



Interim Report

Q4 FY
2023

Platform growth and improved efficiency driving performance in Q4

Highlights of Q4 2023

- **Net revenue** of € 171.8 million, **up 15.5%** from € 148.8 million in Q4 2022, mainly driven by Platform Segment growth, particularly in advertising revenue from Direct sales, e-commerce and previous acquisitions including Hawk.
- **Adjusted EBITDA** of € 25.9 million, **up 17.2%** from € 22.1 million in Q4 2022 with margins improved due to increased Platform Segment revenue and contribution from Direct sales, continued integration of previous acquisitions and ongoing cost optimisation.
- **Platform segment Adjusted EBITDA**, of € 22.3 million, **up 26.0%** compared to € 17.7 million in Q4 2022, reflecting increased Net revenue and Platform efficiencies from optimisation and consolidation efforts.
- **Increased the average digital ads sold per month by over 20%** to approximately 12.9 billion in Q4 2023, up from approximately 10.7 billion in Q4 2022, driven by the integration of past acquisitions and the increased cross-selling of ad formats in managed campaigns.
- Higher **Average Gross Revenue per Million Processed Ad Requests** from the advertising auction platform, of approximately **€ 39.5** in Q4 2023, up from € 32.8 in Q4 2022, an increase of approximately 20.4% reflecting the integration of higher CPM ad formats such as Digital-Out-Of-Home (DOOH), audio and rich media on Azerion's platform.
- Signed **39 new publishers** to expand Azerion's supply footprint across Europe and the Americas adding new CTV, Audio and inApp audiences and **5 new Demand Partners** creating new monetisation opportunities for our publisher partners.
- Fully integrated Hybrid Theory's **contextual segments** into Azerion's SSP Improve Digital, improving publisher inventory synergies for advertisers through enhanced audience targeting in an increasingly cookieless world.
- **Acquired Hawk**, a DSP, SAAS and managed services advertising platform bringing new advertisers whilst strengthening Azerion's DOOH, audio, Connected TV (CTV) and hyperlocal proposition.
- Completed the refinancing of previously outstanding senior secured callable fixed rate bonds, **reducing Net Interest Bearing Debt* by over 18%** as at 31 December 2023 compared to 31 December 2022.

Highlights Full Year 2023

- **Net revenue** of € 515.0 million FY 2023, **up 13.8%** from € 452.6 million FY 2022 mainly driven by Platform Segment growth, particularly in advertising revenue from Direct sales, and the integration of previous acquisitions, notwithstanding the loss of revenue from the divested portfolio of social card games.
- **Adjusted EBITDA** of € 71.4 million FY 2023, **up 37.0%** from € 52.1 million FY 2022 reflecting improved margins due to increased Platform revenue and contribution from Direct sales and platform efficiencies from optimisation and consolidation efforts.
- **Delivered** expected **annualised cost savings of at least € 20 million**, excluding any effects from foreign exchange and the Hawk acquisition, as compared to the January 2023 baseline.

Selected KPIs

Financial results – Azerion Group N.V.
in millions of €

| | Q4 | Q4 | FY | FY |
|---------------------------|--------------|--------------|--------------|--------------|
| | 2023 | 2022 | 2023 | 2022 |
| Net revenue | 171.8 | 148.8 | 515.0 | 452.6 |
| Operating profit / (loss) | 6.8 | 8.8 | 73.5 | (139.0) |
| Adjusted EBITDA | 25.9 | 22.1 | 71.4 | 52.1 |
| Net revenue growth % | 15.5% | | 13.8% | |
| Adjusted EBITDA growth % | 17.2% | | 37.0% | |
| Adjusted EBITDA margin % | 15.1% | 14.9% | 13.9% | 11.5% |

* 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.

Message from the CEO



"I am proud of our achievements in 2023. While navigating a challenging market, we successfully delivered solid top line and Adjusted EBITDA growth and created further value for all our stakeholders. The integration and consolidation of past acquisitions allowed us to improve margins and drive substantial cost savings, while we also strengthened our balance sheet through the strategic sale of our social cards portfolio. Through these initiatives, we have continued to build the technological, financial and operational foundations to scale our business further in the coming years.

