled share-based payment. In 2021 the Davey Call Option was economically considered as 1,012,560 individual options with an exercise price of € 0.01 to a Special Share as underlying. As there was no market price readily available for the Davey Call Option at issuance in 2021, the fair value was estimated using a valuation technique that factors in the effect of market conditions. Although the Davey Call Option has an American feature, a Black-Scholes-Merton option pricing model was used to calculate the value at grant date. The instruments are measured at their grant date fair value of € 1.94.

In the De-SPAC Transaction, 270,590 Davey Call Options were cancelled and the remaining 739,790 were split into 628,974 unconditional Call Options (convertible into Ordinary Shares) and 110,996 Call Options which will solely become exercisable if the share price of Ordinary Shares equals or exceeds € 12.00 per share for any 20 trading days within any 30 trading-day period within a period of five years after the De-SPAC Transaction . The (originally issued) Davey Call Options fully vested before 31 January 2022, based on the considerations made in 2021. Management considered that the reduction of the Davey Call Options should be treated as a modification of the previous IFRS 2 instruments. Based on fair value calculations before and after the modification, no amounts were recognised as additional expenses.

HTP Call Option

As a result of the De-SPAC Transaction, and on exactly the same terms as the Davey Call Option, the HTP Sponsor received 145,634 unconditional call options and 25,700 conditional call options which will solely become exercisable if the share price of Ordinary Shares equals or exceeds € 12.00 per share for any 20 trading days within any 30 trading-day period within a period of five years after the De-SPAC Transaction. Management considered that these call options are to be treated as newly issued, fully vested equity-settled instruments under IFRS 2 – Share-based Payment. Based on fair value calculations at grant date, the full value was recognised as a share-based payment expense. The unconditional and conditional call options are measured at their grant date fair values of € 9.54 and € 6.42 respectively. After the exercise of the unconditional part in the first half of 2022 the conditional Call Options remain as at 31 December 2022 (€ 0.2 million).

Azerion Founder Warrants

On completion of the De-SPAC Transaction, Azerion Group N.V. issued 17,992,773 Azerion Founder Warrants to the founders of Azerion Holding B.V. Management considered the characteristics the award of these instruments and concluded that the instruments are in the scope of IFRS 2 as equity-settled share-based payments.
The Azerion Founder Warrants can be exercised during the exercise period, which ends at the close of trading on Euronext Amsterdam on the first Business Day after the fifth anniversary of the Completion Date. During the exercise period each Azerion Founder Warrant entitles the holder to subscribe for one Ordinary Share for the exercise price of €11.50. The Azerion Founder Warrants can only be exercised on a cashless basis.
For the assessment of the grant date Fair value of the Azerion Founder Warrants Management considered that, after the closing of the De-SPAC Transaction, the terms and conditions of the Azerion Founder Warrants are closely comparable to the Public Warrants and concluded therefore that they should be valued using the listed price of the Public Warrants without any amendment (a Level 2 valuation methodology).

Share based payments reserve

Movement in share based payments reserve

In millions of €

	Share-based payment reserve
Balance at 1 January 2021	**0.6**
Credit to equity for equity-settled share-based payments	1.2
Balance at 31 December 2021	**1.8**
Exercise of Share Based Payments as at 31 January 2022	(1.8)
Recognition in the Transaction as at 1 February 2022	3.7
Issuance of HTP Call Option as at 1 February 2022	1.6
Grant of Azerion Founder Warrants as at 1 February 2022	9.9
Exercise of unconditional HTP Call Option	(1.4)
Other movements	(0.1)
Balance at 31 December 2022	**13.7**

As at 31 December 2022 balance of share-based payments reserve amounts to € 13.7 million. The movements in the share-based payments reserve are as follow :

Share-based payment movement schedule

in million of €, number of instruments and prices in €

	Share-Based payment reserve						Other equity instruments	Trade and other receivables	Other liabilities
	Employee SARs	**Conditional Special Shares**	**Davey Call Options**	**HTP Call Options**	**Azerion Founder Warrants**	**Total**	**Investor SARs / shares**	**Acquisition SARs**	**Acquisition SARs**
Balance as of 1 January 2021	**0.6**	**-**	**-**	**-**	**-**	**0.6**	**10.3**	**-**	**-**
Grant to employees	1.2	-	-	-	-	1.2	-	-	-
Issued in acquistions	-	-	-	-	-	-	1.2	-	8.8
Balance as at 31 December 2021	**1.8**	**-**	**-**	**-**	**-**	**1.8**	**11.5**	**-**	**8.8**
Acquired in the De-SPAC Transaction		2.2	1.5	-	-	3.7	-	-	-
Amounts through P&L:									
Accelerated vesting (net)	11.2	-	-	-	-	11.2		-	-
Issue of HTP Call Options	-	-	-	1.6		1.6		-	-
Grant in the De-SPAC Transaction	-	-	-	-	9.9	9.9		-	-
Fair value through P&L								-	(0.3)
Balance before exercise	**13.0**	**2.2**	**1.5**	**1.6**	**9.9**	**28.2**	**11.5**	**-**	**8.5**
Exercised through:									
Share capital	-			-		-	(0.1)		(0.1)
Share premium	(13.0)			(1.4)		(14.4)	(11.4)	(0.9)	(6.8)
Cash						-			(0.8)
Issued in acquisitions 2022							8.3		
Fair value through P&L									1.4
Other movements			(0.1)			(0.1)			
Balance as at 31 December 2022	**-**	**2.2**	**1.4**	**0.2**	**9.9**	**13.7**	**8.3**	**(0.9)**	**2.2**
Number of instruments									
Acquired in the De-SPAC Transaction	-	1,152,886	739,970	-					
Issuance of HTP Call Options				171,334					
Exercise of HTP Call Options				(145,634)					
Grant in the De-SPAC Transaction	-	-	-	-	17,992,773				
Balance as at 31 December 2022		**1,152,886**	**739,970**	**25,700**	**17,992,773**				
Prices of the instruments (in €)					-				
Acquired in the De-SPAC Transaction		1.95	1.94						
Grant date fair value (conditional part)				6.424					
Grant date fair value (unconditional part)				9.538					
Grant date fair value in the De-SPAC Transaction					0.55				
As at 31 December 2022		**1.95**	**1.94**	**6.424**	**0.55**				

As part of the De-SPAC transaction on 1 February 2022, the HTP sponsor was granted 145,634 unconditional call options fair valued at € 9.538 each and 25,700 conditional call options valued at € 6.424 each. This led to the recognition of a share-based payment expense of € 1.6 million

On 21 March 2022 the HTP Sponsor exercised the 145,634 unconditional call options at an exercise price of € 0.01 per ordinary share which resulted in an € (1.4) million reclassification from Share-Based Payments Reserve to Share Capital and Share Premium. The price of Azerion shares at this date was € 8.90.

15. Provisions

Provisions

In millions of €

	Commercial litigation	Restructuring	Employee benefit obligations	Other	Total
Balance at 1 January 2021	**0.4**	**–**	**0.7**	**1.4**	**2.5**
Acquisitions of subsidiaries and businesses	–	–	0.2	–	0.2
Additions	0.5	–	0.1	0.3	0.9
Utilizations	–	–	–	(0.3)	(0.3)
Releases	–	–	–	(0.4)	(0.4)
Exchange differences	–	–	–	(0.1)	(0.1)
Reclassifications	(0.3)	–	–	(0.1)	(0.4)
Balance at 31 December 2021	**0.6**	**–**	**1.0**	**0.8**	**2.4**
Acquisitions of subsidiaries and businesses	–	–	0.1	–	0.1
Additions	0.4	1.9	0.1	0.3	2.7
Utilizations	(0.4)	(1.6)	(0.1)	(0.2)	(2.3)
Releases	–	–	–	(0.6)	(0.6)
Exchange differences	–	–	–	–	–
Reclassifications	(0.1)	–	(0.1)	0.4	0.2
Balance at 31 December 2022	**0.5**	**0.3**	**1.0**	**0.7**	**2.5**
Balance at 31 December 2021	**0.6**	**–**	**1.0**	**0.8**	**2.4**
Non-current	–	–	1.0	0.4	1.4
Current	0.6	–	–	0.4	1.0
Balance at 31 December 2022	**0.5**	**0.3**	**1.0**	**0.7**	**2.5**
Non-current	–	–	1.0	0.6	1.6
Current	0.5	0.3	–	0.1	0.9

Commercial litigation provisions

Commercial litigation provisions correspond to the best estimate of the outflow of resources, related to disputes or probable litigation arising from the Group activities.

Individual information is not disclosed as it would cause prejudice to the position to the Group in on-going dispute with other parties.

Restructuring provisions

As part of the process to accelerate the integration of acquired companies into Azerion Group N.V. and further realise synergies, Azerion has initiated a restructuring plan designed to continue the integration of our businesses, improving efficiency and focusing our resources on key strategic opportunities. The cash outflows have taken place in Q1 2023.

Employee benefit obligations

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

16. Other liabilities

Other liabilities

In millions of €

	31 December 2022	31 December 2021
Contingent consideration	24.5	39.2
Deferred consideration	20.8	14.7
Postponed Government payments	6.3	5.7
Warrants	4.5	-
Acquisition related share appreciation rights	2.2	8.8
Other liabilities	0.3	0.7
Total	**58.6**	**69.1**
Current	43.6	53.5
Non-current	15.0	15.6

Contingent consideration

The contingent consideration decrease is mainly related to payments made in 2022 of € 31.2 million (2021: € 0.5 million), partly offset by new acquisitions during the year (*Infinia, Targetspot Group, Vlyby, Adplay, Monolitih)* of € 13.0 million (2021: € 37.3 million). The related unwinding of interest linked to contingent considerations can be found in note 23: Net finance costs.

Deferred consideration

The Deferred consideration increase is mainly related to new acquisitions *(Infinia, Madvertise, Targetspot Group, Vlyby, Mmedia, TakeRate, Adverline, Monolith)* for € 18.7 million (2021: € 24.3 million), partly offset by payments in 2022 made in cash of € 10.0 million and in treasury shares of € 3.4 million (2021: € 9.6 million). The related unwinding of interest linked to deferred considerations can be found in note 23: Net finance costs.

Postponed government payments

The postponed government payments consist of an arrangement with the Dutch Tax Authority to postpone the payment of these taxes due to COVID-19. The start date of the payment arrangement is 1 October 2022. The payment arrangement will be spread over 5 years. The arrangement consists of a maximum of 60 equal monthly payments with the last payment in September 2027. This payment arrangement includes all outstanding tax debts for which deferral of payment has been granted. To stimulate the repayment of the outstanding debts, the collection interest will be increased step by step.

Acquisition related share appreciation rights

At the end of 31 December 2022 the Company has an outstanding balance of SAR's of 438 (2021: 878). The outstanding balance will be issued in NV shares.

Movement in Balance, Number and Price of Warrants in 2022

In millions of €,number of shares and prices in €

	Public warrants	Founder warrants	Total
Balance as at 1 January 2022	**-**	**-**	**-**
Acquired in the De-SPAC Transaction	7.0	16.5	23.5
Issued related to the De-SPAC Transaction	-	-	0.0
Total De-SPAC Transaction	**7.0**	**16.5**	**23.5**
Fair value movements -- through profit or loss	(3.8)	(15.2)	(19.0)
Balance as at 31 December 2022	**3.2**	**1.3**	**4.5**
Number of instruments (in number of shares)			
As at 1 January 2022	**-**	**-**	
Acquired in the De-SPAC Transaction	12,736,605	5,256,168	
Issued related to the De-SPAC Transaction	-	-	
Total De-SPAC Transaction	**12,736,605**	**5,256,168**	
As at 31 December 2022	**12,736,605**	**5,256,168**	
Prices (in €)			
As at 1 January 2022	**-**	**-**	
Immediately before the De-SPAC Transaction	0.55	3.14	
Immediately after the De-SPAC transaction	0.55	0.55	
As at 31 December 2022	**0.25**	**0.25**	

17. Trade, other payables and accrued liabilities

Trade and other payables

In millions of €

	31 December 2022	31 December 2021
Trade payables	118.9	63.5
Wage taxes and social securities	8.0	9.7
Other taxes	17.2	11.0
Other liabilities and accruals	77.8	57.3
Total	**221.9**	**141.5**

Accrued liabilities

In millions of €

	31 December 2022	31 December 2021
Accruals	67.4	46.9
Accrued holiday entitlement	2.9	2.5
Personnel costs	3.5	2.4
Other	4.0	5.5
Total	**77.8**	**57.3**

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

The increase in 2022 of Trade payables of € 55.4 million (2021: €23.8 million) mainly relates to the acquisitions made throughout the year. See note 5: Acquisitions.

The accruals balance of € 67.4 million (2021: €46.9 million) mainly represents accrued publisher fees of € 31.4 million (2021: € 28.7 million), commission & provider fees of €5.6 million (2021: € 4.6 million), professionals fees of € 4.3 million (2021: € 4.0 million). The increase in 2022 is mainly related to the incoming acquisitions. See note 5: Acquisitions.

The decrease in 2022 in the other line item of accrued liabilities is mainly related to payments on the Whow Games virtual stock option (VSOP) program.

18. Borrowings

Borrowings

In millions of €

	Subordinated loans	Senior secured bonds	Debt to credit institutions	Other	Total
Balance at 1 January 2021	**1.3**	**70.9**	**10.8**	**0.5**	**83.5**
Acquisitions of subsidiaries and businesses	-	-	10.3	-	10.3
Additions	-	227.5	-	-	227.5
Principal repayments / disposals	-	(100.0)	(13.3)	(0.4)	(113.7)
Loss on derecognition	-	1.9	-	-	1.9
Capitalised transaction cost	-	(5.7)	-	-	(5.7)
Interest accrued	0.8	13.8	-	-	14.6
Interest paid	(0.3)	(10.5)	-	-	(10.8)
Exchange differences	-	-	-	-	-
Reclassification to Equity	(1.8)	-	-	-	(1.8)
Balance at 31 December 2021	**-**	**197.9**	**7.8**	**0.1**	**205.8**
Acquisitions of subsidiaries and businesses	-	-	6.1	-	6.1
Additions	-	-	0.5	-	0.5
Principal repayments / disposals	-	-	(5.0)	-	(5.0)
Loss on derecognition	-	-	-	-	-
Amortization of capitalized transaction cost	-	1.9	-	-	1.9
Interest accrued	-	14.5	-	-	14.5
Interest paid	-	(14.5)	-	-	(14.5)
Exchange differences	-	-	0.1	-	0.1
Reclassification to Equity	-	-	-	-	-
Balance at 31 December 2022	**-**	**199.8**	**9.5**	**0.1**	**209.4**
Balance at 31 December 2021	**-**	**197.9**	**7.8**	**0.1**	**205.8**
of which (duration)					
< 1 year	-	2.5	4.2	0.1	6.8
≥ 1 year ≤ 5 years	-	195.4	3.6	-	199.0
> 5 years	-	-	-	-	-
Balance at 31 December 2022	**-**	**199.8**	**9.5**	**0.1**	**209.4**
of which (duration)					
< 1 year	-	2.5	5.3	0.1	7.9
≥ 1 year ≤ 5 years	-	197.3	4.1	-	201.4
> 5 years	-	-	0.1	-	0.1

Senior secured bonds

The Group has issued senior secured callable fixed rate bonds for a total of € 200.0 million, within a total framework amount of € 300.0 million. The maturity date of the bonds is 28 April 2024. The bonds carry a fixed interest rate of 7.25% per annum. The Group has used the bond proceeds to fully redeem an outstanding bond of € 100.0 million on 8 April 2021.

