



Annual Report

20
23



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Report of the Board

Message from the CEO

Over the last twelve months, we have delivered company-wide improved efficiencies through the consolidation and integration of past acquisitions whilst finding synergies to drive top-line growth. Last year, we grew by adding new tools to the Platform, providing advertisers and agencies with easy access to large audiences in emerging areas such as digital out-of-home, audio, connected TV (CTV) and hyperlocal through a single, multi-channel buying platform. We simplified our operations and reorganised geographically to bring insights to advertisers through high-quality service and local knowledge. In combination with our efficiency programme, we have created a solid business model that has continued to show relative resilience in a market dampened by macroeconomic factors and positions us to capture attractive opportunities to grow our business further, both organically as well as through partnerships and strategic investments.

As we scale the Platform, our mission is to be the go-to partner for advertisers for an easy-to-use, competitively priced and brand-safe digital environment. We continue to bring digital advertising demand and supply together at scale by consolidating fragmented audiences from across the globe through engaging content. We have grown the number of publishers that we work with, providing advertisers greater reach and visibility amongst digital audiences. We have also recently added Hawk, a multi-channel demand-side platform, enabling efficiencies and synergies with the Azerion platform through its strong connection with advertisers, intuitive digital campaign user interface, and alignment with faster-growing ad format segments.

Globally, we have refined our Platform, making commitments and delivering on our cost optimisation programmes, delivering 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. We anticipate the full benefits of this programme to be

seen in 2024, placing the company in a position to benefit from future growth opportunities. We strengthened our balance sheet through the strategic sale of our social card games portfolio, demonstrating our ability to buy and build profitable businesses. With these proceeds, cash generated by the business, and the placement of a new EUR 165 million senior secured callable floating rate bond issue, we successfully refinanced our previously outstanding senior secured fixed rate bonds.

Turning to 2024, we are excited by the business opportunities ahead of us. We are confident that we will continue to develop current relationships and welcome new ones, continuing the growth of the Company. We will continue to consolidate, integrate and simplify our business, delivering brand-safe digital advertising at scale. As one of Europe's largest digital advertising platforms and partners for digital audience engagement, the market conditions are presenting increasingly attractive opportunities to further grow our business, including through partnerships and strategic investments.



Umut Akpınar

Azerion at a glance

Customers

Partners

Consumers

500m+

Unique monthly active users¹

20k+

Game titles²

Advertisers

400k+

Advertisers³

~13bn

Digital ads sold per month⁴

Digital publishers

300k+

Contracted publisher websites⁵

10k+

Exclusive publisher websites⁶

Game creators

~1.5k

Contracted game creators⁷

~175

Average new casual games per month⁸

Azerion

~1,200

Employees⁹

HQ

24 offices in 19 countries¹⁰



¹ Total number of unique monthly active users that are reached through all our products, including through our digital publisher network; average in Q4 2023.

² Average number of game titles in Q4 2023, as part of the GameDistribution portfolio.

³ Average monthly number of advertisers placing >1 ad during Q4 2023.

⁴ Average number of digital ads sold per month during Q4 2023.

⁵ Number of active domains (websites and apps) where >1 paid impression was shown as of December 2023; Improve Digital only

⁶ Number of active domains (websites and apps) exclusive to Azerion's where >1 paid impressions was shown as of December 2023; Improve Digital only.

⁷ Average number of game developers for which Azerion distributes the content, mix of external and internal creators, during Q4 2023.

⁸ Number of games per month that are activated for distribution in our Casual Distribution channel, mix of external and internal content; average during Q4 2023.

⁹ Total headcount as of 31 December 2023, including this year's M&A.

¹⁰ Number of offices as of 31 December 2023, including this year's M&A

Company profile

Company overview

Azerion was founded in 2013 and is a technology company providing digital advertising and online gaming services headquartered in the Netherlands. Azerion operates a proprietary digital advertising platform focusing on both gaming and general (non-gaming) content. In recent years Azerion Group has expanded along the user engagement value chain to become a full stack provider of online digital advertising services, connecting advertisers with audiences through digital content (owned and third party) providers globally. The Group is involved in the provision of content-driven technology and data, serving consumers, advertisers, digital publishers, and game creators globally. Our mission is to be the go-to-partner for advertisers for an easy to-use, competitively priced, brand-safe digital environment.

The Group has grown by integrating technology and acquiring market participants to create a platform of scale. Azerion mainly operates throughout Europe and is strategically positioned in the United States ("US"), South America and Australia. This global reach allows companies to create brand awareness at a global level, which in the online advertising market is highly favourable due to the highly fragmented and competitive nature of the sector.

Azerion Group is engaged in a number of integrated operating activities including providing technological solutions to automate the purchase and sale of digital advertising inventory (i.e. the available space or opportunities where advertisements can be displayed to an audience, including for example website banner spaces, advertisement placements in mobile apps, or in digital games) for advertisers, publishers and game creators as well as developing, publishing, distributing, and operating online social and casual games and digital content. As a result, Azerion offers omnichannel advertising and content solutions across a wide range of formats, devices and platforms.

Azerion offers a single service technology platform which allows advertisers, publishers and game creators to automate the purchase and sale of digital content inventory. Azerion's advertising auction platform is further enriched by its publisher monetisation services, and its local commercial teams adding industry and market knowledge to the local service provided to customers. 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 audiences.

During 2023, Azerion has worked with more than 400,000 advertisers globally and over 300,000 contracted publisher websites using solutions across all advertising formats, devices and platforms. Through its platform and taking into account all its products, as at December 2023 Azerion's reach extended to an audience of on average over 500 million unique monthly active users. During Q4 2023, Azerion sold on average approximately 13 billion digital advertisements per month, published on average approximately 175 new casual games per month and worked with approximately 1,500 game creators. As at December 2023, Azerion's platform had a portfolio of more than 20,000 game titles and more than 10,000 exclusive publisher websites.

The Azerion Group is headquartered in the Netherlands and operates and reports under two segments: Platform and Premium Games.

History of Azerion



Scale-up through partnerships

2020

Continued integration and expansion of content and monetisation tech ecosystem offering

2019

Launched partnerships with Ajax eSports and Monopoly

Significant scale up – organically and M&A

2021

Further expanding / improving ecosystem with synergy potential

Continued organic and M&A growth

2022

Increased focus on integration and scaling of the Platform

Listed on Euronext Amsterdam

Consolidation and integration of acquisitions

2023

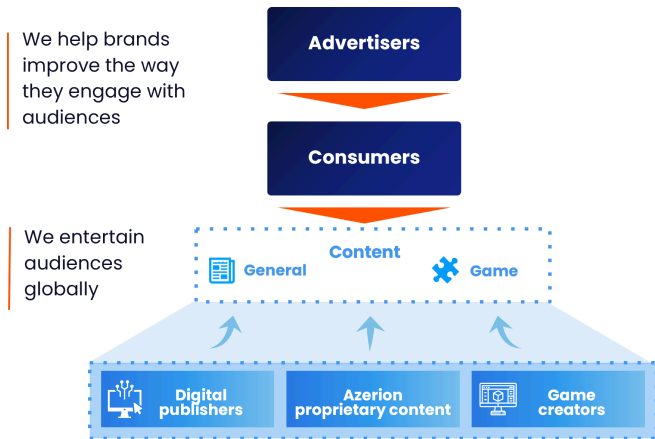
Continued growth in Platform segment and focus on integration and consolidation of past acquisitions

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. On 2 February 2022, Azerion became listed on the Euronext Stock Exchange. As of 31 December 2023 Azerion had approximately 1,110 FTEs (2022: approximately 1,400) and 24 offices in 19 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’s platform connects advertisers with consumer audiences, with those consumers themselves being accessible through scaled, diverse and engaging content. As explained further below, Azerion’s platform helps solve critical challenges for advertisers, digital publishers and game creators in a number of different ways.

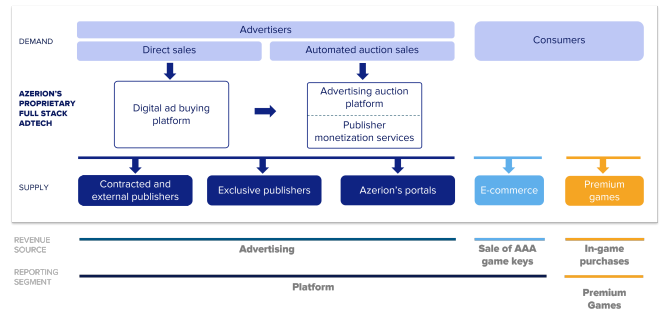
The diagram below shows a visualisation of Azerion’s platform.



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, that look to reach digital audiences by placing advertisements; (2) Consumers, that engage with digital content which is funded either by a consumer purchase or by advertising; (3) Digital publishers, that look to generate revenue by displaying advertisements on their digital content (e.g. online newspapers, magazines, websites, blogs, digital music, connected TV, apps and so on); and (4) Game creators, that utilise Azerion’s platform to distribute their games to digital audiences and to monetise their games through digital advertising. These groups create, distribute and engage with content. The operations and solutions that Azerion offers to the various groups that interact with its platform are a catalyst to the complementary network effects that accelerate with scale.

Azerion's integrated platform model

Azerion’s platform model consists of a demand- and supply side, enabled by proprietary technology solutions that connect both sides, graphically represented below.



The demand side of the platform provides the source of revenue for Azerion and is made up of two categories: advertisers and consumers. Advertisers pay Azerion to display their advertisements to a digital audience. Advertisers are serviced through two models: i) direct sales, which involves 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 in the open market, executed in milliseconds. Consumers generate revenue for Azerion by paying for in-game items or by purchasing game keys for AAA games through e-commerce channels. Azerion uses its proprietary technology solutions to connect advertisers and consumers to the supply side of the platform, which consists of digital content suppliers. The technology solutions include a digital advertisement buying platform, a digital advertising auction platform and publisher monetisation services. The digital content suppliers can be categorised as follows:

- Digital content supply for advertiser clients:
 - Contracted publishers: Includes agreements that Azerion has with its game and non-game publisher partners to monetise their digital content. Azerion partners with more than 300,000 contracted publisher websites. These contracted partners are connected to the internet through Azerion’s core supply-side platform Improve Digital, allowing more than 400,000 advertisers to bid on and acquire digital advertising inventory. Typically, these partnerships involve high volumes of advertisements;
 - External publishers; External publishers are digital content publishers where advertisements are displayed that have been sourced by Azerion, but which were not transacted through Azerion’s supply-side platform or Azerion’s full monetisation solutions;
 - Exclusive publishers: Azerion has exclusive partnerships with more than 10,000 digital publishers. As these relationships are on an

exclusive basis, the content to which they relate is predominantly monetised by Azerion. Azerion generally generates a higher margin on digital content that is monetised under exclusive partnerships due to the wider range of services provided and its ability to provide supply chain efficiencies, driven by an end-to-end advertising technology solution;

- Azerion's portals: Azerion develops and owns game content and licenses additional game titles. This digital content is mainly monetised through in-game advertisements.
- Digital content supply for consumers:
 - E-commerce: Through Azerion's digital sales platforms, consumers can purchase digital games and software content. The games in this channel are generally classified as AAA games;
 - Premium games: Consumers play a number of proprietary games, which are mainly focused on stimulating social interaction among players. These games are typically free to download and play for consumers, with revenue mainly generated by consumers making in-game purchases for in-game items such as clothing, furniture, coins or other features.

The revenue generated by advertisers through the supply channels contracted publishers, exclusive publishers and Azerion's owned and operated content is classified as advertising revenue.

Reporting segment: Platform

Proprietary Advertising Platform

The Platform segment includes advertising, the operation and distribution of Casual Games, GameDistribution, and e-Commerce, which are integrated through the Group's technology. 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.

Azerion's integrated platform partners with digital publishers and game creators to bring content to consumers and connect them to advertisers. It generates revenue mainly by displaying digital advertisements in both game and general content, as well as selling and distributing AAA games through e-commerce channels. Platform is also integrated with parts of the Premium Games segment, leveraging inter-segment synergies. Azerion's Premium Games segment provides insights into game user behaviour and general digital gaming trends, which may be

leveraged in selecting, developing and distributing free to play casual games in Azerion's Platform segment. In addition, a number of Azerion's advertising partners are considering, or may consider in the future, how best to position their clients or their brands in metaverse type environments and that part of Azerion's Premium Games offering enables strategic engagement and potential new lines of partnership with those advertisers.

The key inter-segment synergy between Platform and Premium Games is through the content, which is at the centre of its business model. Azerion partners with content publishers and operates its own game solutions through Casual Games, GameDistribution, e-Commerce platforms and the Premium Games segment. The users want to be entertained, with content that is engaging, fun and increasingly gamified whilst being reliable, safe, and trustworthy. Ultimately, consumers want to play these games for free. The so-called 'freemium' model is an attractive proposition for advertisers, as well as content providers, as this allows greater access to a wider audience.

General Content

Azerion partners with over 300,000 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 Telegraph and Chicago Tribune, magazine titles such as the Stylist and auction content site Ebay, as well as digital music. Through its partnerships with digital publishers, Azerion is able to reach audiences of approximately 400 million unique monthly active users.

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.

Azerion owns some of the casual games that it offers to its users, but most of the casual games that are offered are created by third parties, with whom a licensing agreement is entered into. F2P portals are web-based platforms through which these casual and other F2P games are made available to users. Azerion owns and operates a number of F2P portals where users have access to a large number of F2P casual games. Azerion also develops F2P portals for third parties, such as Chicago Tribune, and Yahoo Japan.

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 is shared with the content owners. For F2P game portals that Azerion develops for third parties, revenue generated from advertisements is shared with the F2P operator and the content owners.

GameDistribution

GameDistribution is Azerion's business-to-business platform for high-quality games targeted at a wide, mass-market audience. GameDistribution 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 GameDistribution primarily comprise casual games for PC and mobile. GameDistribution generates revenue predominantly from advertisers paying for access to the users of the games distributed through GameDistribution and, to a lesser extent, from users making in-game purchases. Revenue generated by GameDistribution is shared among the content owners, publishers and Azerion.

E-Commerce

Azerion's e-Commerce 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 AAA 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, mainly for PC. 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 access to content through its platform in business-to-business sales and shares that revenue with the content owners.

Azerion Fanzone

In December 2022, Azerion launched a new product called "Azerion Fanzone". Through Azerion's Fanzone technology, sports clubs are provided with a

customised app through which they are able to engage with their fans by 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. Azerion leverages its 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. Revenue is generated through a license fee as well as in-app advertising. Sports clubs typically pay a monthly license fee to Azerion for use of the app and technology, under a multi-year contract. Secondly, revenue is generated by placing advertisements in the app environment.

Revenue generated through General Content, Casual Games, GameDistribution and advertising revenue of Fanzone is classified as "advertising revenue" (Fanzone non-advertising revenue is not material), whereas revenue generated by e-Commerce is classified as "e-commerce revenue". All such revenue is reported under the Platform segment.

Reporting segment: Premium Games

Azerion operates multiple premium games 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 generally higher margin activities which predominantly generate revenue through in-game purchases. The premium games can be divided broadly into metaverse, social casino games branded as myjackpot.com and social card games (portfolio sold in 2023).

Metaverse

Azerion has been active as an operator of metaverse games for a long time. Habbo Hotel was founded over 20 years ago and over the years has developed a community of players from over 150 countries. This experience in developing, distributing and monetising a metaverse environment makes Azerion an attractive partner for advertisers for in-game branding opportunities and sale of virtual items.

Azerion also owns Hotel Hideaway, a similar game that provides users with a interactive social online 3D role playing environment, monetised primarily through in-game purchases.

Social casino games branded myjackpot.com

The principal social casino games brand is myjackpot.com, which is a free to play online portal where users can play slots and casino games. Users progress through the games as they unlock more slots and features while playing. Chips are the main currency used in myJackpot.com. Chips can be earned by winning games, logging in through a social media-platform, spinning the wheel of chance every two hours, logging in daily, inviting friends or watching in-game advertisements. Users can purchase in-game chips, credits and tokens through in-game purchases. The more chips a user purchases, the larger the discount he or she will receive on the chip purchase. The users cannot receive cash by playing the game, nor is it allowed to trade inside or outside the game.

Social Card Games (portfolio sold in August 2023)

Up until 28 August 2023, Azerion's owned and operated a social card games portfolio. On 28 August 2023, the Group completed the sale of its social card games portfolio (the Youda Games portfolio) of games to Playtika Holding Corp. The Group's financials as presented in this Annual Report include the social card games portfolio financials. Social card games are predominantly played on mobile devices and consist of titles: 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. These social card game formats do not facilitate cash out opportunities.

Azerion's growth strategy

Azerion's strategy is based on 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 platform. 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 6% between 2023 and 2026, reaching a total market size of approximately \$750bn (source: ResearchAndMarkets and "Datareportal – Digital 2023: Global overview report").

Platform growth

Azerion's organic growth strategy is centred around a number of drivers to capture market share in 2024 and onwards. These include, amongst others:

- Continue to 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 new and/or expanded strategic partnerships with digital publishers;
- Further integrate and consolidate previous acquisitions and technologies.

Platform synergies

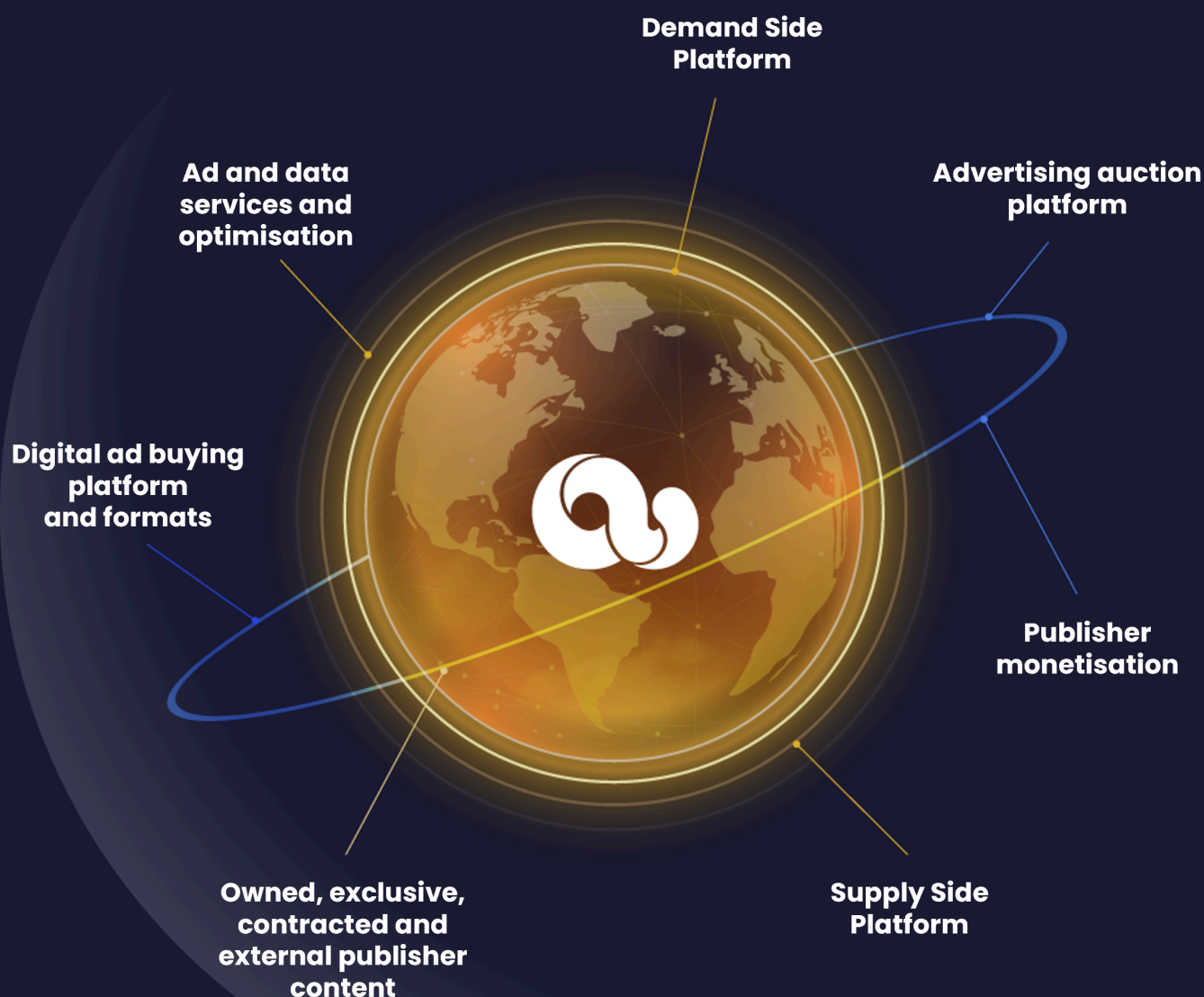
Azerion is focused on realising platform synergies and capturing network effects, including delivering the synergies available from past acquisitions. Azerion realises platform synergies in a number of different ways, including through content, its advertising sales capabilities and its operations and 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.

Partnerships and 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 across its platforms. Azerion maintains a visible pipeline of multiple, actionable partnerships and acquisition targets with a broad range of annual revenue represented by the potential 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

As at 1 January 2023, the Management Board comprised of Mr. Umut Akpınar and Mr. Atilla Aytekin acting as Co-Chief Executive Officers of Azerion Group N.V. On 12 March 2023, after careful consultation with the Supervisory Board, Mr. Aytekin decided to temporarily step down as Co-CEO of Azerion, pending the AFM investigation that was announced on 13 March 2023 and is further explained in the Risk Management section of this Annual Report.

The Management Board is supported by an Executive Committee ("Executive Committee") consisting, in addition to the Management Board members, of the following members:

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

For more detail on the Supervisory Board and the Corporate Governance proceedings of Azerion Group N.V., please refer to [Supervisory Board report, starting on page 54](#).

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.

For a detailed comply-or-explain section in relation to the Dutch Corporate Governance Code, please refer to the section on [Corporate Governance, starting on page 52](#).

The Management Board declares that the information required to be disclosed pursuant to the Decree Article 10 Takeover Directive is included in this report, to the extent required and applicable.

Change of control clauses

Pursuant to article 10.1 (j) of the *Directive 2004/25/EC of the European Parliament and of the Council of 21*

April 2004 on takeover bids, Azerion discloses the following information in relation to its significant agreements which take effect, alter or terminate upon a change of control of the Company, following a takeover bid.

Senior Secured Callable Floating Rate Bonds (ISIN: NO0013017657)

According to the terms and conditions of the above-mentioned bonds, where Azerion Group N.V. is the signing party as the issuer, a "Change of Control Event" is defined as the occurrence of an event or series of events whereby one or more persons, not being a Main Shareholder (or an affiliate of a Main Shareholder), acting together, acquire control over Azerion Group N.V. as the issuer. In this context, "Main Shareholder" is defined as each of Mr. U. Akpınar and Mr. A. Aytekin, through their direct and indirect holdings. "Control" refers to controlling, directly or indirectly, more than 50% of shares of Azerion, or the right to appoint or remove all or majority of the directors of Azerion. In the case of a Change of Control Event, each bondholder has the right to request that all, or some only, of its bonds be repurchased, in accordance with and subject to the terms and conditions of the bonds.

Factoring agreements with Lidion Bank Plc

A number of Azerion's subsidiaries have factoring agreements in place with Lidion Bank Plc. The definition of an event of default under the factoring agreements includes any change in Azerion's ownership, control, constitution or its business which Lidion Bank Plc in its sole discretion considers material other than: i) an initial public offering of shares of Azerion or any of the direct holding / parent companies of the relevant party to the factoring agreement, ii) a reverse listing of the shares of Azerion or any of the direct or indirect holding / parent companies of the relevant party to the factoring agreement, through the consummation of a business combination agreement with a company currently listed on a stock exchange; iii) a sale of shares of Azerion or any of the direct or indirect holding / parent companies of the relevant party to the factoring agreement, provided that together the founding shareholders of Azerion do not lose (i) more than 50% of the voting rights in Azerion and / or in the relevant party to the factoring agreement or (ii) the right to directly or indirectly appoint or remove all or a majority of the directors of the board of directors of the relevant party to the factoring agreement. In the case of a default, the agreement may be ended with immediate effect.

Super Senior Revolving Credit Facility Agreement

According to the terms of this agreement, where Azerion Group N.V. is the signing party as the borrower, a "Change of Control" is described as the occurrence of an event or series of events whereby one or more persons, not being a Main Shareholder (or an affiliate of a Main Shareholder) acting together, acquire control over Azerion Group N.V. as the borrower. In this context, "Main Shareholder" is defined as each of Mr. U. Akpınar and Mr. A. Aytekin, through their respective direct and indirect shareholdings in Azerion. "Control" refers to controlling, directly or indirectly, more than 50% of shares in Azerion, or the right to appoint or remove all or majority of the directors of Azerion. In case of Change of Control, lender shall not be obliged to fund a utilisation (except for a rollover loan), and has the right to cancel the available commitment and declare the loans and all other outstanding amounts due and payable, in accordance with and subject to the terms of this agreement.

Employee share schemes

The Company has an executive annual incentive plan, under which employees may be granted depository receipts of the Company via a (STAK) foundation which administrates and controls the underlying shares, including voting rights, until decertified and transferred to the employee or otherwise sold at the employee's request.

Authorisation to issue shares

Pursuant to resolution 9a and 9b adopted by the general meeting of the Company of 15 June 2023, the Management Board is authorised to issue shares, and to grant rights to acquire shares, including the right to restrict or exclude pre-emptive rights, subject to certain conditions.

Pursuant to resolution 10a and 10b adopted by the general meeting of the Company of 15 June 2023, the Management Board is authorised to issue shares and to grant rights to acquire shares in connection with any long-term incentive plan, including the right to restrict or exclude pre-emptive rights, subject to certain conditions.

Pursuant to resolution 11 adopted by the general meeting of the Company of 15 June 2023, the Management Board is authorised to repurchase the Company's own ordinary shares, for a period of 18 months, subject to certain conditions.

Internal risk management and control systems

Azerion has a comprehensive set of procedures and practices in place that manage and mitigate the impact and the likelihood of risks materialising and having an adverse effect on its operating results and financial position. In 2023, the dedicated risk and control team performed an evaluation of all major work processes and accompanying risk measures. The output of this evaluation is a risk management framework that addresses the identified major risks per function, including strategic, operational, financial and compliance-related risks. The results are reported to the Executive Committee and where necessary, improvements are made to the risk measures.

Related party transactions

For a full description of related party transactions, please refer to [note 26: Related parties](#). Best practice provision 2.7.5 of the Dutch Corporate Governance Code has been complied with in relation to these related party transactions.

Anti-takeover measures

The Company does not currently have anti-takeover measures in place.

Shareholder engagements

Engagement activities

In our second year as a listed company, the Investor Relations team at Azerion has worked to connect the senior management of the business with research analysts, shareholders and investor communities through financial results reporting, business updates and direct engagements. During 2023 Azerion participated in various conferences and market participant engagements in order to increase visibility on our activities and business model. Through the ongoing activities with capital markets stakeholders, we were able to continue providing visibility on the company and further engage with shareholders and other capital markets stakeholders.

The capital market stakeholder engagement during the year supported the successful refinancing of its then outstanding senior secured fixed rate bonds maturing in April 2024 with ISIN SE0015837794. For further information on this refinancing, please refer to the section Operational and financial review 2023.

Share information

Azerion's issued capital and voting rights are notified to the Dutch Authority for the Financial Markets (AFM). 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, 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 23 April 2024:

Main shareholder information

in % of ownership

Shareholder	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. (MeDu Beheer B.V. and Arman Ozan Beheer B.V. are both board members and shareholders and BeKoNi Holding B.V. is a shareholder)	33,177,474	27.6%	11/12/2023
MeDu Beheer B.V. (investment vehicle of U. Akpinar)	18,518,519	15.4%	28/08/2023
Arman Ozan Beheer B.V. (investment vehicle of A. Aytekin)	18,518,519	15.4%	28/08/2023
BeKoNi Holding B.V. (investment vehicle of Y. Erbas)	9,888,184	8.2%	11/12/2023
HTP Investments B.V. (W. de Pundert and K. Meertens are board members)	8,318,808	6.9%	23/08/2023

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 6 March 2024, 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).

Information 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' has been adopted and is published on our website.

Operational and financial Review 2023

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

The Platform segment contains our advertising, casual games, games distribution, Fanzone 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.

In 2023, Azerion completed the following corporate acquisition:

Shareholding acquired

- 100% of issued capital in Hawk SAS

For further detail on the 2023 acquisition, please refer to [note 5: Acquisitions](#).

Disposals of companies

Sale of social card games portfolio

On 1 August 2023, Playtika Holding Corp and Azerion announced 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 € 66.6 million and approximately 15 months after the completion date

Azerion will receive the remaining proceeds, comprised of the escrow amount of € 12.0 million and the performance based earnout, 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, less derecognized fixed assets and related transaction costs, amounted to € 72.6 million.

Legal entity reorganisation

During 2023 the Company liquidated the legal entities Widespace Ltd, OHH Experiences Omnia SLU and Hybrid Theory Pty Ltd. In addition, as part of our ongoing consolidation and integration efforts, we merged a number of legal entities. For further detail on the legal entity mergers, please see [note 27: List of subsidiaries](#)

Other key events

The legal merger of legal entities Azerion Group N.V. and Azerion Holding B.V. was successfully completed with an effective date 1 January 2023, with approval by the bondholders, with Azerion Group N.V. being the surviving entity. The main objective of the merger was to simplify our operating structure and improve the transparency of our financial reporting.

On 28 February 2023, Azerion announced its intention to cancel up to 58,690,961 ordinary shares held in treasury, in order to reduce the number of shares outstanding. On 23 August 2023, Azerion confirmed the completion of the cancellation of 58,690,961 of its ordinary shares held in treasury in line with the resolution of Azerion's shareholders at the Annual General Meeting held on 15 June 2023.

On 13 March 2023, Azerion announced an investigation by the AFM, which according to AFM information known to Azerion, appeared to be related to compliance with article 15 of the Market Abuse Regulation and seemed to be focused on the shareholders of Principion Holding B.V., including Azerion co-CEOs A. Aytekin and U. Akpınar. Based on the information available and the information provided by co-CEO A. Aytekin, he decided, in close consultation with the Supervisory Board of Azerion, that the interests of Azerion and its stakeholders were best served by him temporarily stepping aside from his duties and responsibilities as co-CEO of Azerion. The AFM approached Azerion on Tuesday 7 March 2023 to obtain information. Azerion remains fully available to answer any questions of the AFM. The Supervisory Board has installed a Special Committee to steer the process and to be kept fully informed. Azerion is limited in its ability to provide further information pending the investigation.

On 6 July 2023, Azerion announced that it had been notified by Principion Holding B.V. that it and LDA Capital Limited had cancelled the put option agreement entered into between them at the end of December 2022, subject to the terms of a settlement agreement. Principion Holding B.V. had confirmed to Azerion that it had not exercised the put option and that therefore no shares in Azerion had been sold under the put option agreement.