Looking ahead to 2024, we see momentum building up in our business, with both demand and publisher partners showing real potential for accelerating our growth through Azerion's digital advertising platform. The ongoing consolidation of the European market also offers exciting opportunities to expand our business, leveraging the scale benefits associated with our advertising platform, both through organic market share gains as well as via potential partnerships and acquisitions."

- Umut Akpınar

Financial overview

Net revenue

Net revenue for the quarter amounted to € 171.8 million compared to € 148.8 million in Q4 2022, an increase of approximately 15.5%. The increase in Net Revenue year on year came mainly from growth in the Platform segment of approximately € 33.1 million, driven largely by advertising revenue from Direct sales and the integration of previous acquisitions, offset by a reduction in Net Revenue in Premium Games due to the sale of the social card games portfolio completed during Q3 2023, with that portfolio contributing Net revenue of € 10.2 million in Q4 2022.

Net revenue FY 2023 amounted to € 515.0 million compared to € 452.6 million in FY 2022, an increase of approximately 13.8%, mainly due to Net revenue growth in the Platform segment between the same periods of approximately € 73.9 million, particularly in advertising revenue from Direct sales and from the integration of previous acquisitions.

Earnings

The operating profit for the quarter amounted to € 6.8 million, compared to an operating profit of € 8.8 million in Q4 2022, with the reduction mainly explained by the loss of earnings due to the sale of the social card games portfolio completed on 28 August 2023.

Adjusted EBITDA was € 25.9 million for the quarter compared to € 22.1 million in Q4 2022, an increase of 17.2% 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, partly offset by the loss of earnings due to the sale of the social card games portfolio.

The operating profit for FY 2023 amounted to € 73.5 million, compared to a loss of € (139.0) million for FY 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 € 144.5 million of De-SPAC related expenses incurred in 2022, but not present in 2023.

Adjusted EBITDA was € 71.4 million for FY 2023 compared to € 52.1 million for FY 2022, an increase of 37.0%, mainly due to increased contribution to advertising revenue from Direct sales, continued integration of previous acquisitions and ongoing cost optimisation, partly offset by the loss of earnings due to the sale of the social card games portfolio.

Cash flow

Cash flow from operating activities in Q4 2023 was an inflow of approximately € 35.5 million, mainly due to movements in net working capital, reflecting an increase in trade and other payables of € 30.4 million and increase in trade and other receivables of € (6.5) million. Cash flow from investing activities for the period was an outflow of € (19.5) million, mainly due to cash outflow on past acquisitions of subsidiaries including Hawk in the amount of € (15.7) million and payments for intangibles of € (3.7) million. Cash flow from financing activities in the period amounted to an outflow of € (45.4) million, mainly relating to bond refinancing.

Cash flow from operating activities for FY 2023 was an inflow of € 54.4 million, mainly due to movements in net working capital, reflecting a decrease in trade and other receivables of € 12.1 million and increase in trade and other payables € 20.2 million. Cash flow from investing activities was an outflow of € (10.2) million, mainly due to deferred payments and earn-outs relating to past acquisitions including Hawk of € (48.8) million and payments for intangibles of € (23.3) million, offset in part by € 66.0 million of proceeds from the sale of the social card games portfolio. Cash flow from financing activities totalled an outflow of € (55.4) million, mainly relating to the bond refinancing.

Capex

Azerion capitalises 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 the platform, games and other new features. In Q4 2023 Azerion capitalised € 3.4 million, equivalent to 12.4% (2022: 15.8%) of gross personnel costs excluding restructuring provision expense. For FY 2023 Azerion capitalised € 17.5 million, equivalent to 16.2% (2022: 16.3%) of gross personnel costs excluding restructuring provision expense.

Financial position and borrowing

Net interest bearing debt* amounted to € 145.1 million as at 31 December 2023, mainly comprising the outstanding bond loan with a nominal value of € 165 million (part of a total € 300 million framework) and lease liabilities with a balance of € 14.3 million less the cash and cash equivalents position of € 39.9 million. The Net interest bearing debt position as at 31 December 2023 implies a Net interest bearing debt / Adjusted EBITDA ratio as at 31 December 2023 of approximately 2x and a YoY reduction in Net Interest Bearing Debt of 18.3% compared to € 177.6 million as at 31 December 2022.