The security for the bonds is a share pledge in respect of all shares in the group companies Azerion Games and Content Holding B.V., a limited liability company incorporated in the Netherlands, Azerion Tech Holding B.V., a limited liability company incorporated in the Netherlands, Azerion International Holding B.V., a limited liability company incorporated in the Netherlands, and a pledge over any material intra-group loans.

In addition, following group companies have entered into the Guarantee Agreement to guarantee the performance of obligations of the Issuer: Azerion Games and Content Holding B.V., a limited liability company incorporated in the Netherlands, Azerion Tech Holding B.V., a limited liability company incorporated in the Netherlands, Azerion International Holding B.V., a limited liability company incorporated in the Netherlands, Azerion Sweden SB AB, a limited liability company incorporated in Sweden, Youda Games Holding B.V., a limited liability company incorporated in the Netherlands, Voidu B.V., a limited liability company incorporated in the Netherlands, SPIL Games Group B.V., a limited liability company incorporated in the Netherlands, Azerion Sports B.V., a limited liability company incorporated in the Netherlands and Keygames Network B.V., a limited liability company incorporated in the Netherlands and Whow Games GmbH, a limited liability company incorporated in Germany.

There was an early settlement of Senior Secured Callable Floating Rate Bonds ISIN: SE0013774957. The amendment related to the bond terms' requirement that they be listed on a regulated exchange within 60 days of issue. The listing, however, required the Company to issue audited financial statements for 2020. The Company was in breach of the bond terms and requested the clause stating the deadline for listing the bond on a regulated exchange be amended to 31 December 2021. The redeemed bond had a maturity of 17 March 2023. The derecognition led to a loss of € 9.6 million consisting of the call premium of € 4.6 million, the make-whole interest of € 3.1 million (interest that would have been paid up to the first allowed date) and the remaining difference between repayment amount and amortised cost including accrued but unpaid interest.

Debt to credit institutions

Included in this balance as of 31 December 2022 are factoring agreements amounting to € 3.0 million (2021: € 2.6 million) and other debt to credit institutions amounting to € 6.6 million (2021: € 5.2 million). The trade receivables used as security by third parties are maintained within the Group's assets as the risks and benefits associated with them are not transferred to such third parties. The factoring companies in particular do not accept the credit risks. The credit risk is the risk of non-recovery of trade receivables. Under contracts signed with the Group's entities, the credit risk remains within the Group.

Next to the factoring agreements, Azerion acquired entities that had governmental aided loans. The total amount for the 3 governmental aided loans ending 2022 was € 2.6 million (2021: € 3.5 million). The interest rates range from 0.58% to 2.14% and the maturity dates are between 2023 and 2026. The total amount for other commercial loans ending 2022 was € 4.0 million (2021: € 0.7 million), with interest rates ranging from 0% to 5.29%. Refer to the loan schedule overview for further details.

Borrowing terms 2022

In millions of €

	Issue Currency	Principal Amount entered	Date entered [1]	Non-current	Current	Effective interest rate	Year of Maturity
		In millions of issued currency		In millions of €			
Senior Secured Callable Bonds	EUR	200	April 28, 2021	197.3	2.5	8.4%	2024
Zero-interest financing for innovation	EUR	2.4	October 21, 2014	–	0.1	0.0%	2023
Zero-interest state guaranteed loan	EUR	0.4	June 19, 2020	0.2	0.1	0.7%	2025
Factoring contracts	EUR	–	Various	–	3.0	–	–
Acquisition loan 2	SEK	4	April 1, 2015	–	0.1	5.3%	2023
Acquisition loan 3	EUR	0.5	June 23, 2020	0.1	0.1	3.0%	2024
Government support loans	EUR	1	May 9, 2020	1.1	0.5	0.8%	2026
Government support loans	EUR	1	May 18, 2020	0.1	–	0.6%	2026
Government support loans	EUR	1.5	September 1, 2015	0.5	0.4	2.1%	2023
Commerzbank	EUR	0.2	March 31, 2017	0.1	–	3.4%	2032
Credit du Nord	EUR	0.3	September 7, 2022	0.2	–	1.3%	2026
BPI France	EUR	0.5	December 13, 2021	0.4	0.1	2.7%	2026
HSBC Continental Europe	EUR	0.5	May 1, 2021	0.4	0.1	0.7%	2027
Banque Postale	EUR	0.4	March 2, 2021	0.3	0.1	1.6%	2027
Bankinter	EUR	0.4	April 17, 2020	0.2	0.1	0.7%	2025
Santander	EUR	0.8	October 29, 2019	–	0.2	1.5%	2023
Caixa	EUR	0.5	February 6, 2022	0.2	0.2	1.4%	2025
CDTI	EUR	0.3	December 31, 2020	0.2	–	2.5%	2029
Banca Agricola Popolare di Ragusa	EUR	0.3	December 13, 2021	0.2	0.1	3.6%	2025
Other	EUR			–	0.2		
Total				**201.5**	**7.9**		

[1] Dates in question represent loan agreement start dates.

Azerion has a zero-interest financing loan in AdUX Group with balances of € 0.1 million at 31 December 2022 (2021: € 0.6 million). This loan is financing for innovation.

As part of the measures put in place by the government following the COVID-19 crisis, the company Adysseum contracted a loan guaranteed by the State for an amount of € 0.4 million with BNP on 19 June 2020. This financing is a one-year cash loan for which the repayment of the principal and the payment of interest and accessories will take place at once on the due date. This loan offers the possibility of requesting amortization of amounts due on maturity over an additional period of 1 to 5 years. Following an agreement between the Ministry of the Economy and Finance and the banking profession on 14 January 2021, all companies wishing to do so, regardless of their activity and size, can also request a deferral of an additional year to start repaying their government guaranteed loan. The group requested to apply for such deferral and the loan expires in 2025.

19. Revenue from contracts with customers

Revenue streams

The Group generates revenue primarily from the sales of Platform and Premium Games segments.

Amongst the most important categories of customers and suppliers are the global and independent advertising agencies, large and small corporate advertisers, publishers of digital content, multinational technology companies that specialise in internet-related services and products, game creators and the gaming community.

Refer to note 30: Operating segments for additional disclosures regarding revenue within the respective operating segments.

Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by country of origin:

Disaggregation of revenue from customers by country of origin

In millions of €

	2022	2021
The Netherlands	118.8	89.6
Ireland	62.4	51.8
Germany	55.1	34.7
France	32.0	22.4
Great Britain	30.8	18.2
Sweden	17.2	8.4
Other European countries	69.6	52.9
United States	55.3	24.7
Other countries	11.4	5.4
Total revenue from contracts with customers	**452.6**	**308.1**

20. Personnel costs

Personnel costs
in millions of €

	2022	2021
Wages and salaries	(69.7)	(46.0)
Social charges	(11.7)	(8.5)
Pension costs	(1.5)	(1.0)
Share-based payment expense	(22.7)	(1.2)
Incentive compensation expenses	(4.7)	(6.3)
Other costs	(13.5)	(4.2)
Less: Capitalized development cost	16.6	12.1
Total	**(107.2)**	**(55.1)**

In 2022, Other costs consists of other staff expenses of € 5.3 million (2021: € 1.0 million), contractor fees of € 6.5 million (2021: € 2.7 million) and restructuring expense of € 1.7 million (2021: € 0). Compared to 2021, there has been a total increase of € 9.3 million in Other costs, which is mainly explained by the increase in contractor fees in 2022 of € 3.8 million, restructuring expense in 2022 of € 1.7 million and a fair value adjustment gain in 2021 of € 1.2 million.

Share-Based payment expenses amount € (22.7) million in 2022 and are mainly due to the De-SPAC Transaction that led to € (11.2) million related to the early vesting and exercising of share appreciation rights and € (9.9) million related to the Azerion Founder Warrants granted in the De-SPAC Transaction. More details about share-based payments can be found in note 14: Share-based payments.

Defined contribution pension plans are in place in the Netherlands, Finland and Germany. In the Netherlands each subsidiary has its own pension plan. The pension plans apply to specific employee groups due to mergers and/or acquisitions in the past. The total expense for defined contribution pension plans in 2022 amounted to € (1.5) million (2020: € (1.0) million) and represents the contributions to these plans by the Group at rates specified in the rules of the plans. For description of the Group's defined benefit plans please refer to note 15: Provisions.

The average headcount, representing number of employees per department is presented below:

Number of employees by department

	31 December 2022	31 December 2021
Engineering & Product	761	600
Commercial	272	246
Corporate	276	223
Total	**1,309**	**1,069**

An average total of 306 employees are based in the Netherlands (2021: 366 employees).

21. Cost of services and materials and other expenses

Costs of services and materials

In millions of €

	2022	2021
Website expenses	(105.1)	(74.4)
Publisher fees	(161.3)	(96.7)
Advertising and email routing	(0.7)	(0.5)
Hosting fees	(12.5)	(12.4)
Other direct costs	(6.2)	(3.9)
Gains on cryptocurrency	-	2.0
Losses on foreign currency	(0.5)	(1.3)
Total	**(286.3)**	**(187.2)**

Growth in Website expenses and Publisher fees is a direct consequence of scaling operations in the business.

Other direct costs include mainly advertising technology costs, software license fees, and rental of IT equipment.

Other expenses

In millions of €

	2022	2021
Accommodation costs	(1.5)	(0.1)
Travel and representation costs	(4.7)	(2.3)
Accounts receivable loss allowance	(0.4)	(0.8)
Selling expenses	(10.7)	(5.8)
Listing expense	(107.1)	-
Professional services	(25.6)	(17.5)
Insurance costs	(1.1)	(0.4)
Operating costs	(4.9)	(2.8)
Other costs	(5.0)	(3.6)
Total	**(161.0)**	**(33.3)**

Listing expense is the difference between the fair value of Azerion Group N.V. equity and the fair value of Azerion Group N.V. net assets. For more details see note 4: De-SPAC Transaction.

Professional services mainly comprise legal, accounting, audit, and other consultancy services received. The increase in professional services compared to the previous year is attributable to additional consultancy services received related to the De-SPAC Transaction. The significant increase in accommodation costs is related to increased rental charges and utility costs caused by the growth of the Group in 2022.

Other costs include bank charges, indirect taxes, and other general and administrative expenses, including business enhancements and subscriptions, software development and data warehouse costs, car rentals, and office maintenance costs.

Independent Auditor's fee

Other expenses include, among others, independent auditor's fees. PricewaterhouseCoopers Accountants N.V. served as the independent public accountants for the fiscal year ended 31 December 2022 and 31 December 2021. The following table presents the aggregate fees rendered by PricewaterhouseCoopers Accountants N.V. and other professional firms

Independent Auditor's fee for the fiscal year ended 31 December 2022

In millions of €

	PricewaterhouseCoopers Accountants N.V.	PricewaterhouseCoopers member firms	Other accounting firms	Total 2022
Audit of the financial statements	1.3	0.1	0.8	2.2
Other non-audit services	–	–	0.1	0.1
Other audit procedures	–	–	–	–
Tax services	–	–	–	–
Total	**1.3**	**0.1**	**0.9**	**2.3**

Independent Auditor's fee for the fiscal year ended 31 December 2021

In millions of €

	PricewaterhouseCoopers Accountants N.V.	PricewaterhouseCoopers member firms	Other accounting firms	Total 2021
Audit of the financial statements	1.9	0.1	0.4	2.4
Other non-audit services	–	–	0.9	0.9
Other audit procedures	0.1	–	–	0.1
Tax services	–	–	0.3	0.3
Total	**2.0**	**0.1**	**1.6**	**3.7**

22. Other gains and losses

Other gains and losses

In millions of €

	2022	2021
Profit/(Loss) on the sale of property, plant and equipment	–	(0.1)
Profit/(Loss) on the disposal of intangible assets	(0.2)	(0.1)
Net foreign currency gain / (loss)	0.2	(0.5)
Profit/(Loss) on the liquidation of subsidiary	2.3	-
Other (losses)/gains	(0.9)	1.4
Total	**1.4**	**0.7**

The Profit on the liquidation of subsidiary relates to the liquidation of Hi-Media U.S.A.

23. Net finance costs

Net finance costs

In millions of €

	2022	2021
Fair value gain on warrants	19.0	-
Other finance income	3.3	1.8
Finance income	**22.3**	**1.8**
Interest expenses on related party loans	-	(0.8)
Interest expenses on third party balances	(21.1)	(17.7)
Interest on leases (IFRS16)	(1.5)	(1.4)
Other finance costs	(0.8)	(8.5)
Finance costs	**(23.4)**	**(28.4)**
Net Finance costs	**(1.1)**	**(26.6)**

The fair value gain on warrants of € 19.0 million is explained in the note 16: Other liabilities

Included in interest expense on third party balances is unwound interest accrued on contingent consideration of € 1.7 million (2021: € 0.5 million) and unwound interest accrued on deferred consideration of €0.4 million (2021: € 0.1 million).

Higher Other finance costs in 2021 is mainly explained by € 7.7 million (call premium and make-whole interest) recorded due to the early settlement of Senior Secured Callable Floating Rate Bonds ISIN: SE0013774957 explained in note 18: Borrowings.

24. Income tax

Major components of income tax expense are as follows:

Components of income tax expense

In millions of €

	2022	2021
Current tax expense		
Current year	(5.2)	(2.1)
Changes in estimates related to prior year	0.7	0.6
Deferred tax expense		
Origination and reversal of temporary differences	2.0	1.9
Changes in estimates related to prior year	1.7	(1.1)
Recognition of previously unrecognised tax losses	7.2	-
De-recognition of recognized losses	(0.5)	(0.2)
Recognition of of current year losses	0.9	-
Use of recognized tax losses	-	(1.0)
Change in tax rate	0.1	(0.2)
Other	0.1	0.1
Income tax expense reported in the Statement of Profit or Loss	**7.0**	**(2.0)**

Reconciliation of income tax expenses

Reconciliation of income tax expenses

In millions of €

	2022	2021
Profit / (Loss) before tax	**(140.1)**	**(17.9)**
Tax using the company's tax rate of 25.8%	36.1	4.5
Effect of different income tax rates other countries	(0.2)	1.0
Prior year adjustments	2.8	-
Non-taxable amounts	2.3	3.2
Non-deductible interest	-	-
Non-deductible other amounts	(30.6)	(4.2)
Recognition of non-recognized losses	7.2	0.1
De-recognition of recognized losses	(0.5)	-
Tax rate changes	0.1	(0.1)
Tax losses not recognized	(7.7)	(2.9)
Utilisation of previously non-recognised losses	1.8	1.1
Other non-recognized tax attributes	(4.4)	(4.7)
Utilisation of other non-recognized tax attributes	1.3	-
Other	(1.2)	-
Income tax expense at effective tax rate	**7.0**	**(2.0)**
Effective tax rate	5.0%	(11.2)%

Deferred tax assets and liabilities

Movements in deferred tax asset balances 2022

In millions of €

	Net balance at 31 December 2021	Recognized in profit or loss	Recognized in OCI	Acquired in business combinations	Exchange rate effect	Other	Net balance at 31 December 2022
Property, plant and equipment	0.7	(0.1)	–	–	–	–	0.6
Intangible assets	1.9	0.8	–	–	–	(0.6)	2.1
Pensions	0.1	–	–	–	–	–	0.1
Tax loss carry forwards	2.2	7.7	–	–	–	1.7	11.6
Other	0.1	(0.4)	–	–	0.4	0.3	0.4
Netting DTA/DTL	(0.8)	–	–	–	–	(12.5)	(13.3)
Total deferred tax asset	**4.2**	**8.0**	**-**	**-**	**0.4**	**(11.1)**	**1.5**