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 completed at the end of October 2023. The newly issued bonds have a 3-year tenor, carry a floating rate coupon of 3 months EURIBOR plus 6.75% per annum and were issued at 98.5% 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.

With effect from the Extraordinary General Meeting of Azerion held on 16 November 2023, Wim de Pundert and Zafer Karataş were appointed as new members of the Supervisory Board, replacing previous Supervisory Board members Peter Tordoir and Derk Haank who stepped down from the Supervisory Board with effect from the same date. On 20 November 2023, Wim de Pundert was announced as having been appointed Chair of the Supervisory Board. At the same time, it was announced that Klaas Meertens would step down from the Supervisory Board on 31 January 2024, after completing a two year term from his original appointment.

On 11 December 2023, Azerion announced that it had entered into an agreement with Principion Holding B.V. to simplify Azerion's loan structure by settling several loans outstanding between Azerion and Principion. The objectives of the loan settlement are to simplify Azerion's capital structure by setting off mutually outstanding unsecured liabilities, whilst at the same time providing Azerion with security against remaining balances. The loan settlement also provides Azerion the ability to use any ordinary shares in the capital of Azerion to be acquired through the loan settlement mechanism for value creating purposes for all shareholders without the issuance of new shares. The loan settlement has been approved by Azerion's management board and supervisory board.

Group financial review 2023

Financial review 2023

Financial results – Azerion Group N.V.

in million of €

	FY 2023			FY 2022			Revenue growth	Adjusted EBITDA growth
	Revenue	Operating profit / (loss)	Adjusted EBITDA ¹	Revenue	Operating profit / (loss)	Adjusted EBITDA		
Group	515.0	72.8	71.9	452.6	(139.0)	52.1	13.8%	38.0%
Platform	437.4	(2.0)	53.2	363.5	(6.8)	34.8	20.3%	52.9%
Premium Games	77.6	74.8	18.7	89.1	2.4	17.3	(12.9)%	8.1%
of which social card games portfolio	28.3	80.6	9.7	37.1	9.8	11.7		
Other	-	-	-	-	(134.6)	-		

¹ For reconciliation of operating profit to adjusted EBITDA please refer to note 31: Operating segments.

Revenue

Revenue for the full year 2023 amounted to € 515.0 million, an increase of € 62.4 million, or approximately 13.8% as compared to Revenue for full year 2022 of € 452.6 million. In relation to the total Revenue for full year 2023 of € 515.0 million, Platform Revenue increased 20.3% to € 437.4 million (2022: € 363.5 million), mainly driven by increased advertising revenue from Direct sales, improved sales in the e-commerce business and the integration of previous acquisitions. Premium Games Revenue for full year 2023 decreased 12.9% to € 77.6 million as compared to full year 2022 of € 89.1 million, predominantly due to the loss of revenue from the sale of the social card games portfolio completed during Q3 2023.

Operating expenses

Personnel costs for full year 2023 amounted to € (98.5) million, a decrease of € 8.7 million as compared to the full year 2022 (€ (107.2) million). The decrease was mainly driven by a decrease in share-based payment expenses to € (0.7) million as compared to € (22.7) million for the full year 2022 and a significant reduction in full-time equivalent employees during the course of 2023 from approximately 1,400 at the start of 2023 to approximately 1,110 at the end of 2023, partly offset by the increased personnel costs at the start of 2023 relating to recognition of the full personnel costs impact of the acquisitions completed in 2022, and an increase in other costs, mainly driven by higher restructuring expenses increasing to € 7.7 million as compared to € 1.8 million for full year 2022. For further detail, please refer to [note 21: Personnel costs](#).

Other expenses for the full year 2023 amounted to € (37.3) million, as compared to € (161.0) million for the full year 2022. The decrease was mainly driven by the absence in 2023 of listing expenses, which in 2022 amounted to € (107.1) and a decrease in professional

services expenses to € (12.3) for the full year 2023 as compared to € (25.6) for the full year 2022, which was also mainly related to the de-SPAC transaction in 2022.

Earnings

The operating profit for the full year 2023 amounted to € 72.8 million in 2023, compared to a loss of € (139.0) million in 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 € 71.9 million for full year 2023 as compared to € 52.1 million for full year 2022, an increase of approximately 38.0%, mainly due to increased contribution from Platform business at higher margins coupled with efficiencies from cost optimisation and the integration and consolidation of previously acquired businesses, partly offset by the loss of contribution from the sale of the social card games portfolio completed in Q3 2023.

Profit / (loss) for the full year 2023 attributable to owners of the Company amounted to € 23.7 million, compared to a € (134.3) million loss for full year 2022. This is due to improved operating result described in the preceding paragraphs, partly offset by an increase in net finance costs to € (28.7) million for full year 2023 (2022: € (1.1) million) mainly as a result of the bond refinancing completed in Q4 2023 and a fair value gain on warrants in 2022 of € 19.0 million and an increase in income tax expense for full year 2023 of € (19.0) million as compared to a tax benefit of € 7.0 million for full year 2022, mainly arising as a result of the gain on sale of the social cards games portfolio completed in Q3 2023.

Cash flow

Cash flow from operating activities for the full year 2023 was an inflow of € 49.9 million, mainly due to movements in net working capital, and mainly reflecting a decrease in trade and other receivables of € 12.2 million and increase in trade payables of € 14.8 million. Cash flow from investing activities for the full year 2023 was an outflow of € (5.3) million, mainly due to deferred payments and earn-outs relating to past acquisitions including Hawk of € (43.9) 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 for the full year 2023 totalled an outflow of € (55.4) million, mainly relating to the bond refinancing.

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, the Platform more generally and other new features. A total of € 26.2 million (2022: € 21.2 million) were additions due to development, of which € 17.5 million (2022: € 16.6 million) related to internally developed intangible assets, equivalent to 3.4% of revenue (2022: 3.7%). Any costs associated with research are expensed as they arise and only identifiable development costs are capitalised. See the paragraph in this section headed Research and Development and the note [note 8: Intangible assets](#) for more information on capitalisation of Research and development.

Financial position and borrowing

Net interest bearing debt (as defined in the Terms & Conditions of the Senior Secured Callable Floating Rate Bonds ISIN: NO0013017657) amounted to € 144.3 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 € 40.3 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 18.8% compared to € 177.6 million as at 31 December 2022.

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 relatively 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 29: Financial risk management](#)

Research and development

Azerion's R&D team is responsible for the development of our digital advertising technology and the creation of our online games. In 2023, we continued to develop our digital advertising technology through the launch of products such as Performance by Azerion, Azerion Smart Content and Smart bidding. Furthermore, through the integration of past acquisitions, Azerion expanded into digital audio, connected TV (CTV), digital-out-of-home (DOOH), and further developed its portfolio of ad formats, which are all accessible to advertiser through a single multi-channel platform.

Within our Premium Games segment, we continued to develop our Metaverse and Social Casino games titles and further improved our white-label solutions to create unique gaming environments for brands through Fanzone, MyJackpot.com and Casual Games. In addition, we continued to invest in crossover between the Platform and Premium Games segment through in-game advertisement and creating lifetime connections with brands through Web3-supported digital assets in our Metaverse titles.

The development process, including software architecture design and planning is managed from the Company's headquarters in Schiphol-Rijk.

The Group's total research and development costs in 2023 amounted to € 34.8 million, out of which development costs of € 17.5 million were capitalised in intangible assets, while the rest was included in the statement of profit or loss and other comprehensive income.

Outlook

Azerion achieved significant top-line growth in the financial year 2023, as well as focusing on the integration and consolidation of past acquisitions and

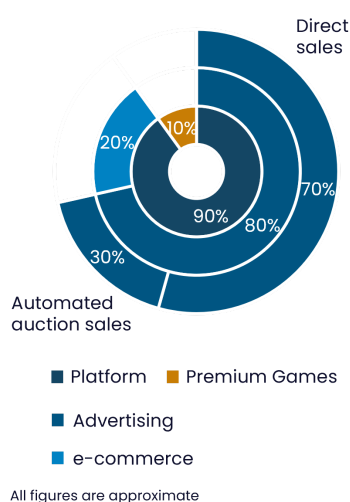
the delivery of efficiencies and cost optimisation across the business. The business has shown continued resilience over 2023, improving its profitability with further benefits from its cost management programme expected in 2024. Furthermore the market conditions are presenting increasingly attractive opportunities to further grow our business through partnerships and strategic investments.

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%.

Segment financial review 2023 – introduction

For the full year 2023, our Platform segment accounted for approximately 85% of total Revenue, whereas Premium Games accounted for approximately 15% of total Revenue. On a pro forma basis excluding the social card games portfolio sold in Q3 2023, our Platform segment accounted for approximately 90% of total Revenue in 2023, whereas Premium Games accounted for the balance of 10%. The graph below illustrates the indicative splits of Revenue for the full year 2023 on this pro forma basis excluding the social card games portfolio:



Platform financial review 2023

Our Platform segment includes our digital advertising activities, e-commerce, the operation and distribution of casual games and Fanzone. It generates 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 million of €

	FY 2023	FY 2022
Revenue	437.4	363.5
Operating profit / (loss)	(2.0)	(6.8)
Adjusted EBITDA	53.2	34.8
Revenue growth %	20.3%	
Adjusted EBITDA growth %	52.9%	
Adjusted EBITDA margin %	12.2%	9.6%

Platform Revenue for the full year 2023 was € 437.4 million, an increase of 20.3% compared to Revenue full year 2022 of € 363.5 million, 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 full year 2023, advertising revenue contributed around 80% of Platform segment Revenue, with the e-commerce business representing the remaining balance. For the full year 2023, Azerion's Direct sales teams contributed approximately 70% of Platform advertising Revenue, as compared to approximately 60% for the full year 2022, with the balance provided by automated auction sales. For the full year 2023, our e-commerce business generated Revenue of € 88.8 million as compared to € 68.3 million for the full year 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 the full year 2023, our e-commerce Revenue represented approximately 20.3% of total Platform Revenue, as compared to approximately 18.8% in Q4 2022.

Platform Adjusted EBITDA for the full year was € 53.2 million, compared to € 34.8 million for full year 2022, an increase of more than 52.9% mainly as a result of 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 and increased sales in e-commerce, together with the ongoing consolidation and integration of previously acquired businesses including Hawk and cost optimisation.

Premium Games financial review 2023

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 million of €

	FY 2023	FY 2022
Revenue	77.6	89.1
<i>of which social card games portfolio</i>	28.3	37.1
Operating profit / (loss)	74.8	2.4
<i>of which social card games portfolio</i>	80.6	9.8
Adjusted EBITDA	18.7	17.3
<i>of which social card games portfolio</i>	9.7	11.7
Revenue growth %	(12.9)%	
Adjusted EBITDA growth %	8.1%	
Adjusted EBITDA margin %	24.1%	19.4%

Premium Games Revenue was € 77.6 million for the full year 2023, as compared to € 89.1 million for full year 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 Revenue of our Metaverse and Social Casino portfolio for full year 2023 was approximately € 49.3 million, as compared to € 52.0 million for the full year 2022, a decrease of (5.2)% mainly driven by lower revenue in our metaverse environments.

Adjusted EBITDA of € 18.7 million for the full year 2023, as compared to € 17.3 million for the full year 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 the full year 2023, as compared to € 5.6 million for the full year 2022, an increase of approximately 60.7% mainly driven by improved performance in the social casino portfolio and cost optimisation across the segment.

Other financial review 2023

Reporting segment Other contained in 2023 an operating profit of € 0.0 million (2022: € (134.6) million). The variance is mainly explained by the De-SPAC related expenses of € 144.5 million incurred in 2022, but not present in 2023. De-SPAC related expenses are 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 31: 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 principal 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 of 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			
Technology developments and innovation	<i>High</i>	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.
Competition	<i>Medium</i>	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	<i>Medium</i>	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.

Risk category	Risk appetite	Impact	Mitigants
Strategic Risks			
Market power shifts	<i>Medium</i>	<p>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.</p>	<p>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.</p>
Operational Risks			
Advertising clients	<i>Medium</i>	<p>Low - 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.</p>	<p>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.</p>

Risk category	Risk appetite	Impact	Mitigants
Operational Risks			
Game and content customer (B2C) retention and acquisition	<i>Medium</i>	Low - 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 monetisation mechanisms to optimality align user preferences and enhance the gaming experience where possible.
Dependence on paying players and risks related to behaviour	<i>Medium</i>	Low - 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.
Third party content owners and third-party distribution partners (B2B)	<i>Medium</i>	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.
Intellectual property	<i>Low</i>	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 advisers 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			
Cyber security and dependence on (third party) technology	<i>Low</i>	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.
Functionality of Azerion's algorithms and data engines	<i>Low</i>	Low - The data Azerion collects may not be universally relevant and it may be inaccurate and outdated. Furthermore, the increase in data processing increases the likelihood of defects and errors.	Azerion invests significantly into the development of its full stack Advertising platform. Additionally, Azerion has dedicated product tech teams who are responsible for ensuring that Azerion's algorithms and data engines function optimally.
Customer loyalty	<i>Medium</i>	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.

Risk category	Risk appetite	Impact	Mitigants
Operational Risks			
Market conditions	<i>Medium</i>	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.
Environmental impact of our business activities	<i>Medium</i>	Low - 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. For more details, please refer to: <i>ESG overview, starting on page 38</i>
Fraud in advertising creatives and bot activity in ad views	<i>Low</i>	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.

Risk category	Risk appetite	Impact	Mitigants
Operational Risks			
Fraud related to in-game payments, app store purchases and e-commerce	<i>Medium</i>	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	<i>Low</i>	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.
Key employee retention	<i>Low</i>	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
Compliance and Legal Risks			
Compliance with regulations and/or government actions	<i>Low</i>	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	<i>Medium</i>	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.
AFM investigation	<i>Low</i>	Low - Azerion cannot fully control the actions of employees that could potentially have an adverse impact on the operations or reputation of the company. If the outcome of the AFM investigation is negative in some way, it may have a material adverse effect on its operating results and financial condition.	The investigation appears to be focussed on the shareholders of Azerion, not primarily on Azerion. Nevertheless, Atilla Aytekin decided to temporarily step down as Co-CEO. Azerion's Executive Committee and broader leadership team, with Umut Akpinar as CEO and Ben Davey as CFO continue the day-to-day practice of organic and inorganic activities. The team has remained focused on fulfilling Azerion's strategy and dedicated execution of the business plan. <i>For further details please refer to 'Events relating to the investigation by the AFM', below.</i>

Risk category	Risk appetite	Impact	Mitigants
Financial and Reporting Risks			
Adverse micro- and macroeconomic developments and seasonality	<i>Medium</i>	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.	As an organisation Azerion is used to adapting to seasonal trends. Azerion expects similar seasonal patterns to continue over the long-term and to benefit from an increasingly scaled, diverse customer and partner base, as well as an increasingly scaled and diverse business model over time.
Funding	<i>Low</i>	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 limitations in accessing internal and external funding including, (but not limited to): decrease in creditworthiness; decrease in profitability; increase in interest rates; increase in risk premium for investors; 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 modelling, disciplined planning and control and early engagements with banks and advisers on (bond) refinancing strategies.
Foreign exchange exposure	<i>Medium</i>	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 the conversion risk remains relatively low, 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.

Risk category	Risk appetite	Impact	Mitigants
Financial and Reporting Risks			
Related party transactions	<i>Medium</i>	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. 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	<i>Medium</i>	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.
Bond prepayment event	<i>Low</i>	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.

Risk category	Risk appetite	Impact	Mitigants
Financial and Reporting Risks			
Bond guarantees	<i>Medium</i>	Medium - 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.
Transaction security	<i>Medium</i>	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.
Floating interest rate	<i>Medium</i>	Low - Changes or uncertainty with respect to the EURIBOR or a replacement interest rate benchmarks may affect the value or payment of interest under the Bonds.	Azerion is in frequent contact with relevant market players to assess whether hedging measures should be applied.

The importance of effective risk management at Azerion was underlined 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 did 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 Supervisory Board continues to steer the process. As a 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 during 2024, 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 foundation for our vision for our 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 2023 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, Equity and Inclusion
- Respect for Human Rights
- Anti-Corruption and Anti-Bribery
- Environmental Protection

Azerion's overall ESG strategy

In 2023, we built further on the ESG framework we developed in 2021 and progressed in 2022. In particular, we deepened our assessment of different business and non-business factors and their impact on Azerion and the manner in which they should be prioritised. This selection and prioritisation continues to be the basis of our ESG strategy and helps define 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 communities
- 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 9. Industry, Innovation & Infrastructure, 12. Responsible Consumption and Production and 13. Climate Action. 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 initiatives to reduce direct CO2 emissions by reducing corporate travel and encouraging and facilitating remote work across our workforce. For example, we continued equipping meeting rooms across offices with time sensors and digital booking systems in order to make optimal and energy-efficient use of office space, we have furthered initiatives around waste recycling and we continue to work with our suppliers to focus on the use

of renewable energy sources. Furthermore, we continue our efforts to harness the power of our advertising business, encouraging the direction of advertising budgets to generate meaningful, tangible environmental and social-economic impact addressing the UN Sustainable Development Goal Climate Action through our advertising campaigns. Examples include:

Responsible Media Activation

- Reinforcing our partnership with Right Thing. Media to amplify the impact of selected advertisements, allowing advertisers to deliver campaigns with social and environmental messaging. In 2023 we doubled the number of campaigns, as compared to 2022, thereby increasing the impact across carbon, nature, and community initiatives.
- Azerion partnered with HSBC for their Wealth 2023 campaign, utilising responsible media to help drive a positive environmental impact. A percentage of the campaign spend was redirected to the aligned environmental carbon removal initiative, CO2 by TIME .
- Partnering with IMPACT+ to integrate a solution for environmentally friendly advertising campaigns. In this way, we want to offer our clients opportunities to develop more environmentally friendly advertising solutions.

Driving Environmental Awareness through Gaming

- In collaboration with Sovereign Nature Initiative (SNI) Azerion supported Forgotten Parks Foundation's biodiversity conservation work in the Democratic Republic of Congo. Together, we transformed the Hotel Hideaway metaverse into an educational virtual sanctuary, fostering awareness about wildlife and their habitats. The experience educated, but also inspired our community to become stewards of our planet's precious biodiversity. The project resulted in over 1.2 million in-game visitors, 2k virtual attendees and 306k digital assets sold and contributed to the park.
- Azerion and Verse Estate collaborated to launch Join the Planet, an initiative supported by Lionel Messi, dedicated to driving environmental awareness through gaming and VR. Azerion and Verse leveraged their expertise to develop a series of games and immersive experiences that promote the project. Additionally, they have collaborated on metaverse solutions to deliver Join the Planet experiences to their players.

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. 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. Among other initiatives, our development and moderation process aims to ensure our content and games remain a safe and fun experience for our users and players. We also collaborate with authorities, regulators and safety groups on these topics. Examples of our community initiatives in 2023 include;

- Our Italian team collaborated with OIES (Osservatorio Italiano Esports) to discuss the impact of regulations on the e-sports segment during a conference held at the Chamber of Deputies in the Italian parliament.
- In our Metaverse, we initiated a Safety Ambassadors program, empowering users to promote safety and responsible gaming. In 2023, over 6,000 users worldwide participated in Safety Ambassador activities, fostering trust and spreading safety knowledge. Additionally, we improved community documentation, enabling players to enhance their gaming experience, develop skills, and engage positively. This included safety guidelines, parental resources, and accessible support, helping to create a safe, enjoyable, and supportive gaming environment.
- In 2023, we continued our participation in initiatives led by the European Commission, such as the CEO Coalition and the Alliance to Protect Minors Online. These initiatives aim to foster cross-industry collaboration in user and minor safety. As such, we adhere to voluntary principles, including transparency in our efforts to combat online abuse. Moreover, our Metaverse titles have partnered with nonprofit organisations focusing on internet safety. These organisations directly engage with players in our social games. Notable examples include HelpWanted in the Netherlands, Nettimummola in Finland, and Fil Santé Jeunes in France.

Furthermore, we launched a campaign across our online community to support victims of the earthquake in February 2023 in Turkey. Resulting in a donation of approximately € 150,000 to the Red Cross. For the whole year 2023, Azerion helped raise over € 250,000 in donations were made, including contributions to humanitarian aid, victims affected by earthquakes and conflicts, environmental conservation and to health organisations.

Our inclusion and well-being

Our vision around Inclusion and well-being incorporates the UN Sustainable Development Goal 10 Reduced Inequalities. Our objectives include incorporating an inclusive culture that refers to measures related to work culture and atmosphere in the workplace. It provides 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 62 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). We value these diversity, equity and inclusion principles both in our work culture and in relation to our products and services. A specific example is our Metaverse titles, which are designed with inclusivity in mind, taking into consideration factors such as age, gender, ethnicity, abilities, and cultural backgrounds. Integrating these principles into the product development process not only aligns with ethical principles but also enhances our product's relevance, usability, and acceptance in a global and diverse market. In these products we process and incorporate feedback from diverse user groups, ensuring continuous improvement.

Examples of our inclusion and well-being initiatives in 2023 include:

- Azerion's ongoing involvement and sponsorship of the Dutch professional women's football, including being the name partner of the Women's Dutch League.
- In collaboration with Mattel, Barbie supported the launch of the first Down's Syndrome Doll campaign. We ensured that our media activation generated a positive social impact by redirecting a portion of the campaign spend to an aligned non-profit organisation. This helped fund education and resources for the Down's Syndrome Association, supporting individuals with Down's Syndrome and creating tangible social importance.
- In our Metaverse, we prioritise diversity, equity, and inclusion, fostering a harmonious, innovative, and cooperative environment. We welcome inclusive characters, storylines, and settings. In 2023, we supported non-binary Hotel Hideaway avatars, provided LGBTQ+ flags, offered free Black Lives Matter t-shirts, and hosted various supportive in-game events.

We uphold a positive workplace culture that values well-being and collaboration. Our regional teams

focus on various well-being topics, allowing them to choose and execute initiatives that they find important. Examples include mental health training to improve stress management and employee well-being, as well as wellness programs like yoga classes, weekly massages, or gym access. We also invest in team-building training to enhance the sense of belonging and facilitate social (sports) events and charity work to strengthen interpersonal relationships. Additionally, we engage in voluntary work and donations, such as our collaboration with Azerion's media agency partner Havas in the Dutch 'Spelen' event, aimed at promoting sports among young participants in the Netherlands. During this event, where our teams volunteer, a portion of the proceeds were donated to the Youth Sports Fund, which offers children an annual sports subscription to an association of their choosing, fostering their talents and overall well-being.

Our Impact Model

We set out below a visualisation 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:



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 decentralised, voluntary 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 behaviour. 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, Equity and Inclusion

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.

"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"

As at the end of 2023, the Management Board consisted of 2 members, both of whom are male.

More generally across Azerion, by the end of 2023 Azerion employees represented circa 62 nationalities, and 39% 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. One way of achieving this is through our recruitment process. In 2023 approximately 43% of our new hires were female.

Gender split¹

	2022	2023
Female	39%	39%
Male	61%	60%
Non-binary / undisclosed	0%	1%

¹ Based on total headcount as at 31 December 2022 and 2023, respectively, including this year's M&A

New hires gender split¹

	2022	2023
Female	49%	43%
Male	51%	57%
Non-binary / undisclosed	0%	0%

¹ Based on headcount of total new hires throughout the year 2022 and 2023, respectively, excluding this year's M&A and interns

Besides gender, diversity also relates to age. Azerion aims for a culture that values and respects employees of all ages. We welcome employees from different age groups and recognise the contributions each brings. The age distribution of our workforce as at 31 December 2023 was as follows:

Age split¹

	2022	2023
20-29	22%	25%
30-39	44%	42%
40-49	23%	23%
50-59	8%	7%

¹ Based on total headcount as at 31 December 2022 and 2023, respectively, including this year's M&A

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.

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 an important part of our executive agenda, and we are supporting several initiatives aimed at protecting the environment. In 2023 we moved forward with our environmental ambitions, gaining further insights into and reporting on our carbon footprint. For 2023, we

report total carbon emission data by scope as well as our operational CO₂e efficiency, as measured by tons of CO₂e per million EUR Revenue. The calculations are done in accordance with the guidance and standards of the Greenhouse Gas Protocol (GHG Protocol) - Corporate Standard.

Absolute emissions in tCO₂e

	2022	2023
Scope 1	91	125
Scope 2	155	148
Scope 3	1,467	1,216
Total absolute emissions (Scope 1,2,3) in tons CO ₂ e	1,713	1,488
Total tons CO ₂ e per million EUR revenue	3.78	2.89

Methodology

We gathered actual data for Scope 1, 2, and 3 emissions from our 12 largest offices, which represent over 80% of FTE's of the Group. Offices are defined as having a lease of at least 12 months, e.g. short term-leases or short-term shared office spaces are excluded from the analysis. This subset provides a consistent baseline for comparing emissions data within the Group over time. The 12 remaining offices, represent ~20% of FTE's of the Group. As such, our selected subset is considered to be representative for the total Group. The sum of the 12 offices and headcount emissions data (excluding data center consumption) was extrapolated to 100%, based on the total headcount of the group.

Scope 1 and 2 calculate emissions based on a location-based methodology, while Scope 3 incorporates additional methodologies such as Activity-Data and the Spend-Based method, which are employed to estimate emissions from suppliers.

Azerion's Scope 1 emissions include natural gas consumption used for heating and/or cooling of office buildings. Data is based on actual consumption. For the two offices where actual data was not available, estimates were used, based on square metres.

Azerion's Scope 2 emissions include district heating and electricity consumption used for space heating and cooling in our leased offices. Electricity emissions for nine out of twelve offices is based on actual consumption (including usage for electric charging stations on office premises), with the remaining offices estimated based on square metres. Seven out of twelve offices purchased renewable energy for electricity. Renewable energy is considered to cause zero emissions. District heating emissions for all offices is based on actual consumption.

Azerion's Scope 3 emissions are based on the 15 categories of the GHG Protocol. Four categories have

material for this year's reporting, in light of Azerion's economic activities. These categories will be reassessed annually. Azerion's Scope 3 emissions include the following categories from the GHG Protocol:

Category 1) Purchased Goods and Services; including our emissions related to paper, IT equipment purchases and our data center energy consumption. Paper; based on actual consumption per office. IT equipment; based on actual consumption per office. Data center energy consumption; actual emissions data as received from our third data provider. These provided emissions data from our third party provider include Scope 1 (emissions from direct operations) and Scope 2 (emissions from electricity production) data. Scope 3 data was not provided and is being assessed by the Company as of this stage.

Category 5) Waste generated in operations; this includes our total non-recycled waste generated in our offices. Data is based on actual consumption for eight out of twelve offices. For the remaining offices, estimates were used on square metres.

Category 6) Business Travel; this contains travel by air and on land, such as public transport and car usage including taxi services. Data for usage of cars (including taxis), public transport (bus, subway, train) and flights (4 zones) are based on registered reimbursements and/or registered usage.

Category 7) Employee Commuting; this category includes emissions from car and public transport commute of employees. Commuting data is based on actual headcount per office, estimated office visits, transportation method (cars, public transport, bike) and average roundtrip distance in kilometers for all 12 offices. This data does not include car lease data for employees primarily located at Amsterdam HQ.

We are conscious of our carbon footprint in Scope 3, which is primarily driven by the server capacity required for the operations of our games and advertising technology solutions, mainly obtained through outsourced cloud services. The carbon emissions and energy usage resulting from running data centers and using cloud-based services have a negative impact on the environment that cannot be ignored. Hosting and servers are categorised as purchased goods and services under the GHG Protocol. These emissions, resulting from activities from assets not owned or controlled by Azerion, make up a significant part of Scope 3 and our global carbon footprint. For this reason, we continue 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 and taken several steps to reduce

energy usage in our campaigns. These efforts include refining digital content to ensure it is both high-quality and lightweight, thus reducing the energy required for its delivery and display. We have streamlined our hosting solutions and consolidated resources to eliminate unnecessary energy consumption. In our ad verification process, we try to limit the number of partners we work with, to limit the amount of servers and the associated energy consumption. We are also pleased with the efforts of AWS, our main data center provider, in carbon reduction and offsetting, including their ambition to use 100% renewable energy sources by 2025. In 2023, together with AWS, we reduced our data center carbon emissions by >45% from 235,401 tCO₂e in 2022 to 124,628 tCO₂e in 2023.

Calculating emissions is complex, based on various frameworks that develop over time, and subject to various assumptions and limitations on data availability and accuracy. In addition, part of the required and reported data is derived from third party providers and partners. We have not verified the accuracy or completeness of this externally provided data. Furthermore, our emissions may vary from year to year due to changes in our business operations, supply chain dynamics, and other factors within or outside our control, which may limit comparison of emissions data over time. We continue to review current and forthcoming regulations and guidelines (specifically CSRD guidelines for reporting year 2024) with the aim to increase insight into and accuracy of our emissions data.

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. 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 minimise 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. Given the nature of our economic activities as a digital services provider as well as taking into account our office-based physical presence, the impact of climate change is considered

low. 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.

We are currently preparing to comply with the CSRD guidelines for 2024 reporting. As such, we expect a further developed ESG framework to be reported in the Annual Report 2024.

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, delegated acts in relation to

each of the six environmental objectives have been published.

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 environmental sustainability 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 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, including amendments, as well as Commission Delegated Regulation (EU) 2023/2486 of 27 June 2023 to identify economic activities that were eligible to qualify as contributing substantially to each of the six environmental objectives. 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 at the end of this section.

The total amount of Azerion's turnover in the financial year 2023 is € 515.0 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 64](#). Please refer to the end of this section for detailed disclosures, as per Commission Delegated Regulation (EU) 2023/2486 of 27 June 2023.

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 2023 is € 2.6 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. Please refer to the end of this section for detailed disclosures, as per Commission Delegated Regulation (EU) 2023/2486 of 27 June 2023.

CapEx

Azerion's CapEx that would fall under the scope of the EU Taxonomy regulation consists of additions during the financial year 2023 to the following line items in Azerion's Consolidated Statement of Financial Position:

- [note 5: Acquisitions](#)
- [note 7: Property, plant and equipment](#)
- [note 8: Intangible assets](#)

We screened the asset groups against the economic activities described in the Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021, including amendments, as well as Commission Delegated Regulation (EU) 2023/2486 of 27 June 2023 to identify eligible activities for the six environmental objectives. 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 7: 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 environmental objective 1. 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 € 0.6 million. Based on our assessment, we report 1.3% eligibility, but 0% alignment because not all substantial contribution criteria and 'does not significantly harm' criteria for taxonomy-alignment are met. Please refer to the end of this section for detailed disclosures, as per Commission Delegated Regulation (EU) 2023/2486 of 27 June 2023.