* 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 the open market. 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 €

| | Q4 | Q4 | FY | FY |
|---------------------------|--------------|--------------|--------------|--------------|
| | 2023 | 2022 | 2023 | 2022 |
| Net revenue | 157.8 | 124.7 | 437.4 | 363.5 |
| Operating profit / (loss) | 6.2 | 8.0 | (1.3) | (6.8) |
| Adjusted EBITDA | 22.3 | 17.7 | 52.7 | 34.8 |
| Net revenue growth % | 26.5% | | 20.3% | |
| Adjusted EBITDA growth % | 26.0% | | 51.4% | |
| Adjusted EBITDA margin % | 14.1% | 14.2% | 12.0% | 9.6% |

Net revenue of € 157.8 million in Q4 2023, compared to € 124.7 million in Q4 2022, an increase of 26.5%, driven mainly by increased contribution from Direct sales, sales opportunities created through the integration of past acquisitions and global sales teams, combined with additional revenue from Hawk and increased sales of game keys from our e-commerce platform. In Q4 2023, Azerion's Direct sales teams contributed approximately 75% of Platform advertising Net revenue, as compared to approximately 65% in Q4 2022, with the balance provided by Automated auction sales. In Q4 2023, our e-commerce business generated Net revenue of € 31.7 million as compared to € 22.1 million in Q4 2022, an increase of approximately 43.4% YoY, largely driven by an increase in the number of AAA publisher partners and popular title releases. In Q4 2023, our e-commerce Net revenue represented approximately 20.1% of total Platform Net revenue, as compared to approximately 17.7% in Q4 2022.

Net revenue of € 437.4 million for FY 2023, compared to € 363.5 million for FY 2022, an increase of 20.3%, driven mainly 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 throughout the year, the addition of Hawk and increased sales of game keys by the e-commerce platform in the fourth quarter. For the FY 2023, Advertising revenue contributed around 80% of Platform segment Net Revenue, with the e-commerce business representing the remaining balance. For FY 2023, Azerion's Direct sales teams contributed approximately 70% of Platform advertising Net revenue, as compared to approximately 60% for FY 2022, with the balance provided by Automated auction sales. For the full-year 2023, our e-commerce business generated Net Revenue of € 88.8 million as compared to € 68.3 million for FY 2022, an increase of approximately 30.0% YoY, largely driven by an increase in the number of AAA publisher partners and popular title releases. In FY 2023, our e-commerce Net revenue represented approximately 20.3% of total Platform Net revenue, as compared to approximately 18.8% in Q4 2022.

Adjusted EBITDA of € 22.3 million in Q4 2023, compared to € 17.7 million in Q4 2022, an increase of 26.0% due to growth in higher margin Direct sales, improved spend on higher-impact ads in channels such as audio, CTV and DOOH, increased monetisation of exclusive partnerships and owned and operated content, together with ongoing consolidation and integration of previously acquired businesses and cost optimisation. These effects were partly offset by the integration of lower margin revenue from Hawk, which operates a managed and self-service DSP for advertiser campaigns, whilst our e-commerce platforms saw a seasonal increase in revenue during Thanksgiving and Christmas promotions.

Adjusted EBITDA of € 52.7 million for FY 2023, compared to € 34.8 million for FY 2022, an increase of more than 51.4%, mainly as a result of higher Direct sales and ongoing consolidation and integration of previously acquired businesses and cost optimisation.

Selected business initiatives in Q4 2023 include:

- Completed the integration of DACH region operations and the subsequent name change to Azerion AG.
- Launched Oneskin's rich media advertisement format on mobile devices from previously acquired businesses Sublime and Inskin Media.
- Introduction to Nordic markets of Azerion's Audio Ad Server, bringing programmatic audio advertising capabilities to advertisers and agencies in the region.
- Strategic partnership to deliver a diverse array of casual games to the Huawei Browser.
- Azerion Fanzone entered an exclusive partnership with EB Sports Group, providing access to the US and Mexican markets.
- Launched the strategic partnership between Hawk and Samba TV, providing advertisers and agencies connected to Hawk's platform with access to Samba TV's Geo Audience data and insights for greater omnichannel targeting effectiveness for brand exposure and incremental reach.
- Took a minority stake in the youth-focused media house Just Another Media Company ("JAMC"). JAMC owns various online titles and produces and licenses ComplexNL, one of the largest platforms targeting millennials and Gen Z worldwide.