Movement in deferred tax liability balances 2022

In millions of €

	Net balance at 31 December 2021	Recognized in profit or loss	Recognized in OCI	Acquired in business combinations	Exchange rate effect	Other	Net balance at 31 December 2022
Intangible assets	(30.7)	3.0	–	(12.3)	–	1.8	(38.2)
Borrowings	-	–	–	–	–	–	-
Other	0.1	–	–	–	–	(0.5)	(0.4)
Netting DTA/DTL	0.8	–	–	–	–	12.5	13.3
Total deferred tax liability	**(29.8)**	**3.0**	**-**	**(12.3)**	**-**	**13.8**	**(25.3)**
Net deferred tax asset / (liabilities)	**(25.6)**	**11.0**	**-**	**(12.3)**	**0.4**	**2.7**	**(23.8)**

Movement in deferred tax asset balances 2021

In millions of €

	Net balance at 31 December 2020	Recognized in profit or loss	Recognized in OCI	Acquired in business combinations	Exchange rate effect	Other	Net balance at 31 December 2021
Property, plant and equipment	0.1	0.6	–	–	–	–	0.7
Intangible assets	2.0	(0.1)	–	–	–	–	1.9
Pensions	0.1	–	–	–	–	–	0.1
Tax loss carry forwards	2.5	(1.1)	–	0.8	–	–	2.2
Other	0.1	–	–	–	–	–	0.1
Netting DTA/DTL	(2.5)	–	–	–	–	1.7	(0.8)
Total deferred tax asset	**2.3**	**(0.6)**	**-**	**0.8**	**-**	**1.7**	**4.2**

Movement in deferred tax liability balances 2021

In millions of €

	Net balance at 31 December 2020	Recognized in profit or loss	Recognized in OCI	Acquired in business combinations	Exchange rate effect	Other	Net balance at 31 December 2021
Intangible assets	(7.0)	0.1	–	(23.5)	–	(0.4)	(30.7)
Borrowings	(0.8)	–	0.8	–	–	–	-
Other	0.1	–	–	–	–	0.1	0.1
Netting DTA/DTL	2.5	–	–	–	–	(1.7)	0.8
Total deferred tax liability	(5.2)	0.1	0.8	(23.5)	–	(2.0)	(29.8)
Net deferred tax asset / (liabilities)	**(2.8)**	**(0.5)**	**0.8**	**(22.7)**	**-**	**(0.4)**	**(25.6)**

A deferred tax asset is recognized to the extent that it is probable that sufficient and suitable future taxable profit will be available against which the deductible temporary differences and unused tax losses can be utilized. Relevant tax law is considered to determine the availability of the losses to offset against the taxable profits in the future. Recognition of deferred tax assets therefore involves judgement regarding the future financial performance of the entities for which the deferred tax asset has been recognized and is therefore inherently uncertain.

Deferred tax assets are generally recognized for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profits will be available against which those deductible temporary differences and unused tax losses can be utilized.

At this stage it is not considered probable that taxable profits will be available against which certain unused tax losses can be utilized. The company therefore only recognizes deferred tax assets on tax losses to the extent that taxable temporary differences will reverse, against which these losses can be utilized. The remaining tax losses are not recognised, and are disclosed below.

Unrecognized deferred tax assets

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

Unrecognized deferred tax assets

In millions of €

	31 December 2022	31 December 2021
Tax losses	249.6	233.8
Unrecognized losses	**202.0**	**231.7**
Expire	20.3	24.1
Never expire	181.7	207.6

Expiration year of losses carried forward (2022)

Expiration year of losses carried forward (2022)

in million of €

	2023	2024	2025	2026	2027	Later	Unlimited	Total
Total loss carried forward	-	-	-	-	0.1	22.1	227.4	249.6
Loss carried forward not recognized in deferred tax assets	-	-	-	-	0.1	20.2	181.7	202.0
Total recognized	**-**	**-**	**-**	**-**	**-**	**1.9**	**45.7**	**47.6**

Expiration year of losses carried forward (2021)

Expiration year of losses carried forward (2021)

in million of €

	2022	2023	2024	2025	2026	Later	Unlimited	Total
Total loss carried forward	-	-	-	-	-	24.1	209.7	233.8
Loss carried forward not recognized in deferred tax assets	-	-	-	-	-	24.1	207.6	231.7
Total recognized	**-**	**-**	**-**	**-**	**-**	**-**	**2.1**	**2.1**

As of 1 January 2022 the Dutch net operating losses can be used for an unlimited time. Note that this applies to net operating losses as of 2013.

Uncertain tax positions

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

25. Related parties

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

Key management personnel ('KMP') remuneration

As at 31 December 2022, KMP consists of 2 members of the Management Board and 3 members of the Executive Committee (31 December 2021: 5) that form the leadership team and 6 members of the Supervisory Board (31 December 2021: 0). In the De-SPAC Transaction, a total number of 17,992,773 Azerion Founder Warrants were granted to the personal Holding Companies of the two founding members in the Management Board. The grant date fair value amounted to € 9.9 million.

The total remuneration of key management personnel was as follows:

Key management personnel ('KMP') remuneration
In millions of €

	2022	2021
Short-term employee benefits	3.1	1.7
Post-employment benefits	0.1	-
Share-based payment benefits	1.5	0.1
Grant of Azerion Founder Warrants	9.9	-
Other	0.2	0.1
Remuneration of directors and top executives	**14.8**	**1.9**

Transactions with related parties

Loans issued and borrowings

On 17 March 2020, the Group entered into a loan agreement with its shareholder Principion Holding B.V., lending its shareholder a total principal value of € 24.6 million (nominal value) against an interest rate of 1.0%. The maturity date of the loan is 31 March 2024. A further loan of €12.4 million was advanced on the same terms during April and May 2021. During 2021 the interest rate on these loans was amended to 4.0% to reflect the market interest rate. The loan had an outstanding balance of € 34.7 million as of 31 December 2022 (2021: € 33.4 million). For further details see note note 10: Non-current financial assets.

As of 31 December 2022 Azerion Holding has € 2.2 million receivable from Principion Holding B.V. to cover the drop in the share price relating to the guaranteed value. In the SPA's with Genba, Strossle and Admeen a guaranteed value of the shares has been agreed. If the share price drops, Azerion needs to give the sellers extra shares to make up for the difference which Principion will cover. At the end of 2022 Principion needs to issue 399,113 extra shares based on a share price on 30 December 2022 of 5.42 € to cover for this.

As at 31 December 2022 € 14.9 million (2021: € 16.8 million) loans from the shareholder Principion Holding B.V. are subordinated. These loans are reported in the note note 13: Equity.

Lease agreements

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

- right-of-use asset of € 0.0 million as at 31 December 2022 (2021: € 0.0 million)
- lease liability of € 0.0 million as at 31 December 2022 (2021: € 0.2 million)
- depreciation on the right-of-use asset of € 0.0 million for the year ending 31 December 2022 (2021: € 0.2 million)
- impairment on the right-of-use asset of € 0.0 million for the year ending 31 December 2022 (2021: € 0.2 million)

- interest on lease liability of € 0.0 million for the year ending 31 December 2022 (2021: € 0.0 million)
- lease payments of € 0.2 million for the year ending 31 December 2022 (2021: € 0.2 million)

The lease agreement for the second floor is terminated as of 24 April 2023 via a settlement agreement. The lease agreement for the first floor is terminated via notification as of 30 June 2023.

In 2020 Azerion Holding B.V. entered into a lease agreement which came into effect from 1 May 2021 with Cornellia SR2 B.V. for the property located at Boeing Avenue 30 and it will terminate on 30 April 2026. The lease agreement resulted in the following being recognised:

- right-of-use asset of € 2.9 million as at 31 December 2022 (2021: € 3.4 million)
- lease liability of € 3.1 million as at 31 December 2022 (2021: € 3.6 million)
- depreciation on the right-of-use asset € 0.9 million the year ending 31 December 2022 (2021: € 0.5 million)
- interest on lease liability of € 0.2 million for the year ending 31 December 2022 (2021: € 0.2 million)
- lease payments of € 1.0 million for the year ending 31 December 2022 (2021: € 0.6 million)

Cornellia SR1 B.V. and Cornellia SR2 B.V. are companies owned and controlled by a shareholder of Principion Holding B.V. the ultimate parent company of the Group.

In 2021 Triodor Arastirma Gelistirme Yazlim Ve Bilisim Ticaret Ltd Sti, a wholly owned subsidiary of Azerion Holding B.V. entered into lease agreements with Brick Realestate Gayrimenkul Yatirim Ltd. Sti. a company controlled by Principion Holding B.V. the ultimate parent company of the group. The lease agreement will terminate on 31 December 2025.

The lease agreements resulted in the following being recognised:

- right-of-use asset of € 0.6 million as at 31 December 2022 (2021: € 1.1 million)
- lease liability of € 0.7 million as at 31 December 2022 (2021: € 1.1 million)
- depreciation on the right-of-use asset € 0.2 million the year ending 31 December 2022 (2021: € 0.4 million)
- interest on lease liability of € 0.2 million for the year ending 31 December 2022 (2021: € 0.3 million)
- lease payments of € 0.3 million for the year ending 31 December 2022 (2021: € 0.4 million)

The weighted average IBR applied in 2022 to lease liabilities was 8.0% (2021: 8.3%). For further details see note 9: Leases.

The group have rental agreements for two apartments in the Netherlands to use as a temporary accommodation for new Azerion employees who are relocating to the Netherlands. One of the landlords of the apartments which rental agreement signed is key management personnel in the group and the other one is a family member of a key management personnel. Total amount of rent expense for both apartments was € 41 thousand for the year 2022 (2021: € 41 thousand).

Agribank PLC

During 2022 the co-CEOs of the Group acquired an indirect 90% shareholding in Agribank PLC. During 2021 and 2022 certain subsidiaries in the Group have entered into a non-recourse factoring agreement with Agribank PLC. As a result of such factoring agreement, the total amount of receivables factored and derecognized is amounting to € 32.2 million (2021: € 15.2 million) and interest expense recognized in profit and loss is amounting to € 1.8 million (2021: € 0.6 million) for the year ended 31 December 2022. The total amount of liabilities due to non-recourse factoring is amounting to € 8.3 million as of 31 December 2022.

Dutch Dream Foundation

The Dutch Dream Foundation (DDF), was established in 2006 and is controlled by the joint CEO's of Azerion Group N.V. The DDF focuses on talented, entrepreneurial, and ambitious young people between 15 and 25 years old, with a multicultural background who want to realise their dreams faster and more consciously. Donations made to the DDF during the year ended 31 December 2022 amounted to € 0 (2021: € 0), but the foundation benefitted from the use of office space at Azerion headquarters and administrative and marketing support amounts deemed immaterial.

Fortuna Sittard

On 13 May 2021 Principion Holding B.V. the ultimate parent company of the group acquired a 20% interest in Fortuna Sittard, a football club in Sittard, the Netherlands, which features in the Dutch premier league, the Eredivisie. In 2022, Principion Holding B.V. and certain other minority shareholders signed a Share Purchase Agreement to expand their stake in Fortuna Sittard to 65%. These parties are currently awaiting approval from the KNVB for this transaction. There are no material transactions between the Group and Fortuna Sittard during 2022.

26. List of subsidiaries

The Group's principal subsidiaries at 31 December 2022 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The registered office is also their principal place of business.

List of subsidiaries
in % of ownership

Entity name	Registered office	31 December 2022	31 December 2021
Adexpert SPRL	Ixelles (BE)	55	55
Admeen B.V.[1]	Schiphol-Rijk (NL)	100	100
Admoove SAS	Paris (FR)	55	55
AdPlay S.r.l.	Milan (IT)	100	-
Adpulse SAS	Paris (FR)	55	55
AdUX Benelux SPRL	Ixelles (BE)	55	55
Adux Tunesie	Tunis (TU)	55	55
AdUX SA	Paris (FR)	55	55
Azerion Belgium (former Sellbranch Benelux BvbA)	Ixelles (BE)	100	100
Azerion Denmark Aps	Copenhagen DEN)	100	100
Azerion Finland (Widespace) Oy	Helsinki (FI)	100	100
Azerion France SARL (former Adysseum SARL)	Paris (FR)	55	55
Azerion Games and Content Holding B.V.[1]	Schiphol-Rijk (NL)	100	100
Azerion Gaming B.V.[1]	Schiphol-Rijk (NL)	100	100
Azerion Holding B.V.[1]	Schiphol-Rijk (NL)	100	100
Azerion International Holding B.V.[1]	Schiphol-Rijk (NL)	100	100
Azerion IP B.V.[1]	Schiphol-Rijk (NL)	100	100
Azerion Italy (Widespace) S.r.l.	Milan (IT)	100	100
Azerion Metaverse B.V.[1]	Schiphol-Rijk (NL)	100	-
Azerion Media B.V.[1]	Schiphol-Rijk (NL)	100	100
Azerion Nederland B.V. formely (Semilo B.V.)[1]	Schiphol-Rijk (NL)	100	100
Azerion Norway AS	Oslo (NOR)	100	100
Azerion Portugal Lda	Lisbon (PT)	100	75
Azerion Productions Casual B.V.[1]	Schiphol-Rijk (NL)	100	100
Azerion Productions E-Business B.V.[1]	Schiphol-Rijk (NL)	100	100
Azerion Productions GD B.V.[1]	Schiphol-Rijk (NL)	100	100
Azerion Productions PG B.V.[1]	Schiphol-Rijk (NL)	100	100
Azerion Productions Services B.V. [1]	Schiphol-Rijk (NL)	100	100
Azerion Publisher Services B.V. [1]	Schiphol-Rijk (NL)	100	100
Azerion Services B.V. [1]	Schiphol-Rijk (NL)	100	100
Azerion Spain SL (former Hi-Media Espana Publicidad OnLine SL)	Madrid (ES)	100	100
Azerion Sports B.V. (former Yoki Network Holding B.V.) [1]	Schiphol-Rijk (NL)	100	100
Azerion Sweden AB	Stockholm (SE)	99.1	99.1
Azerion Sweden SB AB (former Sellbranch AB)	Stockholm (SE)	100	100
Azerion Tech Development B.V. [1]	Schiphol-Rijk (NL)	100	100
Azerion Tech Engineering B.V.[1]	Schiphol-Rijk (NL)	100	100
Azerion Tech Holding B.V.[1]	Schiphol-Rijk (NL)	100	100
Azerion Tech Productions B.V. [1]	Schiphol-Rijk (NL)	100	100
Azerion Technology B.V. (former Improve Digital B.V.) [1]	Schiphol-Rijk (NL)	100	100
Collective Europe Ltd	London (UK)	100	100
Connect2 Media Ltd (MFORMA Ltd)	London (UK)	100	100
Delta Projects AB	Stockholm (SE)	100	100
Delta Projects Aps	Copenhagen DEN)	100	100
Delta Projects AS	Oslo (NOR)	100	100
Delta Projects GmbH	Germany (DE)	100	100
Delta Projects Netherlands B.V.[1]	Schiphol-Rijk (NL)	100	100
Funtomic Ltd	Ramat Gan (IL)	100	100
Genba Digital Ltd	London (UK)	100	100
Group Hi Media Inc.	US	55	55
Hi-Media Deutschland AG	Düsseldorf (DE)	100	100
Hi-Media Nederland B.V.[1]	Schiphol-Rijk (NL)	55	55
Hybrid Theory BCN SL	Barcelona (ES)	100	-
Hybrid Theory Global Ltd.	London (UK)	100	-