Proportion of turnover from products or services associated with Taxonomy-aligned economic activities – 2023
in millions of €, unless otherwise stated

Economic activities (amounts in millions of euros)	Codes	Absolute Turnover	Proportion of Turnover	Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')						Minimum safeguards	Proportion of Taxonomy-aligned (A.1) or -eligible (A.2) turnover, year 2022	Category enabling activity	Category transitional activity
				Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity				
			%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. Taxonomy-eligible activities																			
A.1 Environmentally sustainable activities (taxonomy-aligned)																			
Turnover of environmentally sustainable activities (taxonomy-aligned) (A.1)		-	0.0%														0.0%		
Of which enabling		-	0.0%														0.0%	E	
Of which transitional		-	0.0%														0.0%		T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)																			
Turnover of taxonomy-eligible but not environmentally sustainable activities (non taxonomy-aligned activities) (A.2)		-	0.0%														0.0%		
Total A (A.1 + A.2)		-	0.0%														0.0%		
B. Taxonomy-non-eligible activities																			
Turnover of taxonomy-non-eligible activities (B)		515.0	100%																
Total (A + B)		515.0	100%																

Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities – 2023
in millions of €, unless otherwise stated

Economic activities (amounts in millions of euros)	Codes	Absolute turnover	Proportion of CapEx	Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')						Minimum safeguards	Proportion of Taxonomy-aligned (A.1) or -eligible (A.2) CapEx, year 2022	Category enabling activity	Category transitional activity
				Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems				
			%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. Taxonomy-eligible activities																			
A.1 Environmentally sustainable activities (taxonomy-aligned)																			
CapEx of environmentally sustainable activities (taxonomy-aligned) (A.1)		-	0.0%														0.0%		
Of which enabling		-	0.0%														0.0%	E	
Of which transitional		-	0.0%														0.0%		T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)																			
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	0.6	1.3%	N	N/EL	N/EL	N/EL	N/EL	N/EL								0.1%		
CapEx of taxonomy-eligible but not environmentally sustainable activities (non taxonomy-aligned activities) (A.2)		0.6	1.3%														0.1%		
Total A (A.1 + A.2)		0.6	1.3%														0.1%		
B. Taxonomy-non-eligible activities																			
CapEx of taxonomy-non-eligible activities (B)		43.4	98.7%																
Total (A + B)		44.0	100.0%																

Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities - 2023
in millions of €, unless otherwise stated

Economic activities (amounts in millions of euros)	Codes	Absolute OpEx	Proportion of OpEx	Substantial contribution criteria					DNSH criteria ("Does Not Significantly Harm")							Minimum safeguards	Proportion of Taxonomy-aligned (A.1) or -eligible (A.2) OpEx, year 2022	Category enabling activity	Category transitional activity	
				Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity					
				Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N					Y/N
A. Taxonomy-eligible activities																				
A.1 Environmentally sustainable activities (taxonomy-aligned)																				
OpEx of environmentally sustainable activities (taxonomy-aligned) (A.1)		-	0.0%															0.0%		
Of which enabling		-	0.0%															0.0%	E	
Of which transitional		-	0.0%															0.0%		T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)																				
OpEx of taxonomy-eligible but not environmentally sustainable activities (non taxonomy-aligned activities) (A.2)		-	0.0%															0.0%		
Total A (A.1 + A.2)		-	0.0%															0.0%		
B. Taxonomy-non-eligible activities																				
OpEx of taxonomy-non-eligible activities (B)		2.6	100%																	
Total (A + B)		2.6	100%																	

Schiphol-Rijk, 25 April 2024

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, 25 April 2024

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



Umut Akpınar
co-CEO and co-Founder of Azerion

Supervisory Board

This chapter contains and reports the Letter from the Chairman, the Company's Corporate Governance structure and the duties and responsibilities of the various boards and committees performed in 2023. This report further discusses the Supervisory Board's compliance with the Dutch Corporate Governance Code.

Letter from the Chairman

It is with great pleasure that I write you this letter as Chairman of Azerion's Supervisory Board.

2023 has been an extremely active year for Azerion. Our focus has been on the growth of our platform, the consolidation and integration of past acquisitions and in improving our efficiency. Our strategic direction for the year was clear: to continue to grow a robust and resilient business, adapting and responding to the challenges posed by the global macro and competitive landscape, whilst further developing our platform through the integration of past acquisitions, the addition of new formats, features and services for our clients and partners and by improving efficiency. I am pleased to report that we made significant progress during the course of this year across each of these areas.

During 2023, we also strengthened our financial position through the sale of our social card games portfolio, the refinancing of our then outstanding bonds, as well as through the netting and settlement of various outstanding shareholder loans. We also continued the integration of our legal entities and the simplification of our operating structure, all with a view to improving efficiency and managing our costs.

Reflecting on 2023, I want to express my sincere gratitude to our employees and leadership team for all their hard work and commitment, as well as our clients, business partners and shareholders for their continued trust and support. I would also like to thank my predecessor, Peter Tordoir, Derk Haank and Klaas Meertens for their invaluable support and service as members of the Supervisory Board during the formative years of Azerion's journey as a public company.

As Azerion embarks on the next phase of its journey, it does so with confidence and determination. The progress made during 2023 should position us well to seize the opportunities that lie ahead and we will continue to execute on our strategic agenda to deliver sustainable growth and long-term value to our stakeholders.

Wim de Pundert

Chairman of Azerion's Supervisory Board

Corporate Governance

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 members 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 policies 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 also supervises the manner in which the Management Board implements the sustainable long-term value creation strategy of the Company.

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 and sustainability 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 14: Equity](#) section.

Diversity

The Company values diversity and inclusion 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 approach to diversity is further set out in the Chapter [ESG overview, starting on page 38](#) 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 membership of supervisory boards entered into force. Throughout 2023, the Company’s Supervisory Board was composed of two female members and four male members and was therefore in compliance with the gender diversity criteria of the new act.

In addition, on 1 January 2022, the quota and target figure law (*Wet ingroei quotum*) entered into force and required the Company to set “appropriate and ambitious goals” in the form of a target number to balance the male-female ratio within the board, Supervisory Board and among senior executives. The Management Board has set certain diversity targets for the Supervisory Board and during 2023 also for the senior executive level and is further developing its policies and procedures aimed at reaching those targets. For 2023, the composition of the Supervisory Board had a target minimum set of 33% male and 33% female members and that target was achieved. In relation to the composition of the senior executive team, a target minimum has been set for the end of 2026 of 33% male and 33% female members. For the

year 2023, and as compared to 2022, the combined percentages for the senior executives has moved in the direction of our target number for 2026, but more remains to be done to achieve those goals in the identified timeframes. The Company has not yet set any targets for the diversity of the Management Board given its current composition and the fact that the current members have been appointed for an indefinite period.

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 1.1.5 (Stakeholder policy)

In deviation from the code, the Company has not drafted a stakeholder policy yet.

- 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 relatively 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.

The full text of the Dutch Corporate Governance Code can be found on the website of the Monitoring Commission Corporate Governance Code (<https://www.mccg.nl>).

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 2023, 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	Sex	Age	Nationality	Independent
Wim de Pundert	Member and Chair of the Supervisory Board	First term as of 16 November 2023 – AGM 2027	Male	66	Belgian	No
Zafer Karataş	Member of the Supervisory Board Member of the SAR Committee	First term as of 16 November 2023 – AGM 2027	Male	61	Dutch	Yes
Chris Figeë	Member of the Supervisory Board Chair of the Audit Committee	First term as of 1 February 2022 – AGM 2025	Male	51	Dutch	Yes
Florence von Erb	Member of the Supervisory Board Chair of the SAR Committee	First term as of 1 February 2022 – AGM 2024	Female	64	French	Yes
Katrin Brökelmann	Member of the Supervisory Board Member of the Audit Committee	First term as of 1 February 2022 – AGM 2025	Female	54	German	Yes

Mr. Wim de Pundert is an accomplished business leader with significant expertise in formulating and executing impactful business strategies. With a proven track record in investing, divesting, and steering companies toward compelling value propositions, Mr. De Pundert has particular expertise in recognizing value creation potential through buy-and-build and market consolidation strategies. Mr. De Pundert currently serves as a Member of the Supervisory Board of Knaus Tabbert AG, a listed company on the Frankfurt Stock Exchange and Director of HTP Investments BV.

Mr. Zafer Karataş is a seasoned expert in business management, mergers and acquisitions (M&A), reorganizations, and financial audit. Graduating from Uludağ University in 1987 with a degree in Electronic Communications Engineering, Mr. Karataş has since held key positions in prominent organizations, showcasing his extensive industry knowledge and leadership skills. Currently serving as the Chairman of the Board at MeritGrup, a technology company, Mr. Karataş also sits on the Supervisory Boards of DVA Bilisim and Most Teknoloji. His previous roles include CEO of 3-D Bilisim A.S. and management positions at KPN Telecom, Intime Group, and Nortel Networks in Holland from 1991 to 1998.

Mr. Chris Figeë 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. Figeë is currently also a member of the Supervisory Board of UNICEF Netherlands and a member of the Economic Board Zuid-Holland. Mr. Figeë 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 recyclable container redemption center in New York City. Ms. Von Erb has an extensive international career in finance and capital markets. She is an independent member in the Supervisory Board of Klépierre, a French real estate investment trust. Ms. Von Erb is also an independent director of global market research firm Ipsos SA until 1 January 2023. 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 a partner and COO at Praesidium, an asset management company investing in private markets. 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

With effect from the Extraordinary General Meeting of Azerion held on 16 November 2023, Wim de Pundert and Zafer Karataş were appointed as new members of the Supervisory Board, replacing previous Supervisory Board members Peter Tordoir and Derk

Haank who stepped down from the Supervisory Board with effect from the same date. On 20 November 2023, Wim de Punder was announced as having been appointed Chair of the Supervisory Board. At the same time, it was announced that Klaas Meertens would step down from the Supervisory Board on 31 January 2024, after completing a two year term from his original appointment.

In addition, the first term as member of the Supervisory Board of Ms. Florence von Erb will end as of the AGM of 2024 with the position on re-election to be confirmed shortly.

Diversity and Independence

As stated in the section [Corporate Governance](#), starting on page 52 in this Annual Report 2023, throughout 2023 the composition of the Supervisory Board was in compliance with the gender diversity requirements of Dutch law and remains so as at the date of this Annual Report.

The majority of the members of the Supervisory Board are independent in accordance with provision 2.1.7 to 2.1.9 of the Code.

Supervisory Board meetings and attendance in 2023

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 2023, the Supervisory Board held 12 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, its cash and funding strategy during and for the year, the LDA transaction, M&A planning including related funding for the year, the annual group incentive plan, the cancellation of treasury shares, the AFM investigation and related actions, the acquisition of Hawk, the divestment of the Youda Games social cards portfolio, investor relations, the refinancing of the outstanding Bonds, the change in the composition of the Supervisory Board and the simplification of Azerion's loan structure by the netting and settlement of various shareholder loans.

All members of the Supervisory Board followed or will follow an induction program upon their appointment, including a strategic deep dive through which the members were introduced or will be introduced to all aspects of the Company's Platform and Premium Games segments. Furthermore, the members were or will be introduced to the financial, social and legal affairs, financial and sustainability reporting and compliance affairs of the Company, including an introduction to the Dutch corporate governance rules.

Sustainable 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 strategy for sustainable long-term value creation, focusing on diverse aspects of the Company's Platform and its Premium Games segments, its plan for future technology development and its sales strategy.

Self-evaluation

Given the fact that the composition of the Supervisory Board has changed significantly since the beginning of 2023, the Supervisory Board has decided to schedule the next self-assessment in 2024 instead of 2023, allowing for a more relevant period to base the assessment on.

Committees in 2023

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 remuneration in accordance with the Remuneration Policy as adopted by the General Meeting on 15 June 2023. The previous year's remuneration report was approved by shareholders with a total favourable vote of 99.9%, with limited questions on these specific topics during the same General Meeting of Shareholders. 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 sustainable 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, in which they hold shares in the Company for at least five years after they are granted, 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.

In the year 2023, the remuneration structure of the Management Board consisted of fixed base salary payments only. Comparatively, in 2022 members of the Management Board received a combination of fixed base salary and share-based payments (Azerion Founder Warrants) associated with the completion of the business combination, and elected to waive their right to a variable annual bonus.

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 2023 is € 0.6 million for Mr. Aytekin (co-CEO), € 0.6 million for Mr. Akpinar (co-CEO).

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 sustainable long-term value creation of the Company. For the year 2023, the members of the Management Board were not awarded a variable annual bonus as the Company did not achieve the relevant financial targets relating to its full year guidance for Net Revenue and Adjusted EBITDA for 2023.

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 (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 (of which 8,996,387 Founder Warrants were granted to Umut Akpinar and 8,996,386 Atilla Aytekin respectively). These warrants were granted as part of the De-SPAC transaction to balance out a potential future dilutive share effect of warrants granted to EFICI shareholders. The grant date fair value amounted to € 9.9 million, the balance of warrants as of December 31 2023 remained € 9.9 million. During 2023 no warrants were exercised or traded by either Management Board members, with the total amount of warrants held at the beginning, throughout, and at the end of the year being 8,996,387 for Umut Akpinar and 8,996,386 for Atilla Aytekin.

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.

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. In 2023, in addition to salaries, both Management Board members received benefits mainly related to company cars and associated running costs. These payments are included under Short-term employee benefits.

Total remuneration received by the members of the Management Board

The total remuneration received by the Management Board in 2023 amounted to: € 1.2 million (2022: € 12.9 million). The individual remuneration is set out below.

Remuneration received by the members of the Management Board in 2023

In million of €

	Atilla Aytekin	Umut Akpinar
Short-term employee benefits	0.6	0.6
Post-employment benefits	-	-
Share-based payment benefits	-	-
Share-based payments (Azerion Founder Warrants)	-	-
Other	-	-
Remuneration of the Management Board	0.6	0.6

Remuneration received by the members of the Management Board in 2022

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 2023 remuneration of all employees vis-à-vis the average remuneration of the Management Board.

This resulted in a pay-ratio of 6.4 for 2023, with 2023 being the second year such calculation has been made. The first calculated pay-ratio, was for 2022 and was 48.5. Changes in the internal pay-ratio in 2023 from the previous year were mainly due to the one-off issuance of Azerion Founder Warrants being granted to the members of the Management Board at the time of the business combination in 2022. As the Company has been listed since 2022, in deviation from provision 3.4.1 of the Code, only the changes in the pay-ratio compared to 2022 are disclosed instead of at least five years. 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.

The overview below outlines the development in the remuneration of the members of the Management Board as compared to the company performance:

Comparison of remuneration and company performance

In thousands of €

	2022 ¹	2023
Management Board ²	13,000	1,200
Annual change		(91.0)%
Number of Management Board Members	3	2
Revenue ('000)	452,600	515,000
Annual change		13.8%
Average employee remuneration on a full-time equivalent basis		
Average FTEs of the company (excluding management board)	1,240	1,226
Annual change		(1.0)%
Wages and salaries, other than management board ('000)	110,800	114,800
Annual change		4.0%
Average remuneration per employee ('000)	89	94
Annual change		5.0%
Internal pay ratio	48.5	6.4
Annual change		(87.0)%

¹ Based on voluntary management decision comparatives for 2022 have been updated. There has been no material effect on the financial statements as a result.

² The figure for 2022 includes the annualized short-term benefits for Dado Alonso since she stepped down during the year.

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 2023, 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 2023 amounted to € 382 thousand (2022: € 349 thousand). Supervisory Board members receive a short term employee benefit as remuneration only, therefore no distinction has been made between other forms of remuneration. The individual remuneration is set out below:

Remuneration received by the members of the Supervisory Board in 2023

In thousands of €

	Katrin Brokelmann	Klaas Meertens	Peter Tordoir	Chris Figee	Wim de Punder	Florence van Erb	Derk Haank	Zafer Karatas
Short term employee benefits	55	55	76	71	10	51	57	7
Remuneration of the Supervisory Board	55	55	76	71	10	51	57	7

Remuneration received by the members of the Supervisory Board in 2022

In thousands of €

	Katrin Brokelmann	Klaas Meertens	Peter Tordoir	Chris Figee	Wim de Punder	Florence van Erb	Derk Haank	Zafer Karatas
Short term employee benefits	50	50	79	65	0	46	59	0
Remuneration of the Supervisory Board	50	50	79	65	0	46	59	0

Report of the Audit Committee

During 2023, the Audit Committee (AC) comprised two members: Mr. Chris Figeë (Chair) and Mrs. Katrin Bröckelman. The AC held 7 formal meetings during 2023 in addition to regular (informal) updates arranged through (video) calls. Both Audit Committee members were present at all meetings either in person or via conference call. The Audit Committee mainly discussed the 2023 quarterly results, the 2023 (interim) financial statements, the cash and capital strategy of the Company, the cancellation of the treasury shares, the refinancing of the bond loan, the Company's risk monitoring system, the AFM investigation, and the simplification and settlement of various shareholder loans.

The external auditor was present at two of the AC meetings. During these meetings, the AC discussed with the auditor, amongst other things, the auditor's report, its assessment of the internal controls, the audit plan and observations of the audit. Moreover, the AC had a discussion with the auditor without the Management Board present.

Foreword of the Chair of the Audit Committee

2023 proved to be a challenging yet productive year for Azerion. Amidst a competitive market that exerted pressure on margins, the Company, with the Supervisory Board's endorsement, embarked on a strategic path emphasizing consolidation, cost reduction, cash flow improvement, and de-risking. These efforts not only led to the improved integration of business units and a streamlined cost framework but also enhanced profit margins, fostered satisfactory revenue growth, and boosted cash generation—with an eye on capturing further growth avenues in 2024. The divestment of the social games portfolio, coupled with the strategic refinancing, significantly fortified the balance sheet over the course of the year. Moreover, the Company diminished its reliance on historic shareholder loans, moving towards their complete resolution through a structured call option strategy. Poised for future advancements, Azerion has laid the groundwork for expansion, supported by the acquisition of Hawk, marking the first stride towards new horizons.

Chris Figeë

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 relatively limited complexity of transactions

External auditor

As from the 15 June 2023, PricewaterhouseCoopers Accountants N.V. is appointed as the Company's external independent auditor (the "**External Independent Auditor**").

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 PricewaterhouseCoopers Accountants N.V. as auditor to audit the annual accounts for the financial year 2024.

Report of the SAR Committee

Until 16 November 2023, the SAR Committee comprised two members: Mr. Derk Haank (Chair) and Mr. Peter Tordoir. In this composition, the SAR Committee held 2 formal meetings during 2023 in addition to regular (informal) updates arranged through (video) calls. Both SAR Committee members were present at all meetings, until 16 November 2023, either in person or via conference call.

As from 20 November 2023, the SAR Committee comprises two new members: Ms. Florence von Erb (Chair) and Mr. Zafer Karataş, who replaced the previous members who stepped down from the Supervisory Board effective as from 16 November 2023. In this composition, the SAR Committee held 1 formal meeting(s) during 2023 in addition to informal updates arranged through (video) calls. Both SAR Committee members were present at all meetings, after 16 November 2023, either in person or via conference call. The SAR Committee discussed the remuneration of the Management Board, succession planning and the short term incentive plan for the senior leadership team.

Annual General Meeting

The Annual General Meeting took place on 15 June 2023. The meeting discussed, among other things, the annual report 2022, the remuneration report 2022 and adoption of the annual accounts 2022. Furthermore, the cancellation of the treasury shares, the amendment of the articles for the execution of the

cancellation of the treasury shares, the authorization of the Management Board to resolve to issue shares and to restrict or exclude pre-emptive rights (inter alia in connection with any long-term incentive plan(s)) and the authorization of the Management Board to repurchase the Company's shares were presented.

In addition, an Extraordinary General Meeting was held on 16 November 2023 for the appointment of Mr. Zafer Karataş and Mr. Wim de Pundert as members of the Supervisory Board.

The Annual General Meeting for 2024 is expected to held on 20 June 2024. The meeting will amongst other things discuss the annual results of the Company for 2023 and the proposal to approve the financial statements for the financial year 2023, as well as the proposal to re-appoint PricewaterhouseCoopers Accountants N.V. as auditor to audit the annual accounts over the financial year 2024.

Financial Statements 2023

For 2023, the Management Board has prepared consolidated financial statements of the Company, which have been audited by PricewaterhouseCoopers Accountants N.V., whose independent auditor's report is included in this report, and were reviewed and discussed on 23 April 2024 by the Supervisory Board members and the External Independent Auditor in the presence of the Management Board.

The Supervisory Board believes the 2023 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 2023 Financial Statements pursuant to the statutory obligations under Dutch law. The Management Board will present the financial statements for 2023 and its report at the scheduled Annual General Meeting expected to be held on 20 June 2024. The Supervisory Board recommends that the Annual General Meeting adopts the 2023 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, 25 April 2024

The Supervisory Board

Wim de Pundert

Zafer Karataş

Chris Figee

Florence von Erb

Katrin Brökelmann

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Consolidated statement of financial position

Consolidated statement of financial position

In millions of €

	Notes	31 December 2023	31 December 2022
Assets			
Non-current assets		413.6	429.3
Goodwill	9	187.1	184.2
Intangible assets	8	176.3	186.2
Property, plant and equipment	7	17.0	20.5
Non-current financial assets	11	30.8	36.8
Deferred tax asset	25	2.3	1.5
Investment in joint venture and associate		0.1	0.1
Current assets		238.4	209.2
Trade and other receivables	12	196.7	157.3
Current tax assets		1.4	1.0
Cash and cash equivalents	13	40.3	50.9
Total assets		652.0	638.5
Equity			
Share capital	14	1.2	1.2
Share premium	14	140.2	130.8
Legal reserve	14	27.7	25.2
Share based payment reserve	15	12.7	13.7
Currency translation reserve	14	(1.9)	(1.3)
Other equity instruments	14	-	29.0
Retained earnings	14	(75.6)	(104.8)
Shareholders' equity		104.3	93.8
Non-controlling interest	14	5.3	2.4
Total equity		109.6	96.2
Liabilities			
Non-current liabilities		220.1	257.7
Borrowings	19	161.9	201.5
Lease liabilities	10	10.1	14.3
Provisions	16	1.6	1.6
Deferred tax liability	25	30.0	25.3
Other non-current liability	17	16.5	15.0
Current liabilities		322.3	284.6
Borrowings	19	8.4	7.9
Provisions	16	3.6	0.9
Trade payables ¹	18	142.0	111.9
Accrued liabilities ¹	18	112.7	103.7
Current tax liabilities		13.4	5.4
Lease liabilities	10	4.2	4.9
Other current liabilities ¹	17	38.0	49.9
Total liabilities		542.4	542.3
Total equity and liabilities		652.0	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

Consolidated statement of profit or loss and other comprehensive income

Consolidated statement of profit or loss and other comprehensive income

In millions of €

	Notes	2023	2022
Revenue	20	515.0	452.6
Costs of services and materials	22	(332.3)	(286.3)
Personnel costs	21	(98.5)	(107.2)
Depreciation	7	(8.1)	(7.0)
Amortisation	8	(38.3)	(31.0)
Impairment of non-current assets	7, 8	-	(0.5)
Other gains and losses	23	72.3	1.4
Other expenses	22	(37.3)	(161.0)
Operating profit / (loss)		72.8	(139.0)
Finance income	24	8.5	22.3
Finance costs	24	(37.2)	(23.4)
Net Finance costs		(28.7)	(1.1)
Share in profit/(loss) of joint venture and associate		-	-
Profit / (loss) before tax		44.1	(140.1)
Income tax expense	25	(19.0)	7.0
Profit / (loss) for the year		25.1	(133.1)
Attributable to:			
Owners of the company		23.7	(134.3)
Non-controlling interest		1.4	1.2
Items that may be reclassified to profit and loss, net of tax			
Exchange difference on translation of foreign operations		(0.6)	(2.6)
Total other comprehensive income		(0.6)	(2.6)
Total comprehensive income / (loss)		24.5	(135.7)
Attributable to:			
Owners of the company		23.1	(135.5)
Non-controlling interest		1.4	(0.2)
Loss per share for losses attributable to the ordinary equity holders of the company:			
Basic profit/(loss) per share (in €)	32	0.2	(1.2)
Diluted profit/(loss) per share (in €)	32	0.2	(1.2)

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
		14	14	14	15	14	14	14		14	
Balance as of 1 January 2022		-	0.5	19.6	1.8	0.6	34.0	(65.1)	(8.6)	1.7	(6.9)
Profit for the year		-	-	-	-	-	-	(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)		-	-	5.6	-	(2.0)	-	(139.1)	(135.5)	(0.2)	(135.7)
Transactions with owners in their capacity as owners:											
Changes in shareholder loans	14	-	-	-	-	-	(1.9)	-	(1.9)	-	(1.9)
Settlement of share-based payments	15,14	-	13.1	-	(1.8)	-	-	-	11.3	-	11.3
Settlement of Investor share appreciation rights	15,14	-	1.9	-	-	-	(1.9)	-	-	-	-
Settlement of Acquisition related share appreciation rights	15,14	-	17.2	-	-	-	(9.5)	-	7.7	-	7.7
Withholding wage taxes related to share-based payments	14	-	-	-	-	-	-	(6.6)	(6.6)	-	(6.6)
De-SPAC Transaction	4,14	0.2	28.5	-	3.7	-	-	107.1	139.5	-	139.5
Issuance of Azerion Founder Warrants	4,17	-	-	-	9.9	-	-	-	9.9	-	9.9
Private placement to sponsors and co-investors	4	-	23.1	-	-	-	-	-	23.1	-	23.1
Other private placement	14	-	10.5	-	-	-	-	-	10.5	-	10.5
Capital restructuring	4,14	1.0	(1.0)	-	-	-	-	-	-	-	-
Share considerations for acquisitions	5,14	-	35.5	-	-	-	8.3	-	43.8	-	43.8
Issuance of HTP Call options	4,14	-	-	-	1.6	-	-	-	1.6	-	1.6
Exercise of HTP Call options	15,4,14	-	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
Profit for the year		-	-	-	-	-	-	23.7	23.7	1.4	25.1
Other comprehensive income / (loss)		-	-	-	-	(0.6)	-	-	(0.6)	-	(0.6)
Total comprehensive income / (loss)		-	-	-	-	(0.6)	-	23.7	23.1	1.4	24.5
Transactions with owners in their capacity as owners:											
Dividends paid to non-controlling interests	14	-	-	-	-	-	-	-	-	(0.4)	(0.4)
Grant of share based payment	15,14	-	-	-	0.7	-	-	-	0.7	-	0.7
Vesting of share based payment	15,14	-	0.5	-	(0.5)	-	-	-	-	-	-
Shares issued in acquisitions	14	-	8.3	-	-	-	(8.3)	-	-	-	-
Modification of equity instruments	14	-	-	-	-	-	(20.7)	9.3	(11.4)	-	(11.4)
Exercise of call option	14	-	1.2	-	(1.2)	-	-	-	-	-	-
Non-controlling interest transaction	14	-	(0.8)	-	-	-	-	(1.2)	(2.0)	2.0	-
Allocation of legal reserve		-	-	2.5	-	-	-	(2.5)	-	-	-
Other movements		-	0.2	-	-	-	-	(0.1)	0.1	(0.1)	-
Total other movements		-	9.4	2.5	(1.0)	-	(29.0)	5.5	(12.6)	1.5	(11.1)
Balance as of 31 December 2023		1.2	140.2	27.7	12.7	(1.9)	-	(75.6)	104.3	5.3	109.6

Consolidated statement of cash flows

Consolidated statement of cash flows

In millions of €

	Notes	2023	2022
Operating profit / (loss)		72.8	(139.0)
Adjustments for:			
Depreciation and amortisation	7, 8	46.4	38.0
Impairment of tangible & intangible assets	7, 8	-	0.5
Movements in provisions per profit and loss	16	8.8	3.0
Gain on sale of social card game portfolio	6	(72.6)	-
Loss on sale of subsidiaries		0.1	-
Share-based payments expense	15	0.8	22.7
De-SPAC related expenses	4	-	14.8
De-SPAC listing expense	4	-	107.1
Other non-cash items		(2.9)	-
Changes in working capital items:			
(Increase) / Decrease in trade and other receivables	12	12.2	(22.1)
Increase / (Decrease) in trade payables, accruals and other liabilities	18	14.8	43.1
Utilization of provisions		(9.9)	(3.1)
Interest received		0.3	-
Interest paid		(17.2)	(18.7)
Income taxes paid		(3.7)	(1.4)
Net cash provided by (used for) operating activities		49.9	44.9
Cash flows from investing activities			
Net proceeds from sale of business	6	66.0	-
Payments for property, plant and equipment	7	(1.5)	(1.5)
Payments for intangibles	8	(23.3)	(20.2)
Net cash outflow on acquisition of subsidiaries	5, 17	(43.9)	(54.1)
Net cash outflow on acquisition of securities and equity investments	11	(2.6)	-
Net cash outflow from investing activities		(5.3)	(75.8)
Cash flows from financing activities			
Proceeds from external borrowings	19, 30	163.1	0.5
Repayment of external borrowings	19, 30	(204.3)	(5.0)
De-SPAC related expenses	4	-	(33.7)
Payment of principal portion of lease liabilities	10, 30	(6.8)	(7.6)
Early cancellation of lease liabilities		(1.5)	-
Dividends paid to shareholders of non-controlling interests		(0.4)	-
Costs related to the issuance of new bond	19, 30	(3.5)	-
Fees and costs related to the redemption of the old bond		(1.5)	-
Proceeds from De-SPAC transaction	4	-	404.1
Settlement of De-SPAC transaction	4	-	(310.9)
Other inflows (outflows) from financing activities		(0.5)	-
Net cash provided by (used for) financing activities		(55.4)	47.4
Net increase / (decrease) in cash and cash equivalents		(10.8)	16.5
Effects of exchange rate changes on cash and cash equivalents		0.2	(0.9)
Cash and cash equivalents at the beginning of the year	13	50.9	35.3
Cash and cash equivalents at the end of the year	13	40.3	50.9

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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 B.V.), a Special Purpose Acquisition Company ('SPAC'). During the extraordinary general meeting of shareholders on 31 January 2022 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 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.

The comparative figures in the consolidated statement of profit or loss and other comprehensive income being compared to the 12 months period ended 31 December 2023 are the combined results of Azerion Holding B.V. for the period from 1 January 2022 to 1 February 2022 (before De-SPAC) together with Azerion Group N.V. for the remaining period.

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.

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.

Azerion operates a proprietary digital advertising platform focusing on both gaming and general (non-gaming) content. In recent years Azerion Group has expanded along the user engagement value chain to become a full stack provider of online digital advertising services, connecting advertisers with audiences through digital content (owned and third party) providers globally. The Group is involved in the provision of content-driven technology and data, serving consumers, advertisers, digital publishers, and game creators globally. Our mission is to be the go-to-partner for advertisers for an easy to-use, competitively priced, brand-safe digital environment.