Advertising – Selected Operational KPIs

Advertising – Operational KPIs

| | Q4 2022 | Q1 2023 | Q2 2023 | Q3 2023 | Q4 2023 |
|---|-------------|-------------|-------------|-------------|-------------|
| Avg. Digital Ads Sold per Month (bn) | 10.7 | 12.2 | 13.0 | 12.2 | 12.9 |
| Advertising auction platform (bn) | 5.4 | 5.1 | 6.1 | 5.4 | 6.2 |
| Publisher monetisation services (bn) | 5.3 | 7.1 | 6.9 | 6.8 | 6.7 |
| Avg. Gross Revenue per Million Processed Ad Requests from advertising auction platform (€) | 32.8 | 30.0 | 36.3 | 30.4 | 39.5 |

The **Average Digital Ads Sold per Month** increased to 12.9 billion from 10.7 billion in Q4 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, Madvertise, Hybrid Theory, MMedia, Takerate, Targetspot and Vlyby.

The **Average Gross Revenue per Million Processed Ad Requests** was € 39.5 in Q4 2023, compared to € 32.8 in Q4 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.

Additional new ad formats have been included as of Q1 2023, these include Adplay, Adverline, Madvertise, Hybrid Theory, MMedia, Takerate, Targetspot and Vlyby. The non-financial performance of the recent Hawk acquisition is not included in the table above.

Premium Games Segment

As of Q4 2023, the Premium Games segment consists of social casino games and 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 €

| | Q4 | Q4 | FY | FY |
|---|-------------|-------------|-------------|-------------|
| | 2023 | 2022 | 2023 | 2022 |
| Net revenue | 14.0 | 24.1 | 77.6 | 89.1 |
| <i>of which social card games portfolio</i> | - | 10.2 | 28.3 | 37.1 |
| Operating profit / (loss) ¹ | 0.6 | 1.3 | 74.8 | 2.4 |
| <i>of which social card games portfolio¹</i> | - | 2.2 | 80.6 | 9.8 |
| Adjusted EBITDA | 3.6 | 4.4 | 18.7 | 17.3 |
| <i>of which social card games portfolio</i> | - | 2.6 | 9.7 | 11.7 |
| Net revenue growth % | (41.9)% | | (12.9)% | |
| Adjusted EBITDA growth % | (18.2)% | | 8.1% | |
| Adjusted EBITDA margin % | 25.7% | 18.3% | 24.1% | 19.4% |

¹ 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.

Net revenue of € 14.0 million in Q4 2023, as compared to € 24.1 million in Q4 2022, a decrease of (41.9)%, mainly due to the revenue loss 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 showed a small increase in Q4 2023 at € 14.0 million, compared to € 13.9 million in Q4 2022.

Net revenue of € 77.6 million for FY 2023, compared to € 89.1 million for FY 2022, a decrease of (12.9)% predominantly due to the loss of revenue from the sale of our social card games portfolio. On a like-for-like basis, the Net revenue of our social casino and metaverse portfolios was approximately € 49.3 million compared to € 52.0 million for the full year 2022, a decrease of approximately (5.2)%, mainly driven by lower revenue in our metaverse environments.

Adjusted EBITDA of € 3.6 million in Q4 2023, compared to € 4.4 million in Q4 2022, a decrease of (18.2)%, mainly due to the loss of contribution following the sale of the social card games portfolio. The Adjusted EBITDA of the remaining Premium Games titles across our social casino and metaverse portfolios doubled from € 1.8 million in Q4 2022 to € 3.6 million in Q4 2023, driven by improved performance in the social casino portfolio and revenue growth from Habbo Hotel due to improved engagement with previous higher spending users and cost optimisation across the segment.