Hybrid Theory Inc.	New York City (US)	100	-
Hybrid Theory Ltd.	Hong Kong (HK)	100	-
Hybrid Theory Pte Ltd.	Singapore (SG)	100	-
Hybrid Theory Pty Ltd.	Sydney (AUS)	100	-
Iluminata Holding B.V. [1]	Schiphol-Rijk (NL)	100	100
Infinia Brazil Publicidade Digital LTDA	São Paulo (BR)	100	-
Infinia Mobile S.L.	Madrid (ES)	100	-
Infinia Mobile Peru S.R.L	Lima (PE)	100	-
Infinia Mobile Chile S.p.A.	Lima (PE)	100	-
Infinia Mobile Colombia, S.A.S.	Bogota (COL)	100	-
Improve Digital France SAS	Paris (FR)	100	100
Improve Digital UK Ltd.	London (UK)	100	100
Inskin Media Ltd	London (UK)	100	100
Inskin Media ASIA Ltd.	Hong Kong (HK)	100	100
Inskin Media Australia Pty Ltd.	New South Wales (AUS)	100	100
Inskin Media GmbH	Hamburg (DE)	100	100
Inskin Media Singapore PTE Ltd.	Singapore (SG)	100	100
KeyGames Network B.V. [1]	Schiphol-Rijk (NL)	100	100
KMobile AB	Stockholm (SE)	100	100
LATINIA US Corp.	Miami (US)	100	-
Madvertise Media SAS	Paris (FR)	100	-
Madvertise Media GmbH	Berlin (DE)	100	-
Mmedia B.V. [1]	Schiphol-Rijk (NL)	100	-
Monolith Partners SAS	Paris (FR)	100	-
OHH Experiences Omnia S.L.U.	Madrid (ES)	100	-
Playcade Interactive GmbH	Berlin (DE)	100	100
Plinga GmbH	Berlin (DE)	100	100
Quantum Advertising GmbH	Frankfurt (DE)	55	55
Quantum Belgium SPRL	Belgium (BE)	55	55
Quantum Native Solutions Italia SRL	Milan (IT)	55	55
Quantum Advertising Nederland B.V. [1]	Schiphol-Rijk (NL)	77	77
Quantum Advertising Espana S.L.	Madrid (ES)	55	55
Quantum Publicidad S.L.	Madrid (ES)	55	55
Quantum SAS	Paris (FR)	55	55
Radionomy Group B.V.	Schiphol-Rijk (NL)	100	-
Radionomy SA	Brussel (BE)	100	-
Radionomy Inc.	New York City (US)	100	-
Right Audience SA de CV.	Mexico City (MEX)	100	-
Shoutcast SPRL	Brussel (BE)	100	-
sMeets Communications GmbH	Berlin (DE)	100	100
Spligames B.V. [1]	Schiphol-Rijk (NL)	100	100
Spilgames Group B.V. [1]	Schiphol-Rijk (NL)	100	100
SpilGames Intangibles B.V. [1]	Schiphol-Rijk (NL)	100	100
Strossle AB	Stockholm (SE)	100	100
Strossle Czech	Prague (CZ)	100	100
Strossle Denmark Aps	Copenhagen DEN)	100	100
Strossle Finland Oy	Helsinki (FI)	100	100
Strossle International AB	Stockholm (SE)	100	100
Strossle Italy S.r.l.	Milan (IT)	100	100
Strossle Norge AS	Oslo (NOR)	100	100
Strossle Hungary kft	Budapest (HU)	100	100
Strossle Slovakia	Bratislava (SK)	100	100
Sublime SKINZ Asia Private Ltd.	Singapore (SG)	100	100
Sublime SKINZ LABS SAS	Paris (FR)	100	100
Sublime SKINZ SAS	Paris (FR)	100	100
Sublime SKINZ GmbH	Hamburg (DE)	100	100
Sublime SKINZ Ltd.	London (UK)	100	100

Sulake Oy	Helsinki (FI)	100	100
Sulake Brasil Entretenimento Interativo LTDA	São Paulo (BR)	100	100
Sulake Spain S.L.U.	Madrid (ES)	100	100
Sulake UK Ltd.	Berkshire (UK)	100	100
TargetSpot Belgium S.r.l.	Brussel (BE)	100	-
TargetSpot Deutschland GmbH	Düsseldorf (DE)	100	-
TargetSpot Espana S.L.	Madrid (ES)	100	-
TargetSpot France Sarl	Paris (FR)	100	-
TargetSpot Inc.	New York City (US)	100	-
TargetSpot UK Ltd.	London (UK)	100	-
Titan Gate AD (trading as "PubGalaxy")	Varna (BGR)	100	100
Triodor Holding B.V. [1]	Schiphol-Rijk (NL)	100	100
Triodor Arge TR	Istanbul (TR)	100	100
Veedley S.r.l.	Milan (IT)	100	-
View&Buy International S.L.	Madrid (ES)	100	-
Vlyby Digital GmbH	Münich (DE)	100	-
Voidu B.V. [1]	Schiphol-Rijk (NL)	100	100
WHOW Games GmbH	Berlin (DE)	100	100
WHOW Marketing GmbH	Berlin (DE)	100	100
Widespace B.V. [1]	Schiphol-Rijk (NL)	100	100
Widespace SAS	Paris (FR)	100	100
Widespace Bangladesh Ltd.	Dhaka (BD)	100	100
Widespace Ltd.	London (UK)	100	100
Woozworld Inc	Toronto (CA)	100	100
Youda Games Holding B.V. [1]	Schiphol-Rijk (NL)	100	100
Zoom.In B.V. [1]	Schiphol-Rijk (NL)	100	100
Zoom.In Beijing Co Ltd.	Beijing (CHN)	100	100
Zoom.In Deutschland GmbH	Berlin (DE)	100	100
Zoom.In Concepts B.V. [1]	Schiphol-Rijk (NL)	100	100
Zoom.In Group B.V. [1]	Schiphol-Rijk (NL)	100	100
Zoom.In Italia S.r.l.	Milan (IT)	100	100
Zoom.in Mexico CV de SA	Mexico (MEX)	100	100
Zoom.In Nederland B.V. [1]	Schiphol-Rijk (NL)	100	100
Zoom.In Brasil LTDA	São Paulo (BR)	100	100

[1] Azerion Group N.V. has issued a joint and several liability statement to the provisions of Section 403, Part 9, Book 2 of the Dutch Civil Code with respect to legal entities established in the Netherlands.

The AdUX group represents a subsidiary with a material non-controlling interest which has a material impact on the results of the group. The AdUX group includes all the subsidiaries of the Group with non-controlling interest. Summary financial information relating to the activities of the AdUX group (and, as a result, all the subsidiaries with non-controlling interest) are presented below.

Summary financial performance

In millions of €

	2022	2021
Sales	23.6	24
Cost of sales	(13.2)	(14.3)
Gross profit	**10.4**	**9.7**
Purchases	(3.6)	(3)
Payroll costs	(3.8)	(4.5)
Depreciation and amortization	(1.2)	(1.2)
Stock based compensation	-	-
Other non-current income and charges	2.4	(0.4)
Operating profit	**4.2**	**0.6**
Cost of indebtedness	(0.1)	(0.1)
Other financial income and charges	-	(0.3)
Earning of the consolidated companies	-	-
Share in the earnings of the companies treated on an equity basis	-	0.2
Earnings before tax	**4.1**	**0.4**
Income Tax	-	(0.2)
Net income	**4.1**	**0.2**
Including minority interests	-	-
Including Group share	**4.1**	**0.2**

Summary statement of financial position

In millions of €

	2022	2021
Assets		
Net Goodwill	2.5	2.5
Net intangible fixed assets	0.5	0.6
Net tangible fixed assets	0.1	0.1
Right-of-use assets related to leases	0.2	0.1
Non-current financial assets	0.1	0.2
Non-current assets	**3.5**	**3.5**
Customers and other debtors	16.9	16.3
Other current assets	6.8	5.4
Cash and cash equivalents	2.0	1.9
Current assets	**25.7**	**23.6**
Total assets	**29.2**	**27.1**
Equity and liabilities		
Shareholders' equity (Group share)	**(3.5)**	**(5.4)**
Minority interests	-	-
Shareholders' equity	**(3.5)**	**(5.4)**
Long-term borrowings and financial liabilities	0.2	0.5
Long-term lease liabilities	-	-
Non-current Provisions	0.7	0.8
Non-current liabilities	**0.9**	**1.3**
Short-term financial liabilities and bank overdrafts	1.3	2.3
Short-term lease liabilities	0.1	0.1
Current provisions	0.2	0.1
Suppliers and other creditors	21.8	20.3
Other current debts and liabilities	8.4	8.4
Current liabilities	**31.8**	**31.2**
Total equity and liabilities	**29.2**	**27.1**

Summary statement of cash flows

In millions of €

	31 December 2022	31 December 2021
Net cashflow from operating activities	1.6	1.5
Net cashflow from investing activities	(0.3)	(0.3)
Net cash flow from financing activities	(1.1)	(0.9)
Net cash flow for the period	0.1	0.3
Cash and cash equivalents on 1 January	1.9	1.6
Cash and cash equivalents at the end of the period	2.0	1.9

27. Fair value measurement

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

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

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

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

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

There were no transfers between fair value hierarchy levels in 2022 and 2021.

Fair value measurement of other equity instruments (note 13: Equity)
Other equity instruments are measured at fair value upon the grant date.

For the fair value measurement between 1 January 2021 – 13 December 2021, the Group retroactively used the implied growth from 30 June 2020 (last valuation date before the De-SPAC Transaction) to 13 December 2021 as the growth rate in the equity value by considering linear growth between these two periods. The technique used is a discounted cash flow analysis using estimated future cash flows, weighted average cost of capital (corrected for debt instruments) and a terminal growth rate as its major inputs. We sense-check the implied growth assumptions, and the resulting valuations with reference to the Market approach method, to ensure all values are within a reasonable range.

After the Transaction, the grant date fair value of equity instruments - granted in acquisition transactions - is the fair value of the shares of Azerion Group N.V. on the stock market at the acquisition date.

Fair value measurement of the equity-settled Share-Based Payments (note 14: Share-based payments)
All equity-settled Share-Based Payments are measured at fair value upon the grant date.

For the fair value measurement of Share-Based Payments granted in 2021, EFIC1 applied a level 3 valuation method, this regards Conditional Special shares and Davey Call Options, which measurement did not change in the De-SPAC Transaction.

The HTP Call Options were measured applying the fair value of the shares of Azerion Group N.V. on the stock market at the transaction date, for the Conditional HTP Call Options a discount was taken into account. This a level 2 valuation, no other inputs were applied.

For the Azerion Founder Warrants, as the terms and conditions are closely comparable to those of the Public Warrants, the market price of the listed Public Warrants at grant date was applied. This is a Level 2 valuation technique. Besides the market price of the Public Warrants no other inputs are used.

Fair value measurement of Share Appreciation Rights classified as other liabilities (note 16: Other liabilities)
For the fair value measurement between 1 January 2021 – 13 December 2021, the Group retroactively used the implied growth from 30 June 2020 (last valuation date before the De-SPAC Transaction) to 13 December 2021 as the growth rate in the equity value by considering linear growth between these two periods. The technique used

is a discounted cash flow analysis using estimated future cash flows, weighted average cost of capital (corrected for debt instruments) and a terminal growth rate as its major inputs. We sense-check the implied growth assumptions, and the resulting valuations with reference to the Market approach method, to ensure all values are within a reasonable range.

The Enterprise Value of € 1.3 billion. (€ 1.1 billion after net debt deduction) as mentioned in the Shareholder Circular, published by EFIC1 on 13 December 2021, reflects the result of the valuation technique. This value is applied for the measurement of the share appreciation rights classified as other liabilities.

At the end of 2022 the (remaining) share appreciation rights are measured based on the price of the listed shares of Azerion Group N.V. at the Amsterdam Stock Exchange. No other inputs were used.

Fair value measurement of Warrants (note 16: Other liabilities)

The liabilities on warrants include Public Warrants and Founder Warrants. The fair value measurement of these instruments is as follows:

- The Public Warrants are listed at the Amsterdam Stock Exchange; the listed warrant price at the end of a reporting period is applied. This is a Level 1 valuation technique.
- The terms and conditions of the Founder Warrants are closely comparable to those of the Public Warrants. The Group applies the market price of the listed Public Warrants at the end of a reporting period to measure the liability regarding the Founder Warrants. This is a Level 2 valuation technique. Besides the market price of the Public Warrants no other inputs are used.

These valuation techniques were applied as from the date of the De-SPAC Transaction, 1 February 2022.

There were no movements between the levels since the De-SPAC Transaction.

For movement of warrants in 2022 please refer to note 16: Other liabilities.

28. Financial risk management

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

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

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

Market risk

Foreign currency exchange

The functional currency of the Company is the Euro. The Group faces currency risks related to the transactions carried out in the currencies other than the functional currency. The objective of the foreign currency risk management is to limit foreign currency exposure, as far as possible, by matching liabilities and cash outflows in foreign currency with respective assets and inflows in foreign currency. While conversion risk remains relatively low and selectively hedged in relation to certain aspects of the operation, the proportion of cashflows denominated in USD and GBP has increased compared to previous years. As a result, Azerion's business, finance and treasury teams work together to manage these evolving foreign exchange risks

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

Exposure to foreign currency risk

In millions of €

	American Dollar	British Pound	Swedish Krona	Euro	Other
31 December 2022					
Trade and other receivables	9.9	11.4	0.8	11.4	5.3
Other non-current assets	-	-	-	-	-
Cash and cash equivalents	10.0	4.5	0.6	4.9	1.8
External borrowings	-	-	-	-	-
Trade and other payables	(24.5)	(27.6)	(0.7)	(20.9)	(4.4)
Exposure	**(4.6)**	**(11.7)**	**0.7**	**(4.6)**	**2.7**

Exposure to foreign currency risk

In millions of €

	American Dollar	British Pound	Swedish Krona	Euro	Other
31 December 2021					
Trade and other receivables	18.3	3.4	5.8	20.1	1.7
Other non-current assets	-	-	-	-	-
Cash and cash equivalents	2.2	-	-	3.3	-
External borrowings	-	-	-	-	-
Trade and other payables	(14.5)	(8.3)	(16.2)	(8.8)	(3.0)
Exposure	**6.0**	**(4.9)**	**(10.4)**	**14.6**	**(1.3)**

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

Sensitivity analysis
In millions of €

	American Dollar	British Pound	Swedish Krona	Euro	Other
31 December 2022					
Currency strengthening by 10%	(0.5)	(1.2)	0.1	(0.5)	0.3
Currency weakening by 10%	0.5	1.2	(0.1)	0.5	(0.3)

Sensitivity analysis
In millions of €

	American Dollar	British Pound	Swedish Krona	Euro	Other
31 December 2021					
Currency strengthening by 10%	0.6	(0.5)	(1.0)	1.5	(0.1)
Currency weakening by 10%	(0.6)	0.5	1.0	(1.5)	0.1

Warrants
Market risk is the risk that changes in market prices – e.g., interest rates and equity prices – will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Company is mainly subject to changes in the market price of the Public Warrants and Founder Warrants as movements in the fair value of these instruments are directly recognised in profit and loss. As these instruments are directly related to the listed ordinary shares of the Company, movements in the value of the ordinary shares will have an impact on the value of these instruments.

Applying a sensitivity analysis of 10% the total of the Public and Founder Warrants measured at fair value based upon the public warrants share price have an absolute impact of € 0.5 million.

Credit risk
The objective of credit risk management is to minimize the risk of counterparties defaulting on their repayments that could adversely impact the cash flows and lead to losses.

Credit risk arising from cash at bank is considered to be minimal. Majority of the cash at bank and deposits are held with high credit quality financial institutions with a credit rating of A or higher.