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 2023, 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 December 2023 Azerion's reach extended to an audience of on average over 500 million unique monthly active users. During Q4 2023, Azerion sold on average per month approximately 13 billion digital advertisements, whilst during 2023 published on average approximately 175 new games per month and worked with over 1,500 game creators. As at December 2023, 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, as at the end of the year 2023, Azerion had 3 premium games 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.

For the year ended 31 December 2023, the Group delivered a comprehensive profit of € 24.5 million (2022: € (135.7) million loss) of which € 1.4 million profit is attributable to the non-controlling interest (2022: € (0.2) million loss). As of 31 December 2023, the Group had net assets of € 109.6 million (2022: € 96.2 million). Management believes that the application of going concern basis is appropriate as at 25 April 2024.

Overall, the revenue for full year 2023 was € 515.0 million, an increase of 13.8% as compared with the full year 2022 (2022: € 452.6 million). Platform revenue increased by 73.9 million to € 437.4 million (2022: € 363.5 million), whereas Premium Games revenue decreased by € (11.5) million to € 77.6 million (2022: € 89.1 million), mainly as a result of the sale of the social card games portfolio completed in Q3 2023.

Based on the current financial position and results, the Group expects to meet its covenant ratios for subsequent quarterly measurement dates in 2024. The main financial covenant is called the maintenance ratio which represents the ratio of the net interest-bearing debt to EBITDA (as defined under the terms and conditions of the relevant bonds) which should be less than 4.50x. As at 31 December 2023, 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 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 newly issued bonds have a 3-year tenor, will carry a floating rate coupon of 3 months EURIBOR plus 6.75% per annum and were issued at 98.5% 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.

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 25 April 2024.

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

Accounting treatment of the De-SPAC Transaction on 1 February 2022

The Transaction on 1 February 2022 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 qualified 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 of the 2022 transaction in the financial statements is, by analogy, based on the IFRS 3 principles for reverse acquisitions. That implies that the comparative figures in the consolidated financial statements are those 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 from 1 January 2022 to 1 February 2022 (before De-SPAC) and Azerion Group N.V for the remaining period.

As part of the De-SPAC Transaction the following other changes to the capital structure of Azerion Group N.V. were effectuated:

- 1. 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. .
- 2. 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.
- 3. 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.*

4. 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.*

5. 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".*

6. 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 on 1 February 2022](#) for further information 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 8: 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 8: 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 9: 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 9: Goodwill](#) for the key assumptions used by management in setting the financial forecast.

Valuation of Share-Based payments (note 15: Share-based payments)

The grant-date fair value of equity-settled share-based payment awards granted to employees 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 based on the share price of the ordinary share of Azerion Group N.V.

Related to the Transaction the 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 15: 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 15: 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 15: 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 15: 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 17: Other liabilities)

The Public Warrants do not qualify as equity as a cashless settlement option exists. 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 17: 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 2022 and 2023 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 25: 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.

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 amortised 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 is 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:

- amortised 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 2023 the Group has recognised financial assets at fair value through profit or loss, being acquired derivatives. (As at 31 December 2022 the Group did not have any financial assets at FVTPL)

The classification of debt instruments 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 12: Trade and other receivables](#)).

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

Subsequent measurement of financial assets

Financial assets at amortised cost

After initial recognition, the assets are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The amortised 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 were originally classified as equity as they were to be settled through a fixed number of shares. The measurement was at amortised cost value on reclassification. As a result of the simplification and settlement transactions completed on 11 December 2023 and described further in [note 11: Non-current financial assets](#), the subordinated loans were settled in full.

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 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 amortised 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 2022 the liabilities related to SARs holders were classified as 'at fair value through profit and loss' and subsequently measured at fair value.

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 2023 and 31 December 2022, 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

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 amortisation and any accumulated impairment losses. Amortisation 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 amortisation 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.

Amortisation

Amortisation 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

Amortisation 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 2023, and previous years, 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. 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 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 amortisation 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 10: 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 or 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 therefore 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 profit or loss 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 of 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 24: 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. 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.

Treasury shares

Own shares which have been repurchased and are held in Treasury for the purpose of (i) acquisition transactions (ii) delivery upon exercise of share options, restricted and performance shares, and (iii) capital reduction, are accounted for as a reduction of shareholders' equity. Treasury shares are recorded at cost, representing the market price at the acquisition date.

When issued from treasury, the accounting value of the shares are accounted for in equity on a first-in, first-out (FIFO) basis. That means that the cost price value of the oldest shares (first in) is first applied when new shares are issued.

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-distributable 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 recognition

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 for the Group's material revenue streams:

Type of product/service	Nature of performance obligations and significant payment terms	Timing of satisfaction of performance obligations and revenue recognition policies
<p>Platform: Advertising Revenue The Group's advertising revenue is made up of: i) direct sales, which involves a direct engagement between Azerion's commercial teams and advertisers (or their agencies) in the placement of digital advertisements, and ii) automated auction sales (open RTB) in which advertising inventory is purchased through real-time auctions, executed in milliseconds in the open market.</p>	<p>The Platform segment mainly generates revenue by displaying digital advertisements in both game (through its game distribution channel) and non-game content.</p> <p>Automated auction sales involve the sale of ad inventory, while direct sales are mostly comprised of advertising deals for ad impressions, clicks or actions.</p> <p>Sale of ad inventory: Each unit of ad inventory sold, and related ad impression provided, represents a separate performance obligation.</p> <p>Advertising deal – bundle of similar ad impressions, clicks or actions: Each ad impression, click or action included in the bundle is a distinct service that the Group promises to transfer to the customer and represents a separate performance obligation.</p> <p>Payment Terms: Payment terms for advertising revenue (both direct sales and automated auction sales) is generally 30 to 60 days.</p> <p>In certain cases the consideration promised in a contract includes a variable amount. In these cases, accumulated experience is used to estimate the variable component, using the expected value method. Revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur when the uncertainty associated with the variable consideration is subsequently resolved.</p>	<p>Sale of ad inventory: The revenue is recognised at a point in time, at the point when each ad impression is served at an amount equal to the transaction price.</p> <p>Advertising deal – bundle of similar ad impressions, clicks or actions: The revenue is recognised at a point in time, at the point when each ad impression, click or action is served. The transaction price of the bundle is allocated to each ad impression, click or action on a relative stand-alone selling price basis.</p>

Type of product/service	Nature of performance obligations and significant payment terms	Timing of satisfaction of performance obligations and revenue recognition policies
<p>Platform: E-Commerce Azerion's e-Commerce sales platforms, Voidu and Genba Digital, enable digital content owners to distribute their games to users and retailers.</p>	<p>Genba: The service provided by Genba is the distribution of launch keys, representing access licenses for PC downloadable games, through its B2B platform.</p> <p>Genba does not have a primary obligation for delivery of launch keys. As a result, Genba represents an agent in these arrangements and revenue is recognized on a net basis.</p> <p>Delivery of each individual launch key represents a separate performance obligation.</p> <p>Voidu: The service provided by Voidu is the sale and delivery of launch keys, representing access licenses for games, directly to customers.</p> <p>Unlike Genba, Voidu is primarily responsible for fulfilling the promise to provide the game licenses. Voidu also has an element of discretion over the prices which they set. Finally, Voidu carries inventory risk for game licenses that were delivered if the orders are cancelled by end customers.</p> <p>Therefore, Voidu represents a principal in these arrangements and revenue is recognized on a gross basis.</p> <p>In the case of Voidu, there are two types of performance obligations:</p> <ul style="list-style-type: none"> - Delivery of ordinary launch keys (for existing games) - Delivery of pre-order keys (for upcoming games and software). <p>Payment Terms: Payment terms for both Voidu and Genba is generally 30 to 60 days.</p>	<p>Genba: Revenue is recognized at a point in time when control is passed to the customer, i.e. at the moment of delivery of launch keys.</p> <p>Voidu: Revenue is recognized at a point in time when control is passed to the customer, i.e. at the moment of delivery of launch keys.</p>
<p>Premium Games Up until 28 August 2023, the Premium Games segment comprised social card games, social casino games and metaverse. The sale of the social card games portfolio was completed on 28 August 2023. 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.</p>	<p>There are two main types of in-game purchases that the consumers make in the virtual world of gaming and sale of each represents a separate performance obligation:</p> <ul style="list-style-type: none"> - Sale of durables (for example, virtual furniture, clothing, etc. in metaverse) - Sale of consumables (for example, chips, tokens, etc. in social card and social casino games) <p>Payment Terms: Payment terms are generally 30 to 60 days.</p>	<p>Durables: Even though durables give consumers benefits over a period of time, in practice the consumption period of durables is relatively short. As a result, the revenue is recognized at a point in time (upon delivery of the durables to the consumers) based on the nature of the games and the core principles underlying these games, given the abandonment and fast obsolescence of the purchased durables.</p> <p>Consumables: Revenue from the sale of consumables is recognised at a point in time, at the moment of purchase by and delivery to the customer.</p>

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.

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.

Change in Accounting Policies

Revenues from ad inventory (Platform Advertising Revenue) and durables (Premium games) were previously recognised over time. The Group reviewed these practices and evaluated that the revenues were in substance recognised at a point in time. The Group decided to change the accounting policies for these revenues to point in time recognition. This change does not have any impact on total revenue and total equity, nor on the comparative figures of 2022.

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 2023 the Group's Trade and other payables and Accrued liabilities have been reclassified to Trade payables, Accrued liabilities and Other current liabilities to better reflect the reporting by nature. Comparative figures for 2022 have also been updated to reflect this change.

New and amended standards adopted

The group has applied the following standards and amendments for the first time for its annual reporting period commencing 1 January 2023:

- IFRS 17 Insurance Contracts
- Definition of Accounting Estimates – amendments to IAS 8
- International Tax Reform – Pillar Two Model Rules – amendments to IAS 12
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – amendments to IAS 12
- Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2.

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

Standards issued but not yet effective

The new and amended standards that are issued but are not yet effective for 31 December 2023 are listed below:

- 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 and Non-current Liabilities with Covenants
- Amendments to IAS 7 and IFRS 7 – Supplier Finance Arrangements
- Amendments to IFRS 16 – Lease Liability in a Sale and Leaseback
- Amendments to IAS 21 – Lack of Exchangeability

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 and Non-Current Liabilities with Covenants

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 2024, with early application permitted.

Amendments to IFRS 16 – Lease Liability in a Sale and Leaseback

In September 2022, the IASB finalised narrow-scope amendments to the requirements for sale and leaseback transactions in IFRS 16 Leases which explain how an entity accounts for a sale and leaseback after the date of the transaction.

The amendments specify that, in measuring the lease liability subsequent to the sale and leaseback, the seller-lessee determines 'lease payments' and 'revised lease payments' in a way that does not result in the seller-lessee recognising any amount of the gain or loss that relates to the right of use that it retains. This could particularly impact sale and leaseback transactions where the lease payments include variable payments that do not depend on an index or a rate. 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.

4. De-SPAC Transaction on 1 February 2022

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 and other comprehensive income 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 15: 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 65**:

- € 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	100.0

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 2023

Acquisition completed in 2023

In millions of €

	Notes	Hawk
Property, plant and equipment (including right-to-use assets)	7	0.1
Intangible assets	8	13.1
Deferred tax assets		3.6
Non-current financial assets		0.4
Trade and other receivables		11.4
Cash and cash equivalents		4.9
Borrowings	19	(1.8)
Deferred tax liabilities		(3.3)
Lease liabilities	10	-
Trade payables, accrued liabilities, other liabilities and provisions		(32.1)
Total identifiable net assets and liabilities at fair value		(3.7)
Consideration paid at closing		7.3
Cash and cash equivalents and bank overdrafts at acquired subsidiary		(4.9)
Outflow of cash and cash equivalents net of cash acquired		2.4
Consideration paid at closing		7.3
Contingent consideration ¹		6.3
Total consideration transferred or to be transferred at closing		13.6
Minus: Total identifiable net assets and liabilities at fair value		3.7
Goodwill	9	17.3

¹ Refer to note 17: Other liabilities where the deferred considerations and Contingent considerations relating to the acquisitions are included.

Acquisition of Hawk

On 13 October 2023, Azerion Holding B.V. ("Azerion") acquired 100% of the share capital of Hawk SAS ("Hawk"). Founded in 2013, Hawk has operated as an independent Demand Side Platform (DSP) with a managed and a self-service offering. Hawk has omni-channel and multi-platform capabilities across mobile, desktop, audio, DOOH, CTV, in-game, and metaverse. Hawk is based in France where it is one of the main independent players, and it has operations in Germany and UK, employing around 92 people worldwide.

The fair value of the purchase consideration for 100% of the share capital of Hawk was € 13.6 million, which comprised of a cash payment at closing of € 7.3 million and contingent consideration of € 6.3 million.

In the event that certain pre-determined, financial (sales and profitability) and non-financial targets are achieved additional contingent consideration of up to € 18.3 million may be payable in cash. Contingent consideration is payable at the end of each of the three Earn-Out Periods (30 July 2024, 30 July 2025 and 30 July 2026). The fair value of the contingent consideration of € 6.3 million was estimated by calculating the present value of the future expected cash flows. The estimates are based on a discount rate of 15.5% per annum.

The provisional fair value of acquired assets and liabilities of Hawk has been determined. This resulted in a € 3.7 million provisional net fair value of the acquired assets and liabilities and € 17.3 million recognised goodwill. The goodwill of € 17.3 million mainly relates to the assembled workforce and other intangibles such as Azerion specific future synergies.

The fair value of financial assets includes receivables with a fair value of € 15.8 million and a gross contractual value of € 17.5 million. The best estimate at the acquisition date of the contractual cash flows not to be collected is € 1.7 million.

Hawk contributed € 24.4 million to the group revenue in 2023. If the acquisition had been completed on the first day of the financial year, Group revenue would have been € 42.2 million higher in total.

Hawk contributed a profit of € 6.6 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 € (9.5) million lower.

Updates to Acquisition Date Balances of 2022

In 2023 new information became available regarding circumstances existing at the date of acquisition of certain subsidiaries in 2022. As a result, the Group modified the provisional acquisition date balances of the following subsidiaries accordingly within the 12 month period after acquisition:

Updates to acquisitions completed in 2022

In millions of €

	Notes	Targetspot	Other ¹	Total
Property, plant and equipment (including right-to-use assets)	7	-	-	-
Intangible assets	8	(1.3)	(0.1)	(1.4)
Deferred tax assets		2.5	-	2.5
Trade and other receivables		(1.0)	-	(1.0)
Deferred tax liabilities		0.4	0.3	0.7
Trade payables, accrued liabilities, other liabilities and provisions		(2.7)	-	(2.7)
Total identifiable net assets and liabilities at fair value		(2.1)	0.2	(1.9)
Contingent consideration ²		-	(0.2)	(0.2)
Total consideration paid or to be paid at closing		-	(0.2)	(0.2)
Minus: Total identifiable net assets and liabilities at fair value		2.1	(0.2)	1.9
Goodwill	9	2.1	(0.4)	1.7

¹ Other includes updates for acquisitions of Hybrid Theory and Adplay.

² Refer to note 17: Other liabilities where the deferred considerations and Contingent considerations relating to the acquisitions are included.

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)	7	0.2	0.4	1.7	0.7	3.0
Intangible assets	8	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	19	(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	10	-	(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 transferred or to be transferred 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	9	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 million).

² Refer to note 17: Other liabilities where the deferred considerations and Contingent considerations relating to the acquisitions are included.

³ 5,248,310 Ordinary Shares issued in 2022

6. Sale of social card games portfolio

The Group and Playtika Holding Corp announced on 1 August 2023 that they had entered into a definitive agreement for Playtika to acquire from the Group 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 € 66.6 million and approximately 15 months after the completion date Azerion will receive the remaining proceeds, comprised of the escrow amount of € 12.0 million and the performance based earnout, subject to the terms of the asset purchase agreement. Related receivables are included in Trade and other receivables (see [note 12: Trade and other receivables](#)). The Group also incurred transaction costs of € 0.4 million and other costs of € 0.2 million, bringing the net cash inflow from sale of social card game portfolio to € 66.0 million.

The gain on sale before income tax that includes the proceeds received at completion, an estimate of the remaining proceeds, less derecognized fixed assets and related transaction costs, amounted to € 72.6 million (see [note 23: Other gains and losses](#)).

Gain on sale of social card games portfolio

In millions of €

	mEUR
Upfront consideration	69.3
Escrow present value	11.5
Working capital adjustment	(2.7)
Earn-out fair value at transaction date	19.1
Total proceeds	97.2
Goodwill allocated	(16.0)
Transaction costs	(0.4)
Net assets sold	(8.4)
Net working capital releases	1.0
Other adjustments	(0.8)
Deal result before tax	72.6

The earnout consideration is based on the Adjusted EBITDA, 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 table below includes the Revenue and Adjusted EBITDA from the social card games portfolio, as reported, noting that for the full year 2023 the contribution from the social card game portfolio ended as at the completion of the divestment on 28 August 2023.

Revenue and Adjusted EBITDA of the social card games portfolio

in millions of €

	FY 2022	FY 2023
Revenue	37.1	28.3
Adjusted EBITDA	11.7	9.7

7. 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 2022						
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
Cancellations / 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)
As at 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
Movements for the year ended 31 December 2023						
Acquisitions of subsidiaries and businesses	-	-	-	0.1	-	0.1
Capital expenditures/ additions	4.8	0.8	-	1.7	-	7.3
Cancellation / disposals	(1.8)	(0.1)	(0.2)	(0.1)	-	(2.2)
Depreciation	(5.1)	(0.9)	(0.2)	(1.8)	(0.1)	(8.1)
Exchange rate differences	(0.3)	-	-	(0.1)	-	(0.4)
Reclassifications	(0.2)	-	-	-	-	(0.2)
Balance as of 31 December 2023						
Costs	20.8	3.0	-	11.7	1.2	36.7
Accumulated depreciation	(8.6)	(1.7)	-	(8.5)	(0.9)	(19.7)
Net book amount	12.2	1.3	-	3.2	0.3	17.0

8. Intangible assets

Intangible assets

In millions of €

	Games, Software and Websites	Client Lists	Trademark, patents and brands	Other	Total
As at 1 January 2022					
Cost	131.1	54.8	10.7	3.3	199.9
Accumulated amortisation and impairment	(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)
Amortisation	(21.9)	(5.5)	(3.3)	(0.3)	(31.0)
Impairment	(0.2)	-	-	-	(0.2)
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 amortisation and impairment	(68.0)	(7.4)	(4.6)	(1.1)	(81.1)
Net book amount	109.7	61.5	8.8	6.2	186.2
Movements for the year ended 31 December 2023					
Capitalised internal development	17.5	-	-	-	17.5
Additions	7.6	-	-	1.1	8.7
Acquisitions of subsidiaries and businesses	7.7	3.7	0.3	-	11.7
Disposals	(8.5)	-	-	-	(8.5)
Amortisation	(28.8)	(6.5)	(2.4)	(0.6)	(38.3)
Exchange differences	(0.2)	(0.5)	(0.2)	-	(0.9)
Reclassification and other	0.8	-	-	(0.9)	(0.1)
As at 31 December 2023					
Cost	192.3	73.6	13.8	7.4	287.1
Accumulated amortisation and impairment	(86.5)	(15.4)	(7.3)	(1.6)	(110.8)
Net book amount	105.8	58.2	6.5	5.8	176.3

Intangible assets consist of games, software, websites, client lists and trademarks. As at 31 December 2023, intangible assets amounted to € 176.3 million (31 December 2022: € 186.2 million). The balance decreased by € (9.9) million, which is mainly due to € (38.3) million of amortisation and disposals of € (8.5) million offset by € 8.7 million of additions, € 17.5 million of capitalized development cost and € 11.7 million increase related to acquisitions. Disposals mainly related to the sale of the Group's social card games portfolio.

Capitalised development costs included in Games, Software and Websites represent payroll related internal development costs incurred. Any costs associated with research are expensed as they arise and only identifiable development costs are capitalised. The Group's total research and development costs in 2023 amounted to € 34.8 million, out of which development costs of € 17.5 million were capitalised in intangible assets, while the rest was included in the statement of profit or loss and other comprehensive income. Net book value of internally generated intangible assets as at 31 December 2023 amounted to € 42.0 million (31 December 2022: € 42.8 million).

Other intangible asset mainly include products in development, licenses and IP rights, and revenue share agreement. 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](#).

9. Goodwill

Goodwill

In millions of €

	Goodwill
As at 1 January 2022	
Cost	123.0
Movements for the year ended 31 December 2022	
Additions	-
Acquisitions of subsidiaries and businesses	61.3
Disposals	-
Exchange differences	(0.6)
Reclassification and other	0.5
As at 31 December 2022	
Cost	184.2
Movements for the year ended 31 December 2023	
Additions	-
Acquisitions of subsidiaries and businesses	19.0
Disposals	(16.0)
Exchange differences	-
Reclassification and other	(0.1)
As at 31 December 2023	
Cost	187.1

Goodwill as at 31 December 2023 amounted to € 187.1 million (2022: € 184.2 million), an increase of € 2.9 million compared to 31 December 2022. This was mainly due to new acquisition in 2023 and update of provisional acquisition date balances for acquisitions of 2022, both in the Platform segment, with total amount of € 19.0 million (see [note 5: Acquisitions](#)), further the increase in goodwill is offset by disposal of € (16.0) million goodwill allocated to the social card games portfolio.

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 CGUs 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 digital advertising (together with casual game distribution) 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. The Platform segment is also integrated with our Premium Games segment, leveraging inter-segment synergies. Our Premium Games segment includes social games and metaverse. 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

Within the Premium Games segment the social card games portfolio has been disposed. Goodwill is required to be included in the carrying amount of the disposed operation when determining the gain and loss on disposal thereof. Goodwill associated with the social card games portfolio is measured on the basis of the relative fair values of the portfolio and the portion of the CGU retained as at the date of disposal.

Goodwill at the end of the reporting period is allocated to the respective groups of CGUs as indicated below:

Goodwill allocated to groups of CGUs

In millions of €

	Platform	Premium Games	Total
Carrying value as at 31 December 2023	175.4	11.7	187.1
Carrying value as at 31 December 2022	156.4	27.8	184.2

The impairment test is based on cash flow projections for five years. After the five-year plan period the terminal growth rate is applied. Groups of CGUs are tested for impairment by comparing the carrying amount of each group of CGUs to its recoverable amount.

Premium Games

The recoverable amount of the Premium Games segment as a group of CGUs 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. The key assumptions used by management in setting the financial forecasts for the initial five-year period were as follows:

Discount Rate

A pre-tax discount rate used was 12.3% per annum (2022: 13.0% per annum) calculated by the weighted average cost of capital method as derived through the Capital Asset Pricing Model.

Forecast sales growth rates

Revenue for the year was € 77.6 million, a decrease of (12.9)% compared to 2022, mainly due to sale of social card game portfolio. In the forecast based upon experience, research, and industry reports, Azerion applied revenue growth rates of approximately 5%.

Operating profits

Operating profits are forecast based on historical operating margins and future expectations. Azerion applied, based upon past experience, Adjusted EBITDA margins in the range between 21% and 24%.

Cash flows

Management forecasts cash flows based on historical experience and expected significant capital expenditures for the next five years. Cash flows beyond that five-year period have been extrapolated using a steady 2.0% (2022: 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 CGUs 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.

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

Discount Rate

A pre-tax discount rate used was 15.6% per annum (2022: 15.2% per annum) calculated by the weighted average cost of capital method as derived through the Capital Asset Pricing Model.

Forecast sales growth rates

Forecast sales growth rates are based on past experience adjusted for a continued strong growth rate as historically seen. Based on industry reports, for the years 2024-2028 the global market for digital advertising and marketing is expected to grow at a CAGR of 5% to 10%. Next to the indicated global market growth rate Azerion has applied, based upon past experience, a growth rate at the upper end of this range. Azerion's strategy is to further penetrate local markets and acquire more local direct advertiser spend.

Operating profits

Operating profits are forecast based on historical operating margins and future expectations. Adjusted EBITDA margin is expected to grow and be in the range of 14% to 18%. The 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 for the next five years. Cash flows beyond that five-year period have been extrapolated using a steady 2.0% (2022: 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 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 (1% increase in WACC, 10% decrease in Adjusted EBITDA or 30% decrease in the sales growth rate) on which the recoverable amount of "Premium Games" and "Platform" is based would not cause the carrying amount of each group of CGUs to exceed respective recoverable amounts.

Based on the impairment analysis no impairment was recognized as at 31 December 2023 or 31 December 2022.

10. 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 7: 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, 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 2023 to lease liabilities was 8.4% (2022: 8.0%).

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

Lease liabilities

In millions of €

	2023	2022
As at 1 January	19.2	19.0
Acquisition of subsidiaries and businesses	-	2.1
Additions	5.4	3.9
Repayments of the principal amount	(6.8)	(4.6)
Accrued interest	1.4	1.5
Interest paid	(1.4)	(1.5)
Cancellation	(1.6)	(0.9)
Settlement related to early cancellation	(1.5)	-
Gain on early cancellation (non-cash)	(0.3)	-
Exchange rate differences	(0.3)	(0.3)
Reassessments and modifications	0.2	-
As at 31 December	14.3	19.2
Non current liabilities	10.1	14.3
Current liabilities	4.2	4.9

The Lease Liabilities on 31 December 2023 amount to € 14.3 million (2022: € 19.2 million). The balance decreased by € (4.9) million, mainly due to € (6.8) million of principal repayments, € (1.5) million of settlement related to early termination and € (1.6) of cancellations offset by € 5.4 million of additions.

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 2023	31 December 2022
Less than 1 year	5.3	5.6
1 to 2 years	4.3	5.1
2 to 3 years	2.6	4.6
3 to 4 years	1.8	2.5
4 to 5 years	1.3	1.9
More than 5 years	2.7	3.3
Total undiscounted lease liability	18.0	23.0
Unpaid finance expense	(3.7)	(3.8)
Total lease liability	14.3	19.2

11. Non-current financial assets

The Group holds the following financial assets:

Financial assets

in millions of €

	Rent Deposits and Other Receivables	Loans to Related Parties	Call Option	Total
As at 1 January 2022	2.6	33.4	-	36.0
Additions	0.1	-	-	0.1
Reclassification of deposits to cash and cash equivalents	(0.4)	-	-	(0.4)
Accrued interests	-	1.4	-	1.4
Others	(0.2)	(0.1)	-	(0.3)
As at 31 December 2022	2.1	34.7	-	36.8
Acquisitions of subsidiaries and businesses	0.4	-	-	0.4
Additions	3.3	-	-	3.3
Reclassification of deposits to cash	(0.2)	-	-	(0.2)
Set-offs	-	(5.3)	-	(5.3)
Accrued interests	-	1.3	-	1.3
Modification of the loan to Principion	-	(4.3)	-	(4.3)
Recognition of the call option	-	(7.8)	7.8	-
Fair value adjustment on Call Option	-	-	(1.0)	(1.0)
Others	(0.1)	(0.1)	-	(0.2)
As at 31 December 2023	5.5	18.5	6.8	30.8

Loans to Related Parties

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 the shareholder a total principal amount of € 24.6 million at 1.0% interest rate, which subsequently increased to 4.0%. The maturity date of the loan was 31 March 2025. The loan was classified as subsequently measured at amortised cost. Further amounts were advanced on the same terms after the initial agreement and after repayments and interest accrual the balance as at 31 December 2022 amounted to € 34.7 million.

At the same time, the Group had subordinated loans payable to Principion Holding B.V. classified as equity instruments in the Group's statement of financial position as at 31 December 2022 (see [note 14: Equity](#)). The loans included an equity redemption option of outstanding loan balances, in addition to a cash redemption option, and were redeemable by issuing 2,621,147 shares in the issued share capital of Azerion Group N.V. The decision to redeem the loans in equity or cash was with Azerion Group N.V. The loans had a duration until the earlier of (i) the redemption of the Group's senior secured bonds with ISIN SE0015837794 and (ii) 28th April 2024. As a result of the bonds being refinanced, the subordinated loans became payable as from 31 October 2023.

On 11 December 2023, the Group entered into the Loan Settlement, Amendment, Share Pledge and Call Option Agreement with Principion Holding B.V, according to which:

- the parties agreed that the Group would not exercise its equity redemption option, but instead the subordinated loans would be set off against the loan receivable and Principion Holding B.V. would grant the Group a call option and a pledge security as further described below.
- The subordinated loans had a carrying value of € 14.0 million in equity and the Group's equity redemption option was worth € 8.7 million at transaction date. The value of the equity redemption option was reclassified within equity from Other equity instruments to Retained earnings. The remaining carrying value of the subordinated loans (€ (5.3) million) was set off against the loan receivable from Principion Holding B.V. Additionally, the fair value at initial recognition of the call option granted by Principion Holding B.V. (€ 7.8 million), and a modification loss of € 4.3 million was netted against the loan receivable from Principion Holding B.V. in accordance with the agreement. As a result of the set-off, the subordinated loans were extinguished in their entirety and the net balance of loan receivable from Principion Holding B.V. amounted to € 18.5 million.

- Principion Holding B.V. provided Azerion Group N.V. with a pledge security over approximately 10.5 million ordinary shares of the Group (the 'Security Shares') currently owned by Principion Holding B.V. and a call option over the Security Shares (the 'Call Option'). The Call Option grants the Group a right to call the Security Shares in their entirety or in parts at any time from grant and until and no later than 31 March 2025.
- The call option was classified as measured at fair value through profit and loss in accordance with requirements of *IFRS 9 Financial Instruments*. This classification resulted in a reclassification from the loan receivable from Principion Holding B.V. in the amount of € 7.8 million at the transaction date, with the subsequent loss of € 1.0 million on remeasurement to 31 December 2023 recorded in [note 24: Net finance costs](#).
- the Group has the right to exercise the Call Option at the lower of the then current share price (defined as the average of the highest quoted price for each ordinary share on the five consecutive trading days immediately preceding exercise) and an exercise price of € 1.85 per share (the 'Exercise Price'). Amounts payable to Principion Holding B.V. in relation to such exercise(s) will be set-off against the then outstanding balance of loan receivable from Principion Holding B.V.
- there is a mandatory requirement for the Group to exercise the Call Option up to the value of the loan receivable or any outstanding balance thereof no later than 31 March 2025. If any residual amount of the loan receivable remains outstanding, this will be settled in cash by Principion Holding B.V. in favour of the Group (unless otherwise agreed).

The Group applies assumptions to measure the fair value of the call option subsequently after initial recognition. These assumptions are:

- The share price of the listed Azerion Group N.V. shares;
- The most recent historical volatility of the share price of Azerion Group N.V., matching the tenor of the call option, as traded on Euronext Amsterdam.
- The risk free interest rate: the linearly interpolated 1 year and 2 year German government bond interest rate of 2.93%;
- It is assumed that no dividends will be paid during the exercise period;
- The exercise period of the call option: from 11 December 2023 to the mandatory exercise date of 31 March 2025.