Adjusted EBITDA of € 18.7 million for FY 2023, compared to € 17.3 million for FY 2022, an increase of 8.1% mainly due to improved performance in both the social cards and social casino portfolios and cost optimisation across the segment combined with improved profitability in metaverse titles, more than offsetting the contribution lost in Q4 2023 from the sale of our social card games portfolio in Q3 2023. On a like-for-like basis, the Adjusted EBITDA of the remaining Premium Games titles across our social casino and metaverse portfolios was € 9.0 million for FY 2023, as compared to € 5.6 million for FY 2022, an increase of approximately 60.7% mainly driven by improved performance in the social casino portfolio and cost optimisation across the segment.

Selected Q4 2023 business highlights

- Enhanced Habbo gameplay to more closely reflect previous environment and improve engagement with higher spending users.
- Migrated social casino data centre to Azerion's AWS contract.
- Joined forces with Sovereign Nature Initiative to transform the Hotel Hideaway metaverse into an educational sanctuary, fostering awareness about wildlife and their habitats.

Premium Games – Selected Operational KPIs

Premium Games – Operational KPIs

| | Q4 2022 | Q1 2023 | Q2 2023 | Q3 2023 | Q4 2023 |
|---------------------------------|---------|---------|---------|---------|---------|
| Avg. Time in Game per Day (min) | 79 | 84 | 84 | 79 | 94 |
| Avg. DAUs (thousands) | 559 | 601 | 558 | 454 | 267 |
| ARPDau (€) | 0.45 | 0.42 | 0.42 | 0.44 | 0.46 |

- The **Average Time in Game per Day (min)** increased by 19% in Q4 2023 to 94 minutes per day as compared to Q4 2022. This increase was largely due to the loss of users arising from the sale of social card games, with the users passing with the divestment generally having a lower Avg. Time in Game per Day (min) compared to users in the social casino and metaverse titles.
- The **Average Daily Active Users (DAUs)** decreased by (52)% in Q4 2023 compared to Q4 2022, mainly due to the loss of active players arising from the sale of the social card games portfolio.
- The **Average Revenue per Daily Active User (ARPDau)** increased slightly in Q4 2023 as compared to Q4 2022, due to improved spending in social casino and metaverse titles.

As from 28 August 2023, the selected operational KPIs no longer contain results from the social card games portfolio following its divestment.

Outlook

Net revenue for FY 2024 is expected to be in the range of approximately € 540 million to € 560 million, with annual growth thereafter in the medium term expected to be approximately 10%.

Adjusted EBITDA for FY 2024 is expected to be in the range of approximately € 75 million to € 80 million, with annual Adjusted EBITDA margin thereafter in the medium term expected to be in the range of approximately 14% to 16%.

Other information

Interest Bearing Debt

Interest Bearing Debt

in millions of €

| | 31 December 2023 | 31 December 2022 |
|--|------------------|------------------|
| Total non-current indebtedness | 172.0 | 215.8 |
| Total current indebtedness | 13.0 | 12.8 |
| Total financial indebtedness | 185.0 | 228.6 |
| Deduct Zero interest bearing loans | - | (0.1) |
| Interest Bearing Debt | 185.0 | 228.5 |
| Less: Cash and cash equivalents | (39.9) | (50.9) |
| Net Interest Bearing Debt (Bond terms) | 145.1 | 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 - Q4

in millions of €

| | Q4 | | | | | | | |
|---|---------------|---------------|-------------|----------|---------------|---------------|-------------|--------------|
| | 2023 | | | | 2022 | | | |
| | Azerion Group | Premium Games | Platform | Other | Azerion Group | Premium Games | Platform | Other |
| Profit / (loss) for the period | 3.4 | | | | 16.9 | | | |
| Income Tax expense | (3.3) | | | | (9.4) | | | |
| Profit / (loss) before tax | 0.1 | | | | 7.5 | | | |
| Net finance costs | 6.7 | | | | 1.3 | | | |
| Operating profit / (loss) | 6.8 | 0.6 | 6.2 | - | 8.8 | 1.3 | 8.0 | (0.5) |
| Depreciation, amortisation and impairment | 12.7 | 3.2 | 9.5 | - | 12.2 | 3.3 | 8.7 | 0.2 |
| De-SPAC related expenses | - | - | - | - | (0.3) | 0.1 | 0.2 | (0.6) |
| Other | 1.7 | (0.2) | 1.9 | - | (1.7) | (0.4) | (1.3) | - |
| Acquisition expenses | 3.9 | (0.1) | 4.0 | - | 2.7 | - | 1.7 | 1.0 |
| Restructuring | 0.8 | 0.1 | 0.7 | - | 0.4 | 0.1 | 0.4 | (0.1) |
| Adjusted EBITDA | 25.9 | 3.6 | 22.3 | - | 22.1 | 4.4 | 17.7 | - |