With respect to trade and other receivables, the Group mitigates the credit risk through credit limits for each debtor on post-paid terms. These receivables are relatively short term in nature. The credit quality of the customer, considering its financial performance, liquidity ratios, past experience and other factors (e.g., funding rounds) is used to assess the credit risk relating to the customer. The compliance with credit limits is monitored regularly by management.

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

Exposure to credit risk

In millions of €

	31 December 2022	31 December 2021
Trade and other receivables	157.3	103.5
Cash at bank	50.9	35.3
Exposure	**208.2**	**138.8**

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

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

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

- Assess historic payment behaviour to build an expectation about future payment behaviour.
- Assess communication with 3rd party debtors, such as responses sent by the client on debt reminders to identify risks of disputes/non-payment of current balances in the future.
- Assess knowledge within Azerion Group and the local finance teams on whether they have any knowledge of debtors which might have financial difficulties, possibly triggered by macro-economic events, which may indicate that they may not be able to settle their debts in the future.
- Assess any letters of insolvency received from debtors, indicating that the respective debtors may have to be provided for.
- Assess any payment agreements made with specific customers and whether those customers have a history of honouring those agreements to determine the need of whether to provide for any 3rd party debtors at doubtful based on expected future behaviour.
- Assess the aging of debtors to identify debtors who are past due and who have not responded to reminders for payment, which may indicate that the future settlement of their accounts is doubtful.
- Utilize forward looking indicators, such as macroeconomic developments, where necessary.

The Group's balance of loss allowance for trade receivables as at 31 December 2022 was mainly concentrated in the following countries of operation: France in amount of € 1.5 million, Netherlands in amount of € 0.9 million, Germany in amount of € 0.7 million, Mexico in amount of € 0.6 million, Spain in amount of € 0.4 million and Great Britain in amount of € 0.4 million.

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

Guarantees

For details please refer to note 26: List of subsidiaries.

Liquidity risk

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

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

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

The Group assesses the liquidity risk related to the warrants as limited, based on the following considerations. On exercising their warrants, the holders of the Public Warrants have to pay the exercise price to the Company. The holders of the Founder Warrants have a cashless exercise option, and the Azerion Founder Warrants can be exercised cashlessly. As at 31 December 2022, the Company has sufficient shares in Treasury to meet its obligations to issue shares on exercise.

Exposure to liquidity risk

In millions of €

	within the next 12 months	Between 1 and 5 years	Beyond 5 years
31 December 2022			
Trade and other payables	221.9	-	-
Lease liabilities	5.6	14.1	3.3
Borrowings	7.9	201.4	0.1
Other liabilities	43.6	15	-
Exposure	**294.0**	**215.5**	**3.4**

Exposure to liquidity risk

In millions of €

	within the next 12 months	Between 1 and 5 years	Beyond 5 years	Total
31 December 2021				
Trade and other payables	141.5	-	-	141.5
Lease liabilities	5.9	13.0	4.4	23.3
Borrowings	16.1	225.2	-	241.3
Other liabilities	53.5	15.6	-	69.1
Exposure	**217.0**	**253.8**	**4.4**	**475.2**

Capital risk

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to shareholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of net debt (borrowings disclosed in note 9: Leases, note 18: Borrowings and note 25: Related parties after deducting cash and bank balances) and equity of the Group (comprising issued capital, reserves, retained earnings and noncontrolling interests as disclosed in note 13: Equity and the statement of changes in Equity).

The Group's risk management committee reviews the capital structure on a semi-annual basis. As part of this review, the committee considers the cost of capital and the risks associated with each class of capital. The net debt to equity ratio at 31 December 2022 is 1.8 (see below):

Exposure to capital risk

In millions of €

	31 December 2022	31 December 2021
Debt	(228.6)	(224.8)
Cash and cash equivalents	50.9	35.3
Net debt	**(177.7)**	**(189.5)**
Equity	(96.2)	6.9
Net debt to equity ratio	**1.8**	**(27.5)**

29. Financing activities

Financing activities

In millions of €

	Subordinated loans	Senior secured floating rate bonds	Debt to credit institutions	Other	Borrowings sub-total	Lease liabilities	Total
As at 1 January 2021	**1.3**	**70.9**	**10.8**	**0.5**	**83.5**	**6.2**	**89.7**
Cash movements:	–	–	–	–	–	–	–
New loans	–	227.5	–	–	227.5	–	227.5
Repayments	–	(100.0)	(13.3)	(0.4)	(113.7)	(4.1)	(117.8)
Interest paid	(0.3)	(10.5)	–	–	(10.8)	(1.4)	(12.2)
Capitalised transaction cost	–	(5.7)	–	–	(5.7)	–	(5.7)
Non-cash movements:	–	–	–	–	–	–	–
Additions due to acquisitions	–	–	10.3	–	10.3	3.6	13.9
New lease liabilities recognized	–	–	–	–	–	14.6	14.6
Loss on derecognition	–	1.9	–	–	1.9	–	1.9
Interest accrued	0.8	13.8	–	–	14.6	1.4	16.0
Non-cash settlements	(1.8)	–	–	–	(1.8)	–	(1.8)
Exchange differences	–	–	–	–	–	(0.5)	(0.5)
Cancellation	–	–	–	–	–	(0.8)	(0.8)
Reassessments and modifications	–	–	–	–	–	–	–
As at 31 December 2021	**–**	**197.9**	**7.8**	**0.1**	**205.8**	**19.0**	**224.8**
Cash movements:							
New loans	–	–	0.5	–	0.5	–	0.5
Repayments	–	–	(5.0)	–	(5.0)	(4.6)	(9.6)
Interest paid	–	(14.5)	–	–	(14.5)	(1.5)	(16.0)
Capitalised transaction cost	–	1.9	–	–	1.9	–	1.9
Non cash movements:							
Additions due to acquisitions	–	–	6.1	–	6.1	2.1	8.2
New lease liabilities recognized	–	–	–	–	–	3.9	3.9
Loss on derecognition	–	–	–	–	–	–	–
Interest accrued	–	14.5	–	–	14.5	1.5	16.0
Non-cash settlements	–	0.0	0.0	–	–		–
Exchange differences	–	–	0.1	–	0.1	(0.3)	(0.2)
Cancellation	–	–	–	–	–	(0.9)	(0.9)
Reassessments and modifications	–	–	–	–	–	–	–
As at 31 December 2022	**–**	**199.8**	**9.5**	**0.1**	**209.4**	**19.2**	**228.6**

Refer to note 9: Leases and note 18: Borrowings where the nature of the movements within the period is disclosed.

Refer to note 18: Borrowings for details on the factoring agreement.

30. Operating segments

Products and services from which reportable segments derive their revenues

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

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

The Group's reportable segments in 2022 under IFRS 8 are therefore as follows:

- Platform
- Premium Games

Segment revenues and profits

The following is an analysis of the Group's revenue by reportable segment in 2022:

Analysis of the Group's revenue by reportable segment

In millions of €

	Platform 2022	Premium Games 2022	Total 2022
Revenue			
External revenue	364.4	88.2	452.6
Inter segment revenue	(0.9)	0.9	-
Total revenue	**363.5**	**89.1**	**452.6**

The following is an analysis of the Group's revenue by reportable segment in 2021:

Analysis of the Group's revenue by reportable segment

In millions of €

	Platform 2021	Premium Games 2021	Total 2021
Revenue			
External revenue	234.2	73.9	308.1
Inter segment revenue	0.3	(0.3)	-
Total revenue	**234.5**	**73.6**	**308.1**

In 2022 the Group's platform segment had a customer that accounted for revenue in amount of € 58.5 million, which was more than 10% of the Group's total revenues.

Segment assets

For the purposes of monitoring segment performance and allocating resources between segments the Group's Chief Executives monitor the tangible, intangible and financial assets attributable to each segment. Goodwill has been allocated to reportable segments as described in note 8: Goodwill. 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, deferred tax asset and non-current financial assets.

Analysis of the Group's assets by reportable segment

In millions of €

	31 December 2022	31 December 2021
Platform	496.1	312.0
Premium Games	103.0	111.3
Total segment assets	**599.1**	**423.3**
Unallocated assets	39.4	40.4
Total assets	**638.5**	**463.7**

Geographical information

The Group's revenue from external customers by geographical location is detailed under note 19: Revenue from contracts with customers

Information about its segment non-current tangible and intangible assets by geographical location are detailed below:

Analysis of the Group's non current tangible and intangible assets by geographical location

In millions of €

	31 December 2022	31 December 2021
The Netherlands	117.5	67.6
Germany	84.8	77.0
Great Britain	56.1	45.9
France	49.5	36.6
Sweden	31.5	33.7
Other European countries	46.6	18.2
Non-European countries	5.0	4.4
Total non-current assets	**391.0**	**283.4**

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

Reconciliation of Profit / (loss) for the year to Adjusted EBITDA

Adjusted EBITDA represents operating profit / (loss) excluding depreciation, amortization, impairment of non-current assets and restructuring and acquisition related expenses and other items at management discretion. This is the measure reported to the Group's Chief Executives for the purpose of resource allocation and assessment of segment performance.

Reconciliation of Profit / (loss) for the year to Adjusted EBITDA

In millions of €

	2022				2021		
	Azerion Group	Premium Games	Platform	Other	Azerion Group	Premium Games	Platform
Profit / (loss) for the period	**(133.1)**				**(19.9)**		
Income Tax expense	(7.0)				2.0		
Profit / (loss) before tax	**(140.1)**				**(17.9)**		
Net finance costs	1.1				26.6		
Share in profit/(loss) of joint venture	-				(0.3)		
Operating profit / (loss)	**(139.0)**	**2.1**	**(6.5)**	**(134.6)**	**8.4**	**6.0**	**2.3**
Depreciation, amortization & impairment	38.5	12.1	26.3	0.1	24.8	10.5	14.3
De-SPAC related expenses	144.5	2.5	9.6	132.4	-	-	-
Other	(0.6)	(0.1)	(1.5)	1.0	10.3	2.0	8.2
Acquisition expenses	6.9	0.2	5.5	1.2	3.2	1.3	1.8
Restructuring	1.8	0.3	1.6	(0.1)	-	-	-
Adjusted EBITDA	**52.1**	**17.1**	**35.0**	**-**	**46.7**	**19.8**	**26.6**

The net finance costs, share in profit and loss on joint venture and income tax expense are managed on consolidated level and therefore is not split on segmental level.

31. Earnings per share

The comparative financial information consists of Azerion Holding B.V., which company had no listed shares in 2021. The earnings per share information is required only for listed companies. For earnings per share calculation, Azerion Holding B.V. shares for 2021 were converted to Azerion Group N.V. shares based on conversion ratio at the De-SPAC transaction date.

Basic loss per share

Basic loss per share

in €

	31 December 2022	31 December 2021
From continuing operations attributable to the ordinary equity holders of the company	(1.2)	(0.2)
Total basic profit/(loss) per share attributable to the ordinary equity holders of the company	(1.2)	(0.2)

Loss used in calculating loss per share

Loss attributable to equity holders

in millions of €

	31 December 2022	31 December 2021
Loss attributable to the ordinary equity holders of the company used in calculating basic earnings per share:	(134.3)	(19.6)
	(134.3)	(19.6)

Weighted average number of shares used as the denominator

Weighted average number of shares

Number of shares

	31 December 2022	31 December 2021
Weighted average number of ordinary shares	113,106,382	89,552,204

Diluted loss per share

Diluted loss per share

in €

	31 December 2022	31 December 2021
From continuing operations attributable to the ordinary equity holders of the company	(1.2)	(0.2)
Total diluted profit/(loss) per share attributable to the ordinary equity holders of the company	(1.2)	(0.2)

The dilutive potential common shares are not taken into account in the periods for which there is a loss, as the effect would be antidilutive.

Weighted average number of diluted shares

Weighted average number of shares

Number of shares

	31 December 2022	31 December 2021
Weighted average number of diluted shares	154,362,100	89,552,204

Difference between weighted average number of diluted shares and weighted average number of ordinary shares results from the following potentially dilutive shares:

Potentially Dilutive Shares

Number of shares

	Number of Potentially Dilutive Shares	Theoretical Issue Date	Weighted Average Number of Shares
Convertible loan	2,376,919	1-Feb-22	2,376,919
Conditional special shares	1,152,886	1-Feb-22	1,152,886
HTP call options	25,700	1-Feb-22	25,700
Davey call options	739,970	1-Feb-22	739,970
Public warrants [1]	12,736,605	1-Feb-22	12,736,605
Founder warrants [1]	5,256,167	1-Feb-22	5,256,167
Azerion founder warrants [1]	17,992,773	1-Feb-22	17,992,773
Investor SARs - Hybrid Theory	1,161,524	10-Nov-22	177,891
Investor SARs - Target Spot	38,298	21-Nov-22	4,600
Investor SARs - Sulake	792,207	1-Feb-22	792,207
Total	**42,273,049**		**41,255,718**

[1] In case market value of Azerion shares is in excess of warrant exercise price, specific rules for conversion into ordinary shares are set out in corresponding agreements.

32. Subsequent events

Legal Merger as of 1 January 2023

Following the Transaction on 1 February 2022 a legal merger between Azerion Group N.V. and Azerion Holding B.V. was proposed during the fourth quarter of 2022. As no objections raised, this legal merger became effective as of 1 January 2023. This legal merger under universal succession of title implied that Azerion Group N.V., being the 100% shareholder of Azerion Holding B.V., absorbed all rights and obligations of Azerion Holding B.V.
As Azerion Group N.V. expressed a statement according to BW 2.9 article 403 for Azerion Holding B.V., the only financial statements to be published are those of Azerion Group N.V.

AFM Investigation

The events relating to the investigation by the AFM are summarised in the Risk Management section of the Annual Report. While the investigation is ongoing, based on the information known at this point in time, there is no indication that a material financial impact will arise for Azerion.

Restructuring

As part of the process to accelerate the integration of acquired companies into Azerion Group N.V. and further realise synergies, Azerion has 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. Restructuring charges in the range of € 2.5 million to € 3.0 million are expected in Q1 2023.

Company financial statements

Company statement of financial position

Company statement of financial position

In millions of €

	Notes	31 December 2022	31 December 2021
Assets			
Non-current assets		**88.9**	**-**
Financial fixed assets	B	88.9	-
Current assets		**14.4**	**382.5**
Receivables, prepayments and accrued income	C	13.2	381.0
Cash and cash equivalents		1.2	1.5
Total assets		**103.3**	**382.5**
Equity	D		
Share capital		1.2	-
Share premium		130.8	-
Legal reserves		25.2	-
Share based payment reserve		13.7	16.8
Currency translation reserve		(1.3)	-
Other equity instruments		29.0	-
Retained earnings		(73.5)	-
Result for the financial year		(31.3)	(39.0)
Total equity		**93.8**	**(22.2)**
Liabilities			
Non-current liabilities		**3.8**	**-**
Lease liabilities		0.1	-
Other non-current liability	E	3.7	-
Current liabilities		**5.6**	**404.7**
Lease liabilities		-	-
Other current liabilities	E	5.6	404.7
Total liabilities		**9.5**	**404.7**
Total equity and liabilities		**103.3**	**382.5**

Company statement of profit or loss

Company statement of profit or loss
In millions of €

	Notes	2022	2021
General and administrative expenses		(2.4)	(13.1)
Personnel costs		(2.3)	(0.1)
Share based payment costs		(13.3)	(16.8)
Operating profit / (loss)		**(18.0)**	**(30.0)**
Total finance income		13.8	-
Total finance costs	G	(7.3)	(9.0)
Result before tax		**(11.5)**	**(39.0)**
Income taxes		-	-
Result from subsidiaries		(19.8)	-
Result from operations after tax and result from subsidiaries		**(31.3)**	**(39.0)**
Profit / (loss) for the year		**(31.3)**	**(39.0)**

Notes to the Company financial statements

A. General information

The Company financial statements were authorized for issue by the Supervisory Board on 26 April 2023.