Based on the fact that the inputs for the assumptions are directly or indirectly observable, the Group concludes that the valuation method used was based on Level 2 inputs.

For the calculation of the value of the call option the Black-Scholes model is used, which is an income approach for valuation purposes.

As the call option was acquired in December 2023, no changes between the input levels were applicable.

The observable inputs used for the calculation were:

Element	Range or Period
Price of the listed shares of Azerion Group N.V.	€ 1.50 – € 3.00
Annualised volatility of the price of the Azerion Group N.V. shares	75%
Risk free interest rate	2.93%
Exercise period	11 December 2023 – 31 March 2025
Dividend yield	0%

Rent Deposits and Other Receivables

The balance of rent deposits and other receivables as at 31 December 2023 in the amount of € 5.5 million (2022: € 2.1 million), is mainly comprised of:

- minority investments classified as equity instruments under IFRS 9 and carried at fair value in amount of € 2.6 million (2022: € 0 million), and
- other items in amount of € 2.9 million (2022: € 2.1 million), mainly various rent deposits of the Group companies.

12. Trade and other receivables

Trade and other receivables

In millions of €

	31 December 2023	31 December 2022
Trade receivables	123.9	124.9
Loss allowance	(4.8)	(4.9)
Receivables from related parties	0.7	1.4
Prepayments	5.8	7.7
Value added taxation	21.6	16.1
Receivable for sale of social card games portfolio	31.5	-
Other receivables	18.0	12.1
Total	196.7	157.3

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.

In 2023, the Trade and other receivables increased due to a receivable of € 31.5 for the sale of the Social card games portfolio. This amount includes a contingent consideration receivable of € 19.8 million measured at fair value through profit and loss (2022: € 0 million) and funds in escrow in the amount of € 11.7 million (2022: € 0 million). Refer to [note 6: Sale of social card games portfolio](#) for more details.

Refer to [note 26: Related parties](#) for more details on receivables from related parties.

Movement in loss allowance

In millions of €

	2023	2022
As at 1 January	(4.9)	(2.6)
Provision for loss allowance	(0.8)	(0.5)
Write-off	2.7	0.6
Exchange rate effect	(0.1)	(0.1)
Other	(1.7)	(2.3)
As at 31 December	(4.8)	(4.9)

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. € (1.7) million in other loss allowances is mainly related to the acquisition of Hawk in October 2023.

Information about the loss allowance and write-off of trade receivables and the group's exposure to credit risk can be found in [note 29: Financial risk management](#).

13. Cash and cash equivalents

Cash and cash equivalents

In millions of €

	31 December 2023	31 December 2022
Cash at bank and in hand	39.8	50.6
Cash equivalents	0.5	0.3
Total cash and cash equivalents	40.3	50.9

The group had no restricted cash as of 31 December 2023 and 31 December 2022.

14. Equity

General

Components of equity

In millions of €

	31 December 2023	31 December 2022
Share capital	1.2	1.2
Share premium	140.2	130.8
Legal reserve	27.7	25.2
Share based payment reserve	12.7	13.7
Currency translation reserve	(1.9)	(1.3)
Other equity instruments	-	29.0
Retained earnings	(75.6)	(104.8)
Non-controlling interest	5.3	2.4
Total equity	109.6	96.2

The movements of the respective components of equity, as stated in the [Consolidated statement of changes in equity, starting on page 65](#), are disclosed as follows.

Share capital

As at 31 December 2023, the authorized share capital of Azerion Group N.V. comprised 122,870,787 ordinary shares (31 December 2022: 181,561,748 ordinary shares) with a par value of € 0.01 per share and zero preference shares with no par value. As of 31 December 2023, 120,281,425 were placed and paid-up amounting to a total of € 1.2 million share capital (31 December 2022: € 1.2 million).

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 2023	122,870,787	1.2	-	-	122,870,787	1.2
31 December 2022	181,561,748	1.2	-	-	181,561,748	1.2

The following movements took place in the Treasury shares in 2023:

- 1,245,732 shares were transferred from Treasury in relation to considerations for 2022 acquisitions;
- 628,974 shares were transferred in relation to the Davey call options;
- 175,320 shares were transferred in relation to the Executive Annual Incentive Plan;
- 132,736 shares were transferred in relation to Other SARs awards;
- 220,794 shares were received as consideration for the sale of a 49% interest in Admeen B.V. (see below);
- 58,690,961 Treasury shares were cancelled on 23 August 2023, based on the decision at the Annual General Meeting on 15 June 2023.

As a result, the number of Treasury shares decreased to 2,589,362 shares (2022: 63,242,201 shares).

2022 Movements:

Immediately after completion of the De-SPAC Transaction, as at 1 February 2022, 111,483,283 shares were placed and paid up and 70,078,452 were held in Treasury, for further information refer to [note 4: De-SPAC Transaction on 1 February 2022](#).

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

- 5,248,310 in relation to considerations for 2022 acquisitions (refer to [note 5: Acquisitions](#));
- 1,442,307 related to a 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, while 118,319,547 shares were placed and paid up.

Share premium

As at 31 December 2023, Share premium amounted € 140.2 million (2022: € 130.8 million). The increase in the share premium is a result of:

- € 8.3 million related to the **issuance of share consideration related to 2022 acquisitions** (see [note 17: Other liabilities](#) for further details)
- € 0.5 million related to the **vesting of the share awards** (see [note 15: Share-based payments](#) for further details)
- € 1.2 million, the **exercise of call options (Davey Call Option)** (see [note 15: Share-based payments](#) for further details)
- € 0.2 million, related to **other movements**

The increase was offset in part by € (0.8) million shares received for sale of a minority interest. In February 2023, 49% of the shares in Admeen B.V. (owned at 100% as at 31 December 2022) were sold. Purchase consideration was 220,794 shares in Azerion Group N.V. with a fair value of € (0.8) million at transaction date.

2022 Movements:

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 appreciation rights**
- € 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 15: 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 on 1 February 2022](#)

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 15: Share-based payments](#)).

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

In addition, a **private placement** 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.

Legal reserve

As of 31 December 2023, pursuant to Dutch law, certain limitations exist relating to the distribution of shareholders' equity of € 104.3 million (2022: € 93.8 million). These limitations relate to legal reserves required by Dutch law of € 27.7 million (2022: € 25.2 million).

The legal reserve movement in 2023 comprises of € 2.5 million (2022: € 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

For details of refer to [note 15: Share-based payments](#).

Currency translation reserve

As at 31 December 2023 the currency translation reserve amounted to € (1.9) million (2022: € (1.3) 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 2023 other equity instruments amounted to € 0.0 million (2022: € 29.0 million). The movements in the Other equity instruments are as follows.

Shareholder loans

As at 31 December 2022, the Group had € 14.9 million loans from related parties that were subordinated. € 14.0 million was related to loans from Principion Holding B.V., and the remaining € 0.9 million represented loans from Stichting Administratiekantoor Azerion Holding B.V.

Loans payable to Principion Holding B.V.

Subordinated loans payable to Principion Holding B.V. included an equity redemption option of outstanding loan balances, in addition to a cash redemption option, and were redeemable by issuing 2,621,147 shares in the issued share capital of the Group. The discretion to redeem the loans in equity or cash was with the Group. As a result, the loans were classified as equity instruments in the Group's statement of financial position as at 31 December 2022.

The loans had a duration until the earlier of (i) the redemption of the Group's senior secured bonds with ISIN SE0015837794 and (ii) 28th April 2024. As a result of the bonds being refinanced, the subordinated loans became payable as from 31 October 2023. On 11 December 2023, the Group entered into the Loan Settlement, Amendment, Share Pledge and Call Option Agreement with Principion Holding B.V, according to which the balance of loan receivable from Principion Holding B.V. in the amount of € 36.0 million was netted off against the subordinated loans payable to Principion Holding B.V.. This resulted in € 8.7 million reclassification from Other equity instruments to Retained earnings (representing the value of the Group's equity redemption option at the transaction date) and the remaining € 5.3 million being netted off against the loan receivable from Principion Holding B.V. (see [note 11: Non-current financial assets](#)).

Loans payable to Stichting Administratiekantoor Azerion Holding B.V.

The Group had subordinated loans from Stichting Administratiekantoor Azerion Holding B.V. (the "STAK"), a foundation. Certificate holders of STAK include the Group's employees, among others. The loans contained an equity redemption option of outstanding loan balances, in addition to a cash redemption option, and were redeemable by issuing 161,304 shares in the issued share capital of the Group. The discretion to redeem the loans in equity or cash was with the Group. As a result, the loans were classified as equity instruments in the Group's statement of financial position as at 31 December 2022.

The loans had a duration until the earlier of (i) the redemption of the Group's senior secured bonds with ISIN SE0015837794 and (ii) 28th April 2024. As a result of the bonds being refinanced, the subordinated loans became payable as from 31 October 2023. The Group signed memorandums with the different certificate holders,

according to which the redemption of outstanding loan balance will be made in cash. This resulted in the following:

- € 0.6 million was reclassified from Other equity instruments to Retained earnings (representing the value of the Group's equity redemption option at the transaction date);
- remaining balance € 0.3 million was reclassified from Other equity instruments to financial liabilities;
- € 0.9 modification loss was recognised on the afore-mentioned financial liabilities in the statement of profit or loss and other comprehensive income;

The parties agreed that the resulting financial liability would be settled in the last quarter of 2023 (€ 0.5 million) and in the first half year of 2024 (€ 0.7 million). The outstanding balance as at 31 December 2023 is included in Other liabilities.

2022 Movements:

€ (1.9) million of **changes in shareholder loans** were related to an amendment to the nominal value of the loans.

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 of share options remained, consisting of:

- € 8.3 million of **share considerations** for acquisitions of 2022. These were exercised fully in 2023 with resulting decrease in other equity instruments and increase by the same amount in share premium (see above).
- € 5.8 million relating to the acquisition of the remaining 49% in Sulake during 2020. The Group had the option to settle either in cash or shares, with the Group's intention as of last year being to settle in shares. As a result, the consideration was included in other equity instruments as at 31 December 2022. In 2023, the Group decided to settle the liability in cash, resulting in reclassification from equity to other liabilities (see [note 17: Other liabilities](#)).

Movements in retained earnings

As at 31 December 2023 the retained earnings amounted to € (75.6) million (2022: € (104.8) million).

€ 23.7 million movement in 2023 relates to the total comprehensive income for the year. For movement relating to the non-controlling interest transaction see related section below.

€ 9.3 million movement directly in Retained earnings relates to a reclassification from Other equity instruments related to the Loans payable to Principion Holding B.V. and Stichting Administratiekantoor Azerion Holding B.V.

2022 Movements:

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 recognised in 2022 (€ 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 2023 amounted to € 5.3 million (2022: € 2.4 million).

In February 2023, 49% of the shares in Admeen B.V. (owned 100% as at 31 December 2022) were sold. The purchase consideration was 220,794 shares of Azerion Group N.V. with a fair value of € (0.8) million at transaction date. The fair value of the minority interest at the moment of the transaction amounted to € 2.0 million (recognized in non-controlling interest) with the resulting loss of € (1.2) million recorded in retained earnings.

15. Share-based payments

In 2022, the Group had the following share-based payment plans:

- Share Appreciation Right plan of Azerion Holding B.V.
- Share based payments granted by EFIC1 in 2021 and in the De-SPAC Transaction.
- Management Board Long-Term Incentive Plan (LTIP)
- Executive Annual Incentive Plan

All of these plans were carried forward to 2023, except for the Share Appreciation Right plan of Azerion Holding B.V. which was fully exercised in 2022. No new plans were created in 2023.

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 on 1 February 2022 the Special Shares were partly cancelled, partly converted into Ordinary Shares and partly converted into Conditional Special Shares. As at 31 December 2023 only Conditional Special Shares remain. No Conditional Special Shares were converted into ordinary shares in 2022 or 2023.

In the Transaction on 1 February 2022 the Davey Call Option, was partly cancelled and the remaining number was split into a conditional and an unconditional part. Unconditional part was fully exercised in 2023, while conditional part is still outstanding as at 31 December 2023. In addition a re-allocation took place on 1 February 2022 which, in effect, resulted in a number of Conditional and Unconditional Call Options issued to HTP, one of the sponsors of EFIC1. Unconditional part was fully exercised in 2022, while conditional part is still outstanding as at 31 December 2023.

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 Aytakin and Mr. Umut Akpınar do not participate in the LTIP and no share awards were granted during 2022 or 2023 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. On 11 April 2023, 503,660 share appreciation rights were granted under afore-mentioned plan, with one third vesting immediately

and remaining to be vested equally in one year and two years after grant date. The settlement of the share based award plan occurs in actual shares with no cash option available to employees as alternative. The fair value at grant date, determined in reference to the Group's market share price, equalled € 1.67.

Other

On 3 April 2023, the CFO of the Group was granted 132,736 share appreciation rights which vested immediately. The grant was made outside any of the existing award plans. The settlement of the share based award plan occurred in actual shares, no cash option was available as alternative. The fair value at grant date, determined in reference to the Group's market share price, equalled € 1.84.

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 began 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 became exercisable at an exercise price of €0.01 on the date an exit, as defined, occurred. Upon exercise, each SAR was settled in exchange for one share in the Company. The settlement of the SAR plan occurred 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 or 2023.

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. On 26 January 2023 and 31 August 2023, 628,974 unconditional Davey Call Options were exercised fully. The fair value at grant date, determined in reference to the Group's market share price at the time, equalled € 1.94.

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). There has been no movement on HTP Call Option in 2023.

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 as of 1 January 2022	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 as of 31 December 2022	13.7
Grant through Executive Annual Incentive Plan	0.5
Other granted awards	0.2
Exercise of Executive Annual Incentive Plan	(0.3)
Exercise of Davey Call Option	(1.2)
Other exercised awards	(0.2)
Balance as of 31 December 2023	12.7

As at 31 December 2023 balance of share-based payments reserve amounts to € 12.7 million (2022: € 13.7 million). The movements in the share-based payments reserve are as follows:

Share-based payment movement schedule

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

	Share based payments						Other equity instruments	Trade and other receivables	Other liabilities
	Employee Awards	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 2022	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)
Total	(13.0)	-	-	(1.4)	-	(14.4)	(11.5)	(0.9)	(7.7)
Issued in acquisitions 2022	-	-	-	-	-	-	8.3	-	-
Fair value through P&L	-	-	-	-	-	-	-	-	1.4
Other movements	-	-	(0.1)	-	-	(0.1)	-	-	-
Balance as of 31 December 2022	-	2.2	1.4	0.2	9.9	13.7	8.3	(0.9)	2.2
Amounts through P&L									
Issued in acquisitions 2023	-	-	-	-	-	-	-	-	-
Fair value through P&L	0.7	-	-	-	-	0.7	-	(0.7)	0.7
Other movements	-	-	-	-	-	-	-	-	-
Exercised through:									
- Share capital	-	-	-	-	-	-	-	-	-
- Share premium	(0.5)	-	(1.2)	-	-	(1.7)	(8.3)	-	-
- Cash	-	-	-	-	-	-	-	-	-
- Non- Cash	-	-	-	-	-	-	-	0.8	(2.1)
Total	(0.5)	-	(1.2)	-	-	(1.7)	(8.3)	0.8	(2.1)
Balance as of 31 December 2023	0.2	2.2	0.2	0.2	9.9	12.7	-	(0.8)	0.8

	Share based payments		Davy Call Options	HTP Call Options	Azerion Founder Warrants	Total	Other equity instruments	Trade and other receivables	Other liabilities
	Employee Awards	Conditional Special Shares					Investor SARs / shares	Acquisition SARs	Acquisition SARs
<i>Number of instruments</i>									
Acquired in the De-SPAC Transaction		1,152,886	739,970						
Issue of HTP Call Options				171,334					
Exercise of HTP Call Options				(145,634)					
Grant in the De-SPAC Transaction					17,992,773				
Balance as of 31 December 2022		1,152,886	739,970	25,700	17,992,773				
Exercise Davy call options			(628,974)						
Balance as of 31 December 2023		1,152,886	110,996	25,700	17,992,773				
<i>Prices of the instruments</i>									
Acquired in the De-SPAC Transaction		1.95	1.94						
Grant date fair value (conditional part)				6.42					
Grant date fair value (unconditional part)				9.54					
Grant date fair value in the De-SPAC Transaction					0.55				
Balance as of 31 December 2022		1.95	1.94	6.42	0.55				
Exercise Davy call options			1.94						
Balance as of 31 December 2023		1.95	1.94	6.42	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.

16. Provisions

Provisions

In millions of €

	Commercial litigation	Restructuring	Employee benefit obligations	Other	Total
Balance at 1 January 2022	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)
Reclassifications	(0.1)	-	(0.1)	0.4	0.2
Balance at 31 December 2022	0.5	0.3	1.0	0.7	2.5
Acquisitions of subsidiaries and businesses	1.0	-	-	1.8	2.8
Additions	2.4	8.9	0.1	1.3	12.7
Utilizations	(2.3)	(7.4)	(0.3)	-	(10.0)
Releases	(0.8)	(1.2)	-	(0.6)	(2.6)
Reclassifications	(0.1)	(0.1)	-	-	(0.2)
Balance at 31 December 2023	0.7	0.5	0.8	3.2	5.2
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
Balance at 31 December 2023	0.7	0.5	0.8	3.2	5.2
Non-current	-	-	0.8	0.8	1.6
Current	0.7	0.5	-	2.4	3.6

As at 31 December 2023, provisions (current and non-current) amounted to € 5.2 million (2022: € 2.5 million). The balance increased by € 2.7 million and is mainly explained by the following:

Commercial litigation provisions

As of 31 December 2023, commercial litigation provisions amounted to € 0.7 million (2022: € 0.5 million). The additions in 2023 in the amount of € 2.4 million are related to two legal cases, one of them coming from a company acquired in 2022. There was a total payment of € 2.3 million and a total release of € 0.8 million in 2023. As a result, one of these cases was fully settled.

All commercial litigation provisions are expected to be paid within one year.

Restructuring provisions

As of 31 December 2023, the restructuring provision amounted € 0.5 million (2022 : € 0.3 million) an increase of € 0.2 million. Azerion has initiated a restructuring plan designed to continue the integration of acquired businesses, improving efficiency and focusing on key strategic opportunities. As a result, a restructuring provision in the amount of € 8.9 million was recorded in 2023 (2022: € 1.9 million) consisting primarily of employee contract termination costs. There was a release of excess provision in the amount of € (1.2) million. Finally, total provision utilization in 2023 amounted to € (7.4) million (2022: € (1.6) million), out of which € 0.3 million related to the 2022 restructuring plan and € 7.1 million to restructuring plans of 2023.

The balance is expected to be utilized in the first half of 2024.

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.

Other provisions

The increase in other provisions is due to: a) € 1.8 million related to acquisition of Hawk in 2023 and correction of acquisition date balances for one of the 2022 acquisitions; There was a subsequent release of € (0.6) million related to the latter due to the change in underlying economic conditions that was booked in the consolidated statement of profit or loss and other comprehensive income in 2023; and b) provision of € 1.3 million related to the establishment of a new commercial relationship and the required technology to facilitate that commercial relationship (not yet in use), which was fully settled in January 2024.

17. Other liabilities

Other liabilities

In millions of €

	31 December 2023	31 December 2022
Contingent consideration	14.8	24.5
Deferred consideration	3.3	20.8
Postponed Government payments	4.6	6.3
Warrants	0.1	4.5
Acquisition related share appreciation rights	0.8	2.2
Other liabilities	30.9	6.6
Total	54.5	64.9
Current	38.0	49.9
Non-current	16.5	15.0

As at 31 December 2023, other liabilities (current and non-current) amounted to € 54.5 million (2022: € 64.9 million) and mainly consisted of deferred consideration, contingent consideration, postponed wage taxes and other liabilities. The latter mainly includes non-recourse factoring liability and the increase in 2023 was due to higher balance of receivables sold by the Group during the year compared to the previous year.

Continuing Involvement

The Group entered into new non-recourse factoring agreements, as well as amended terms of previous agreements, which had financial impact as of the beginning of 2023. The Group concluded that the terms resulted in the recognition of a continuing involvement asset and a continuing involvement liability. The continuing involvement asset is included in Other receivables, as part of [note 12: Trade and other receivables](#), while the continuing involvement liability is included in the Other liabilities line above.

Continuing Involvement

In millions of €

	31 December 2023
Carrying amount	
Continuing involvement – asset	4.7
Continuing involvement – liability	4.7
Fair value	
Continuing involvement – asset	1.5
Continuing involvement – liability	1.5

The continuing involvement, represented by the potential maximum exposure to loss (€4.7 million), is determined using the Group's best estimate of payment risks. This estimate is based on empirical data and taken into consideration that the late payment period is limited to approximately two thirds of a calendar year.

The Group has no obligation to repurchase factored trade receivables that are overdue or in case of insolvency of the customer.

Contingent consideration

The contingent consideration decrease is mainly related to payments made in 2023 of € 16.1 million (2022: € 31.2 million) and earn-out release of € 2.8 million, as one of the acquisitions did not achieve its earn-out targets. The decrease was partly offset by new acquisition during the year of € 6.3 million (Hawk SAS) and € 1.9 million fair value loss related to one of the 2021 acquisitions, due to stronger than forecasted performance.

The related unwinding of interest linked to contingent considerations can be found in [note 24: Net finance costs](#).

Deferred consideration

The deferred consideration decrease is mainly related to payments made in 2023 of € 23.5 million (2022: € 13.4 million), partly offset by a € 5.8 million increase related to the deferred consideration for acquisition of the remaining 49% share in Sulake in 2020. The Group had the option to settle either in cash or shares, with the Group's intention as of last year being to settle in shares this was included in other equity instruments as at 31 December 2022 (see [note 14: Equity](#)). In 2023, the Group decided to settle the liability in cash, resulting in reclassification from equity to liabilities.

The related unwinding of interest linked to deferred considerations can be found in [note 24: 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

For details on acquisition related share appreciation rights see [note 15: Share-based payments](#).

Warrants

As at 31 December 2023, Public and Founder Warrants amounted € 0.1 million (2022: € 4.5 million), the movement of the period amounted to a fair value gain of € 4.4 million, included in Finance Income.

The Public and Founder warrants are classified as financial liabilities and are measured at their fair value, and changes therein are recognised in profit or loss. The fair value measurement of warrants 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 listed warrant price moved from € 0.25 at 31 December 2022 to € 0.005 at 31 December 2023.
- 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. Aside from the market price of the Public Warrants no other inputs are used.

Movement in Balance, Number and Price of Warrants in 2023

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

	Public warrants	Founder warrants	Total
Balance as of 1 January 2023	3.2	1.3	4.5
Fair value movements - through profit or loss	(3.1)	(1.3)	(4.4)
Balance as of 31 December 2023	0.1	-	0.1
Number of instruments (in number of shares)			
As at 1 January 2023	12,736,605	5,256,168	17,992,773
As at 31 December 2023	12,736,605	5,256,168	17,992,773
Prices (in €)			
As at 1 January 2023	0.25	0.25	
As at 31 December 2023	0.00	0.00	

18. Trade payables and accrued liabilities

Trade payables

In millions of €

	31 December 2023	31 December 2022
Trade payables	142.0	111.9
Total	142.0	111.9

Accrued liabilities

In millions of €

	31 December 2023	31 December 2022
Accruals	71.6	67.9
Accrued holiday entitlement	2.9	2.9
Personnel costs	10.7	11.5
Sales related taxes	25.0	17.2
Other	2.5	4.2
Total	112.7	103.7

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

The increase in 2023 of Trade payables of € 30.1 million mainly relates to the acquisitions made throughout the year. See [note 5: Acquisitions](#).

The accruals balance of € 71.6 million (2022: € 67.9 million) mainly represents accrued publisher fees of € 44.1 million (2022: € 31.4 million), commission & provider fees of € 17.7 million (2022: € 5.6 million) and professionals fees of € 2.8 million (2022: € 4.3 million).

19. Borrowings

Borrowings

in millions of €

	Senior secured bonds	Debt to credit institutions	Other	Total
Balance as of 1 January 2022	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	-	-	-	-
Amortisation 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 as of 31 December 2022	199.8	9.5	0.1	209.4
Acquisitions of subsidiaries and businesses	-	1.8	-	1.8
Additions	162.5	-	0.3	162.8
Principal repayments / disposals	(200.0)	(4.4)	(0.1)	(204.5)
Loss on derecognition	1.1	-	-	1.1
Capitalised transaction cost	(3.5)	-	-	(3.5)
Interest accrued	17.9	-	-	17.9
Interest paid	(14.1)	-	(0.1)	(14.2)
Exchange differences	-	-	-	-
Other	0.1	(0.4)	(0.2)	(0.5)
Balance as of 31 December 2023	163.8	6.5	-	170.3
Balance as of 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
Balance as of 31 December 2023	163.8	6.5	-	170.3
of which (duration)				
< 1 year	4.5	3.9	-	8.4
≥ 1 year ≤ 5 years	159.3	2.6	-	161.9
> 5 years	-	-	-	-

Senior secured bonds

On 8 April 2021, the Group issued senior secured callable fixed rate bonds with ISIN SE0015837794 for a total of € 200.0 million (the "Old Bonds"), within a total framework amount of € 300.0 million. The maturity date of the Old Bonds was 28 April 2024. The bonds carried a fixed interest rate of 7.25 per cent per annum.

On 31 October 2023, the Group successfully completed the refinancing of above-mentioned bonds. Following a book-building process, the Group successfully placed € 165.0 million of senior secured callable floating rate bonds under a framework of € 300.0 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 Group 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.

Since the New Bonds were issued at terms that are sufficiently different to that of the Old Bonds, the transaction was treated as an extinguishment of the original financial liability and the recognition of a new financial liability.

There was a € 1.1 million loss on derecognition related to remaining unamortised portion of transaction costs on the Old Bonds, included in Finance costs (see [note 24: Net finance costs](#)).

At initial recognition, the New Bonds were measured at fair value minus directly attributable transaction costs of € (3.5) million. Subsequently, the New Bonds are measured at amortised cost using the effective interest method, no separation required for embedded derivatives as they are closely related to the host contract. The embedded call option grants the Group the right to redeem all, but not only some, of the outstanding New Bonds in full in accordance with specific terms disclosed in the terms and conditions of the New Bonds.

The security for the bonds is a share pledge in respect of all shares in the group companies Azerion Games en 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, and a pledge over material intra-group loans, as defined in the Terms and Conditions for the New Bonds.

In addition, the following group companies have entered into the Guarantee Agreement to guarantee the performance of obligations of the Issuer: Azerion Technology B.V., a limited liability company incorporated in the Netherlands, Whow Games GmbH, a limited liability company incorporated in Germany, Genba Digital Limited, a limited liability company incorporated in England and Wales, Keygames Network B.V., a limited liability company incorporated in the Netherlands, SPIL Games Group B.V., a limited liability company incorporated in the Netherlands, Voidu B.V., a limited liability company incorporated in the Netherlands, Delta Projects AS, a limited liability company incorporated in Norway, Delta Projects AB, a limited liability company incorporated in Sweden, Azerion AG, a limited liability company incorporated in Germany, Azerion UK Limited, a limited liability company incorporated in England and Wales, Azerion Nederland B.V., a limited liability company incorporated in the Netherlands, Targetspot Inc., a limited liability company incorporated in Delaware, Strossle International AB, a limited liability company incorporated in Sweden, Sublime Skinz SASU, a limited liability company incorporated in France, Sublime Skinz Labs SAS, a limited liability company incorporated in France, Vlyby Digital GmbH, a limited liability company incorporated in Germany, Azerion Tech Holding B.V., a limited liability company incorporated in the Netherlands, and Azerion Sweden AB, a limited liability company incorporated in Sweden.

Debt to credit institutions

Included in this balance as of 31 December 2023 are recourse factoring agreements amounting to € 1.1 million (2022: € 3.0 million) and other debt to credit institutions amounting to € 5.4 million (2022: € 6.6 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 recourse factoring agreements, Azerion acquired entities that had governmental aided loans. The total amount for the 3 governmental aided loans ending 2023 was € 1.8 million (2022: € 2.6 million). The interest rates range from 0.8% to 2.1% and the maturity dates are between 2023 and 2026. The total amount for other commercial loans ending 2023 was € 3.6 million (2022: € 4.0 million), with interest rates ranging from 0.3% to 3.4%. Refer to the table below for further details.

Borrowing terms 2023¹

In millions of €

	Issue Currency	Principal Amount entered	Date entered ²	Non- current	Current	Effective interest rate ³	Year of Maturity ³
		In millions of issued currency		In millions of €			
Senior Secured Callable Bonds	EUR	165.0	October 31, 2023	159.4	4.4	12.0%	2026
Zero-interest state guaranteed loan	EUR	0.4	June 19, 2020	0.1	0.1	0.7%	2025
Factoring contracts	EUR	-	Various	-	1.1	-	-
Acquisition loan 3	EUR	0.5	June 23, 2020	-	0.1	3.0%	2024
Government support loans	EUR	1.0	December 31, 2018	0.2	0.2	0.8%	2026
Government support loans	EUR	1.0	June 5, 2021	0.4	0.3	0.8%	2026
Government support loans	EUR	1.0	May 18, 2021	0.4	0.3	2.1%	2026
Commerzbank	EUR	0.2	March 31, 2017	0.1	-	3.4%	2032
Credit du Nord	EUR	0.3	July 9, 2021	0.1	0.1	1.3%	2026
BPI	EUR	0.5	March 31, 2022	0.2	0.1	2.7%	2026
HSBC Continental Europe	EUR	0.5	April 5, 2022	0.5	0.1	0.7%	2027
Banque Postale	EUR	0.4	March 12, 2021	0.3	0.1	1.6%	2027
Bankinter	EUR	0.4	April 17, 2020	0.1	0.1	0.7%	2025
Caixa	EUR	0.5	February 6, 2022	0.1	0.2	1.4%	2025
CDTI	EUR	0.3	December 31, 2020	0.2	-	2.5%	2029
HSBC	EUR	0.8	July 3, 2021	-	0.5	0.3%	2026
BPI	EUR	1.0	June 30, 2017	-	0.2	2.0%	2024
BPI	EUR	0.5	June 30, 2019	-	0.1	0.0%	2024
CAISSE DÉ PARGNE	EUR	0.8	June 6, 2020	-	0.4	0.7%	2026
Total				161.9	8.4		

¹ Based on voluntary management decision comparatives for 2022 have been updated. There has been no material effect on the financial statements as a result.

² Dates in question represent loan agreement start dates.

³ Loan terms remain unchanged since last year except for the refinancing of the Bonds described in this note.

Azerion has a zero-interest financing loan in Hawk SAS with balances of € 0.1 million at 31 December 2023. As at 31 December 2022 Azerion had a zero-interest financing loan (loan for innovation) in AdUX Group with balance of € 0.1 million, the loan was fully repaid in 2023.

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 amortisation 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.

