



# Interim Report

Q3  
2023

# Platform growth and improved efficiency driving profitability growth of +48% YoY

## Highlights of Q3 2023

- **Net revenue** of approximately € 108.5 million, up **+2.8%** from approximately € 105.5 million Q3 2022 mainly driven by Platform growth, particularly in advertising revenue from Direct sales, and the integration of previous acquisitions.
- **Adjusted EBITDA** of approximately € 18.3 million, up **+48%** from approximately € 12.4 million in Q3 2022 due to improved margins due to increased Platform revenue and contribution from Direct sales, continued integration of previous acquisitions and ongoing cost optimisation.
- **Platform segment Adjusted EBITDA** of approximately € 13.5 million, an increase of **+88%** compared to €7.2 million in Q3 2022, reflecting improved margins due to increased Platform revenue and contribution from Direct sales, continued integration of previous acquisitions and ongoing cost optimisation.
- On track to deliver expected **annualized cost savings of at least € 20 million**, excluding any effects from foreign exchange. The expected savings are compared to the January 2023 baseline.
- **Completed the sale of the social card games** portfolio for an initial cash consideration of € 81.3 million, subject to customary adjustments, with an earnout based on the performance of the acquired business that could take the total consideration up to a maximum of € 150 million.
- Signed **58 new publishers** to expand Azerion's supply footprint across Europe and Americas and **3 new Direct Demand Side Platforms** creating new revenue opportunities for our publisher partners.
- In October, **completed the refinancing** of the Company's outstanding € 200 million bonds with a new issuance of senior secured callable floating rate bonds for a nominal amount of € 165 million.
- In October, **completed the acquisition of Hawk**, a demand side advertising technology platform that provides advertisers and agencies with easy access to large audiences in growth formats such as digital out of home, audio and connected TV through a single, multi-channel buying platform.

## Highlights YTD Q3 2023

- Net revenue of approximately € 343.2 million YTD Q3 2023, up **+13%** from approximately € 303.8 million YTD Q3 2022 mainly driven by Platform growth, particularly in advertising revenue from Direct sales, and the integration of previous acquisitions.
- Adjusted EBITDA of approximately € 45.5 million YTD Q3 2023, up **+52%** from approximately € 30.0 million YTD Q3 2022 reflecting improved margins due to increased Platform revenue and contribution from Direct sales, continued integration of previous acquisitions and ongoing cost optimisation.

## Selected KPIs

Financial results – Azerion Group N.V. – Q3 2023

in millions of €

	Q3 2023			Q3 2022			Net revenue growth	Adjusted EBITDA growth
	Net revenue	Operating profit / (loss) <sup>1</sup>	Adjusted EBITDA	Net revenue	Operating profit / (loss)	Adjusted EBITDA		
<b>Group</b>	<b>108.5</b>	<b>77.3</b>	<b>18.3</b>	<b>105.5</b>	<b>0.2</b>	<b>12.4</b>	<b>2.8%</b>	<b>47.6%</b>
Platform	90.8	4.0	13.5	84.2	(0.4)	7.2	7.8%	87.5%
Premium Games	17.7	73.3	4.8	21.3	1.7	5.2	(16.9)%	(7.7)%
<i>of which social card games portfolio</i>	6.7	74.7	2.1	9.3	3.2	3.7		
Other	-	-	-	-	(1.1)	-		

<sup>1</sup> The operating profit of the Group, Premium Games and social card games portfolio includes the net gain from the sale of the social card games portfolio for € 72.6 million.

	YTD 2023			YTD 2022			Net revenue growth	Adjusted EBITDA growth
	Net revenue	Operating profit / (loss) <sup>1</sup>	Adjusted EBITDA	Net revenue	Operating profit / (loss)	Adjusted EBITDA		
<b>Group</b>	<b>343.2</b>	<b>66.7</b>	<b>45.5</b>	<b>303.8</b>	<b>(147.8)</b>	<b>30.0</b>	<b>13.0%</b>	<b>51.7%</b>
Platform	279.7	(7.6)	30.4	238.8	(14.8)	17.1	17.1%	77.8%
Premium Games	63.5	74.3	15.1	65.0	1.1	12.9	(2.3)%	17.1%
<i>of which social card games portfolio</i>	28.3	80.6	9.7	26.9	7.6	9.1		
Other	-	-	-	-	(134.1)	-		

<sup>1</sup> The operating profit of the Group, Premium Games and social card games portfolio includes the net gain from the sale of the social card games portfolio for € 72.6 million.