This annual report includes the Financial Statements regarding the financial year 2022 for Azerion Group N.V. , formerly known as European FinTech IPO Company 1 B.V. (‘EFIC1’). EFIC1 changed in legal form into a limited company (naamloze vennootschap) on 2 February 2022 and renamed from EFIC1 to Azerion Group N.V. as a result of a De-SPAC Transaction between EFIC1 and Azerion Holding B.V. which completed on 1 February 2022 ('De-SPAC Transaction').

Up until 1 February 2022, EFIC1 was a private limited liability company incorporated under Dutch law (besloten vennootschap met beperkte aansprakelijkheid), with its statutory seat in Amsterdam, the Netherlands. EFIC1 was admitted to listing and trading on Euronext Amsterdam on 26 March 2021 pursuant to an initial public offering (by way of a private placement, “IPO”) in which, following the partial exercise of the overallotment option, it raised approximately € 382 million in gross proceeds.

Prior to the completion of its De-SPAC Transaction, EFIC1 was a special purpose acquisition company (“SPAC”) formed for the purpose of effecting a merger, capital stock exchange, asset acquisition, stock purchase, reorganisation or similar business combination with or acquisition of an operating business or entity. Azerion Group N.V. is registered in the Netherlands under the Chamber of Commerce registration number 81697244.

Following completion of the business combination, Azerion Group N.V. is a public company incorporated under Dutch law (naamloze vennootschap), with its statutory seat in Schiphol-Rijk, The Netherlands. The first day of trading on Euronext Amsterdam, post completion of the business combination, of the Ordinary Shares and Public Warrants in the Company under the new name of Azerion Group N.V. and the new ticker symbols AZRN and AZRNW respectively, was 2 February 2022.

Following the resignation of the executive and non-executive members of the EFIC1 management board and the appointment of the members of the management and supervisory boards in the Extraordinary General Meeting of Shareholders on 31 January 2022, the Management Board and the Supervisory Board of Azerion Group N.V. are acting as the responsible bodies as of the 1 February 2022 of the Company, as a result of the De-SPAC Transaction between EFIC1 BV and Azerion Holding B.V. on that date. They are therefore the responsible bodies for the Company and the financial statements 2022.

The gross proceeds of the IPO could only be released upon strict requirements. EFIC1 entered into an escrow agreement with Intertrust Escrow and Settlements B.V., a private company with a corporate seat in Amsterdam, the Netherlands and having its address at Prins Bernhardplein 200, 1097 JB Amsterdam, the Netherlands, acting under its trade name Intertrust Escrow Services (the “Escrow Agent”) and Stichting EFIC1 Escrow with corporate seat in Amsterdam, the Netherlands and having its corporate address at Prins Bernhardplein 200, 1097 JB Amsterdam, the Netherlands (the “Foundation”). Under the escrow agreement, the amounts held in the escrow account were generally not to be released unless and until the earlier of a business combination or liquidation. The Foundation held the escrow amount on a designated bank account.

Following the completion of the Transaction between EFIC1 and Azerion Holding B.V. the amounts were released from the escrow account and paid to former shareholders and Azerion Group N.V.
The Stichting EFIC1 Escrow ended its activities and was subsequently liquidated.

Following the De-SPAC Transaction on 1 February 2022 a legal merger between Azerion Group N.V. and Azerion Holding B.V. was proposed. As no objections raised, this legal merger became effective as of 1 January 2023. This legal merger, under universal succession of title, implied that Azerion Group N.V., being the 100% shareholder of Azerion Holding B.V., absorbed all rights and obligations of Azerion Holding B.V. As Azerion Group N.V. filed a 403 statement for Azerion Holding B.V., the only financial statements to be published are those of Azerion Group N.V.

Basis for the preparation

The Company financial statements of Azerion Group N.V. (formerly: European FinTech IPO Company 1 B.V.) have been prepared in accordance with Part 9, Book 2 of the Dutch Civil Code. In accordance with sub 8 of article 362, Book 2 of the Dutch Civil Code, the Company financial statements are prepared based on the accounting principles of recognition, measurement and determination of profit, as applied in the consolidated financial statements. These principles also include the classification and presentation of financial instruments, being equity instruments or financial liabilities.

All amounts in the Company financial statements are presented in millions of euros (€), which is the Company's functional currency and rounded to the nearest hundred thousand unless stated otherwise.

Azerion Group N.V. is the continuation of EFIC1 B.V. As a result, the comparative figures are those of EFIC1 B.V. This accounting treatment is contrary to the Consolidated financial Statements as the Consolidated financial statements are prepared by analogy to a reversed acquisition. For more detail on the treatment in the Consolidated financial Statements refer to note 2: Preparation basis.

Financial fixed assets
Azerion Group N.V. applies the equity method for the presentation and measurement of the investment in Azerion Holding B.V. No goodwill was recognised in this legal acquisition because that would essentially be own goodwill.

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

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

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

B. Financial fixed assets

Financial fixed assets

In millions of €

	Participations in group companies	Total
As at 31 December 2021	-	-
Azerion Holding B.V. net asset value as per 1 February 2022	(9.0)	(9.0)
Capital contribution	119.8	119.8
Result from subsidiaries	(19.9)	(19.9)
Translation reserves from subsidiaries	(2.0)	(2.0)
As at 31 December 2022	**88.9**	**88.9**

Azerion Group N.V. has a 100% direct interest in Azerion Holding B.V. which it legally acquired 1 February 2022.

The Capital contributions made in 2022 mainly related to funding of the De-SPAC Transaction (€ 28.4 million) and acquisitions acquired through Azerion Holding B.V. (€ 90.6 million).

The result from subsidiaries contains the result of Azerion Holding B.V. for the period between 1 February 2022 and 31 December 2022.

C. Receivables, prepayments and accrued income

Receivables, prepayments and accrued income

In millions of €

	31 December 2022	31 December 2021
Trade receivables from group companies	2.9	-
Receivables from group companies	9.4	-
Receivables from other related parties	-	-
Receivables Stitchting EFIC1 Escrow	-	380.7
Taxes and social security premiums	-	0.2
Other receivables	0.9	0.1
Total	**13.2**	**381.0**

Receivables from group companies are unsecured, denominated in Euro (€).

The receivables from group companies and other receivables are all due within a period of one year from the balance sheet date.

In 2021, the gross proceeds of the IPO were deposited in an escrow account held by the Escrow Foundation. These amounts would be released only in accordance with the terms of an escrow agreement between the Company, Intertrust Escrow and Settlements B.V. , acting under its trade name Intertrust EscrowServices and the Stichting EFIC1 Escrow. Immediately after the transaction between Azerion Group N.V. and Azerion Holding B.V. the amounts of the former shareholders of EFIC1 B.V. were repaid to the redeeming shareholders and Azerion Group N.V. The Stichting EFIC1 Escrow was liquidated after the finalisation of its obligations.

The fair value of all receivables approximates the book value.

D. Equity

Statement of changes in equity

In millions of €

	Share capital	Share premium	Legal reserves	Share Based Payment Reserve	Currency translation differences	Other equity instruments	Retained earnings	Total equity
Balance at incorporation - 25 January 2021	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Profit/ (loss) for the period	-	-	-	-	-	-	(39.0)	(39.0)
Other comprehensive income (loss)	-	-	-	-	-	-	-	-
Total comprehensive income (loss) for the period	-	-	-	-	-	-	(39.0)	(39.0)
Transactions with shareholders	-	-	-	-	-	-	-	-
Conversion share capital	-	-	-	-	-	-	-	-
Share-based payments (special shares and call option)	-	-	-	16.8	-	-	-	16.8
Total other movements	-	-	-	16.8	-	-	-	16.8
Balance as of 31 December 2021	**-**	**-**	**-**	**16.8**	**-**	**-**	**(39.0)**	**(22.2)**
Profit before the De-SPAC Transaction	-	-	-	-	-	-	(16.8)	(16.8)
Accelerated vesting of share-based payments	-	-	-	1.9	-	-	-	1.9
Cancellation of share-based payment reserves	-	-	-	(2.3)	-	-	2.3	-
Conversion of ordinary shares to equity	0.1	69.4	-	-	-	-	-	69.5
Conversion of special shares to ordinary shares	0.1	12.7	-	(12.7)	-	-	(0.1)	-
Balance at De-SPAC Transaction date	**0.2**	**82.1**	**-**	**3.7**	**-**	**-**	**(53.6)**	**32.4**
Capital issuance	1.0	-	-	-	-	-	-	1.0
Legal acquisition of Azerion Holding B.V.	0.0	(21.8)	25.2	-	(1.3)	22.5	(36.7)	(12.1)
Issuance of Azerion founder warrants	-	-	-	9.9	-	-	-	9.9
Issuance of HTP call options	-	-	-	1.6	-	-	-	1.6
Private placement to sponsors and co-investors	-	23.1	-	-	-	-	-	23.1
Profit after the De-SPAC Transaction	-	-	-	-	-	-	(14.5)	(14.5)
Exercise of HTP call options	0.0	1.4	-	(1.4)	-	-	-	-
Other Private placement	0.0	10.5	-	-	-	-	-	10.5
Changes in shareholder loans	-	-	-	-	-	(1.9)	-	(1.9)
Share considerations for new acquisitions	0.0	35.5	-	-	-	8.3	-	43.8
Other movements	-	-	-	(0.1)	-	0.1	-	-
Balance as af 31 December 2022	**1.2**	**130.8**	**25.2**	**13.7**	**(1.3)**	**29.0**	**(104.8)**	**93.8**

The Identifiable Net assets of EFIC1 including share-based payment reserve, resulted in an increase in equity of € 32.4 million presented as **the Balance at De-SPAC Transaction date,** for further information refer to note 4: De-SPAC Transaction.

In relation to the **legal acquisition of Azerion Holding B.V.**, the value of equity of Azerion Holding B.V. amounts to € (12.1) million.

Share capital

As at 31 December 2022, the share capital amounted €1.2 million (2021: €0.0 million). As part of the recapitalisation, Azerion Group N.V. issued shares in exchange for the shares in Azerion Holding B.V.

The Balance at De-SPAC Transaction date shows an increase within share capital of € 0.2 million, due to :

- **conversion of ordinary shares to equity**: € 0.1 million of increase related to the conversion of 6,981,516 ordinary shares to equity
- **conversion of special shares to ordinary shares** : **€** 0.1 million of increase related to the conversion of special shares into ordinary shares

In addition, € 1.0 million, presented as **capital issuance,** relate to the increase from the conversion of Azerion Holding B.V. share capital.

Azerion Group N.V. issued various capital instruments, both at its establishment in March 2021 as well as in the De-SPAC Transaction. The instruments are classified differently based on the characteristics of the instruments.

Share capital structure as at 31/12/2022

in number of shares, in € for nominal value and millions of € for carrying amount

Instrument	Number	Nominal value	Carrying amount 31/12/2022	Accounting classification
Ordinary shares (placed and paid up)	118,319,547	1.2	1.2	Equity, share capital
Capital Shares	22	0.2	0.2	Current liabilities
Conditional Special Shares	1,152,886	-	2.2	Equity, share based payments reserve
Call Options				
- HTP Conditional Call Options	25,700	-	0.2	Equity, share based payments reserve
- Davey Unconditional Call Options	628,974	-	1.2	Equity, share based payments reserve
- Davey Conditional Call Options	110,996	-	0.2	Equity, share based payments reserve
- Azerion Founder Warrants	17,992,773	-	9.9	Equity, share based payments reserve
Warrants (derivative instruments)				
- Public Warrants	12,736,605	-	3.2	Current liabilities
- Founder Warrants	5,256,167	-	1.3	Current liabilities

Share premium

As part of the De-SPAC Transaction :

- € 69.5 million relate to the **conversion of ordinary shares to equity,** after redemption of shares**,** which were reclassified from non-current liabilities to Share Capital (€ 0.1 million) and Share Premium (€ 69.4 million)
- € 12.7 million relate to the **conversion of special shares to ordinary shares**, which were converted from Share-Based Payments Reserve to Share capital (€ 0.1 million) and Share Premium (€ 12.7 million), for further information refer to the share-based payment reserve table below.

The **private placement to sponsors and co-investors** contributed an amount of € 23.1 million in Share Premium.

In addition, in March 2022, the HTP Sponsor exercised call options which resulted in an €1.4 million reclassification from Share-Based Payments Reserve to Share Premium.

In addition, **other private placemen**t of € 10.5 million was completed, in the form of a private placement of existing ordinary treasury shares of Azerion, predominantly to Azerion's co-CEO's investment vehicles.

Furthermore, € 35.5 million of **Share considerations for new acquisitions** were issued, refer to note 5: Acquisitions for further details.

Legal reserve
As of 31 December 2022, pursuant to Dutch law, certain limitations exist relating to the distribution of shareholders' equity of € 82.3million. These limitations relate to legal reserves required by Dutch law of € 25.2 million.

The legal reserve of € 25.2 million was acquired through the **Legal acquisition of Azerion Holding B.V**.

Share based payments reserve

The Share based payments reserve includes the amounts related to the Conditional Special Shares, Davey Call Options, the HTP Call Options and the Azerion Founder Warrants. The movements in 2021 and 2022 were as follows:

Share based payments reserve
in millions of €

	Special Shares	Conditional Special Shares	Davey Call Option	Davey Call Option (Unconditional part)	Davey Call Option (Conditional part)	HTP Call Options Unconditional	HTP Call Options Conditional	Azerion Founder Warrants	Total	P&L impact (expenses)
Balance as of 1 January 2021	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	
Granted in 2021	15	-	1.8	-	-	-	-	-	16.8	16.8
Balance as at 31 December 2021	**15**	**-**	**1.8**	**-**	**-**	**-**	**-**	**-**	**16.8**	**16.8**
Accelerated vesting in January 2022	1.7	-	0.2	-	-	-	-	-	1.9	1.8
Cancellation	(1.7)	-	(0.5)	-	-	-	-	-	(2.2)	-
Conversion into share capital	(0.1)	-	-	-	-	-	-	-	(0.1)	-
Conversion into share premium	(12.7)	-	-	-	-	-	-	-	(12.7)	-
Conversion into ordinary Conditional Special Shares	(2.2)	2.2	-	-	-	-	-	-	-	-
Conversion into (un)conditional Call Options	-	-	(1.4)	1.2	0.2	-	-	-	-	-
Grant in the De-SPAC Transaction								9.9	9.9	9.9
Issuance of HTP Call Options	-	-	-	-	-	1.4	0.2	-	1.6	1.6
Exercise of the unconditional HTP Call Options	-	-	-	-	-	(1.4)	-	-	(1.4)	-
Balance as at 31 December 2022	**-**	**2.2**	**0.1**	**1.2**	**0.2**	**-**	**0.2**	**9.9**	**13.7**	**(13.3)**
Number of instruments										
Granted in 2021	8,539,894		1,012,560							
Balance as at 31 December 2021	**8,539,894**	**-**	**1,012,560**	**-**	**-**	**-**	**-**			
Cancellation	(853,989)		(272,590)							
Conversion into ordinary shares	(6,533,019)									
Conversion into ordinary Conditional Special Shares	(1,152,886)	1,152,886								
Conversion into (un)conditional Call Options			(739,970)	628,974	110,996					
Issuance of HTP Call Options						145,634	25,700			
Grant in the De-SPAC Transaction							-	17,992,773		
Exercise of the unconditional HTP Call Options						(145,634)	-			
Balance as at 31 December 2022	**-**	**1,152,886**	**-**	**628,974**	**110,996**	**-**	**25,700**			
Prices of the instruments (€)										
Grant date fair value in 2021	**1.95**		**1.94**							
Value at conversion		1.95		1.94	1.94					
Grant date fair value (unconditional part)						9.54				
Grant date fair value (conditional part)							6.42			
Grant date fair value in the De-SPAC Transaction								0.55		
As at 31 December 2022	**-**	**1.95**	**-**	**1.94**	**1.94**		**6.42**	**0.55**		

Currency Translation reserve

The Currency Translation reserve of € (1.3) million was acquired during the **Legal acquisition of Azerion Holding B.V**. and subsequently changed during 2022.