20. Revenue

Revenue streams

The Group generates revenue from the following major streams:

Disaggregation of revenue by major streams

In millions of €

	2023		2022	
	Platform	Premium Games	Platform	Premium Games
Direct Sales	236.8	-	167.3	-
Automated Auction Sales	111.8	-	127.9	-
E-Commerce	88.8	-	68.3	-
In-Game Purchases	-	77.6	-	89.1
Total revenue	437.4	77.6	363.5	89.1

The Group does not have any significant amount of revenue recognised over time, for details see the revenue section in [note 3: Significant accounting policies](#).

Revenues of approximately € 75.6 million (2022: € 91.1 million) are derived from a single external customer, Google Ireland Ltd. These revenues are attributed to both Platform and Premium Games segments.

In the following table, revenue is disaggregated by country of origin:

Disaggregation of revenue by country of origin

In millions of €

	2023			2022 ¹		
	Platform	Premium Games	Total	Platform	Premium Games	Total
Ireland	63.3	23.6	86.9	63.6	33.6	97.2
Germany	50.5	28.5	79.0	38.7	27.7	66.4
France	52.0	1.7	53.7	32.5	1.8	34.3
Great Britain	27.2	1.5	28.7	25.4	2.5	27.9
The Netherlands	22.8	5.2	28.0	16.7	4.2	20.9
Italy	18.0	0.3	18.3	11.7	0.2	11.9
Nordic countries ²	36.7	0.3	37.0	41.0	0.2	41.2
Other European countries	33.3	8.4	41.7	37.7	10.4	48.1
United States	72.7	6.3	79.0	66.5	6.0	72.5
United Arab Emirates	45.6	-	45.6	18.8	-	18.8
Other countries	15.3	1.8	17.1	10.9	2.5	13.4
Total revenue	437.4	77.6	515.0	363.5	89.1	452.6

¹ Based on voluntary management decision comparatives for 2022 have been updated. There has been no material effect on the financial statements as a result.

² The Nordic countries include Denmark, Finland, Iceland, Norway and Sweden.

21. Personnel costs

Personnel costs

in millions of €

	2023	2022
Wages and salaries	(72.8)	(69.7)
Social charges	(13.9)	(11.7)
Pension costs	(2.1)	(1.5)
Share-based payment expense	(0.7)	(22.7)
Incentive compensation expenses	(4.8)	(4.7)
Other costs	(21.7)	(13.5)
<i>Less: Capitalized development cost</i>	17.5	16.6
Total	(98.5)	(107.2)

Other costs consist of other staff expenses, contractor fees and restructuring expense. The main reason for increase in 2023 is the higher restructuring expense of € 7.7 million compared to € 1.8 million in 2022.

Share-based payment expenses amounted to € (0.7) million in 2023. In 2022, Share-based payment expenses were mainly related 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 15: 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 2023 amounted to € (2.1) million (2022: € (1.5) 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 16: Provisions](#).

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

Number of employees by department

	31 December 2023	31 December 2022 ¹
Engineering & Product	639	682
Commercial	362	339
Corporate	296	288
Total	1,297	1,309

¹ In 2023, the Group reviewed and improved classification per departments as a result of which comparatives for 2022 have also been updated.

An average total of 279 employees are based in the Netherlands (2022: 306 employees).

22. Cost of services and materials and other expenses

Costs of services and materials

In millions of €

	2023	2022
Website expenses	(120.6)	(105.1)
Publisher fees	(190.2)	(161.3)
Advertising and email routing	(4.3)	(0.7)
Hosting fees	(13.0)	(12.5)
Other direct costs	(4.1)	(6.2)
Losses on foreign currency	(0.1)	(0.5)
Total	(332.3)	(286.3)

In October 2023, the digital advertising technology platform Hawk was acquired, which resulted in an increase in publisher fees. Due to the expansion of business operations, particularly in the case of Voidu – an online digital distribution platform that had a revenue growth of over 25% in 2023, website expenses have also increased.

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

Other expenses

In millions of €

	2023	2022
Accommodation costs	(2.6)	(1.5)
Travel and representation costs	(4.3)	(4.7)
Accounts receivable loss allowance	(0.5)	(0.8)
Selling expenses	(9.7)	(10.7)
Listing expense	-	(107.1)
Professional services	(12.3)	(25.6)
Insurance costs	(1.3)	(1.1)
Operating costs	(5.6)	(4.9)
Other costs	(1.0)	(4.6)
Total	(37.3)	(161.0)

Professional services include legal, accounting, audit, and other consultancies. The decrease in professional services compared to the previous year is due to additional consultancy services received in 2022 related to the De-SPAC Transaction.

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 years ended 31 December 2023 and 31 December 2022. 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 2023

In millions of €

	Pricewaterhouse Coopers Accountants N.V.	Pricewaterhouse Coopers member firms	Other accounting firms	Total 2023
Audit of the financial statements	1.3	0.3	0.3	1.9
Total	1.3	0.3	0.3	1.9

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	1.4	0.1	0.8	2.3
Other non-audit services	-	-	0.1	0.1
Total	1.4	0.1	0.9	2.4

23. Other gains and losses

Other gains and losses

in millions of €

	2023	2022
Profit/(Loss) on the sale of property, plant and equipment	(0.1)	-
Profit/(Loss) on the disposal of intangible assets	-	(0.2)
Profit from the sale of social card games portfolio	72.6	-
Net foreign currency gain / (loss)	-	0.2
Profit/(Loss) on the liquidation of subsidiary	-	2.3
Other gains	(0.2)	(0.9)
Total	72.3	1.4

For details of Profit from the sale of social card games portfolio see [note 6: Sale of social card games portfolio](#).

24. Net finance costs

Net finance costs

In millions of €

	2023	2022
Fair value gain on warrants	4.4	19.0
Other finance income	4.1	3.3
Finance income	8.5	22.3
Interest expenses on third party balances	(26.3)	(21.1)
Interest on leases (IFRS16)	(1.4)	(1.5)
Other finance costs	(8.5)	(0.8)
Fair value loss on the call option	(1.0)	-
Finance costs	(37.2)	(23.4)
Net Finance costs	(28.7)	(1.1)

The fair value gain on warrants of € 4.4 million (2022: € 19.0 million) is explained in the [note 17: Other liabilities](#).

Other finance income includes € 0.9 million interest accrued on contingent consideration and escrow amount from sale of social card games portfolio.

Higher Interest expenses on third party balances in 2023 is explained by: a) higher interest expense in 2023 after refinancing of the Old Bonds (see [note 19: Borrowings](#)), partially due to double interest paid both on Old and New Bonds in October 2023; b) increased factoring activity; and c) € 1.1 million loss on derecognition related to remaining unamortised portion of transaction costs on the Old Bonds explained in [note 19: Borrowings](#).

Higher Other finance costs in 2023 is mainly due to: a) € 4.3 million modification loss related to the transaction with Principion Holding B.V. See [note 11: Non-current financial assets](#) for more details; b) € 0.9 million modification loss related to loans payable to Stichting Administratiekantoor Azerion Holding B.V.. See [note 14: Equity](#) for more details; and c) the € 1.5 million call premium related to the early settlement of senior secured callable fixed rate bonds with ISIN SE0015837794 explained in [note 19: Borrowings](#);

Included in interest expense on third party balances is interest accrued on contingent consideration of € 0.9 million (2022: € 1.7 million) and interest accrued on deferred consideration of € 0.2 million (2022: € 0.4 million).

Other than fair value gain on warrants and fair value loss on the the call option, interest income and expense is fully related to financial instruments measured at amortised cost.

25. Income tax

Major components of income tax expense are as follows:

Components of income tax expense

In millions of €

	2023	2022
Current tax expense		
Current year	(12.9)	(5.2)
Changes in estimates related to prior year	1.6	0.7
Deferred tax expense		
Origination and reversal of temporary differences	-	2.0
Changes in estimates related to prior year	(2.7)	1.7
Recognition of previously unrecognised tax losses	3.5	7.2
De-recognition of recognized losses	(1.8)	(0.5)
Recognition of current year losses	1.4	0.9
Use of recognized tax losses	(8.1)	-
Change in tax rate	-	0.1
Other	-	0.1
Income tax expense reported in the consolidated statement of profit or loss and other comprehensive income	(19.0)	7.0

Reconciliation of income tax expenses

Reconciliation of income tax expenses

In millions of €

	2023	2022
Profit / (Loss) before tax	44.1	(140.1)
Tax using the company's tax rate of 25.8%	(11.4)	36.1
Effect of different income tax rates other countries	(0.3)	(0.2)
Prior year adjustments	(1.3)	2.8
Non-taxable amounts	1.1	2.3
Non-deductible other amounts	(4.8)	(30.6)
Recognition of non-recognized losses	3.5	7.2
De-recognition of recognized losses	(1.8)	(0.5)
Tax rate changes	-	0.1
Tax losses not recognized	(5.1)	(7.7)
Utilisation of previously non-recognised losses	0.9	1.8
Other non-recognized tax attributes	0.6	(4.4)
Utilisation of other non-recognized tax attributes	-	1.3
Other	(0.4)	(1.2)
Income tax expense at effective tax rate	(19.0)	7.0
Effective tax rate	43.1%	5.0%

The effective tax rate in 2023 was 43.1% (2022: 5.0%). The higher effective tax rate in 2023 is mainly the result of the following: a) non-deductible costs of the Goodwill derecognition in relation to the sale of the social card games portfolio in 2023 ; b) unrecognised tax losses in 2023; and c) non-deductible listing expenses included in 2022 profit before tax resulting in a lower effective income tax rate.

Deferred tax assets and liabilities

Movements in deferred tax asset balances 2023

in millions of €

	Balance as of 1 January 2023	Recognized in profit or loss	Recognized in OCI	Recognized directly in equity	Acquired in business combinations	Exchange rate effect	Other	Balance as of 31 December 2023
Property, plant and equipment	0.6	(0.5)	-	-	-	-	-	0.1
Intangible assets	2.1	(0.4)	-	-	-	-	-	1.7
Pensions	0.1	-	-	-	-	-	-	0.1
Tax loss carry forwards	11.6	(5.3)	-	-	6.1	-	-	12.4
Other	0.4	0.4	-	-	-	0.1	-	0.9
Netting DTA/DTL	(13.3)	-	-	-	-	-	0.4	(12.9)
Total deferred tax asset	1.5	(5.8)	-	-	6.1	0.1	0.4	2.3

Movements in deferred tax liability balances 2023

in millions of €

	Balance as of 1 January 2023	Recognized in profit or loss	Recognized in OCI	Recognized directly in equity	Acquired in business combinations	Exchange rate effect	Other	Balance as of 31 December 2023
Intangible assets	(38.2)	3.5	-	-	(2.5)	-	-	(37.2)
Borrowings	-	-	-	-	-	-	-	-
Other	(0.4)	(5.3)	-	-	-	-	0.1	(5.6)
Netting DTA/DTL	13.3	-	-	-	-	-	(0.5)	12.8
Total deferred tax liability	(25.3)	(1.8)	-	-	(2.5)	-	(0.4)	(30.0)
Net deferred tax asset / (liabilities)	(23.8)	(7.6)	-	-	3.6	0.1	-	(27.7)

Movements in deferred tax asset balances 2022

in millions of €

	Balance as of 1 January 2022	Recognized in profit or loss	Recognized in OCI	Acquired in business combinations	Exchange rate effect	Other	Balance as of 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

Movements in deferred tax liability balances 2022

in millions of €

	Balance as of 1 January 2022	Recognized in profit or loss	Recognized in OCI	Acquired in business combinations	Exchange rate effect	Other	Balance as of 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)

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, unused tax losses and unused tax credits can be utilized. It is considered whether sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity are available which will result in taxable amounts against which the unused tax losses or unused tax credits can be utilized before they expire. 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, unused tax losses and unused tax credits to the extent that it is probable that taxable profits will be available against which those deductible temporary differences, unused tax losses and unused tax credits 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.

The majority of the Deferred tax asset and approximately € 21.0 million of the Deferred tax liability is expected to reverse after more than 12 months.

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 2023	31 December 2022
Tax losses	270.2	249.6
Unrecognized losses	220.3	202.0
Expire	23.6	20.3
Never expire	196.7	181.7

Expiration year of losses carried forward (2023)

Expiration year of losses carried forward

in millions of €

	2024	2025	2026	2027	2028	Later	Unlimited	Total
Total loss carried forward	-	-	-	-	-	25.1	245.1	270.2
Loss carried forward not recognized in deferred tax assets	-	-	-	-	-	23.6	196.7	220.3
Total recognized	-	-	-	-	-	1.5	48.4	49.9

Expiration year of losses carried forward (2022)

Expiration year of losses carried forward

in millions 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

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.

26. 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 Group N.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 2023, KMP consists of 2 members of the Management Board and 3 members of the Executive Committee (31 December 2022: 5) that form the leadership team and 6 members of the Supervisory Board (31 December 2022: 6).

The total remuneration of key management personnel was as follows:

Key management personnel ('KMP') remuneration

In millions of €

	2023	2022
Short-term employee benefits	2.8	3.1
Post-employment benefits	-	0.1
Share-based payment benefits	0.3	1.5
Grant of Azerion Founder Warrants	-	9.9
Other	-	0.2
Remuneration of key management personnel	3.1	14.8

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 the shareholder a total principal amount of € 24.6 million at 1.0% interest rate, which subsequently increased to 4.0%. The maturity date of the loan was 31 March 2025. The loan was classified as subsequently measured at amortised cost. Further amounts were advanced on the same terms after the initial agreement and after repayments and interest accrual the balance as at 31 December 2022 amounted to € 34.7 million.

At the same time, the Group had subordinated loans payable to Principion Holding B.V. classified as equity instruments in the Group's statement of financial position as at 31 December 2022 (see [note 14: Equity](#)). The loans included an equity redemption option of outstanding loan balances, in addition to a cash redemption option, and were redeemable by issuing 2,621,147 shares in the issued share capital of Azerion Group N.V. The decision to redeem the loans in equity or cash was with Azerion Group N.V. The loans had a duration until the earlier of (i) the redemption of the Group's senior secured bonds with ISIN SE0015837794 and (ii) 28th April 2024. As a result of the bonds being refinanced, the subordinated loans became payable as from 31 October 2023.

On 11 December 2023, the Group entered into the Loan Settlement, Amendment, Share Pledge and Call Option Agreement with Principion Holding B.V, according to which:

- the parties agreed that the Group would not exercise its equity redemption option, but instead the subordinated loans would be set off against the loan receivable and Principion Holding B.V. would grant the Group a call option and a pledge security as further described below.
- the subordinated loans had a carrying value of € 14.0 million in equity and the Group's equity redemption option was worth € 8.7 million at transaction date. The value of the equity redemption option was reclassified within equity from Other equity instruments to Retained earnings. The remaining carrying value of the subordinated loans (€ 5.3 million) was set off against the loan receivable from Principion Holding B.V. Additionally, the fair value at initial recognition of the call option granted by Principion Holding B.V. (€ 7.8 million), and a modification loss of € 4.3 million was netted against the loan receivable from Principion Holding B.V. in accordance with the agreement. As a result of the set-off, the subordinated loans were extinguished in their entirety and the net balance of loan receivable from Principion Holding B.V. amounted to € 18.5 million.

- Principion Holding B.V. provided Azerion Group N.V. with a pledge security over approximately 10.5 million ordinary shares of the Group (the 'Security Shares') currently owned by Principion Holding B.V. and a call option over the Security Shares (the 'Call Option'). The Call Option grants the Group a right to call the Security Shares in their entirety or in parts at any time from grant and until and no later than 31 March 2025.
- the call option was classified as subsequently measured at fair value through profit and loss in accordance with requirements of *IFRS 9 Financial Instruments*. This classification resulted in a reclassification from the loan receivable from Principion Holding B.V. in the amount of € 7.8 million at the transaction date, with the subsequent loss of € 1.0 million on remeasurement to 31 December 2023 recorded in [note 24: Net finance costs](#).
- the Group has a right to exercise the Call Option at the lower of the then current share price (defined as the average of the highest quoted price for each ordinary share on the five consecutive trading days immediately preceding exercise) and an exercise price of € 1.85 per share (the 'Exercise Price'). Amounts payable to Principion Holding B.V. in relation to such exercise(s) will be set-off against the then outstanding balance of loan receivable from Principion Holding B.V.
- there is a mandatory requirement for the Group to exercise the Call Option up to the value of the loan receivable or any outstanding balance thereof no later than 31 March 2025. If any residual amount of the loan receivable remains outstanding, this will be settled in cash by Principion Holding B.V. in favour of the Group (unless otherwise agreed).

The agreements described above were approved by Azerion's management board and supervisory board. For further details see [note 11: Non-current financial assets](#).

Guarantee agreements

In the SPA's entered into by Azerion with Genba, Strossle and Admeen a guaranteed value of the shares had been agreed. If the share price dropped, Azerion needed to give the sellers extra shares to make up for the difference which, under an agreement between Azerion Group N.V. and Principion Holding B.V. entered into at the time of the De-SPAC transaction, Principion Holding B.V. agreed to cover. The settlement with the sellers of Strossle and Admeen has been finalized with Principion Holding B.V. during the financial year 2023. Principion Holding B.V. has given 177.727 shares to the sellers of Admeen and 314.365 shares to the sellers of Strossle to cover the drop in the share price. As of 31 December 2023, Azerion Group N.V. has a € 0.8 million receivable from Principion Holding B.V. (2022: € 2.2 million) to cover the drop in the share price relating to the guaranteed value remaining.

Lease agreements

In 2020, Azerion Holding B.V. (Azerion Holding) entered into a lease agreement with Cornellia SR1 B.V., for the property located at 132 Beech Avenue (first floor). This lease agreement was terminated via notification as at 30 June 2023. In 2020, Azerion Services B.V. entered into a lease agreement with Cornellia SR1 B.V., for the property located at 132 Beech Avenue (second floor). This lease agreement was terminated as at 24 April 2023 via a settlement agreement.

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 € 2.1 million as at 31 December 2023 (2022: € 2.9 million)
- lease liability of € 2.4 million as at 31 December 2023 (2022: € 3.1 million)
- depreciation on the right-of-use asset € 0.9 million the year ending 31 December 2023 (2022: € 0.9 million)
- interest on lease liability of € 0.2 million for the year ending 31 December 2023 (2022: € 0.2 million)
- lease payments of € 1.0 million for the year ending 31 December 2023 (2022: € 1.0 million)

Cornellia SR1 B.V. and Cornellia SR2 B.V. are companies owned and controlled by shareholders of Principion Holding B.V. therefore Azerion qualified the lease agreements between Cornellia SR1 B.V. and Cornellia SR2 B.V. as related party transactions.

In 2021 Triodor Arastirma Gelistirme Yazlim Ve Bilisim Ticaret Ltd Sti, a wholly owned subsidiary of Azerion Group N.V. entered into lease agreements with Brick Real Estate Gayrimenkul Yatirim Ltd. Sti. The lease agreement is due to terminate on 31 December 2025. Azerion considers Brick Real Estate a related party, as it is controlled by Principion Holding B.V.

The lease agreements resulted in the following being recognised:

- right-of-use asset of € 0.2 million as at 31 December 2023 (2022: € 0.6 million)
- lease liability of € 0.3 million as at 31 December 2023 (2022: € 0.7 million)
- depreciation on the right-of-use asset € 0.1 million the year ending 31 December 2023 (2022: € 0.2 million)
- interest on lease liability of € 0.1 million for the year ending 31 December 2023 (2022: € 0.2 million)
- lease payments of € 0.2 million for the year ending 31 December 2023 (2022: € 0.3 million)

The weighted average IBR applied in 2023 to lease liabilities was 8.4% (2022: 8.0%). For further details see [note 10: Leases](#).

The group has rental agreements for two apartments in the Netherlands to use as a temporary accommodation for new Azerion employees who are relocating to the Netherlands. Total amount of rent expense for both apartments was € 41 thousand for the year 2023 (2022: € 41 thousand). One of the landlords of the apartments for which a rental agreement has been signed is a key management member in the group and the other landlord is a family member of a key management member and are therefore considered as related parties.

Lidion Bank PLC

Certain subsidiaries of Azerion have entered into a non-recourse factoring agreement with Lidion Bank PLC (previously named Agribank PLC). As a result of such factoring agreement, the total amount of receivables factored and derecognized as at 31 December 2023 is amounting to € 70.0 million (2022: € 32.2 million) and interest expense recognized in profit and loss is amounting to € 4.5 million (2022: € 1.8 million). The total amount of liabilities due to non-recourse factoring is amounting to € 25.6 million as of 31 December 2023 (2022: € 8.3 million). Azerion considers Lidion Bank PLC a related party, since the co-CEOs own, through their personal holding companies, an indirect 90% shareholding in Lidion.

Fortuna Sittard

On 13 May 2021 Principion Holding B.V. 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. signed a Share Purchase Agreement to expand their stake in Fortuna Sittard to 65%. However, this Share Purchase Agreement did not proceed to completion as Principion subsequently withdrew from the transaction. As a result, given Principion did not proceed to acquire a majority stake in Fortuna Sittard, Fortuna Sittard is not considered a related party for Azerion Group for 2023.

27. List of subsidiaries

The Group's principal subsidiaries at 31 December 2023 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

	Registered office	31 December 2023	31 December 2022
Adexpert SPRL	Ixelles (BE)	100	55
Admeen BV	Schiphol-Rijk (NL)	51	100
Admoove SAS ¹	Paris (FR)	-	55
AdPlay S.r.l. ¹	Milan (IT)	-	100
Adpulse SAS ¹	Paris (FR)	-	55
AdUX Benelux SPRL	Ixelles (BE)	55	55
AdUX SA	Paris (FR)	55	55
Adux Tunisie	Tunis (TU)	55	55
Azerion AG (former Hi-Media Deutschland GmbH)	Düsseldorf (DE)	100	100
Azerion Belgium SRL (former Sellbranch Benelux Bvba)	Ixelles (BE)	100	100
Azerion Denmark Aps	Copenhagen DEN)	100	100
Azerion Finland Oy (former Widespace Oy)	Helsinki (FI)	100	100
Azerion France SARL (former Adysseum SARL)	Paris (FR)	55	55
Azerion Games and Content Holding B.V. ²	Schiphol-Rijk (NL)	100	100
Azerion Gaming B.V. ²	Schiphol-Rijk (NL)	100	100
Azerion Holding BV ²¹	Schiphol-Rijk (NL)	-	100
Azerion International Holding B.V. ²¹	Schiphol-Rijk (NL)	-	100
Azerion IP B.V. ²	Schiphol-Rijk (NL)	100	100
Azerion Italy S.r.l. (former Widespace S.r.l.)	Milan (IT)	100	100
Azerion JGH BV	Schiphol-Rijk (NL)	100	100
Azerion Media B.V. ²¹	Schiphol-Rijk (NL)	-	100
Azerion Metaverse B.V. ²	Schiphol-Rijk (NL)	100	100
Azerion Nederland B.V. (former Semilo B.V.) ²	Schiphol-Rijk (NL)	100	100
Azerion Norway AS	Oslo (NOR)	100	100
Azerion Portugal Lda ²	Lisbon (PT)	75	75
Azerion Productions Casual B.V. ²	Schiphol-Rijk (NL)	100	100
Azerion Productions E-Business B.V. ²	Schiphol-Rijk (NL)	100	100
Azerion Productions GD B.V. ²	Schiphol-Rijk (NL)	100	100
Azerion Productions PG B.V. ²	Schiphol-Rijk (NL)	100	100
Azerion Productions Services B.V. ²	Schiphol-Rijk (NL)	100	100
Azerion Publisher Services B.V. ²¹	Schiphol-Rijk (NL)	-	100
Azerion Services B.V. ²	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.) ²	Schiphol-Rijk (NL)	100	100
Azerion Sweden AB	Stockholm (SE)	100	99
Azerion Sweden SB AB (former Sellbranch AB)	Stockholm (SE)	100	100
Azerion Tech Development B.V. ²¹	Schiphol-Rijk (NL)	-	100
Azerion Tech Engineering B.V. ²	Schiphol-Rijk (NL)	100	100
Azerion Tech Holding B.V. ²	Schiphol-Rijk (NL)	100	100
Azerion Tech Productions B.V. ²	Schiphol-Rijk (NL)	100	100
Azerion Technology B.V. (former Improve Digital B.V.) ²	Schiphol-Rijk (NL)	100	100
Azerion UK Ltd (former Inskin Media Ltd)	London (UK)	100	100
Azerion US Inc.	New York City (US)	100	100
Collective Europe 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. ²	Schiphol-Rijk (NL)	100	100
Funtomic Ltd	Ramat Gan (IL)	100	100
Genba Digital Ltd	London (UK)	100	100
HAWK Belgium SRL	Brussels (BE)	100	-
HAWK France	Paris (FR)	100	-
HAWK GmbH	Cologne (DE)	100	-

HAWK Platform Ltd	London (UK)	100	-
HAWK SAS	Paris (FR)	100	-
Hi Media Nederland B.V. ²	Schiphol-Rijk (NL)	55	55
Hybrid Theory BCN SL	Barcelona (ES)	100	100
Hybrid Theory Global Ltd.	London (UK)	100	100
Hybrid Theory Ltd.	Hong Kong (HK)	100	100
Hybrid Theory Pte Ltd.	Singapore (SG)	100	100
Hybrid Theory Pty Ltd. ³	Sydney (AUS)	-	100
Iluminata Holding B.V. ²¹	Schiphol-Rijk (NL)	-	100
Improve Digital France SAS ¹	Paris (FR)	-	100
Improve Digital UK Ltd.	London (UK)	100	100
Infinia Brazil Publicidade Digital LTDA	São Paulo (BR)	100	100
Infinia Mobile Chile S.p.A.	Lima (PE)	100	100
Infinia Mobile Colombia, S.A.S.	Bogota (COL)	100	100
Infinia Mobile Peru S.R.L.	Lima (PE)	100	100
Infinia Mobile S.L.	Madrid (ES)	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. ²	Schiphol-Rijk (NL)	100	100
KMobile AB	Stockholm (SE)	100	100
Latina US Corp.	Miami (US)	100	100
Madvertise Media GmbH ¹	Berlin (DE)	-	100
Madvertise Media SAS	Paris (FR)	100	100
MForma Ltd	London (UK)	100	100
Mmedia B.V.	Schiphol-Rijk (NL)	100	100
Monolith Partners SAS	Paris (FR)	100	100
OHH Experiences Omnia S.L.U. ³	Madrid (ES)	-	100
Playcade Interactive GmbH	Berlin (DE)	100	100
Plinga GmbH	Berlin (DE)	100	100
Quantum Advertising Espana S.L. ¹	Madrid (ES)	-	55
Quantum Advertising GmbH	Frankfurt (DE)	55	55
Quantum Advertising Nederland B.V. ²	Schiphol-Rijk (NL)	77	77
Quantum Belgium SPRL	Brussels (BE)	55	55
Quantum Native Solutions Italia SRL	Milan (IT)	55	55
Quantum Publicidad S.L.	Madrid (ES)	55	55
Quantum SAS	Paris (FR)	55	55
Radionomy Group B.V.	Schiphol-Rijk (NL)	100	100
Radionomy Inc.	New York City (US)	100	100
Radionomy SA	Brussels (BE)	100	100
Right Audience SA de CV.	Mexico City (MEX)	100	100
Rocabee Ltd	London (UK)	100	100
Shoutcast SPRL	Brussels (BE)	100	100
sMeets Communications GmbH	Berlin (DE)	100	100
Spilgames Group B.V. ²	Schiphol-Rijk (NL)	100	100
SpilGames Intangibles B.V. ²¹	Schiphol-Rijk (NL)	-	100
Spligames B.V. ²¹	Schiphol-Rijk (NL)	-	100
Strossle AB ¹	Stockholm (SE)	-	100
Strossle Czechia	Prague (CZ)	100	100
Strossle Denmark Aps	Copenhagen (DEN)	100	100
Strossle Finland Oy	Helsinki (FI)	100	100
Strossle Hungary kft	Budapest (HU)	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 Slovakia ⁴	Bratislava (SK)	-	100

Sublime SKINZ Asia Private Ltd.	Singapore (SG)	100	100
Sublime SKINZ GmbH	Hamburg (DE)	100	100
Sublime SKINZ LABS SAS	Paris (FR)	100	100
Sublime SKINZ Ltd.	London (UK)	100	100
Sublime SKINZ SASU	Paris (FR)	100	100
Sulake Brasil Entretenimento Interativo Ltda ¹	São Paulo (BR)	-	100
Sulake Oy	Helsinki (FI)	100	100
Sulake Spain S.L.U.	Madrid (ES)	100	100
Sulake UK Ltd.	Berkshire (UK)	100	100
TabMo Inc	New York City (US)	100	-
TargetSpot Belgium S.r.l.	Brussels (BE)	100	100
TargetSpot Deutschland GmbH	Düsseldorf (DE)	100	100
TargetSpot Espana S.L.	Madrid (ES)	100	100
TargetSpot France Sarl ¹	Paris (FR)	-	100
TargetSpot Inc.	New York City (US)	100	100
TargetSpot UK Ltd.	London (UK)	100	100
Titan Gate AD (t/a PubGalaxy)	Varna (BGR)	100	100
Triodor Arge TR	Istanbul (TR)	100	100
Triodor Holding B.V. ²	Schiphol-Rijk (NL)	100	100
Veedley S.r.l.	Milan (IT)	100	100
View&Buy International S.L.	Madrid (ES)	100	100
Vlyby Digital GmbH	Münich (DE)	100	100
Voidu B.V. ²	Schiphol-Rijk (NL)	100	100
WHOW Games GmbH	Berlin (DE)	100	100
WHOW Marketing GmbH	Berlin (DE)	100	100
Widespace B.V. ²	Schiphol-Rijk (NL)	100	100
Widespace Bangladesh Ltd.	Dhaka (BD)	100	100
Widespace Ltd. ³	London (UK)	-	100
Widespace SAS ¹	Paris (FR)	-	100
Woozworld Inc	Toronto (CA)	100	100
Zoom.In B.V. ²¹	Schiphol-Rijk (NL)	-	100
Zoom.In Beijing Co Ltd.	Beijing (CHN)	100	100
Zoom.In Brasil Ltda	São Paulo (BR)	100	100
Zoom.In Concepts B.V. ¹	Schiphol-Rijk (NL)	-	100
Zoom.In Deutschland GmbH	Berlin (DE)	100	100
Zoom.In Group B.V.	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. ²¹	Schiphol-Rijk (NL)	-	100

¹ Merged during 2023

² 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.

³ Liquidated during 2023

⁴ Sold in 2023

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, except Admeen B.V. (see below). Summary financial information relating to the activities of the AdUX group are presented below.