## Message from the CEO



*"We are pleased with the relative resilience of our business model to the market conditions during Q3 and in particular the growth in our Platform revenue and increased contribution from our Direct sales teams. We continue to see the benefits of our ongoing consolidation and integration projects reflected in our improving Adjusted EBITDA margins. The recent acquisition of Hawk will help us to integrate and consolidate even further, while expanding our services in channels such as audio, digital out of home, drive to store and connected TV.*

*For the full year 2023, we continue to expect Adjusted EBITDA to be at least € 75 million, with Net Revenue for the year now expected to be around € 520 million, reflecting recent market conditions.*

*Having focused on integration and cost optimisation for the first three quarters of the year, the market conditions are presenting increasingly attractive opportunities to further grow our business through partnerships and strategic investments."*

- Umut Akpınar

# Financial overview

## Net revenue

Net revenue for the quarter amounted to € 108.5 million compared to € 105.5 million in Q3 2022, an increase of approximately 2.8%. The increase in Net Revenue year on year came from growth in the Platform segment of approximately € 6.6 million, particularly in advertising revenue from Direct sales and the integration of previous acquisitions, offset by a reduction in Net Revenue in Premium Games between the same periods of approximately € 3.6 million, largely due to the completed sale of the social card games portfolio during Q3 2023.

Net revenue YTD Q3 2023 amounted to € 343.2 million compared to € 303.8 million in YTD Q3 2022, an increase of approximately 13.0%, mainly due to growth in the Platform segment between the same periods of approximately € 41 million, particularly in advertising revenue from Direct sales and the integration of previous acquisitions.

## Earnings

The operating profit for the quarter amounted to € 77.3 million, compared to a profit of € 0.2 million in Q3 2022 mainly explained by gain on the sale of the social card games portfolio completed on 28 August 2023 of € 72.6 million.

Adjusted EBITDA was € 18.3 million for the quarter compared to € 12.4 million in Q3 2022, an increase of approximately 47.6% due to increased Net revenue from the Platform segment at higher margins driven by increased contribution to advertising revenue from Direct sales, continued integration of previous acquisitions and ongoing cost optimisation, and notwithstanding the loss of earnings due to the sale of the social card games portfolio completed on and as from 28 August 2023.

The operating profit YTD Q3 2023 amounted to € 66.7 million, compared to a loss of € 147.8 million YTD Q3 2022 mainly explained by the gain on the sale of the social card games portfolio completed on 28 August 2023 of €72.6 million and the €144.8 million of De-SPAC related expenses incurred in 2022, but not present in 2023.

Adjusted EBITDA was € 45.5 million YTD Q3 2023 compared to € 30.0 million YTD Q3 2022, an increase of approximately 51.7%, due to increased revenue from Platform business at higher margins coupled with efficiencies from cost optimisation and the integration and consolidation of previously acquired businesses.

## Cash flow

Cash flow from operating activities in Q3 2023 was an outflow of approximately € (15.8) million, mainly due to movements in net working capital, reflecting a decrease in trade and other payables of € (18.0) million and increase in trade and other receivables of € (5.1) million. Cash flow from investing activities for the period was an inflow of € 46.9 million, mainly due to the net proceeds from the sale of the social card game portfolio € 66.0 million, offset in part by payments for intangibles of € (7.6) million and deferred payments and earn-outs relating to past acquisitions of € (8.1) million. Cash flow from financing activities in the period amounted to an outflow of € (4.0) million, mainly relating to early cancellation and payments relating to lease liabilities.

Cash flow from operating activities in YTD Q3 2023 was an inflow of € 18.9 million, mainly due to movements in net working capital, reflecting a decrease in trade and other receivables of € 18.6 million and a decrease in trade and other payables of € (10.2) million. Cash flow from investing activities was an inflow of € 9.3 million, mainly due to € 66.0 million of proceeds from the sale of the social card games portfolio offset in part by payments for intangibles of € (19.6) million and deferred payments and earn-outs relating to past acquisitions of € (33.1) million. Cash flow from financing activities totalled an outflow of € (10.0) million, mainly relating to repayment of external borrowings, early cancellation of and payments relating to lease liabilities.

## Capex

Azerion capitalizes development costs related to internal development of assets, a core activity to support innovation in its platform. These costs primarily relate to developers' time devoted to the development of games, platforms, and other new features. In Q3 2023 Azerion capitalized € 3.9 million, equivalent to 16.1% (2022: 16.9%) of gross personnel costs excluding restructuring provision expense. For YTD Q3 2023 Azerion capitalized € 14.1 million, equivalent to 17.5% (2022: 16.6%) of gross personnel costs excluding restructuring provision expense.

## Financial position and financing

Net interest bearing debt\* amounted to € 152.3 million as of 30 September 2023, mainly comprising the outstanding bond loan with a nominal value of € 200 million (part of a total € 300 million framework), which became a current borrowing as at April 2023 and lease liabilities with a balance of € 14.7 million less the cash and cash equivalents position of € 69.2 million.

\* As defined in the Terms & Conditions of the Senior Secured Callable Floating Rate Bonds ISIN: NO0013017657. Please also refer to the Definitions section and the notes of this Interim Report for more information.