Reconciliation of net income to Adjusted EBITDA – FY
in millions of €

| | FY | | | | | | | |
|---|---------------|---------------|--------------|----------|----------------|---------------|--------------|----------------|
| | 2023 | | | | 2022 | | | |
| | Azerion Group | Premium Games | Platform | Other | Azerion Group | Premium Games | Platform | Other |
| Profit / (loss) for the period | 35.7 | | | | (133.1) | | | |
| Income Tax expense | 18.1 | | | | (7.0) | | | |
| Profit / (loss) before tax | 53.8 | | | | (140.1) | | | |
| Net finance costs | 19.7 | | | | 1.1 | | | |
| Operating profit / (loss) | 73.5 | 74.8 | (1.3) | - | (139.0) | 2.4 | (6.8) | (134.6) |
| Depreciation, amortisation and impairment | 45.2 | 12.8 | 32.4 | - | 38.5 | 11.9 | 26.4 | 0.2 |
| De-SPAC related expenses | - | - | - | - | 144.5 | 2.5 | 9.6 | 132.4 |
| Other ¹ | (69.4) | (71.8) | 2.4 | - | (0.6) | - | (1.5) | 0.9 |
| Acquisition expenses | 14.4 | 1.1 | 13.3 | - | 6.9 | 0.2 | 5.5 | 1.2 |
| Restructuring | 7.7 | 1.8 | 5.9 | - | 1.8 | 0.3 | 1.6 | (0.1) |
| Adjusted EBITDA | 71.4 | 18.7 | 52.7 | - | 52.1 | 17.3 | 34.8 | - |

¹ 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 €

| | Q4 | | FY | |
|---|---------------|---------------|----------------|----------------|
| | 2023 | 2022 | 2023 | 2022 |
| Personnel costs | (24.9) | (23.9) | (98.5) | (107.2) |
| Includes: | | | | |
| Restructuring related expenses | (0.8) | (0.4) | (7.7) | (1.8) |
| Azerion Founder Warrants, reported as share-based payment expense | - | - | - | (9.9) |
| De-SPAC early exercised share-based payment expense | - | - | - | (10.3) |
| Other expenses | (8.7) | (11.0) | (37.3) | (161.0) |
| Includes: | | | | |
| De-SPAC transaction related expenses | | | | (121.4) |
| Operating expenses | (33.6) | (34.9) | (135.8) | (268.2) |
| Of which: | | | | |
| Platform | (30.6) | (27.1) | (111.9) | (104.0) |
| Premium Games | (2.6) | (7.5) | (23.8) | (30.6) |

Restructuring

In relation to ongoing consolidation and integration, restructuring charges in Q1 and Q2 2024 are expected in total to be in the range of approximately € 1.0 million to € 1.5 million. These costs impact the reported operating profit / loss, but are removed from Adjusted EBITDA.

Bond Refinancing

On 31 October 2023, Azerion successfully completed the refinancing of its then outstanding senior secured fixed rate bonds maturing in April 2024 with ISIN SE0015837794. Following a book-building process, Azerion successfully placed € 165 million of senior secured floating rate bonds under a framework of € 300 million to qualified institutional investors internationally (the “New Bonds”). The New Bonds have a 3-year tenor, 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 Company applied for listing of the New Bonds with ISIN NO0013017657 on the Corporate Bond List of Nasdaq Stockholm, with the Bonds being admitted to trading on 13 December 2023.