Summary financial performance

In millions of €

	2023	2022
Sales	22.1	23.6
Cost of sales	(11.7)	(13.2)
Gross profit	10.4	10.4
Purchases	(3.1)	(3.6)
Payroll costs	(3.6)	(3.8)
Depreciation and amortisation	(1.2)	(1.2)
Other income and charges	(0.1)	2.4
Operating profit	2.4	4.2
Cost of indebtedness	(0.2)	(0.1)
Other financial income and charges	0.1	-
Earnings before tax	2.3	4.1
Income Tax	(0.1)	-
Net income	2.2	4.1
Including Group share	2.2	4.1

Summary statement of financial position

In millions of €

	2023	2022
Assets		
Net Goodwill	2.5	2.5
Net intangible fixed assets	0.5	0.5
Net tangible fixed assets	0.1	0.1
Right-of-use assets related to leases	0.2	0.2
Deferred tax assets	-	0.1
Non-current financial assets	0.2	0.1
Non-current assets	3.5	3.5
Customers and other debtors	25.9	16.9
Other current assets	9.0	6.8
Cash and cash equivalents	1.9	2.0
Current assets	36.8	25.7
Total assets	40.3	29.2
Equity and liabilities		
Shareholders' equity (Group share)	(1.4)	(3.5)
Shareholders' equity	(1.4)	(3.5)
Long-term borrowings and financial liabilities	0.1	0.2
Long-term lease liabilities	0.1	-
Non-current Provisions	0.3	0.7
Non-current liabilities	0.5	0.9
Short-term financial liabilities and bank overdrafts	3.5	1.3
Short-term lease liabilities	0.2	0.1
Current provisions	0.1	0.2
Suppliers and other creditors	28.2	21.8
Other current debts and liabilities	9.2	8.4
Current liabilities	41.2	31.8
Total equity and liabilities	40.3	29.2

Summary statement of cash flows

In millions of €

	31 December 2023	31 December 2022
Net cashflow from operating activities	(0.8)	1.5
Net cashflow from investing activities	(0.4)	(0.3)
Net cash flow from financing activities	1.1	(1.1)
Net cash flow for the period	(0.1)	0.1
Cash and cash equivalents on 1 January	2.0	1.9
Cash and cash equivalents at the end of the period	1.9	2.0

Admeen B.V. represents another subsidiary with a material non-controlling interest which has a material impact on the results of the group. Summary financial information relating to the activities of Admeen B.V. are presented below.

Summary financial performance

In millions of €

	2023	2022
Sales	2.9	3.0
Cost of sales	(0.5)	(0.6)
Gross profit	2.4	2.4
Purchases	(0.6)	(0.4)
Payroll costs	(0.4)	(0.4)
Depreciation and amortisation	(0.4)	(0.4)
Other income and charges	0.1	-
Operating profit	1.1	1.2
Earning of the consolidated companies	1.1	1.2
Earnings before tax	1.1	1.2
Income Tax	(0.1)	0.1
Net income	1.0	1.3

Summary statement of financial position

In millions of €

	2023	2022
Assets		
Net intangible fixed assets	2.8	3.1
Non-current assets	2.8	3.1
Customers and other debtors	1.1	1.1
Other current assets	0.4	1.0
Cash and cash equivalents	1.1	0.3
Current assets	2.6	2.4
Total assets	5.4	5.5
Equity and liabilities		
Shareholders' equity	4.1	3.9
Long-term borrowings and financial liabilities	0.7	0.8
Non-current liabilities	0.7	0.8
Suppliers and other creditors	0.7	0.5
Other current debts and liabilities	(0.1)	0.3
Current liabilities	0.6	0.8
Total equity and liabilities	5.4	5.5

Summary statement of cash flows

In millions of €

	31 December 2023	31 December 2022
Net cashflow from operating activities	1.6	1.2
Net cash flow from financing activities	(0.8)	(1.5)
Net cash flow for the period	0.8	(0.3)
Cash and cash equivalents on 1 January	0.3	0.6
Cash and cash equivalents at the end of the period	1.1	0.3

28. 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 amortised cost

The majority of the Group financial assets and liabilities are carried at amortised 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 2023 and 2022.

Fair value measurement of other equity instruments (note 14: Equity)

Other equity instruments are measured at fair value upon the grant date.

The grant date fair value of equity instruments (e.g. granted as part of the purchase consideration for acquisitions) is the stock market closing price of the shares of Azerion Group N.V. on acquisition date.

Fair value measurement of the equity-settled Share-Based Payments (note 15: Share-based payments)

All equity-settled Share-Based Payments are measured at fair value upon the grant date.

For the fair value measurement of the Conditional Special shares and Davey Call Options, recognised as Share-Based Payments a level 3 valuation method was applied at grant date.

The HTP Call Options are measured applying the stock market closing price of the shares of Azerion Group N.V. at the transaction date, for the Conditional HTP Call Options a discount was taken into account. This is 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. Aside from the market price of the Public Warrants no other inputs are used.

Fair value measurement of Share Appreciation Rights classified as other liabilities (note 17: Other liabilities)

As of February 2022, 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 17: 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. Aside from 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.

For movement of warrants in 2023 and 2022 refer to [note 17: Other liabilities](#).

Fair value measurement of Receivable from Principion Holding B.V. (note 11: Non-current financial assets)

With an objective of simplifying the Groups capital structure, the Group and Principion Holding B.V. restructured their borrowing arrangements on 11 December 2023. Principion granted the Group a right to acquire a maximum of 10,548,229 of Azerion's Shares held by Principion, against a price per share which will be the lower of EUR 1.85 or the current share price at the moment of exercise (defined as the average of the highest quoted price for each ordinary share on the five consecutive trading days immediately preceding exercise). The exercise price will, upon each exercise, be set off against the corresponding amount outstanding under the remaining amount owed by Principion.

With the introduction of this call option, the receivable is required to be measured at fair value, with gains and losses on remeasurement recognised in profit and loss. The fair value measurement technique applied is a Level 3 valuation technique, and has been applied as at 11 December 2023 with further revaluation as at 31 December 2023.

For movement in relation to the receivable refer to [note 11: Non-current financial assets](#).

Fair value measurement of the continuing involvement asset and liability (note 17: Other liabilities)

The fair value of the continuing involvement asset and liability is calculated by applying a model in which the best estimate of the period of financing, the amount financed and the interest rate charged are the key factors.

29. 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 Recognised 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, employee benefit obligations, trade payables, accruals and other liabilities	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 Group 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, the proportion of cashflows denominated in USD 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 2023					
Trade and other receivables	7.6	0.1	0.2	7.0	1.1
Cash and cash equivalents	3.8	0.9	0.1	3.3	0.2
Trade payables, accruals and other liabilities	(44.7)	(1.0)	(0.3)	(11.3)	(1.0)
Exposure	(33.3)	-	-	(1.0)	0.3

Exposure to foreign currency risk

In millions of €

	American Dollar	British Pound	Swedish Krona	Euro	Other
31 December 2022¹					
Trade and other receivables	4.8	-	-	5.1	-
Cash and cash equivalents	8.9	-	0.2	4.9	-
Trade payables, accruals and other liabilities	(13.6)	(2.9)	-	(17.0)	-
Exposure	0.1	(2.9)	0.2	(7.0)	-

¹ Based on voluntary management decision comparatives for 2022 have been updated. There has been no material effect on the financial statements as a result.

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 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 2023					
Currency strengthening by 10%	(3.3)	-	-	(0.1)	-
Currency weakening by 10%	3.3	-	-	0.1	-

Sensitivity analysis

In millions of €

	American Dollar	British Pound	Swedish Krona	Euro	Other
31 December 2022¹					
Currency strengthening by 10%	-	(0.3)	-	(0.7)	-
Currency weakening by 10%	-	0.3	-	0.7	-

¹ Based on voluntary management decision comparatives for 2022 have been updated. There has been no material effect on the financial statements as a result.

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 Group 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 Group, 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 € 0.01 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 a number of different methodologies, including where appropriate the use of credit limits, specified payments periods or other specific contract 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 2023	31 December 2022
Trade and other receivables	196.7	157.3
Cash at bank	40.3	50.9
Exposure	237.0	208.2

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 and 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 third 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 macroeconomic 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.

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 27: 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 regularly 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).

The Group assesses the liquidity risk related to the warrants as limited, also evident by the low current market value of the instruments. In addition, on exercising their warrants, the holders of the Public Warrants have to pay

the exercise price to the Group. The holders of the Founder Warrants have a cashless exercise option, and the Azerion Founder Warrants can be exercised cashlessly.

Exposure to liquidity risk

In millions of €

	within the next 12 months	Between 1 and 5 years	Beyond 5 years
31 December 2023			
Trade payables	142.0	-	-
Accrued liabilities	112.7	-	-
Lease liabilities	5.3	10.0	2.7
Borrowings	21.7	202.6	-
Other liabilities	38.0	16.5	-
Exposure	319.7	229.1	2.7

Exposure to liquidity risk

In millions of €

	within the next 12 months	Between 1 and 5 years	Beyond 5 years
31 December 2022¹			
Trade payables	111.9	-	-
Accrued liabilities	103.7	-	-
Lease liabilities	5.6	14.1	3.3
Borrowings	19.9	211.4	0.1
Other liabilities	49.9	15.0	-
Exposure	291.0	240.5	3.4

¹ Based on voluntary management decision comparatives for 2022 have been updated. There has been no material effect on the financial statements as a result.

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 10: Leases](#), [note 19: Borrowings](#) and [note 26: 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 14: Equity](#) and the statement of changes in Equity).

The Group's Supervisory Board regularly reviews the capital structure of the Company. As part of this review, the Supervisory Board considers the cost of capital and the risks associated with each class of capital. The net debt to equity ratio at 31 December 2023 is 1.3 (see below):

Exposure to capital risk

In millions of €

	31 December 2023	31 December 2022
Debt	(184.6)	(228.6)
Cash and cash equivalents	40.3	50.9
Net debt	(144.3)	(177.7)
Equity	(109.6)	(96.2)
Net debt to equity ratio	1.3	1.8

Concentration of risk

Revenues of approximately € 75.6 million (2022: € 91.1 million) representing 14.7% of the Group's total revenues (2022: 20.1%) are derived from a single external customer, Google Ireland Ltd. However, the risk is largely mitigated by: a) Existence of varied customer base for the majority of the Group's revenues; b) The fact that revenues generated from Google Ireland Ltd represent a proxy for diverse revenue streams and underlying bases of many multiple customers spread across the Group's consumer and advertising businesses; and c) the fact that the

advertisers and consumers ultimately direct their own spending, and only use Google Ireland Ltd as a method of accessing our content.

30. Financing activities

Financing activities

In millions of €

	senior secured floating rate bonds	Debt to credit institutions	Other	Borrowings sub-total	Lease liabilities	Total
As at 1 January 2022	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
Interest accrued	14.5	-	-	14.5	1.5	16.0
Non-cash settlements						
Exchange differences	-	0.1	-	0.1	(0.3)	(0.2)
Cancellation	-	-	-	-	(0.9)	(0.9)
As at 31 December 2022	199.8	9.5	0.1	209.4	19.2	228.6
Cash movements:						
New loans	162.5	-	0.3	162.8	-	162.8
Repayments	(200.0)	(4.4)	(0.1)	(204.5)	(6.8)	(211.3)
Interest paid	(14.1)	-	(0.1)	(14.2)	(1.4)	(15.6)
Capitalised transaction cost	(3.5)	-	-	(3.5)	-	(3.5)
Settlement related to early cancellation	-	-	-	-	(1.5)	(1.5)
Non-cash movements:						
Additions due to acquisitions	-	1.8	-	1.8	-	1.8
New lease liabilities recognized	-	-	-	-	5.4	5.4
Loss on derecognition	1.1	-	-	1.1	-	1.1
Interest accrued	17.9	-	-	17.9	1.4	19.3
Gain on early cancellation (non-cash)	-	-	-	-	(0.3)	(0.3)
Other movements						
Exchange differences	-	-	-	-	(0.3)	(0.3)
Cancellation	-	-	-	-	(1.6)	(1.6)
Reassessments and modifications	-	-	-	-	0.2	0.2
As at 31 December 2023	163.8	6.5	-	170.3	14.3	184.6

Refer to [note 10: Leases](#) and [note 19: Borrowings](#) where the nature of the movements within the period is disclosed.

Refer to [note 19: Borrowings](#) for details on the recourse factoring agreement.

31. 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 segments.

Management has presented the performance measure Adjusted EBITDA because the Group's Chief Executive Officers 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 2023 under IFRS 8 are therefore as follows:

- Platform
- Premium Games

Segment revenues

The following is an analysis of the Group's revenue by reportable segment in 2023:

Analysis of the Group's revenue by reportable segment

In millions of €

	Platform 2023	Premium Games 2023	Total 2023
Revenue			
External revenue	437.8	77.2	515.0
Inter segment revenue	(0.4)	0.4	-
Total revenue	437.4	77.6	515.0

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

Segment assets

For the purposes of monitoring segment performance and allocating resources between segments the Group's Chief Executive Officers monitor the tangible, intangible and financial assets attributable to each segment. Goodwill has been allocated to reportable segments as described in [note 9: 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 2023	31 December 2022
Platform	509.8	496.1
Premium Games	107.7	103.0
Total segment assets	617.5	599.1
Unallocated assets	34.5	39.4
Total assets	652.0	638.5

Geographical information

The Group's revenue from external customers by geographical location is detailed under [note 20: Revenue](#)

Information about its 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 2023	31 December 2022
The Netherlands	90.0	117.5
Germany	80.0	84.8
Great Britain	49.9	56.1
France	72.0	49.5
Nordic countries ¹	39.4	43.2
Other European countries	45.4	34.9
Non-European countries	3.8	5.0
Total non-current assets	380.5	391.0

¹ The Nordic countries include Denmark, Finland, Iceland, Norway and Sweden.

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, 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. This is the measure reported to the Group's Chief Executive Officers for the purpose of resource allocation and assessment of segment performance.

Reconciliation of Profit / (loss) for the year to Adjusted EBITDA

In millions of €

	2023				2022			
	Azerion Group	Premium Games	Platform	Other	Azerion Group	Premium Games	Platform	Other
Profit / (loss) for the period	25.1				(133.1)			
Income Tax expense	19.0				(7.0)			
Profit / (loss) before tax	44.1				(140.1)			
Net finance costs	28.7				1.1			
Operating profit / (loss)	72.8	74.8	(2.0)	-	(139.0)	2.4	(6.8)	(134.6)
Depreciation & Amortisation	46.4	12.9	33.5	-	38.5	11.9	26.4	0.2
De-SPAC related expenses	-	-	-	-	144.5	2.5	9.6	132.4
Other	(69.4)	(71.9)	2.5	-	(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	71.9	18.7	53.2	-	52.1	17.3	34.8	-

The net finance costs, share in profit and loss on joint venture and income tax expense are managed on a consolidated level and therefore are not split on segmental level.

32. Earnings per share

Basic profit/(loss) per share

Basic profit/(loss) per share

in €

	31 December 2023	31 December 2022
From continuing operations attributable to the ordinary equity holders of the company	0.2	(1.2)
Total basic profit/(loss) per share attributable to the ordinary equity holders of the company	0.2	(1.2)

Profit/(loss) used in calculating loss per share

Profit/(loss) attributable to equity holders

in millions of €

	31 December 2023	31 December 2022
Profit/(loss) attributable to the ordinary equity holders of the company used in calculating basic earnings per share:	25.1	(133.1)
Less: Profits from continuing operations attributable to non-controlling interests	(1.4)	(1.2)
Profit/(loss) attributable to the ordinary equity holders of the company used in calculating basic earnings per share:	23.7	(134.3)

Weighted average number of shares used as the denominator

Weighted average number of shares

Number of shares

	31 December 2023	31 December 2022
Weighted average number of ordinary shares used as the denominator in calculating basic loss per share	119,777,999	113,106,382

Diluted profit/(loss) per share

Diluted profit/(loss) per share

in €

	31 December 2023	31 December 2022
From continuing operations attributable to the ordinary equity holders of the company	0.2	(1.2)
Total diluted profit/(loss) per share attributable to the ordinary equity holders of the company	0.2	(1.2)

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 2023	31 December 2022
Weighted average number of diluted shares ¹	123,686,860	117,521,025

¹ Based on voluntary management decision comparatives for 2022 have been updated. There has been no material effect on the financial statements as a result.

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 2023

Number of shares

	Number of Potentially Dilutive Shares	Theoretical Start Date	Theoretical End Date	Weighted Average Number of Shares
Subordinated loans - Principion	2,621,147	1-Jan-23	11-Dec-23	2,472,212
Subordinated loans - STAK I	96,299	1-Jan-23	31-Dec-23	96,299
Subordinated loans - STAK II	11,572	1-Jan-23	31-Jul-23	6,708
Subordinated loans - STAK III	53,433	1-Jan-23	9-Nov-23	45,800
Conditional special shares ¹	1,152,886	1-Jan-23	31-Dec-23	-
HTP call options ¹	25,700	1-Jan-23	31-Dec-23	-
Davey call options - Conditional ¹	110,996	1-Jan-23	31-Dec-23	-
Davey call options - Unconditional I	314,974	1-Jan-23	13-Feb-23	37,208
Davey call options - Unconditional II	314,000	1-Jan-23	14-Sep-23	220,835
Public warrants ¹	12,736,605	1-Jan-23	31-Dec-23	-
Founder warrants ¹	5,256,167	1-Jan-23	31-Dec-23	-
Azerion founder warrants ¹	17,992,773	1-Jan-23	31-Dec-23	-
Acquisition SARs - Hybrid Theory I	18,551	1-Jan-23	8-Feb-23	1,937
Acquisition SARs - Hybrid Theory II	1,171,236	1-Jan-23	15-Feb-23	144,796
Acquisition SARs - Hybrid Theory III	33	1-Jan-23	23-Jun-23	16
Acquisition SARs - Hybrid Theory IV	9,433	1-Jan-23	26-Jun-23	4,561
Acquisition SARs - Target Spot	38,298	1-Jan-23	27-Jan-23	2,736
Acquisition SARs - Sulake	792,207	1-Jan-23	20-Sep-23	570,215
Employee Share Awards - Unvested	328,430	11-Apr-23	31-Dec-23	238,202
Employee Share Awards - Vested I	132,736	3-Apr-23	28-Jun-23	31,361
Employee Share Awards - Vested II	167,887	11-Apr-23	21-Jun-23	32,747
Employee Share Awards - Vested III	7,343	11-Apr-23	18-Sep-23	3,228
Total	43,352,706			3,908,861

¹ Conversion and/or exercise conditions for these instruments were not met during 2023. Therefore, their potential dilutive effect was not taken into account.

Potentially Dilutive shares 2022

Number of shares

	Number of Potentially Dilutive Shares	Theoretical Issue Date	Theoretical End Date	Weighted Average Number of Shares ¹
Subordinated loans	2,782,451	1-Feb-22	31-Dec-22	2,782,451
Conditional special shares ²	1,152,886	1-Feb-22	31-Dec-22	-
HTP call options - Conditional ²	25,700	1-Feb-22	31-Dec-22	-
HTP call options - Unconditional	145,634	1-Feb-22	25-Mar-22	22,742
Davey call options - Conditional ²	110,996	1-Feb-22	31-Dec-22	-
Davey call options - Unconditional	628,974	1-Feb-22	31-Dec-22	628,974
Public warrants ²	12,736,605	1-Feb-22	31-Dec-22	-
Founder warrants ²	5,256,167	1-Feb-22	31-Dec-22	-
Azerion founder warrants ²	17,992,773	1-Feb-22	31-Dec-22	-
Investor SARs - Hybrid Theory	1,199,253	10-Nov-22	31-Dec-22	183,669
Investor SARs - Target Spot	38,298	21-Nov-22	31-Dec-22	4,600
Investor SARs - Sulake	792,207	1-Feb-22	31-Dec-22	792,207
Total	42,861,944			4,414,644

¹ Based on voluntary management decision comparatives for 2022 have been updated. There has been no material effect on the financial statements as a result.

² Conversion and/or exercise conditions for these instruments were not met during 2022. Therefore, their potential dilutive effect was not taken into account.

33. Subsequent events

On 4 April 2024, the Group announced that it has entered into (i) an Intercreditor Agreement and (ii) a Super Senior Working Capital Facility Agreement with Citibank Europe plc (as original lender and agent), Citibank N.A., London Branch (as arranger) and Nordic Trustee & Agency AB (PUBL) (as security agent), amongst others, under which the Company is granted a EUR 15,000,000 super senior revolving credit facility (the "Super Senior Working Capital Facility"). The entry into the Intercreditor Agreement and the Super Senior Working Capital Facility is as contemplated by and permitted under the terms and conditions of the EUR 165 million senior secured floating rate bonds, issued by the Company under a framework of EUR 300 million (the "Bonds"). Funds drawn under the Super Senior Working Capital Facility may be used by the Company for general corporate purposes including working capital and acquisitions. The commercial conditions of the Super Senior Working Capital Facility are in line with market practice.

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Company statement of financial position

Company statement of financial position after appropriation of profit

In millions of €

	Notes	31 December 2023	31 December 2022
Assets			
Non-current assets		335.0	88.9
Financial fixed assets	B	334.3	88.9
Deferred tax assets		0.7	-
Current assets		105.1	14.4
Receivables, prepayments and accrued income	C	97.3	13.2
Cash and cash equivalents		7.8	1.2
Current tax assets		-	-
Total assets		440.1	103.3
Equity			
	D		
Share capital		1.2	1.2
Share premium		140.2	130.8
Treasury shares		-	-
Share based payment reserve		12.7	13.7
Other equity instruments		-	29.0
Legal reserves		27.7	25.2
Currency translation reserve		(1.9)	(1.3)
Retained earnings		(99.3)	(73.5)
Result for the financial year		23.7	(31.3)
Total equity		104.3	93.8
Liabilities			
Non-current liabilities		168.7	3.8
Lease liabilities		-	0.1
Other non-current liability	E	4.9	3.7
Borrowings	F	163.8	-
Current liabilities		167.1	5.6
Lease liabilities		-	-
Other current liabilities	E	1.3	4.7
Trade, other payables and accrued liabilities	G	159.7	0.9
Current tax liability		6.1	-
Total liabilities		335.8	9.5
Total equity and liabilities		440.1	103.3

Company statement of profit or loss

Company statement of profit or loss

In millions of €

	Notes	2023	2022
General and administrative expenses		3.3	(2.4)
Personnel costs		(2.0)	(2.3)
Share based payment costs		-	(13.3)
Depreciation and amortisation		(0.1)	-
Operating profit / (loss)		1.2	(18.0)
Total finance income		18.2	13.8
Total finance costs	H	(27.6)	(7.3)
Result before tax		(8.2)	(11.5)
Income taxes		(6.4)	-
Result from subsidiaries		38.3	(19.8)
Result from operations after tax and result from subsidiaries		23.7	(31.3)
Profit / (loss) for the year		23.7	(31.3)

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A. General information

The Company financial statements were authorized for issue by the Supervisory Board on 25 April 2024.

This annual report includes the Financial Statements regarding the financial year 2023 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").

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 and 2023.

In the second half of 2022 a legal merger between Azerion Group N.V. and Azerion Holding B.V. was proposed. As no objections were raised, this legal merger became effective as of 1 January 2023. This legal merger, under universal succession of title, took effect such that Azerion Group N.V., being the 100% shareholder of Azerion Holding B.V., absorbed all rights and obligations of Azerion Holding B.V. The two entities were both operating as Holding entities before the legal merger and Azerion Group N.V. continued to operate as a Holding entity after the legal merger took place. As Azerion Group N.V. filed a 403 statement for Azerion Holding B.V. related to the financial year ended 31 December 2022, the only financial statements to be published are those of Azerion Group N.V. There were no activities disposed as a result of the merger. In terms of accounting the balances from Azerion Holding B.V. are transferred to Azerion Group N.V. on the legal effective date of the merger and eliminated where necessary. There is no specific guidance in IFRS relating to the accounting of legal mergers.

Basis for the preparation

The Company financial statements of Azerion Group N.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.

Financial fixed assets

Azerion Group N.V. applies the equity method for the presentation and measurement of the investment in Azerion Holding B.V. as at 31 December 2022. No goodwill was recognised in this legal acquisition because that would

essentially be own goodwill. As a result of the legal merger Azerion Group N.V. accounts for the equity investments as previously owned by Azerion Holding B.V. and applies the equity method for these investments. Consolidated subsidiaries are all entities (including intermediate subsidiaries) over which Azerion Group N.V. has control.

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	Loan to Group Companies	Other Financial Fixed assets	Total
As at 1 January 2022	-	-	-	-
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 1 January 2023	88.9	-	-	88.9
Equity value of investments previously owned by Azerion Holding B.V.	206.2	-	-	206.2
Value of shareholder loan previously owned by Azerion Holding B.V.	-	-	34.7	34.7
Repayments shareholder loan	-	-	(17.5)	(17.5)
Accrued interest on shareholder loan	-	-	1.4	1.4
Recognition call option agreement	-	-	7.8	7.8
Fair value adjustment on call option agreement	-	-	(1.0)	(1.0)
Value of Intercompany loans previously owned by Azerion Holding B.V.	-	126.0	-	126.0
Accrued interest intercompany loans	-	10.9	-	10.9
Elimination investment in Azerion Holding BV	(158.8)	-	-	(158.8)
Result from subsidiaries	38.3	-	-	38.3
Translation reserves from participations	(0.6)	-	-	(0.6)
Non-Controlling interest transaction	-2.0	-	-	-2.0
Other movements	0.0	-	-	0.0
As at 31 December 2023	172.0	136.9	25.4	334.3

As at 31 December 2022 Azerion Group N.V. has a 100% direct interest in Azerion Holding B.V. which it legally acquired on 1 February 2022. As a result of the legal merger between Azerion Group N.V. and Azerion Holding B.V., which became effective on 1 January 2023, the equity method as applied by Azerion Holding B.V., is continued.

The other financial fixed assets are relating to a loan to shareholder Principion Holding B.V. and a call option agreement dated 11 December 2023. For further information reference is made to [note 11: Non-current financial assets](#)

The result from subsidiaries contains the result of the group companies for the period between 1 January 2023 and 31 December 2023.

C. Receivables, prepayments and accrued income

Receivables, prepayments and accrued income

In millions of €

	31 December 2023	31 December 2022
Trade receivables from group companies	50.2	2.9
Receivables from group companies	44.6	9.4
Prepayments	0.8	0.9
Taxes and social security premiums	0.8	-
Other receivables	0.9	-
Total	97.3	13.2

All receivables are unsecured, denominated in Euro (€) and non-interest bearing.

The receivables from group companies and other receivables are all due within a period of one year from the balance sheet date.

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 as of 1 January 2022	-	-	-	16.8	-	-	(39.0)	(22.2)
Changes related to the Transaction	0.2	82.1	-	(13.1)	-	-	(14.6)	54.6
Result before the 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 before the Transaction	0.2	82.1	-	3.7	-	-	(53.6)	32.4
							-	
Changes after the Transaction	1.0	48.7	25.2	10.0	(1.3)	29.0	(51.2)	61.4
Result after the Transaction	-	-	-	-	-	-	(14.5)	(14.5)
Private placement to sponsors and co-investors	-	23.1	-	-	-	-	-	23.1
Other Private placement	-	10.5	-	-	-	-	-	10.5
Capital restructuring	1.0	-	-	-	-	-	-	1.0
Legal acquisition of Azerion Holding B.V.	-	(21.8)	25.2	-	(1.3)	22.5	(36.7)	(12.1)
Issuance of call options	-	-	-	1.6	-	-	-	1.6
Exercise of call options	-	1.4	-	(1.4)	-	-	-	-
Shareholder loans	-	-	-	-	-	(1.9)	-	(1.9)
Shares issued in new acquisitions	-	35.5	-	-	-	8.3	-	43.8
Issuance of Azerion founder warrants	-	-	-	9.9	-	-	-	9.9
Other movements	-	-	-	(0.1)	-	0.1	-	-
Balance as of 31 December 2022	1.2	130.8	25.2	13.7	(1.3)	29.0	(104.8)	93.8
Result for the financial year	-	-	-	-	-	-	23.7	23.7
Movements of the period:								
Grant of share based payment	-	-	-	0.7	-	-	-	0.7
Vesting of share based payment	-	0.5	-	(0.5)	-	-	-	-
Shares issued in new acquisitions	-	8.3	-	-	-	(8.3)	-	-
Exercise of call option	-	1.2	-	(1.2)	-	-	-	-
Non-Controlling interest transaction	-	(0.8)	-	-	-	-	(1.2)	(2.0)
Other comprehensive income / (loss)	-	-	-	-	(0.6)	-	-	(0.6)
Allocation of legal reserve	-	-	2.5	-	-	-	(2.5)	-
Modification of equity instruments	-	-	-	-	-	(20.7)	9.3	(11.4)
Total other movements	-	0.2	-	-	-	-	(0.1)	0.1
Balance as of 31 December 2023	1.2	140.2	27.7	12.7	(1.9)	-	(75.6)	104.3

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 on 1 February 2022](#) in the Consolidated financial Statements.

In relation to the **legal merger 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 2023, the share capital amounted €1.2 million (2022: €1.2 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.

58,690,961 Treasury shares were cancelled on 23 August 2023, based on the decision in the Annual General Meeting on 15 June 2023.

Share capital structure as at 31/12/2023

in number of shares, in € for nominal value and millions of € for carrying amount

Instrument	Number	Nominal value	Carrying amount 31/12/2023	Carrying amount 31/12/2022	Accounting classification
Ordinary shares (placed and paid up)	120,281,425	1,202,814	1.2	1.2	Equity, share capital
Capital Shares	22	220,000	0.2	0.2	Current liabilities
Conditional Special Shares	1,152,886	-	2.2	2.2	Equity, share based payments reserve
Call Options					
- HTP Conditional Call Options	25,700	-	0.2	0.2	Equity, share based payments reserve
- Davey Unconditional Call Options	0	-	0.0	1.2	Equity, share based payments reserve
- Davey Conditional Call Options	110,996	-	0.2	0.2	Equity, share based payments reserve
- Azerion Founder Warrants	17,992,773	-	9.9	9.9	Equity, share based payments reserve
Warrants (derivative instruments)					
- Public Warrants	12,736,605	-	0.1	3.2	Current liabilities
- Founder Warrants	5,256,167	-	0.0	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, a further **other private placement** of € 10.5 million was completed in July 2022, in the form of a private placement of existing ordinary treasury shares of Azerion, predominantly to Azerion's co-CEO's investment vehicles.

Furthermore, € 8.3 million of **Shares issued in new acquisitions** were issued which are converted to Share Premium in 2023, refer to [note 5: Acquisitions](#) in the Consolidated financial Statements for further details.