# Platform Segment

Our Platform segment includes our digital advertising activities, e-commerce, the operation and distribution of casual games and Fanzone. It generates Net revenue mainly by displaying digital advertisements in both game and general content, as well as selling and distributing AAA games through our e-commerce channels. Advertisers are serviced through two models: i) Direct sales, which involve a direct engagement between Azerion's commercial teams and advertisers or their agencies in the placement of digital advertisements, and ii) Automated auction sales in which advertising inventory is purchased through real-time auctions. Platform is also integrated with parts of our Premium Games segment, leveraging inter-segment synergies.

## Platform – Selected Financial KPIs

Financial results – Platform

in millions of €

	Q3	Q3	YTD	YTD
	2023	2022	2023	2022
<b>Net revenue</b>	<b>90.8</b>	<b>84.2</b>	<b>279.7</b>	<b>238.8</b>
Operating profit / (loss)	4.0	(0.4)	(7.6)	(14.8)
<b>Adjusted EBITDA</b>	<b>13.5</b>	<b>7.2</b>	<b>30.4</b>	<b>17.1</b>
Net revenue growth %	7.8%		17.1%	
Adjusted EBITDA growth %	87.5%		77.8%	
Adjusted EBITDA margin %	14.9%	8.6%	10.9%	7.2%

Net revenue of € 90.8 million in Q3 2023, compared to € 84.2 million in Q3 2022, an increase of 7.8%, driven by increased contribution from Direct sales, integration of past acquisitions and global sales teams, combined with the roll out of new ad formats on the Platform. In Q3 2023, Azerion's Direct sales teams contributed approximately 65% of Platform advertising Net revenue, with the balance provided by automated auction sales, as compared to approximately 55% in Q3 2022.

Net revenue of € 279.7 million for YTD Q3 2023, compared to € 238.8 million YTD Q3 2022, an increase of 17.1%, similarly driven by increased contribution from Direct sales, integration and consolidation of past acquisitions and global sales teams, combined with the roll out of new ad formats on the Platform.

Adjusted EBITDA of € 13.5 million in Q3 2023, compared to € 7.2 million in Q3 2022, an increase of 88% due to growth in higher margin Direct sales, improved spend on higher-impact ads in channels such as audio, connected TV and digital out of home, increased monetisation of exclusive partnerships and owned and operated content, together with ongoing consolidation and integration of previously acquired businesses and cost optimisation.

Adjusted EBITDA of € 30.4 million for YTD Q3 2023, compared to € 17.1 million for YTD Q3 2022, an increase of more than 78%, mainly as a result of higher margin sales mix and ongoing consolidation and integration of previously acquired businesses and cost optimisation.

### Selected business initiatives in Q3 2023 include:

- Successfully consolidated previous acquisitions in the US to create Azerion US.
- Azerion Fanzone progressing well with 4 new club partners added in Q3, taking Fanzone's total club partnerships to 21.
- Launched 'Join the Planet,' an initiative promoting environmental awareness through gaming and VR experiences through collaboration with Verse Estate.
- Partnership with Dag en Nacht Media on programmatic advertising.
- Collaboration with Flashtalking by Mediaocean to bring dynamic creative to high-impact, video and gaming formats.

- Azerion JAPAC, Lifesight, and New Balance collaborate on innovative in-game advertising campaign.

## Advertising – Selected Operational KPIs

### Advertising – Operational KPIs

	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023
<b>Avg. Digital Ads Sold per Month (bn)</b>	<b>9.6</b>	<b>10.7</b>	<b>12.2</b>	<b>13.0</b>	<b>12.2</b>
Advertising auction platform (bn)	4.3	5.4	5.1	6.1	5.4
Publisher monetisation services (bn)	5.3	5.3	7.1	6.9	6.8
<b>Avg. Gross Revenue per Million Processed Ad Requests from advertising auction platform (€)</b>	<b>23.9</b>	<b>32.8</b>	<b>30.0</b>	<b>36.3</b>	<b>30.4</b>
Previous reported figures (€)	11.2	16.7	11.2	15.5	13.4
Additional formats (€)	12.7	16.1	18.8	20.8	17.0

The **Average Digital Ads Sold per Month (bn)** increased to 12.2 billion from 9.6 billion in Q3 2022, reflecting the growth of the Platform business through increased ad format offerings and the integration of previous acquisitions. As of Q1 2023 the reported number of average digital ads sold per month include the following previous acquisitions: Adplay, Adverline, Monolith, Hybrid Theory, MMedia, Takerate, Targetspot and Vlyby.

The **Average Gross Revenue per Million Processed Ad Requests** was € 30.4 in Q3 2023, compared to € 23.9 in Q3 2022, demonstrating our ability to grow and manage the advertising auction platform efficiently and profitably whilst providing an attractive proposition for advertisers and publishers. New ad formats integrated into the platform have also contributed to higher margins.