Other equity instruments

During 2022 Azerion Group N.V. has taken over € 22.5 million of other equity instruments' , as part of **the Legal acquisition of Azerion Holding B.V,** consisting mainly of :

- € 14.9 million of subordinated loan
- € 5.8 million of share consideration related to previous acquisition

For further information on these instruments, please refer to Consolidated Financial Statements, note 13: Equity.

In addition, the following movements incurred after the De-SPAC Transaction :

- € (1.9) million of **changes in shareholder loans** related to an amendment to the nominal value of the loans
- € 8.3 million of **share considerations for new acquisitions** were issued in 2022 (refer to note 5: Acquisitions).

Retained earnings

As at 31 December 2022 the retained earnings amounted to € (104.8) million, the movements in 2022 comprise :

- € (31.3) million related to t**he loss for the year,** including € (16.8) million before the De-SPAC Transaction and € (14.5) million after the De-SPAC Transaction
- € (36.7) million related to the **Legal acquisition of Azerion Holding B.V.**

Reconciliation of Group and Company profit /(loss) for the year

Reconciliation of Group and Company profit / (loss) for the year

In millions of €

	Amount
Group Profit/ (loss) for the year attributable to the parent for the year 2022	**(134.3)**
Listing expenses excluded	107.1
Deducting Profit/ (loss) of Azerion Holding B.V. for January 2022	12.7
Adding Profit/ (loss) of EFIC1 for January 2022	(16.8)
Company stand-alone Profit / (loss) for the year	**(31.3)**

E. Other liabilities

Other liabilities

In millions of €

	31 December 2022	31 December 2021
Other non-current liability	**3.7**	**-**
Contingent consideration	3.7	-
Other current liabilities	**5.6**	**404.7**
Capital shares	0.2	0.2
Founder warrants	1.3	8.7
Public warrants	3.2	9.6
Ordinary shares	-	373.5
Trade payables	0.4	-
Wage taxes and social securities	0.5	0.2
Other payables	-	12.5
Total	**9.3**	**404.7**

Ordinary shares

The 'Ordinary shares' at the end of 2021 were classified as 'Other liabilities' as a consequence of the applicable terms and conditions for these instruments. In the transaction between Azerion Group N.V. and Azerion Holding B.V. on 1 February 2022 the majority of the ordinary shares were redeemed to the former shareholders. An amount of € 69.5 million was attributable to the 'remaining shareholders' and was reclassified to equity.

Capital shares

In the establishment of EFIC1 ‘Capital Shares’ were issued to two of its sponsors, being two legal entities, with an attached Call Option of 499 Capital Shares per holder. Each Capital Share has a nominal value of € 10,000. As at 31 December 2021 and 1 February 2022 a total number of 22 Capital Shares were outstanding, representing a total value of € 0.2 million. Up to and including 1 April 2022 the holders of the Capital Shares were entitled to call additional Capital Shares at nominal value. The holders did not exercise their right to call additional Capital Shares. Therefore at 31 December 2022 the total number remains unchanged. In the Transaction the holders of the Capital Shares agreed not to exercise their voting rights and grant a right of pledge on their Capital Shares in favour of Azerion Holding B.V. and transfer all voting rights attached to the Capital Shares to Azerion Holding B.V. (as pledgee), effectively resulting in the situation that the voting rights attached to these Capital Shares cannot be exercised in the general meeting of the Company. The holders of the Capital Shares are annually entitled to 2% of the nominal value per Capital Share. For accounting purposes this implies that the Capital Shares are presented as ‘Other liabilities’.

Warrants

Movement in warrants

in millions of €, number of instruments and price in €

	Public warrants	Founder warrants	Total
Balance as at 1 January 2021	**-**	**-**	**-**
Initial Recognition	9.6	7.9	17.5
Fair value movements -- through profit or loss	-	0.8	0.8
Balance as at 1 January 2022	**9.6**	**8.7**	**18.3**
Initial Recognition	-	-	-
Fair value movements -- through profit or loss	(6.4)	(7.4)	(13.8)
Balance as ot 31 December 2022	**3.2**	**1.3**	**4.5**
Number of instruments			
Balance as at 1 January 2021			
Initial Recognition	12,736,605	5,256,167	17,992,772
As at 1 January 2022	12,736,605	5,256,167	17,992,772
Issued related to the De-SPAC Transaction	-	-	-
As at 31 December 2022	**12,736,605**	**5,256,167**	**17,992,772**
Prices (in €)			
Balance as at 1 January 2021	**-**	**-**	
Initial Recognition	0.75	1.5	
As at 1 January 2022	0.75	1.65	
Immediately after the De-SPAC transaction	-	-	
As at 31 December 2022*	**0.25**	**0.25**	

F. Off balance sheet commitments

Contingent liabilities

Fiscal unity for corporate income tax and value added tax purposes

On 31 December 2022, the Company is part of a fiscal unity for corporate income tax and value added tax purposes.

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

Guarantees

Azerion Group N.V. issued a declaration of joint and several liability pursuant to the provisions of Section 403, Part 9, Book 2, of the Dutch Civil Code with respect to Azerion Holding B.V.

G. Net financial result

Net financial result

In millions of €

	2022	2021
Fair value gain on warrants	13.8	-
Other finance income	-	-
Finance income	**13.8**	**-**
Interest expenses on related party loans	-	-
Interest expenses on third party balances	-	(6.7)
Interest on debt and borrowings	(0.3)	(1.6)
Fair value loss on warrants	-	(0.8)
Interest on leases (IFRS16)	-	-
Settlement of ordinary shares	(7.0)	-
Other finance costs	-	-
Finance costs	**(7.3)**	**(9)**
Net finance costs	**6.5**	**(9)**

The fair value gain on warrants consist of the movement in the fair values of the Public Warrants and the Founder Warrants, that were issued in March 2021 at the establishment of EFIC1. For the Company Only results the movement in fair value is taken into account as from 1 January 2022.

The fair value gain on warrants amounts € 13.8 million is specified in the table in note E: Other liabilities.

Because of the redemption of the Ordinary Shares on 31 January 2022 , related to the De-SPAC Transaction € (7.0) million of accrued interest included in the liability was fully amortised in January 2022.

H. Employees

During 2022 3 employees were employed by the company (2021: 3).

I. Remuneration of directors

The emoluments (including pensions obligations) which were charged in 2022 amount to € 12.9 million for the members of the Management Board and € 0.3 million for the members of the Supervisory Board (31 December 2021: 0). In the De-SPAC Transaction, Azerion Founder Warrants were granted to the personal Management Holding Companies of two of the founders of Azerion, at a grant date fair value of € 9.9 million.

In 2021 a total amount of € 10.4 million was granted to the persons who acted during 2021 as Key Management and Leadership Team, consisting of both executive and non-executive members. Their remunerations in 2021 consisted of short term benefits (€ 0.2 million) and long term benefits (share based payments and founder warrants € 10.2 million).

J. Other disclosure

Adoption of the financial statements 2022

The consolidated and company financial statements have been prepared by the Management Board and shall be proposed by the Management Board for adoption to the general meeting of shareholders.

Appropriation of the result for 2022

The Management Board proposes to add the full 2022 result to Retained earnings. The general meeting of shareholders will be asked to approve the appropriation of the 2022 result, this appropriation is already recognized in the financial statements.

Schiphol-Rijk, 26 April 2023

On behalf of the Management Board of Azerion Group N.V.

Subsequent events

Legal Merger as of 1 January 2023

Following the Transaction on 1 February 2022 a legal merger between Azerion Group N.V. and Azerion Holding B.V. was proposed during the fourth quarter of 2022. As no objections raised, this legal merger became effective as of 1 January 2023. This legal merger under universal succession of title implied that Azerion Group N.V., being the 100% shareholder of Azerion Holding B.V., absorbed all rights and obligations of Azerion Holding B.V.
As Azerion Group N.V. expressed a statement according to BW 2.9 article 403 for Azerion Holding B.V., the only financial statements to be published are those of Azerion Group N.V.

AFM Investigation

The events relating to the investigation by the AFM are summarised in the Risk Management section of the Annual Report. While the investigation is ongoing, based on the information known at this point in time, there is no indication that a material financial impact will arise for Azerion.

Other information

Provisions of the Articles of Association relating to profit appropriation

Concerning the appropriation of profit, the following has been determined in article 27 of the Articles of Association:

The profits remaining after application of article 27.2 shall be put at the disposal of the General Meeting, provided however that the General Meeting may only resolve on any reservation of the profits or the distribution of any profits pursuant to and in accordance with a proposal thereto of the Management Board, with the prior approval of the Supervisory Board.

Details of special rights of control pursuant to the Articles of Association

The Articles of Association do not provide a special right of control to any person.

Details of shares without profit rights and non-voting shares

Azerion has no ordinary shares without profit rights and no non-voting shares. A complete overview of the shares outstanding, and the rights attached to these shares, can be found in the Equity section.

Details of the Company's offices

For an overview of Azerion's offices, please see Azerion at a glance, starting on page 6 in these Annual Accounts.

Report of the independent auditor

To: the general meeting and the supervisory board of Azerion Group N.V.

Report on the financial statements 2022

Our opinion

In our opinion:

- the consolidated financial statements of Azerion Group N.V. together with its subsidiaries ('the Group') give a true and fair view of the financial position of the Group as at 31 December 2022 and of its result and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union ('EU-IFRS') and with Part 9 of Book 2 of the Dutch Civil Code;
- the company financial statements of Azerion Group N.V. ('the Company') give a true and fair view of the financial position of the Company as at 31 December 2022 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the accompanying financial statements 2022 of Azerion Group N.V., Schiphol-Rijk. The financial statements comprise the consolidated financial statements of the Group and the company financial statements.

The consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2022;
- the following statements for 2022: the consolidated statement of profit and loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows; and
- the notes, comprising a summary of the significant accounting policies and other explanatory information.

The company financial statements comprise:

- the company statement of financial position as at 31 December 2022;
- the company statement of profit or loss for the year then ended; and
- the notes, comprising a summary of the accounting policies applied and other explanatory information.

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

The basis for our opinion

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

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

Independence

We are independent of Azerion Group N.V. in accordance with the European Union Regulation on specific requirements regarding statutory audit of public-interest entities, the 'Wet toezicht accountantsorganisaties' (Wta, Audit firms supervision act), the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

Our audit approach

We designed our audit procedures with respect to the key audit matters, fraud and going concern, and the matters resulting from that, in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The information in support of our opinion, such as our findings and observations related to individual key audit matters, the audit approach fraud risk and the audit approach going concern was addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

Overview and context

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

Azerion Group N.V. is a fast-growing company. This growth is partially realised through acquisitions. As a result, the scale of operations has increased significantly over the past years and is expected to continue to grow. These circumstances require adequate processes, internal control measures and a strong finance function. During the year 2022, these were not at the level required at all locations and therefore our audit primarily based on substantive audit procedures.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the management board made important judgements, for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. In these considerations, we paid attention to, amongst others, the assumptions underlying the physical and transition risk related to climate change. In paragraph 2 of the financial statements, the Company describes the areas of judgement in applying accounting policies and the key sources of estimation uncertainty. Given the significant estimation uncertainty and the related higher inherent, we identified the risks of material misstatement in the impairment assessment of goodwill as a key audit matter as set out in the section 'Key audit matters' of this report. Furthermore, we identified the accounting for the De-SPAC transactions as key audit matter because of the complexity of the accounting involved.

An area of focus, that was not considered a key audit matter, was the impact on our audit of the investigation started by the Authority for the Financial Markets (AFM) in relation to compliance with article 15 of the Market Abuse Regulation which is focused on Azerion N.V., Principion Holding B.V. (Azerion's largest shareholder) and the shareholders of Principion Holding B.V., including Azerion's co-chief executive officers. We refer to the paragraph "audit approach fraud risks" for more information.

Azerion Group N.V. assessed the possible effects of climate change on its financial position, refer to the section 'ESG overview' in the report of the management board. We discussed Azerion Group N.V.'s assessment and governance thereof with the management board and evaluated the potential impact on the financial position including underlying assumptions and estimates. The expected effects of climate change are not considered to impact the key audit matters.

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

The outline of our audit approach was as follows:

Materiality
- Overall materiality: €4.5 million.

Audit scope
- We conducted a full scope audit work at eighteen components and specific audit procedures at nine other components to achieve sufficient audit coverage.
- Site visits were conducted to four countries and five components. For thirteen components we used foreign component auditors.
- Audit coverage: 86% of consolidated revenue, 86% of consolidated total assets.

Key audit matters
- Accounting for the De-SPAC transaction
- Impairment assessment of goodwill

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

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

Overall group materiality	€4.5 million (2021: 3.1 million).
Basis for determining materiality	We used our professional judgement to determine overall materiality. As a basis for our judgement, we used 1% of revenues.
Rationale for benchmark applied	We used revenues as the primary benchmark, a generally accepted auditing practice, based on our analysis of the common information needs of the users of the financial statements. On this basis, we believe that revenues are an important metric for the financial performance of the Company. We have not used profit before tax as a benchmark, as this benchmark was less representative of the scale of operations of the company.
Component materiality	Based on our judgement, we allocate materiality to each component in our audit scope that is less than our overall group materiality. The range of materiality allocated across components was between €450,000 and €3,000,000. Certain components were audited to a local statutory audit materiality that was less than the allocated group materiality.

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

We agreed with the supervisory board that we would report to them any misstatement identified during our audit above €225,000 (2021: €154,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

The scope of our group audit
Azerion Group N.V. is the parent company of a group of entities. The financial information of this group is included in the consolidated financial statements of Azerion Group N.V.

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

Our audit primarily focussed on the significant components of the Group being Azerion Technology B.V. and Voidu B.V.

We subjected eighteen components to audits of their complete financial information to obtain sufficient coverage, of which two are considered significant components, as those components are individually financially significant to the Group. We further subjected nine components to specific risk-focussed audit procedures and to achieve appropriate coverage on financial line items in the consolidated financial statements.

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

Revenue	86%
Total assets	86%

None of the remaining components represented more than 1,5% of total group revenue or total group assets. For those remaining components we performed, among other things, analytical procedures to corroborate our assessment that there were no significant risks of material misstatements within those components.

The group engagement team performed the audit work for Azerion Group N.V., Azerion Holding B.V., Azerion Tech Holding B.V., Azerion Games en Content Holding B.V., Azerion Services B.V., Azerion Gaming B.V., Azerion Technology B.V., Voidu B.V., Youda Games Holding B.V., Keygames Network B.V., Azerion Netherlands B.V., Spil Games Group B.V, Azerion Sweden SB AB, and Delta Projects AS.

For components Adux SA, Sulake Oy, WHOW Games GmbH, Inskin Media Limited, Inskin Media Australia Pty Ltd, Genba Digital Limited, Hi-media Deutschland AG, Strossle Norg AS, Infinia Mobile SL, Collective Europe Ltd, Strossle AB, Madvertise Media GmbH, Madvertise Media SAS we used component auditors who are familiar with the local laws and regulations to perform the audit work.