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 €

| | Q4 | | FY | |
|--|--------------|--------------|---------------|----------------|
| | 2023 | 2022 | 2023 | 2022 |
| Net revenue | 171.8 | 148.8 | 515.0 | 452.6 |
| Costs of services and materials | (118.4) | (95.7) | (332.8) | (286.3) |
| Personnel costs | (24.9) | (23.9) | (98.5) | (107.2) |
| Depreciation | (2.2) | (2.1) | (8.1) | (7.0) |
| Amortisation | (10.5) | (9.6) | (37.1) | (31.0) |
| Impairment of non-current assets | - | (0.5) | - | (0.5) |
| Other gains and losses | (0.3) | 2.8 | 72.3 | 1.4 |
| Other expenses | (8.7) | (11.0) | (37.3) | (161.0) |
| Operating profit / (loss) | 6.8 | 8.8 | 73.5 | (139.0) |
| Finance income | 8.7 | 5.1 | 16.2 | 22.3 |
| Finance costs | (15.4) | (6.4) | (35.9) | (23.4) |
| Net Finance costs | (6.7) | (1.3) | (19.7) | (1.1) |
| Profit / (loss) before tax | 0.1 | 7.5 | 53.8 | (140.1) |
| Income tax expense | 3.3 | 9.4 | (18.1) | 7.0 |
| Profit / (loss) for the period | 3.4 | 16.9 | 35.7 | (133.1) |
| Attributable to: | | | | |
| Owners of the company | 2.7 | 15.5 | 34.3 | (134.3) |
| Non-controlling interest | 0.7 | 1.4 | 1.4 | 1.2 |
| Exchange difference on translation of foreign operations | (0.3) | (1.3) | (0.6) | (2.6) |
| Total other comprehensive income | (0.3) | (1.3) | (0.6) | (2.6) |
| Total comprehensive income/(loss) | 3.1 | 15.6 | 35.1 | (135.7) |
| Attributable to: | | | | |
| Owners of the company | 2.4 | 14.9 | 33.7 | (135.5) |
| Non-controlling interest | 0.7 | 0.7 | 1.4 | (0.2) |

Condensed consolidated statement of financial position

Condensed consolidated statement of financial position
in millions of €

| | 31 December 2023 | 31 December 2022 |
|---|------------------|------------------|
| Assets | | |
| Non-current assets | 454.0 | 429.3 |
| Goodwill | 187.1 | 184.2 |
| Intangible assets | 176.1 | 186.2 |
| Property, plant and equipment | 17.0 | 20.5 |
| Non-current financial assets | 61.4 | 36.8 |
| Deferred tax asset | 12.3 | 1.5 |
| Investment in joint venture and associate | 0.1 | 0.1 |
| Current assets | 201.4 | 209.2 |
| Trade and other receivables | 160.1 | 157.3 |
| Current tax assets | 1.4 | 1.0 |
| Cash and cash equivalents | 39.9 | 50.9 |
| Total assets | 655.4 | 638.5 |
| Equity | | |
| Share capital | 1.2 | 1.2 |
| Share premium | 140.2 | 130.8 |
| Treasury shares | - | - |
| Legal reserve | 27.7 | 25.2 |
| Share based payment reserve | 12.7 | 13.7 |
| Currency translation reserve | (2.0) | (1.3) |
| Other equity instruments | - | 29.0 |
| Retained earnings | (75.0) | (104.8) |
| Shareholders' equity | 104.8 | 93.8 |
| Non-controlling interest | 6.0 | 2.4 |
| Total equity | 110.8 | 96.2 |
| Liabilities | | |
| Non-current liabilities | 230.2 | 257.7 |
| Borrowings | 161.9 | 201.5 |
| Lease liabilities | 10.1 | 14.3 |
| Provisions | 1.6 | 1.6 |
| Deferred tax liability | 40.0 | 25.3 |
| Other non-current liability | 16.6 | 15.0 |
| Current liabilities | 314.4 | 284.6 |
| Borrowings | 8.8 | 7.9 |
| Provisions | 2.3 | 0.9 |
| Trade payables ¹ | 141.0 | 111.9 |
| Accrued liabilities ¹ | 112.2 | 103.7 |
| Current tax liabilities | 13.4 | 5.4 |
| Lease liabilities | 4.2 | 4.9 |
| Other current liabilities ¹ | 32.5 | 49.9 |
| Total liabilities | 544.6 | 542.3 |
| Total equity and liabilities | 655.4 | 638.5 |