Previously reported figures of Average Gross Revenue per Million Processed Ad Requests (€) were of advertising auction platform Improve Digital. Additional ad formats: Headerlift, Pubgalaxy, Sublime, Inskin, Strossle, Keymobile, Delta Projects, Admoove and Quantum have been included from Q1 2022, Infinia was included in figures as of Q3 2022 and Madvertise as of Q3 2022. Additional new ad formats have been included as of Q1 2023, these include Adplay, Adverline, Monolith, Hybrid Theory, MMedia, Takerate, Targetspot and Vlyby. In Q4 2022, the Average gross revenue per million ad requests was revised to exclude ad requests that are rejected before entering our advertising auction platform.



# Premium Games Segment

Up until 28 August 2023, the Premium Games segment included social card and casino games, as well as metaverse games. Azerion completed the sale of its social card games portfolio to Playtika Holding Corp. on 28 August 2023 and its contribution to the Premium Games segment ceased at that date. 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. This segment aims 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 millions of €

	Q3	Q3	YTD	YTD
	2023	2022	2023	2022
<b>Net revenue</b>	<b>17.7</b>	<b>21.3</b>	<b>63.5</b>	<b>65.0</b>
<i>of which social card games portfolio</i>	6.7	9.3	28.3	26.9
Operating profit / (loss) <sup>1</sup>	73.3	1.7	74.3	1.1
<i>of which social card games portfolio<sup>1</sup></i>	74.7	3.2	80.6	7.6
<b>Adjusted EBITDA</b>	<b>4.8</b>	<b>5.2</b>	<b>15.1</b>	<b>12.9</b>
<i>of which social card games portfolio</i>	2.1	3.7	9.7	9.1
Net revenue growth %	(16.9)%		(2.3)%	
Adjusted EBITDA growth %	(7.7)%		17.1%	
Adjusted EBITDA margin %	27.1%	24.4%	23.8%	19.8%

<sup>1</sup> The operating profit of Premium Games and social card games portfolio includes the net gain from the sale of the social card games portfolio for € 72.6 million.

### Premium Games

Net revenue of € 17.7 million in Q3 2023, as compared to € 21.3 million in Q3 2022, a decrease of (16.9)%, mainly due to the revenue loss in September resulting from the sale of our social card games portfolio. The Net revenue of the remaining Premium Games titles across our social casino and metaverse portfolios was € 11.0 million in Q3 2023, as compared to € 12.0 million in Q3 2022, a decrease of (8.3)% mainly driven by lower revenue in our metaverse environments.

Net revenue of € 63.5 million for YTD Q3 2023, as compared to € 65.0 million for YTD Q3 2022, a decrease of (2.3)% predominantly due to the loss of revenue in September from the sale of our social card games portfolio. The Net revenue for YTD Q3 2023 of the remaining Premium Games titles across our social casino and metaverse portfolios was € 35.2 million, as compared to € 38.1 million for YTD Q3 2022, a decrease of (7.6)% mainly driven by lower revenue in our metaverse environments.

Adjusted EBITDA of € 4.8 million in Q3 2023, as compared to € 5.2 million in Q3 2022, a decrease of (7.7)%, mainly due to the contribution lost in September from the sale of the social card games portfolio. The Adjusted EBITDA of the remaining Premium Games titles across our social casino and metaverse portfolios was € 2.7 million in Q3 2023, as compared to € 1.5 million in Q3 2022, an increase of approximately 80% mainly driven by improved performance in the social casino portfolio and cost optimisation across the segment.

Adjusted EBITDA of € 15.1 million for YTD Q3 2023, as compared to € 12.9 million for YTD Q3 2022, an increase of 17.1% mainly due to improved performance in both the social cards and social casino portfolios and cost optimisation across the segment, more than offsetting the contribution lost in September from the sale of our social card games portfolio. The Adjusted EBITDA for YTD Q3 2023 of the remaining Premium Games titles across our social casino and metaverse portfolios was € 5.4 million, as compared to € 3.8 million for YTD Q3 2022, an increase of



approximately 42% mainly driven by improved performance in the social casino portfolio and cost optimisation across the segment.

## Premium Games – Selected Operational KPIs

### Premium Games – Operational KPIs

	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023
Avg. Time in Game per Day (min)	80	79	84	84	79
Avg. DAUs (thousands)	556	559	601	558	454
Avg. ARPDAU (€)	0.42	0.45	0.42	0.42	0.44

- The **Average Time in Game per Day (min)** remained relatively flat in Q3 2023 as compared to Q3 2022 at 79 minutes per day.
- The **Average Daily Active Users (DAUs)** decreased by (18)% in Q3 2023 as compared to Q3 2022, mainly due to the loss of active players in September from the sale of the social card games portfolio.
- The **Average Revenue per Daily Active User (ARPDAU)** increased by almost 5% in Q3 2023 as compared to Q3 2022, mainly due to a stable loyal user base spending more in game.