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

We issued instructions to the component audit teams in our audit scope. These instructions included amongst others our risk analysis, materiality and the scope of the work. We explained to the component audit teams the structure of the Group, the main developments that were relevant for the component auditors, the risks identified, the materiality levels to be applied and our global audit approach. We had individual calls with the majority of the in-scope component audit teams during the year and/or upon conclusion of their work. During these calls, we discussed the significant accounting and audit issues identified by the component auditors, their reports, the findings of their procedures and other matters, that could be of relevance for the consolidated financial statements.

The group engagement team visits the component teams and local management on a rotational basis. In the current year, the group audit team visited Adux SA in France, WHOW Games GmbH in Germany and Inskin Media Limited and Genba Digital Limited in the United Kingdom given their significant contribution in revenues to the group, as well as visiting in the United Kingdom and Sulake Oy in Finland. For each of these locations we reviewed selected working papers of the respective component auditors.

The group engagement team performed the audit work on the group consolidation, financial statement disclosures and a number of more complex items at the head office. These included the impairment of goodwill and intangible assets, share-based payments, leases and De-SPAC related accounting matters.

By performing the procedures outlined above at the components, combined with additional procedures exercised at group level, we have been able to obtain sufficient and appropriate audit evidence on the Group's financial information, to provide a basis for our opinion on the financial statements.

Audit approach fraud risks

We identified and assessed the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of Azerion Group N.V. and its environment and the components of the internal control system. This included the management board's risk assessment process, the management board's process for responding to the risks of fraud and monitoring the internal control system and how the supervisory board exercised oversight, as well as the outcomes.

We refer to section 'risk management' of the report of the board for management's fraud risk assessment.

We evaluated the design and relevant aspects of the internal control system with respect to the risks of material misstatements due to fraud and in particular the fraud risk assessment, as well as the code of conduct, whistle blower procedures, incident registration, among other things. We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness of internal controls designed to mitigate fraud risks.

We asked members of the management board as well as legal affairs whether they are aware of any actual or suspected fraud. This did not result in signals of actual or suspected fraud that may lead to a material misstatement.

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption. We evaluated whether these factors indicate that a risk of material misstatement due to fraud is present.

We identified the following fraud risks and performed the following specific procedures:

Identified fraud risks	*Our audit work and observations*
Risk of fraud in revenue recognition We addressed the risk of fraud in revenue recognition. This relates to the presumed management incentive that exists to overstate revenue. We evaluated which types of revenue transactions give rise to the risk of fraud in revenue recognition and concluded that the risk is present for all material revenue streams.	Where relevant to our audit, we evaluated the design and implementation of the internal control system in the processes related to revenue recognition. We identified several deficiencies in the internal control system with respect to the documentation and monitoring of controls. Our audit procedures were therefore primarily of a substantive nature. We performed specific substantive audit procedures on a sample of revenue transactions, including determining whether these transactions are based on deliveries that actually took place in the financial year. We tested, on a sample basis, the delivered performance and transaction prices of the revenue transactions based on sales agreements, sales invoices and cash receipts. Additionally, we performed specific audit procedures at the end of the year related to cut-off procedures to identify potential shifts in revenue from products delivered in the next financial year to the revenue reported in the current financial year. In addition, we performed audit procedures to determine whether credit invoices were registered in the next financial year that indicate incorrectly registered revenue in the current financial year. Our audit procedures did not lead to specific indications of fraud or suspicions of fraud with respect to revenue recognition.

Risk of fraud through management override of controls Management is in a unique position to perpetrate fraud because of management's ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. That is why, in all our audits, we pay attention to the risk of management override of controls in: • the appropriateness of journal entries and other adjustments made in the preparation of the financial statements; • estimates; • significant transactions, if any, outside the normal course of business for the entity.	Where relevant to our audit, we evaluated the design and implementation of the internal control system in the processes of generating and processing journal entries and making estimates. We also paid specific attention to the access safeguards in the IT system and the possibility that these lead to violations of the segregation of duties. We performed journal entry testing by selecting journal entries based on risk criteria such as top side entries, consolidation entries and unusual account combinations. We conducted specific audit procedures for these entries if they had not already been tested during other audit procedures. These procedures include, amongst others, inspection of the entries to source documentation. We assessed significant judgements and estimates made by management and paid specific attention to significant transactions outside the normal course of business, especially for the impairment analysis of goodwill and the accounting for the De-SPAC transaction. We refer to our key audit matters for further details. Our work did not reveal any specific indications of fraud or suspicion of fraud in respect of management override of controls.
The risk of possible lack of integrity by the co-CEO who temporarily stepped aside The Authority for the Financial Markets (AFM) started an investigation in relation to compliance with article 15 of the Market Abuse Regulation which is focused on Azerion N.V., Principion Holding B.V. (Azerion's largest shareholder) and the shareholders of Principion Holding B.V., including Azerion's co-chief executive officers. As a consequence, one of the co-CEO's temporarily stepped aside per 13 March 2023. We identified a fraud risk factor due to a possible lack of integrity by the co-CEO and we assessed the potential impact thereof on the financial statements as a fraud risk.	We refer to paragraph 'Events relating to the investigation by the AFM' as part of the chapter risk management in the report of the board, where the management board has elaborated on the events in relation to the investigation of the AFM and the measures that the management board and supervisory board have taken. We evaluated the design and implementation of the internal control system in the processes related to: • the avoidance of insider trading; • the monitoring and evaluation of related party transactions outside the normal course of business. Our observations as a result of this evaluation have been shared with management. The supervisory board appointed an external expert to perform an independent investigation into the conduct of the co-CEO's. We assessed the capacity, competence and objectivity of this external expert. Furthermore, we obtained an understanding of the work performed by the external expert through evaluating the nature and scope of the in collaboration with our forensic specialists. Management's external expert has taken into account the suggestions of the audit team in expanding the scope of the investigation. Afterwards we reviewed the outcome of the investigation, asked questions and received further disclosure on the results of the investigation. Also, the preliminary conclusions have been discussed with us by management's external expert. Requests for refinement and clarification have been incorporated into the final research report on the basis of discussion between us and the external experts. We concluded that the work of management's external expert is appropriate as audit evidence. Additionally, we performed substantive audit procedures, including: • Analyses of the rights to authorize contracts, invoices and payments by the co-CEO and the execution of those rights; • Data analyses on the rights of the co-CEO in the ERP system concluding that no transactions were registered by the co-CEO; • Analyses of the costs of the management board recorded at the cost center related to the board of management; • Analyses of management expense claims; • Analyses of transactions with related parties connected to the co-CEO for which the risk of conflict of interest may arise, specifically if it is outside the scope of normal business operations. Our work did not lead to material observations as a result of the conduct of the co-CEO. The outcome of the investigation by the AFM, however, cannot be predicted.

We incorporated an element of unpredictability in our audit. During the audit, we remained alert to indications of fraud. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance of laws and regulations. Whenever we identify any indications of fraud, we re-evaluate our fraud risk assessment and its impact on our audit procedures.

Audit approach going concern

The management board prepared the financial statements on the assumption that the entity is a going concern and that it will continue all its operations for at least twelve months from the date of preparation of the financial statements. This is disclosed in section 'Going concern' as part of section 1 'general information' of the financial statements. Our procedures to evaluate management's going-concern assessment included, amongst others:

- considering whether management identified events or conditions that may cast significant doubt on the entity's ability to continue as a going concern (hereafter: going-concern risks);
- considering whether management's going-concern assessment includes all relevant information of which we are aware as a result of our audit and inquiring with management regarding management's most important assumptions underlying their going-concern assessment.
- evaluating management's current budget including cash flows for at least twelve months from the date of preparation of the financial statements taken into account current developments in the industry and all relevant information of which we are aware as a result of our audit;
- analysing whether the current and the required financing has been secured to enable the continuation of the entirety of the entity's operations, including compliance with relevant covenants;
- analysing, with the help of an auditor's expert, whether management's assumptions in relation to refinancing are reasoanble;
- performing inquiries of management as to their knowledge of going-concern risks beyond the period of management's assessment.

Our procedures did not result in outcomes contrary to management's assumptions and judgements used in the application of the going-concern assumption.

Key audit matters

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

Key audit matter	*Our audit work and observations*
Accounting for the De-SPAC transaction *refer to footnote 2 preparation basis, footnote 4 De-SPAC transaction, footnote 13 Equity and footnote 14 Share-based payments* As of 1 February 2022, Azerion Group N.V. and Azerion Holding B.V. completed the De-SPAC transaction. The accounting for such a transaction is complex and requires significant judgements. As a result, we considered the accounting for the De-SPAC transaction a key audit matter. The following elements involve significant judgements and complexity and were assessed by management in collaboration with management experts. These areas are subject to higher risk of material misstatement due to fraud and error:	We performed our audit procedures on the impairment assessment with the support of our accounting specialists and valuation experts. Our audit procedures included, amongst others: • Use of auditor's accounting specialist to challenge management's accounting judgements and estimates involved. • Use of auditor's valuation expert to review managements expert's valuation on the different financial instruments (warrants, (conditional) public shares and (conditional) Davey Call option • Performed test of details on the listing expense by verifying the mathematical accuracy and valuation of the underlying equity instruments and the net asset value of Azerion Group N.V. as of 1 February, 2022. • Performed detailed testing on the equity impact of the De-SPAC transaction • Performed detail testing on the valuation of the financial instruments (warrants, (conditional) public shares and (conditional) Davey call options before and after the transaction to verify the result impact of fair value movements in the profit and loss account. Finally, we evaluated whether the disclosures in respect of the De-SPAC transaction, including disclosures impacting share-based payments and equity were adequate. Our audit procedures outlined above, did not result in significant findings.

Key audit matter	*Our audit work and observations*
Impairment assessment of goodwill *refer to note 8 of the consolidated financial statements* As of December 2022, the Group's goodwill amounted to €184.2 million in the consolidated financial statements. The value of the goodwill is of significant importance to the group's financial position and an impairment could have a significant impact thereon. Therefore, combined with the significant judgements applied and inherent uncertainty of future events, we considered the impairment assessment of goodwill a key audit matter. Goodwill is tested for impairment annually together with other assets of the respective cash generating units at the level on which they are monitored. In this case the aggregated levels of cash generating units on which they are monitored are the operating segment levels, being the Gaming and the Monetization Technology segments (hereafter; CGUs). For each CGU, the recoverable amount was determined based on a value-in-use calculation. The calculation involved several key assumptions in determining the inputs to the model including: • revenue growth developments. • operating margins. • working capital requirements. • discount rates. • long-term growth rates. • forecasting models up to five years. The impairment testing of goodwill is significantly impacted by these inputs and therefore, this area is subject to higher risk of material misstatement due to fraud and error. Based on the calculated value in use for each operating segment, management concluded that these values for each operating segment were higher than the net assets of that segment and therefore no impairment charge was recognized for the year 2022.	We performed our audit procedures on the impairment assessment with the support of our valuation specialists. Our audit procedures included, amongst others: • Assessing the control environment in which the impairment reviews are performed. We specifically satisfied ourselves that the final impairment calculations, including the assumptions used, were approved by the appropriate management levels. • Assessing the management board's determination of CGUs at the appropriate level that is in line with how management is monitoring the business. • Testing the methodical set up of the value in use calculation by comparing the method used to industry best practices. • Substantively testing the mathematical accuracy of supporting calculations and corroborated revenue growth rates with external market surveys. • Comparing the outcome of the model to the market cap of Azerion Group N.V. as of December 31, 2022. • Assessing the composition of future cash flow forecasts by evaluating the current and past performance of the CGU and the consistency with external market and industry data. We performed procedures to understand any deviations from market and industry data. • Comparing the inputs to the discount rates to externally obtained data such as the risk-free rates in the market, equity market risk premiums, country risk premiums, debt/equity ratios as well as the betas of comparable companies. • Assessing the terminal growth rates used by management per CGU by comparing them to the long-term growth rates most reflective of the underlying operations, obtained from independent external sources. • Assessing the appropriateness to use a five-year forecasting model based on the business characteristics and comparing this with industry averages. • Evaluating the judgements and estimates made by management for indications of possible bias. We challenged management on the judgements and estimates made, performed sensitivity analysis on key assumptions and evaluated the important judgements made by management in the impairment analysis for such indications of bias. We did not note any indication of management bias in this respect. Finally, we evaluated whether the disclosures in respect of the impairment assessment was adequate. Our audit procedures outlined above, did not result in significant findings.

Report on the other information included in the annual report

The annual report contains other information. This includes all information in the annual report in addition to the financial statements and our auditor's report thereon.

Based on the procedures performed as set out below, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements; and
- contains all the information regarding the report of the board and the other information that is required by Part 9 of Book 2 and regarding the remuneration report required by the sections 2:135b and 2:145 subsection 2 of the Dutch Civil Code.

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

By performing our procedures, we comply with the requirements of Part 9 of Book 2 and section 2:135b subsection 7 of the Dutch Civil Code and the Dutch Standard 720. The scope of such procedures was substantially less than the scope of those procedures performed in our audit of the financial statements.

The management board is responsible for the preparation of the other information, including the report of the board and the other information in accordance with Part 9 of Book 2 of the Dutch Civil Code. The management board and the supervisory board are responsible for ensuring that the remuneration report is drawn up and published in accordance with sections 2:135b and 2:145 subsection 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements and ESEF

Our appointment

We were appointed as auditors of Azerion Group N.V. on 31 January 2022 by the supervisory board. This followed the passing of a resolution by the shareholders at the annual general meeting held on 31 January 2022. Our appointment has been renewed annually by shareholders and now represents a total period of uninterrupted engagement of 2 years.

European Single Electronic Format (ESEF)

Azerion Group N.V. has prepared the annual report in ESEF. The requirements for this are set out in the Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (hereinafter: the RTS on ESEF).

In our opinion, the annual report prepared in XHTML format, including the (partially) marked-up consolidated financial statements, as included in the reporting package by Azerion Group N.V., complies in all material respects with the RTS on ESEF.

The management board is responsible for preparing the annual report, including the financial statements in accordance with the RTS on ESEF, whereby the management board combines the various components into a single reporting package.

Our responsibility is to obtain reasonable assurance for our opinion whether the annual report in this reporting package complies with the RTS on ESEF.

We performed our examination in accordance with Dutch law, including Dutch Standard 3950N 'Assuranceopdrachten inzake het voldoen aan de criteria voor het opstellen van een digitaal verantwoordingsdocument' (assurance engagements relating to compliance with criteria for digital reporting).

Our examination included amongst others:

- Obtaining an understanding of the entity's financial reporting process, including the preparation of the reporting package.
- Identifying and assessing the risks that the annual report does not comply in all material respects with the RTS on ESEF and designing and performing further assurance procedures responsive to those risks to provide a basis for our opinion, including:

    - obtaining the reporting package and performing validations to determine whether the reporting package containing the Inline XBRL instance document and the XBRL extension taxonomy files have been prepared in accordance with the technical specifications as included in the RTS on ESEF;

- examining the information related to the consolidated financial statements in the reporting package to determine whether all required mark-ups have been applied and whether these are in accordance with the RTS on ESEF.

No prohibited non-audit services

To the best of our knowledge and belief, we have not provided prohibited non-audit services as referred to in article 5(1) of the European Regulation on specific requirements regarding statutory audit of public-interest entities.

Responsibilities for the financial statements and the audit

Responsibilities of the management board and the supervisory board for the financial statements

The management board is responsible for:

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

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

The supervisory board is responsible for overseeing the Company's financial reporting process.

Our responsibilities for the audit of the financial statements

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

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

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

Amsterdam, 26 April 2023

PricewaterhouseCoopers Accountants N.V.

Original has been signed by W. Poot RA

https://www.azerion.com/reports