¹ 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 |
|--|---------------|---------------|---------------|----------------|
| | Q4 | Q4 | FY | FY |
| Operating profit / (loss) | 6.8 | 8.8 | 73.5 | (139.0) |
| Adjustments for: | | | | |
| Depreciation and amortisation | 12.7 | 11.7 | 45.2 | 38.0 |
| Impairment of tangible & intangible assets | - | 0.5 | - | 0.5 |
| Movements in provisions per profit and loss | 0.9 | 1.2 | 8.8 | 3.0 |
| Gain on sale of social card game portfolio | - | - | (72.6) | - |
| Loss on sale of subsidiaries | 0.1 | - | 0.1 | - |
| Share-based payments expense | 0.1 | (0.2) | 0.8 | 22.7 |
| De-SPAC related expenses | - | 0.2 | - | 14.8 |
| De-SPAC listing expense | - | - | - | 107.1 |
| Other non-cash items | - | - | (2.9) | - |
| Changes in working capital items: | | | | |
| (Increase) / Decrease in trade and other receivables | (6.5) | (20.5) | 12.1 | (22.1) |
| Increase / (Decrease) in trade and other payables | 30.4 | 26.8 | 20.2 | 43.1 |
| Utilisation of provisions | (3.1) | (1.5) | (9.9) | (3.1) |
| Interest paid | (3.2) | (4.7) | (17.2) | (18.7) |
| Income tax paid | (2.7) | (0.2) | (3.7) | (1.4) |
| Net cash provided by / (used for) operating activities | 35.5 | 22.1 | 54.4 | 44.9 |
| Cash flows from investing activities | | | | |
| Net proceeds from sale of business | - | - | 66.0 | - |
| Payments for property, plant and equipment | (0.1) | (0.1) | (1.5) | (1.5) |
| Payments for intangibles | (3.7) | (6.0) | (23.3) | (20.2) |
| Net cash outflow on acquisition of subsidiaries | (15.7) | (8.7) | (48.8) | (54.1) |
| Net cash outflow on acquisition of securities and equity investments | - | - | (2.6) | - |
| Net cash provided by / (used for) investing activities | (19.5) | (14.8) | (10.2) | (75.8) |
| Cash flows from financing activities | | | | |
| Proceeds from external borrowings | 162.6 | 0.5 | 163.1 | 0.5 |
| Repayment of external borrowings | (200.7) | (3.0) | (204.3) | (5.0) |
| De-SPAC related expenses | - | (0.3) | - | (33.7) |
| Payment of principal portion of lease liabilities | (1.8) | (2.4) | (6.8) | (7.6) |
| Early cancellation of lease liability | - | - | (1.5) | - |
| Dividends paid to shareholders of non-controlling interests | - | - | (0.4) | - |
| Costs related to issuance of new bond | (3.5) | - | (3.5) | - |
| Fees and costs related to redemption of the old bond | (1.5) | - | (1.5) | - |
| Proceeds from De-SPAC transaction | - | - | - | 404.1 |
| Settlement of De-SPAC transaction | - | - | - | (310.9) |
| Other inflows / (outflows) from financing activities | (0.5) | - | (0.5) | - |
| Net cash provided by / (used for) financing activities | (45.4) | (5.2) | (55.4) | 47.4 |
| Net increase in cash and cash equivalents | (29.4) | 2.1 | (11.2) | 16.5 |
| Effect of changes in exchange rates on cash and cash equivalents | 0.1 | (0.4) | 0.2 | (0.9) |
| Cash and cash equivalents at the beginning of the period | 69.2 | 49.2 | 50.9 | 35.3 |
| Cash and cash equivalents at the end of the period | 39.9 | 50.9 | 39.9 | 50.9 |

Definitions

Adjusted EBITDA represents operating Profit / (Loss) excluding depreciation, amortisation, impairment of non-current assets, restructuring and acquisition related expenses and other items at management discretion, principally those assessed as extraordinary items or non-recurring items which are not in line with the ordinary course of business.

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.

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 profit or loss and 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.

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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