Selected operational KPIs include the results from the social card games portfolio for July and up until the completion of the sale on 28 August 2023 only.

# Outlook

Adjusted EBITDA for full year 2023 is still expected to be at least € 75 million, supported in particular by continued progress in the integration of previous acquisitions and ongoing cost optimisation.

Net Revenue for full year 2023 is now expected to be around € 520 million, up from € 452.6 million FY 2022, as compared to previous expectations of around € 540 million. The reduction in Net Revenue expectations for the full year reflects recent market conditions leading to lower anticipated growth in automated auction sales than originally envisaged for H2 2023.

Having focused on integration and cost optimisation for the first three quarters of the year, the market conditions are presenting increasingly attractive opportunities to further grow our business through partnerships and strategic investments.

As a result, the previously communicated medium term guidance is retained: expected annual Net revenue growth of around 15% and annual Adjusted EBITDA margins expected to be in the range of 14% to 16%.

# Other information

## Interest Bearing Debt

Interest Bearing Debt

in millions of €

	30 September 2023	31 December 2022
Total non-current indebtedness	13.4	215.8
Total current indebtedness	208.1	12.8
Total financial indebtedness	221.5	228.6
Deduct Zero interest bearing loans	-	(0.1)
<b>Interest Bearing Debt</b>	<b>221.5</b>	<b>228.5</b>
Less: Cash and cash equivalents	(69.2)	(50.9)
Net Interest Bearing Debt (Bond terms)	152.3	177.6

References to bond terms in the table above refer to the terms as defined in the Senior Secured Callable Floating Rate Bonds ISIN: NO0013017657

## Reconciliation of net income to Adjusted EBITDA

Reconciliation of net income to Adjusted EBITDA - Q3

in millions of €

	Q3							
	2023				2022			
	Azerion Group	Premium Games	Platform	Other	Azerion Group	Premium Games	Platform	Other
<b>Profit / (loss) for the period</b>	<b>54.4</b>				<b>(5.2)</b>			
Income Tax expense	18.1				1.1			
<b>Profit / (loss) before tax</b>	<b>72.5</b>				<b>(4.1)</b>			
Net finance costs	4.8				4.3			
<b>Operating profit / (loss)</b>	<b>77.3</b>	<b>73.3</b>	<b>4.0</b>	<b>-</b>	<b>0.2</b>	<b>1.7</b>	<b>(0.4)</b>	<b>(1.1)</b>
Depreciation & Amortization	11.3	3.0	8.2	0.1	9.6	2.9	6.5	0.2
De-SPAC related expenses	-	-	-	-	0.1	0.1	-	-
Other <sup>1</sup>	(72.6)	(72.7)	0.1	-	0.8	0.1	-	0.7
Acquisition expenses	2.8	1.2	1.7	(0.1)	1.6	0.2	1.2	0.2
Restructuring	(0.5)	-	(0.5)	-	0.1	0.2	(0.1)	-
<b>Adjusted EBITDA</b>	<b>18.3</b>	<b>4.8</b>	<b>13.5</b>	<b>-</b>	<b>12.4</b>	<b>5.2</b>	<b>7.2</b>	<b>-</b>

<sup>1</sup> Other mainly includes the net gain from the sale of the social card games portfolio for € 72.6 million.

## Reconciliation of net income to Adjusted EBITDA - YTD

in millions of €

	YTD							
	2023				2022			
	Azerion Group	Premium Games	Platform	Other	Azerion Group	Premium Games	Platform	Other
<b>Profit / (loss) for the period</b>	<b>32.3</b>				<b>(150.0)</b>			
Income Tax expense	21.4				2.4			
<b>Profit / (loss) before tax</b>	<b>53.7</b>				<b>(147.6)</b>			
Net finance costs	13.0				(0.2)			
<b>Operating profit / (loss)</b>	<b>66.7</b>	<b>74.3</b>	<b>(7.6)</b>	<b>-</b>	<b>(147.8)</b>	<b>1.1</b>	<b>(14.8)</b>	<b>(134.1)</b>
Depreciation & Amortization	32.5	9.6	22.9	-	26.3	8.6	17.7	-
De-SPAC related expenses	-	-	-	-	144.8	2.4	9.4	133.0
Other <sup>1</sup>	(71.1)	(71.7)	0.6	-	1.1	0.4	(0.2)	0.9
Acquisition expenses	10.5	1.2	9.3	-	4.2	0.2	3.8	0.2
Restructuring	6.9	1.7	5.2	-	1.4	0.2	1.2	-
<b>Adjusted EBITDA</b>	<b>45.5</b>	<b>15.1</b>	<b>30.4</b>	<b>-</b>	<b>30.0</b>	<b>12.9</b>	<b>17.1</b>	<b>-</b>

<sup>1</sup> Other mainly includes the net gain from the sale of the social card games portfolio for € 72.6 million.