Legal reserve

As of 31 December 2023, pursuant to Dutch law, certain limitations exist relating to the distribution of shareholders' equity of € 104.8 million. Legal reserves are not available for distribution to the Company's shareholders. Of the total equity as per 31 December 2023 of € 104.8 million, an amount of € 27.7 million is non-distributable (2022: € 25.2 million out of the total equity of € 93.8 million)

Share-based payments

The Share based payments reserve includes the amounts related to the Conditional Special Shares, Davey Call Options, the HTP Call Options, the Azerion Founder Warrants and the Executive Annual Incentive Plan. The movements in 2022 and 2023 were as follows:

Share-based payments

In millions of €

	Share-based payments					Other equity instruments	Trade and other receivables	Other liabilities	
	Employee Awards	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 2022	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	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)
Total	(13.0)	-	-	(1.4)	-	(14.4)	(11.5)	(0.9)	(7.7)
Issued in acquisitions 2022	-	-	-	-	-	-	8.3	-	-
Fair value through P&L	-	-	-	-	-	-	-	-	1.4
Other movements	-	-	(0.1)	-	-	(0.1)	-	-	-
Balance as of 31 December 2022	-	2.2	1.4	0.2	9.9	13.7	8.3	(0.9)	2.2
Amounts through P&L									
Issued in acquisitions 2023	-	-	-	-	-	-	-	-	-
Amounts through P&L	0.7	-	-	-	-	0.7	-	(0.7)	0.7
Other movements	-	-	-	-	-	-	-	-	-
Exercised through:									
- Share capital	-	-	-	-	-	-	-	-	-
- Share premium	(0.5)	-	(1.2)	-	-	(1.7)	(8.3)	-	-
- Cash	-	-	-	-	-	-	-	-	-
- Non- Cash	-	-	-	-	-	-	-	0.8	(2.1)
Total	(0.5)	-	(1.2)	-	-	(1.7)	(8.3)	0.8	(2.1)
Balance as of 31 December 2023	0.2	2.2	0.2	0.2	9.9	12.7	-	(0.8)	0.8
Number of instruments									
Acquired in the De-SPAC Transaction	-	1,152,886	739,970	-	-	-	-	-	-
Issue of HTP Call Options	-	-	-	171,334	-	-	-	-	-
Exercise of HTP Call Options	-	-	-	(145,634)	-	-	-	-	-
Grant in the De-SPAC Transaction	-	-	-	-	17,992,773	-	-	-	-
Balance as of 31 December 2022	-	1,152,886	739,970	25,700	17,992,773	-	-	-	-
Exercise Davey call options	-	-	(628,974)	-	-	-	-	-	-
Balance as of 31 December 2023	-	1,152,886	110,996	25,700	17,992,773	-	-	-	-

	Share-based payments					Other equity instruments	Trade and other receivables	Other liabilities	
	Employee Awards	Conditional Special Shares	Davey Call Options	HTP Call Options	Azerion Founder Warrants	Total	Investor SARs / shares	Acquisition SARs	Acquisition SARs
Prices of the instruments						-			
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				
Balance as of 31 December 2022		1.95	1.94	6.424	0.55				
Exercise Davey call options			1.94						
Balance as of 31 December 2023		1.95	1.94	6.424	0.55				

Please refer to [note 15: Share-based payments](#) in the Consolidated financial Statements for more information

Currency Translation reserve

The Currency Translation reserve of € (1.9) million (2022: € 1.3 million) is recognized in the books of Azerion Group N.V.

Other equity instruments

As at 31 December 2023 other equity instruments amounted to € - million (2022: € 29.0 million). The movements in the Other equity instruments are as follows.

Shareholder loans

As at 31 December 2022, the Group had € 14.9 million loans from related parties that were subordinated. € 14.0 million was related to loans from Principion Holding B.V., and the remaining € 0.9 million represented loans from Stichting Administratiekantoor Azerion Holding B.V.

Loans payable to Principion Holding B.V.

Subordinated loans payable to Principion Holding B.V. included an equity redemption option of outstanding loan balances, in addition to a cash redemption option, and were redeemable by issuing 2,621,147 shares in the issued share capital of the Group. The discretion to redeem the loans in equity or cash was with the Group. As a result, the loans were classified as equity instruments in the Group's statement of financial position as at 31 December 2022.

The loans had a duration until the earlier of (i) the redemption of the Group's senior secured bonds with ISIN SE0015837794 and (ii) 28th April 2024. As a result of the bonds being refinanced, the subordinated loans became payable as from 31 October 2023. On 11 December 2023, the Group entered into the Loan Settlement, Amendment, Share Pledge and Call Option Agreement with Principion Holding B.V, according to which the balance of loan receivable from Principion Holding B.V. in the amount of € 36.0 million was netted off against the subordinated loans payable to Principion Holding B.V.. This resulted in € 8.7 million reclassification from Other equity instruments to Retained earnings (representing the value of the Group's equity redemption option at the transaction date) and the remaining € 5.3 million being netted off against the loan receivable from Principion Holding B.V. (see note 11: Non-current financial assets).

Loans payable to Stichting Administratiekantoor Azerion Holding B.V.

The Group has subordinated loans from Stichting Administratiekantoor Azerion Holding B.V. (the "STAK"), a foundation. Certificate holders of STAK include the Group's employees, among others. The loans contained an equity redemption option of outstanding loan balances, in addition to a cash redemption option, and were redeemable by issuing 161,304 shares in the issued share capital of the Group. The discretion to redeem the loans in equity or cash was with the Group. As a result, the loans were classified as equity instruments in the Group's statement of financial position as at 31 December 2022.

The loans had a duration until the earlier of (i) the redemption of the Group's senior secured bonds with ISIN SE0015837794 and (ii) 28th April 2024. As a result of the bonds being refinanced, the subordinated loans became payable as from 31 October 2023. The Group signed memorandums with the different certificate holders, according to which the redemption of outstanding loan balance will be made in cash. This resulted in the following:

- € 0.6 million was reclassified from Other equity instruments to Retained earnings (representing the value of the Group's equity redemption option at the transaction date);
- remaining balance € 0.3 million was reclassified from Other equity instruments to financial liabilities;
- € 0.9 modification loss was recognised on the afore-mentioned financial liabilities in the statement of comprehensive income;

The parties agreed that the resulting financial liability would be settled in the last quarter of 2023 (€ 0.5 million) and in the first half year of 2024 (€ 0.7 million). The outstanding balance as at 31 December 2023 is included in Other liabilities.

2022 Movements:

€ (1.9) million of **changes in shareholder loans** were related to an amendment to the nominal value of the loans.

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 of share options remained, consisting of:

- € 8.3 million of **share considerations** for acquisitions of 2022. These were exercised fully in 2023 with resulting decrease in other equity instruments and increase by the same amount in share premium (see above).
- € 5.8 million relating to the acquisition of the remaining 49% in Sulake during 2020. The Group had the option to settle either in cash or shares, with the Group's intention as of last year being to settle in shares. As a result, the consideration was included in other equity instruments as at 31 December 2022. In 2023, the Group decided to settle the liability in cash, resulting in reclassification from equity to other liabilities (see note 17: Other liabilities).

Retained earnings

As at 31 December 2023 the retained earnings amounted to € (75.1) million (2022: € (104.8) million).

€ 34.3 million movement in 2023 relates to the total comprehensive income for the year.

E. Other liabilities

Other current liabilities

In millions of €

	31 December 2023	31 December 2022
Capital shares	0.2	0.2
Founder warrants	-	1.3
Public warrants	0.1	3.2
Acquisition related share appreciation rights	0.8	-
Other liabilities	0.2	-
Total	1.3	4.7

The current liabilities are all due within a period of one year from the balance sheet date.

Statement of changes in Other non-current liabilities

In millions of €

	Contingent and deferred considerations
Balance as of 1 January 2022	-
Radionomy Group minimum guarantee liability at acquisition date	2.9
Fair value through P&L	0.8
Balance as of 31 December 2022	3.7
Fair value through P&L	1.2
Balance as of 31 December 2023	4.9
of which (duration)	
Less than 1 year	-
1-5 years	4.9
More than 5 years	-

The fair value of all payables approximates the carrying amount.

Contingent and deferred considerations

The contingent liability relates to the Radionomy Group guarantee which is due on 31 January 2025.

Capital shares

In the establishment of EFIC1 'Capital Shares' were issued to two of its sponsors. Each Capital Share has a nominal value of € 10,000. As at 31 December 2023 and 31 December 2022 a total number of 22 Capital Shares were outstanding, representing a total value of € 0.2 million. In the Transaction the holders of the Capital Shares agreed not to exercise their voting rights and granted a right of pledge on their Capital Shares in favour of Azerion Holding B.V. and transferred 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. As a result of the legal merger the voting rights are held at Azerion Group N.V.. 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

Warrants

In millions of €

	Public warrants	Founder warrants	Total
Balance as at 1 January 2022	9.6	8.7	18.3
Fair value movements -- through profit or loss	(6.4)	(7.4)	(13.8)
Balance as at 1 January 2023	3.2	1.3	4.5
Fair value movements -- through profit or loss	(3.1)	(1.3)	(4.4)
Balance as at 31 December 2023	0.1	-	0.1
Number of instruments:			
Balance as at 31 December 2022	12,736,605	5,256,167	17,992,772
Balance as at 31 December 2023	12,736,605	5,256,167	17,992,772
Prices:			
As at 31 December 2022	0.25	0.25	
As at 31 December 2023	0.005	0.005	

Acquisition related share appreciation rights

In the SPA's entered into by Azerion with Genba, Strossle and Admeen a guaranteed value of the shares had been agreed. If the share price dropped, Azerion needed to give the sellers extra shares to make up for the difference which, under an agreement between Azerion Group N.V. and Principion Holding B.V. entered into at the time of the De-SPAC transaction, Principion Holding B.V. agreed to cover. The settlement with the sellers of Strossle and Admeen has been finalized with Principion Holding B.V. during the financial year 2023. Principion Holding B.V. has given 177.727 shares to the sellers of Admeen and 314.365 shares to the sellers of Strossle to cover the drop in the share price. As of 31 December 2023, Azerion Group N.V. has a € 0.8 million receivable from Principion Holding B.V. (2022: € 2.2 million) to cover the drop in the share price relating to the guaranteed value remaining.

F. Borrowings

Borrowings

in millions of €

	Senior secured bonds
Balance coming from the legal merger of Azerion Group N.V. and Azerion Holding B.V. as per 1 January 2023	199.8
Acquisitions of subsidiaries and businesses	-
Additions	162.5
Principal repayments / disposals	(200.0)
Loss on derecognition	1.1
Capitalised transaction cost	(3.5)
Interest accrued	17.9
Interest paid	(14.1)
Exchange differences	-
Other	0.1
Balance as of 31 December 2023	163.8
Balance as of 1 January 2023	199.8
of which (duration)	
< 1 year	2.5
≥ 1 year ≤ 5 years	197.3
> 5 years	-
Balance as of 31 December 2023	163.8
of which (duration)	
< 1 year	4.5
≥ 1 year ≤ 5 years	159.3
> 5 years	-

Senior secured bonds

On 8 April 2021, the Group issued senior secured callable fixed rate bonds with ISIN SE0015837794 for a total of € 200.0 million (the "Old Bonds"), within a total framework amount of € 300.0 million. The maturity date of the Old Bonds was 28 April 2024. The bonds carried a fixed interest rate of 7.25 per cent per annum.

On 31 October 2023, the Group successfully completed the refinancing of above-mentioned bonds. Following a book-building process, the Group successfully placed € 165.0 million of senior secured floating rate bonds under a framework of € 300.0 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 Group 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.

Since the New Bonds were issued at terms that are sufficiently different to those of the Old Bonds, the transaction was treated as an extinguishment of the original financial liability and the recognition of a new financial liability. There was a € 1.1 million loss on derecognition related to remaining unamortised portion of transaction costs on the Old Bonds, included in Finance costs (see note 24: Net finance costs).

At initial recognition, the New Bonds were measured at fair value minus directly attributable transaction costs of € (3.5) million. Subsequently, the New Bonds are measured at amortised cost using the effective interest method.

The security for the bonds is a share pledge in respect of all shares in the group companies Azerion Games en 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, and a pledge over any material intra-group loans receivable by the Company.

In addition, the following group companies have entered into the Guarantee Agreement to guarantee the performance of obligations of the Issuer: Azerion Technology B.V., a limited liability company incorporated in the Netherlands, Whow Games GmbH, a limited liability company incorporated in Germany, Genba Digital Limited, a limited liability company incorporated in England and Wales, Keygames Network B.V., a limited liability company incorporated in the Netherlands, SPIL Games Group B.V., a limited liability company incorporated in the Netherlands, Voidu B.V., a limited liability company incorporated in the Netherlands, Delta Projects AS, a limited liability company incorporated in Norway, Delta Projects AB, a limited liability company incorporated in Sweden, Azerion AG, a limited liability company incorporated in Germany, Azerion UK Limited, a limited liability company incorporated in England and Wales, Azerion Nederland B.V., a limited liability company incorporated in the Netherlands, Targetspot Inc., a limited liability company incorporated in Delaware, Strossle International AB, a limited liability company incorporated in Sweden, Sublime Skinz SASU, a limited liability company incorporated in France, Sublime Skinz Labs SAS, a limited liability company incorporated in France, Vlyby Digital GmbH, a limited liability company incorporated in Germany, Azerion Tech Holding B.V., a limited liability company incorporated in the Netherlands, and Azerion Sweden AB, a limited liability company incorporated in Sweden.

G. Trade, other payables and accrued liabilities

...

Trade, other payables and accrued liabilities

In million €

	December 31, 2023	December 31, 2022
Payables to group companies	125.9	-
Trade payables to group companies	30.9	-
Trade and other payables to third parties	2.8	0.4
Wages and salaries	0.0	0.4
Social Security	0.1	0.1
Total	159.7	0.9

Payables to group companies are unsecured, denominated in Euro (€).

The payables to group companies and third parties are all due within a period of one year from the balance sheet date.

The fair value of all payables approximates the book value.

H. Net finance cost

Net finance cost

In millions of €

	2023	2022
Fair value gain on warrants	4.4	13.8
Finance income on intercompany transactions	10.9	-
Other finance income	2.9	-
Finance income	18.2	13.8
Modification loss on equity instruments	(5.2)	-
Interest on debt and borrowings	(19.8)	(0.3)
Fair value loss on Call option	(1.0)	-
Settlement of ordinary shares	-	(7.0)
Other finance costs	(1.6)	-
Finance costs	(27.6)	(7.3)
Net finance costs	(9.4)	6.5

The fair value gain on warrants consists 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.

The fair value gain on warrants amounts to € 4.4 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 € (0.1) million of accrued interest included in the liability was fully amortised in January 2022.

I. Off balance sheet commitments

Contingent liabilities

Fiscal unity for corporate income tax and value added tax purposes

On 31 December 2023, 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. for 2022 and for the following subsidiaries for 2023:

Entity	CoC number
Azerion Gaming B.V.	76474259
Azerion IP B.V.	62841300
Azerion JGH B.V.	54136369
Azerion Metaverse B.V.	85859729
Azerion Nederland B.V.	34234914
Azerion Productions Casual B.V.	76533611
Azerion Productions E-Business B.V.	76533662
Azerion Productions GD B.V.	76533557
Azerion Productions PG B.V.	34291829
Azerion Services B.V.	76887855
Azerion Productions Services B.V.	76533441
Azerion Sports B.V.	17245693
Azerion Tech Engineering B.V.	76442225
Azerion Tech Holding B.V.	76432572
Azerion Tech Productions B.V.	76450856
Delta Projects Netherlands B.V.	56502133
Hi-Media Nederland B.V.	34125732
Azerion Technology B.V.	20139757
Keygames Network B.V.	14077784
Quantum Advertising Nederland B.V.	72764961
Radionomy B.V.	59378670
Spil Games Group B.V.	32081488
Mmedia B.V.	34268383
Triodor Holding B.V.	34297318
Widespace B.V.	56327471
Voidu B.V.	67876153
Zoom.in Group B.V.	58548483

As at 31 December 2023 Azerion Group N.V. had a judicial bank guarantee outstanding of €1.4 million (2022: -) relating to a commercial litigation.

J. Employees

During 2023 3 employees were employed by the company (2022: 3). They were all employed in the Netherlands.

K. Remuneration of directors

The emoluments (including pensions obligations) which were charged in 2023 amount to € 1.2 million (2022: € 12.9 million) for the members of the Management Board and € 0.4 million for the members of the Supervisory Board (2022: €0.3 million). In the De-SPAC Transaction in 2022, 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. Please refer to the remuneration report for more information.

L. Other disclosure

Adoption of the financial statements 2023

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 2023

The Management Board proposes to add the full 2023 result to Retained earnings. The general meeting of shareholders will be asked to approve the appropriation of the 2023 result, this appropriation is already recognized in the financial statements.

Schiphol-Rijk, 25 April 2024

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

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 5](#) in these Annual Accounts.

Independent auditor's report

To: the general meeting and the supervisory board of Azerion Group N.V.

Report on the audit of the financial statements 2023

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 2023 and of its result and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted in the European Union ('EU-IFRS') and with Part 9 of Book 2 of the Dutch Civil Code; and
- 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 2023 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 2023 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 2023;
- the following statements for 2023: the consolidated profit and loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows; and
- the notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

The company financial statements comprise:

- the company statement of financial position as at 31 December 2023;
- the company statement of profit or loss for the year then ended; and
- the notes to the company financial statements, 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 separate opinions or conclusions on these matters.

Overview and context

Azerion Group N.V. is a technology company providing digital advertising and online gaming services headquartered in the Netherlands. Azerion Group N.V. mainly operates throughout Europe and is positioned in the United States, South America and Australia. 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'.

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 2023, these were not at the level required at all locations and therefore our audit is primarily based on substantive audit procedures.

On 28 August 2023, the Group completed the sale of its social card games portfolio to Playtika Holding Corp. The accounting for such a transaction is complex and requires significant judgements. The result of the sale has a significant impact on the financial statements. As a result, we considered the accounting for the sale of social card games portfolio a key audit matter as set out in the section 'Key audit matters' of this report.

On 11 December 2023, the Group entered into the loan settlement, amendment, share pledge and call option agreement with shareholder Principion Holding B.V. The accounting for these transactions is complex and requires significant judgements.

The combined transactions have a significant impact on the financial statements. As a result, we considered the accounting of the loan settlement, amendment, share pledge and call option agreement with shareholder Principion Holding B.V. a key audit matter as set out in the section 'Key audit matters' of this report.

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 risks of material misstatement in the impairment assessment of goodwill, we considered this matter as a key audit matter as set out in the section 'Key audit matters' of this report.

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 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 a key audit matter.

Another area of focus that was not considered as a key audit matter was the placement of new senior secured floating rate bonds in October 2023, used to replace the in April 2021 issued senior secured fixed rate bonds.

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 technology company providing digital advertising and online gaming services. We therefore included experts and specialists in the areas of, amongst others, IT, tax, valuations and IFRS accounting in our team.

The outline of our audit approach was as follows:



Materiality

- Overall materiality: €5,150,000.

Audit scope

- We conducted a full scope audit at eighteen components and specific audit procedures at six components to achieve sufficient audit coverage.
- For fifteen components, we used foreign component auditors. Site visits were conducted to eleven components.
- Audit coverage: 81% of consolidated revenue.

Key audit matters

- Sale of social card games portfolio.
- Accounting of the loan settlement, amendment, share pledge and call option agreement with shareholder Principion Holding B.V.
- 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.

<i>Overall group materiality</i>	€5,150,000 (2022: €4,500,000).
<i>Basis for determining materiality</i>	We used our professional judgement to determine overall materiality. As a basis for our judgement, we used 1% of revenues.
<i>Rationale for benchmark applied</i>	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 benchmark revenues is the most relevant metric for the financial performance of the Company. We did not use profit before tax as a benchmark, as this benchmark is less representative of the scale of operations of the company.
<i>Component materiality</i>	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 €3,500,000 and €500,000. Certain components were audited to a local statutory audit materiality that was also less than our overall 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 €257,500 (2022: €225,000) 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, performed sufficient work on the financial statements to enable us to provide 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 achieve sufficient audit coverage, of which two are considered significant components, as those components are individually financially significant to the Group. We further subjected six 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 81% coverage on the financial line item 'revenue'.

The group engagement team performed the audit work for Azerion Group N.V., Azerion Technology B.V., Youda Games Holding B.V., Voidu B.V., Azerion Nederland B.V., KeyGames Network B.V., Azerion Tech Holding B.V., Azerion Games en Content Holding B.V. and Azerion Services B.V.

For components Whow Games GmbH, Azerion UK Ltd., Genba Digital Ltd., AdUX SA, TargetSpot Inc., Hybrid Theory Inc., Azerion Sweden SB AB, Azerion Sweden AB, Delta Projects AB, KMobile AB, Strossle International AB, Azerion AG, Madvertise Media GmbH, Sulake Oy, and Infinia Mobile S.L., 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 sufficient and appropriate audit evidence was obtained 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 most of the in-scope component audit teams throughout the audit. 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, Whow Games GmbH, Azerion UK Ltd., Genba Digital Ltd., TargetSpot Inc., Hybrid Theory Inc., Azerion Sweden SB AB, Azerion Sweden AB, Delta Projects AB, KMobile AB and Strossle International AB. 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 impairment assessment of goodwill, leases and share-based payments.

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 the 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 and whistleblower procedures, 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, human resources, regional directors and the supervisory board 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.

On 13 March 2023, Azerion announced that 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 of the investigation, one of the co-CEO's temporarily stepped aside as of 12 March 2023.

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. As the investigation is still ongoing and no additional communication has been received on this matter, the management board state that they are aware of the ongoing uncertainty surrounding the progress and lead-time of the investigation by the AFM.

As a result of the investigation, we identified an additional fraud risk during the audit of the financial statements 2022. Based on our procedures performed, in collaboration with our forensics specialists, and the investigation of the external expert, we did not identify indications that the co-CEO who stepped aside did not act with integrity.

As per the date of this report, the investigation is not yet concluded, and it is not possible to predict with certainty how the AFM investigation will develop in the future. The co-CEO temporarily stepped aside as of 12 March 2023 and has not been active within Azerion from that moment onwards. As a result, we have revised our fraud risk analysis and determined that the specific fraud risk 'The risk of possible lack of integrity by the co-CEO, who temporarily stepped aside' relevant for our 2022 audit of the financial statements is no longer relevant for the year 2023. During our 2023 audit of the financial statements, as part of our procedures to address the risk of fraud through management override of controls, we performed procedures to conclude that the co-CEO who temporarily stepped aside has not been active as of 12 March 2023.

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

Risk of fraud in revenue recognition

We addressed the risk of fraud in revenue recognition. This relates to the presumed management incentive 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.

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; and
- significant transactions, if any, outside the normal course of business for the entity.

Our audit work and observations

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 recognised 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.

Where relevant to our audit, we evaluated the design and implementation of internal controls in the processes of generating and processing journal entries and making estimates.

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 source documentation.

We performed substantive audit procedures with respect to the management board, including:

- analyses of the right to authorise contracts, invoices and payments by the management board and the execution of those rights;
- data analyses on the rights of the management board in the ERP system concluding that the management board has no access to the ERP system;
- analyses of the costs recorded on the cost centre related to the management board;
- analyses of management expense claims; and
- analyses of transactions with related parties connected to the management board for which the risk of conflict of interest may arise, specifically if it is outside the scope of normal business operations.

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 settlement of the loans with shareholder Principion Holding B.V. 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.

We incorporated an element of unpredictability in our audit. We reviewed correspondence with regulators. During the audit, we remained alert to indications of fraud. Furthermore, we considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance with laws and regulations.

Audit approach going concern

As disclosed in section 'Going concern' on page 70 of the financial statements the management board performed their assessment of the entity's ability to continue as a going concern for at least twelve months from

the date of preparation of the financial statements and did not identify events or conditions that may cast significant doubt on the entity's ability to continue as a going concern (hereafter: going concern risks).

Our procedures to evaluate the management board's going concern assessment included, amongst others:

- considering whether the management board's going concern assessment included all relevant information of which we were aware as a result of our audit and inquiring with the management board regarding the management board's most important assumptions underlying its going concern assessment;
- evaluating the management board's current budget including cash flows for at least twelve months from the date of preparation of the financial statements taken into account current market developments and all relevant information of which we were 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. For the year 2023, the re-financing of the 'old bonds' that were maturing in April 2024 was of significant importance to the Group. In October 2023, management completed the re-financing process by placing a new senior secured floating rate bond (New Bonds) of €165 million. Together with a part of the proceeds received from the sale of social card portfolio, management has been able to repay the debt; and
- performing inquiries of the management board as to its knowledge of going concern risks beyond the period of the management board's assessment.

Based on our procedures performed, we concluded that the management board's use of the going concern basis of accounting is appropriate and that no material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern.

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 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

The sale of social card games portfolio *Refer to note 6 'Sale of social card games portfolio' of the consolidated financial statements.*

On 28 August 2023, the Group completed the sale of its social card games portfolio to Playtika Holding Corp. The accounting for such a transaction is complex and requires significant judgements. The result of the sale has a significant impact on the financial statements. As a result, we considered the accounting of the sale of social card games portfolio a key audit matter.

The following elements involve significant judgements and complexity in accounting for the divestment and in the determination of the related deal result:

- the determination of the result of the deal (€72.8 million, pre-tax) which includes determination of the fair value of the earnout consideration as part of the consideration received; and
- the determination of the goodwill allocated to social card game portfolio as part of total goodwill of the Premium Games group of cash generating units.

Furthermore, the assessment that the sale of the social card games portfolio did not qualify to be presented as a discontinued operation in line with IFRS 5 includes judgement and impacted the disclosures required in the financial statements

Our audit work and observations

We performed our audit procedures on the accounting for the divestment of the social card games portfolio with the support of our accounting specialists and our auditor's valuation experts.

Our audit procedures included, amongst others:

- reviewing the underlying Asset Purchase agreement and other relevant documents;
- testing the methodical set up of the value in use calculation of the social card game portfolio and the determination of the method to determine the goodwill allocation to the portfolio in collaboration with our valuation experts;
- use of auditor's valuation experts to review management's valuation of the social card game portfolio including the discount rate used in the value in use model used to calculate the relative value to determine the goodwill allocation to the social card games portfolio sold;
- assessing the inputs and assumptions to the value in use model used to calculate the relative value and testing the mathematical accuracy of the model and calculations performed to determine the goodwill allocation to the social card games portfolio sold;
- testing the completeness of derecognition of assets sold as part of the transaction;
- reviewing the assessment that the sale of the social card game portfolio did not qualify to be presented as a discontinued operation in line with IFRS 5;
- testing the calculation for the valuation of the earnout in line with the asset purchase agreement; and
- testing the model used to determine the fair value of the earnout consideration in line with our valuation experts.

Finally, we evaluated the disclosure in respect of sale of the social card games portfolio. Our audit procedures outlined above did not result in significant findings.

Key audit matter

Accounting for the loan settlement, amendment, share pledge and call option agreement with shareholder Principion Holding B.V.

Refer to note 11 'Non-current financial assets' of the consolidated financial statements.

On 11 December 2023, the Group entered into the loan Settlement, amendment, share pledge and call option agreement with shareholder Principion Holding B.V, according to which:

- Azerion decided to settle the amounts outstanding under the subordinated loan agreements, that were classified as an equity instrument in the financial statements, for the gross amount of €17.5 million against the loan with shareholder Principion Holding B.V. totaling to €36 million before the settlement;
- 10.5 million security shares were offered by the shareholder as a pledge; and
- a call option over these security shares with a maximum exercise price of €1.85 per share expiring on 31 March 2025 were granted to the Azerion Group N.V.

The following elements involve significant judgements and complexity in accounting and were assessed by management:

- the accounting for the settlement of the subordinated loan, which was accounted for as an equity instrument before the settlement, for the fair value of the shares related to the equity redemption option of €5.3 million. The remainder of the value of the equity instrument of €8.7 million was reclassified from other equity instruments to retained earnings;
- the accounting for the changes in the loan with shareholder Principion Holding B.V. as modification in line with IFRS 9, as a consequence of the settlement, resulting in a modification loss of €4.3 million;
- the accounting and valuation of the call option received; and
- the determination whether the transactions occurred at arm's length.

The accounting for these transactions is complex and requires significant judgements. The combined transactions have a significant impact on the financial statements. As a result, we considered the accounting of the loan settlement, amendment, share pledge and call option agreement with shareholder Principion Holding B.V. a key audit matter.

Our audit work and observations

We performed our audit procedures in relation to the transactions occurred in collaboration with the support of our accounting specialists and auditor's valuation experts.

Our audit procedures included, amongst others:

- evaluating the accounting treatment under IFRS;
- reviewing the underlying agreements and other relevant documents;
- use of accounting specialists to challenge management's accounting judgements involved and the application of the IFRS requirements;
- use of auditor's valuation experts to review management's valuation of the different financial instruments (parent loan, subordinated loan and call option) to evaluate the accounting measurement and the arm's length assumption of the combination of transactions; and
- performing test of details on assumptions used in the valuation of the financial instruments.

Finally, we evaluated whether the disclosures in respect of the settlement of the subordinated loan, parent loan and call option were adequate. Our audit procedures outlined above did not result in significant findings.

Impairment assessment of goodwill

Refer to note 9 'Goodwill' of the consolidated financial statements.

As of 31 December 2023, the Group's goodwill amounted to €187.1 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 Platform and Premium Games 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:

- forecast sales growth rates;
- operating profits;
- discount rates;
- long-term growth rates.

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 carrying amount of that segment and therefore no impairment charge was recognised for the year 2023.

We performed our audit procedures on the impairment assessment with the support of our auditor's 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 31 December 2023;
- 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 appropriateness to use a five-year forecasting model based on the business characteristics and comparing this with industry averages; and
- 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 directors' report 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 directors' report 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 15 June 2023 by the supervisory board. This followed the passing of a resolution by the shareholders at the annual general meeting held on 15 June 2023. Our appointment has been renewed annually by shareholders and now represents a total period of uninterrupted engagement of three 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 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; and
- 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; and
 - 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.

In preparing 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, and is not a guarantee that an audit conducted in accordance with the Dutch Standards on Auditing will always detect a material misstatement when it exists. 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, 25 April 2024

PricewaterhouseCoopers Accountants N.V.

W. Poot RA

Appendix to our auditor's report on the financial statements 2023 of Azerion Group N.V.

In addition to what is included in our auditor's report, we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

The auditor's responsibilities for the audit of the financial statements

We have exercised professional judgement and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit consisted, among other things, of the following:

- identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the intentional override of internal control;
- obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management board;
- concluding on the appropriateness of the management board's use of the going-concern basis of accounting, and, based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the Company to cease to continue as a going concern; and
- evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Considering our ultimate responsibility for the opinion on the consolidated financial statements, we are responsible for the direction, supervision and performance of the group audit. In this context, we have determined the nature and extent of the audit procedures for components of the Group to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole. Determining factors are the geographic structure of the Group, the significance and/or risk profile of group entities or activities, the accounting processes and controls, and the industry in which the Group operates. On this basis, we selected group entities for which an audit or review of financial information or specific balances was considered necessary.

We communicate with the supervisory board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. In this respect, we also issue an additional report to the audit committee in accordance with article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the supervisory board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related actions taken to eliminate threats or safeguards applied.