## Operating expenses

### Breakdown of Operating expenses

in millions of €

	Q3		YTD	
	2023	2022	2023	2022
<b>Personnel costs</b>	<b>(19.8)</b>	<b>(20.2)</b>	<b>(73.6)</b>	<b>(83.3)</b>
Includes:				
Restructuring related expenses	0.5	(0.1)	(6.9)	(1.4)
Azerion Founder Warrants, reported as share-based payment expense	-	-	-	(9.9)
De-SPAC early exercised share-based payment expense	-	-	-	(10.3)
<b>Other expenses</b>	<b>(4.9)</b>	<b>(7.9)</b>	<b>(28.6)</b>	<b>(150.0)</b>
Includes:				
De-SPAC transaction related expenses				(121.4)
<b>Operating expenses</b>	<b>(24.7)</b>	<b>(28.1)</b>	<b>(102.2)</b>	<b>(233.3)</b>
Of which:				
Platform	(19.2)	(21.4)	(81.3)	(76.9)
Premium Games	(5.9)	(6.5)	(21.2)	(23.1)

## Restructuring

In relation to ongoing consolidation and integration, restructuring charges across the next two quarters are expected in total to be in the range of approximately € 2 million to € 3 million. These costs impact the reported operating profit / loss, but are removed from Adjusted EBITDA.

## Bond Refinancing

On 8 April 2021 Azerion issued senior secured callable fixed rate bonds for a total of € 200 million, within a total framework amount of € 300 million (ISIN: SE0015837794). The maturity date of the bonds was 28 April 2024 and the bonds carried a fixed interest rate of 7.25% per annum. On 31 October 2023, Azerion announced that these bonds had been fully redeemed at a redemption price of 100.725% of the nominal amount of the bonds. The total redemption amount was € 204.7 million, comprising € 200 million of nominal amount of the bonds plus call premium of € 1.45 million and accrued but unpaid interest. After roll-overs from these bonds to newly issued bonds (see below), the balance outstanding for redemption was settled through a combination of net proceeds of this new bond issue of € 76.2 million and cash from Azerion of € 45.1 million.

On 14 September 2023, Azerion announced that it had successfully placed € 165 million of senior secured floating rate bonds, within a total framework amount of € 300 million to qualified institutional investors internationally (ISIN: NO0013017657). The new bond issuance was a post Q3 2023 event that was completed at the end of October 2023. The newly issued bonds have a 3-year tenor, will carry a floating rate coupon of 3 months EURIBOR plus 6.75 per cent per annum and were issued at 98.5 per cent of par. The net proceeds of this bond issue, in combination with cash from Azerion, have been used to fully redeem the bonds issued on 8 April 2021 (ISIN: SE0015837794), as mentioned above.

## **Sale of social card games portfolio**

Playtika Holding Corp and Azerion announced on 1 August 2023 that they had entered into a definitive agreement for Playtika to acquire from Azerion its social card games portfolio.

The sale was completed on 28 August 2023, for an initial cash consideration of € 81.3 million, subject to customary adjustments, with an earnout based on the performance of the acquired business that could take the total consideration up to a maximum of € 150 million. At completion Azerion received net proceeds of approximately € 66 million and approximately 15 months after the completion date Azerion will receive the remaining proceeds relating to the performance based earnout and other contractual terms, subject to the terms of the asset purchase agreement.

The earnout consideration is based on the Adjusted EBITDA results, as defined in the asset purchase agreement, of the social card games portfolio for the period running from 1 October 2023 until 30 September 2024 (the "Earnout Period"), and calculated by multiplying the incremental Adjusted EBITDA of the social card games portfolio above the "Baseline" (as defined below) by a multiple of between 6 and 7 (both inclusive); the specific multiple to be applied is contingent upon the revenue growth of the social card games portfolio achieved during the Earnout Period. The "Baseline" is defined as the last twelve months Adjusted EBITDA on a carve-out basis of approximately € 13.5 million.

The gain on sale before income tax that includes the received proceeds at completion, an estimate of the remaining proceeds, derecognized fixed assets and related transaction costs, amounted to € 72.6 million.

# Condensed consolidated statement of profit or loss and other comprehensive income

Condensed consolidated statement of profit or loss and other comprehensive income  
in millions of €

	Q3		YTD	
	2023	2022	2023	2022
Net revenue	108.5	105.5	343.2	303.8
Costs of services and materials	(67.7)	(67.0)	(214.4)	(190.6)
Personnel costs	(19.8)	(20.2)	(73.6)	(83.3)
Depreciation	(2.0)	(1.7)	(5.9)	(4.9)
Amortization	(9.3)	(7.9)	(26.6)	(21.4)
Other gains and losses	72.5	(0.6)	72.6	(1.4)
Other expenses	(4.9)	(7.9)	(28.6)	(150.0)
<b>Operating profit / (loss)</b>	<b>77.3</b>	<b>0.2</b>	<b>66.7</b>	<b>(147.8)</b>
Finance income	2.1	1.0	7.5	17.2
Finance costs	(6.9)	(5.3)	(20.5)	(17.0)
<b>Net Finance costs</b>	<b>(4.8)</b>	<b>(4.3)</b>	<b>(13.0)</b>	<b>0.2</b>
<b>Profit / (loss) before tax</b>	<b>72.5</b>	<b>(4.1)</b>	<b>53.7</b>	<b>(147.6)</b>
Income tax expense	(18.1)	(1.1)	(21.4)	(2.4)
<b>Profit / (loss) for the period</b>	<b>54.4</b>	<b>(5.2)</b>	<b>32.3</b>	<b>(150.0)</b>
Attributable to:				
Owners of the company	54.1	(5.1)	31.6	(149.8)
Non-controlling interest	0.3	(0.1)	0.7	(0.2)
Exchange difference on translation of foreign operations	(0.3)	-	(0.3)	(1.3)
<b>Total other comprehensive income</b>	<b>(0.3)</b>	<b>-</b>	<b>(0.3)</b>	<b>(1.3)</b>
<b>Total comprehensive income/(loss)</b>	<b>54.1</b>	<b>(5.2)</b>	<b>32.0</b>	<b>(151.3)</b>
Attributable to:				
Owners of the company	56.5	(5.1)	31.3	(150.4)
Non-controlling interest	(2.4)	(0.1)	0.7	(0.9)
Loss per share for losses attributable to the ordinary equity holders of the company:				
Basic profit/(loss) per share (in €)			0.26	(1.33)
Diluted profit/(loss) per share (in €)			0.20	(1.33)

# Condensed consolidated statement of financial position

Condensed consolidated statement of financial position  
in millions of €

	30 September 2023	31 December 2022
<b>Assets</b>		
<b>Non-current assets</b>	<b>428.6</b>	<b>429.3</b>
Goodwill	169.0	184.2
Intangible assets	168.8	186.2
Property, plant and equipment	17.7	20.5
Non-current financial assets	71.8	36.8
Deferred tax asset	1.2	1.5
Investment in joint venture and associate	0.1	0.1
<b>Current assets</b>	<b>201.8</b>	<b>209.2</b>
Trade and other receivables	132.0	157.3
Current tax assets	0.6	1.0
Cash and cash equivalents	69.2	50.9
<b>Total assets</b>	<b>630.4</b>	<b>638.5</b>
<b>Equity</b>		
Share capital	1.2	1.2
Share premium	141.0	130.8
Treasury shares	(0.8)	0.0
Legal reserve	27.5	25.2
Share based payment reserve	12.7	13.7
Currency translation reserve	(1.7)	(1.3)
Other equity instruments	15.0	29.0
Retained earnings	(77.3)	(104.8)
Shareholders' equity	117.6	93.8
Non-controlling interest	4.6	2.4
<b>Total equity</b>	<b>122.2</b>	<b>96.2</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>	<b>60.7</b>	<b>257.7</b>
Borrowings	2.9	201.5
Lease liabilities	10.5	14.3
Provisions	1.4	1.6
Deferred tax liability	34.3	25.3
Other non-current liability	11.6	15.0
<b>Current liabilities</b>	<b>447.5</b>	<b>284.6</b>
Borrowings	203.9	7.9
Provisions	1.9	0.9
Trade payables <sup>1</sup>	92.2	111.9
Accrued liabilities <sup>1</sup>	92.9	103.7
Current tax liabilities	16.3	5.4
Lease liabilities	4.2	4.9
Other current liabilities <sup>1</sup>	36.1	49.9
<b>Total liabilities</b>	<b>508.2</b>	<b>542.3</b>
<b>Total equity and liabilities</b>	<b>630.4</b>	<b>638.5</b>

<sup>1</sup> Trade, other payables and accrued liabilities have been reclassified to Trade payables, Accrued liabilities and Other current liabilities to better reflect the reporting by nature



# Condensed consolidated statement of cash flow

Condensed consolidated statement of cash flow  
in millions of €

	2023	2022	2023	2022
	Q3	Q3	YTD	YTD
<b>Operating profit / (loss)</b>	<b>77.3</b>	<b>0.2</b>	<b>66.7</b>	<b>(147.8)</b>
<b>Adjustments for:</b>				
Depreciation and amortisation	11.2	9.6	32.5	26.4
Movements in provisions per profit and loss	1.3	0.3	7.9	1.8
Gain on sale of social card game portfolio	(72.6)	-	(72.6)	-
Share-based payments expense	0.1	0.5	0.7	22.9
De-SPAC related expenses	-	0.1	-	14.6
De-SPAC listing expense	-	-	-	107.1
Other non-cash items	(2.9)	(2.2)	(2.9)	(0.1)
<b>Changes in working capital items:</b>				
(Increase)/Decrease in trade and other receivables	(5.1)	(10.1)	18.6	(1.6)
Increase (decrease) in trade payables and other payables	(18.0)	20.7	(10.2)	16.3
Utilization of provisions	(1.6)	(0.9)	(6.8)	(1.6)
Interest paid	(5.1)	(4.6)	(14.0)	(14.0)
Income tax paid	(0.4)	(0.7)	(1.0)	(1.2)
<b>Net cash provided by (used for) operating activities</b>	<b>(15.8)</b>	<b>12.9</b>	<b>18.9</b>	<b>22.8</b>
<b>Cash flows from investing activities</b>				
Net proceeds from sale of business	66.0	-	66.0	-
Payments for property, plant and equipment	(0.8)	(0.5)	(1.4)	(1.4)
Payments for intangibles	(7.6)	(4.5)	(19.6)	(14.2)
Net cash outflow on acquisition of subsidiaries	(8.1)	(6.2)	(33.1)	(45.4)
Net cash outflow on acquisition of securities and equity investments	(2.6)	-	(2.6)	-
<b>Net cash provided by (used for) investing activities</b>	<b>46.9</b>	<b>(11.2)</b>	<b>9.3</b>	<b>(61.0)</b>
<b>Cash flows from financing activities</b>				
Proceeds from external borrowings	0.4	-	0.5	-
Repayment of external borrowings	(0.8)	1.2	(3.6)	(2.0)
De-SPAC related expenses	-	(0.2)	-	(33.4)
Payment of principal portion of lease liabilities	(1.7)	(2.1)	(5.0)	(5.2)
Early cancellation of lease liability	(1.5)	-	(1.5)	-
Dividends paid to shareholders of non-controlling interests	(0.4)	-	(0.4)	-
Proceeds from De-SPAC transaction	-	-	-	404.1
Settlement of De-SPAC transaction	-	-	-	(310.9)
<b>Net cash provided by (used for) financing activities</b>	<b>(4.0)</b>	<b>(1.1)</b>	<b>(10.0)</b>	<b>52.6</b>
<b>Net increase in cash and cash equivalents</b>	<b>27.1</b>	<b>0.6</b>	<b>18.2</b>	<b>14.4</b>
Effect of changes in exchange rates on cash and cash equivalents	(0.1)	(0.2)	0.1	(0.5)
Cash and cash equivalents at the beginning of the period	42.2	48.8	50.9	35.3
<b>Cash and cash equivalents at the end of the period</b>	<b>69.2</b>	<b>49.2</b>	<b>69.2</b>	<b>49.2</b>

# Definitions

**Adjusted EBITDA** represents operating Profit / (Loss) excluding depreciation, amortization, impairment of non-current assets, restructuring and acquisition related expenses and other items at management discretion.

**Adjusted EBITDA Margin** represents Adjusted EBITDA as a percentage of Net revenue

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

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

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

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

**Financial Indebtedness** represents as defined in the terms and conditions of the Senior Secured Callable Floating Rate Bonds ISIN: NO0013017657 any indebtedness in respect of:

1. monies borrowed or raised, including Market Loans;
2. the amount of any liability in respect of any Finance Leases;
3. receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);
4. any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing;
5. any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the mark to market value shall be taken into account, provided that if any actual amount is due as a result of a termination or a close-out, such amount shall be used instead);
6. any counter indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; and
7. (without double counting) any guarantee or other assurance against financial loss in respect of a type referred to in the above paragraphs (1)-(6).

**Net Interest Bearing Debt** as defined in the terms and conditions of the Senior Secured Callable Floating Rate Bonds ISIN: NO0013017657 means the aggregate interest bearing Financial Indebtedness less cash and cash equivalents (including any cash from a Subsequent Bond Issue standing to the credit on the Proceeds Account or another escrow arrangement for the benefit of the Bondholders) of the Group in accordance with the Accounting Principles (for the avoidance of doubt, excluding any Bonds owned by the Issuer, guarantees, bank guarantees, Subordinated Loans, any claims subordinated pursuant to a subordination agreement on terms and conditions satisfactory to the Agent and interest bearing Financial Indebtedness borrowed from any Group Company) as such terms are defined in the terms and conditions of the Senior Secured Callable Floating Rate Bonds ISIN: NO0013017657.

**Operating expenses** are defined as the aggregate of personnel costs and other expenses as reported in the statement of Other comprehensive income. More details on the cost by nature reporting can be found in the published annual financial statements of 2022.

# Disclaimer and Cautionary Statements

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

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

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

The interim financial results of Azerion Group N.V. as included in this communication are required to be disclosed pursuant to the terms and conditions of the Senior Secured Callable Floating Rate Bonds ISIN: NO0013017657.

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

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

For all definitions and reconciliations of non-IFRS financial measures please also refer to [www.azerion.com/investors](http://www.azerion.com/investors).

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

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

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