

Azerion publishes interim Q2 and H1 2024 results

Platform growth and improved efficiency driving performance

Highlights of Q2 2024

- ▮ **Total Revenue of €138.7 million** in Q2 2024, **up 24%** from €111.7 million in Q2 2023 (excluding the social card games portfolio divested in Q3 2023), mainly driven by higher advertising spend across the Platform Segment particularly in Direct sales and Automated auction sales and the integration of past acquisitions.
- ▮ **Adjusted EBITDA in Q2 2024 of €17.5 million, up 22%** compared to €14.4 million in Q2 2023 (excluding the social card games portfolio divested in Q3 2023), largely driven by revenue growth in the Platform, the benefits from the cost savings and efficiencies from the integration of previous acquisitions and the successful launch of Habbo Hotel Origins.
- ▮ **28% growth in Platform advertising revenue** to €104.4 million in Q2 2024, compared to €81.3 million in Q2 2023, mainly driven by increased Direct sales and Automated auction sales and the benefits of integrating and consolidating past acquisitions, as one of Europe's leading advertisement platforms.
- ▮ **28% increase in Hawk revenue** as compared to Q2 2023, largely due to scale benefits and efficiencies from operating within Azerion's Platform and confirming the improved value proposition and continued synergies generated by the acquisition.
- ▮ **Total operating expenses down 13%** in Q2 2024 compared to Q2 2023 (excluding the social card games portfolio divested in Q3 2023 and adjusted for a one-off settlement expense), mainly due to ongoing optimisation and efficiency programmes. Total operating expenses down 7% in Q2 2024 compared to Q2 2023 (including the social card games portfolio divested in Q3 2023 and without adjusting for a one-off settlement expense).
- ▮ **Continued progress** in advancing our product and **technology roadmap** through the launch of **Azerion Edge**, a new data solution to help publishers better monetize their audiences in a cookieless world.
- ▮ Expanded our market position in the Nordic markets by entering into a **strategic partnership with Eniro Group AB**, supported by the acquisition of a minority stake, to provide digital advertising services to Eniro's 50,000 SME client base and various services related to monetisation, product and technology.
- ▮ Hosted Azerion's first Annual Summit event since Covid, bringing together over 200 industry thought leaders and participants.
- ▮ **Signed 103 new publishers, connected 6 additional SSPs and onboarded 5 additional DSPs** to expand our digital audiences and monetisation capabilities across Europe and the Americas.

Highlights of H1 2024

- ▮ **Total Revenue of €258.4 million** for H1 2024, **up 21%** from €213.1 million in H1 2023 (excluding social card games portfolio divested in Q3 2023), mainly driven by Platform Segment growth, particularly in advertising revenue from Direct sales, and the integration of previous acquisitions.
- ▮ **Adjusted EBITDA of €27.3 million** for H1 2024, **up 39%** from €19.6 million in H1 2023 (excluding social card games portfolio divested in Q3 2023), mainly due to increased Platform revenue and contribution from Direct sales and platform efficiencies from optimisation and consolidation efforts, as well as improved Premium Games performance including the successful launch of Habbo Hotel Origins.

Post H1 2024 Highlights

- ▮ Entered a **new partnership with Captify** in July to accelerate the power of Search Intelligence, accelerating buyers' access to audiences derived from open web search data and empowering brands with cookieless activation in France and Italy.
- ▮ Also in July, **successfully placed additional bonds in an amount of €50 million** under Azerion's existing Senior Secured Callable Floating Rate Bond framework of €300 million.

Selected KPIs

Financial Results - Azerion Group N.V.

In millions of €

	Q2 2024	Q2 2023	Growth	H1 2024	H1 2023	Growth
Platform Segment						
Advertising Platform	104.4	81.3	28%	193.6	149.3	30%
AAA Game Distribution (e-commerce)	20.4	18.3	12%	39.6	39.6	0%
Revenue	124.8	99.6	25%	233.2	188.9	24%
Adj. EBITDA	14.1	13.3	6%	23.1	16.9	37%
Premium Games Segment¹⁾						
Revenue	13.9	22.4	(38)%	25.2	45.8	(45)%
Adj. EBITDA	3.4	5.2	(35)%	4.2	10.3	(59)%

Group (excluding social card games)						
Revenue	138.7	111.7	24%	258.4	213.1	21%
Adj. EBITDA	17.5	14.4	22%	27.3	19.6	39%
Group (including social card games)						
Total Revenue	138.7	122.0	14%	258.4	234.7	10%
Total Adj. EBITDA	17.5	18.5	(5)%	27.3	27.2	0.4%

¹⁾2023 figures for Premium Games contain results of the social cards game portfolio that was divested in Q3 2023. For detailed split of Premium Games results please refer to Segment Premium Games section below.

Adj. EBITDA Margin %						
Platform	11%	13%		10%	9%	
Premium Games	25%	23%		17%	23%	
Group (excluding social card games)	13%	13%		11%	9%	
Group	13%	15%		11%	12%	

Message from the CEO

"After the successful divestment of our social card games portfolio last year, we invested in our Platform business, innovated across our Premium Games and continued the integration and consolidation of past acquisitions. I am very pleased with the progress made by the team and we can see the savings we generated and the acceleration we anticipated coming through in the strong growth of the Platform in Q2 this year. Our continued focus on profitable growth has laid the foundation to expand our network of partners to capture market share in selected geographies, such as the recent agreements with Eniro in the Nordics and Captify in France and Italy. The successful placement of additional bonds in an amount of € 50 million in July was met with strong support from primarily institutional investors, and the proceeds received will support our continued focus on growing our Platform and the execution of our strategy."

- Umut Akpınar

Financial overview

Revenue

Q2 2024

Revenue for the quarter amounted to € 138.7 million, up 24.2% from € 111.7 million in Q2 2023 excluding the social card games portfolio divested in Q3 2023, mainly driven by higher advertising spend across the Platform Segment, particularly in Direct sales and Automated auction sales and the integration of past acquisitions. Revenue for the quarter was up 13.7% from € 122.0 million in Q2 2023 including the revenue from the social card games portfolio of € 10.3 million for Q2 2023.

H1 2024

Revenue for H1 2024 amounted to € 258.4 million, up 21.3% from € 213.1 million in H1 2023 excluding the social card games portfolio divested in Q3 2023, again mainly driven by higher advertising spend across the Platform Segment, particularly in Direct sales and Automated auction sales, and the integration of past acquisitions. Revenue for H1 2024 was up 10.1% from € 234.7 million in H1 2023 including the revenue from the social card games portfolio of € 21.6 million for H1 2023.

Earnings

Q2 2024

Adjusted EBITDA for the quarter was € 17.5 million compared to € 14.4 million in Q2 2023 excluding the divested social card games portfolio, an increase of 21.5%, due to the improved top-line performance of both Platform and Premium Games segments, cost savings and efficiencies from the integration of previous acquisitions and the successful launch of Habbo Hotel Origins. Adjusted EBITDA for Q2 2024 was down (5.4)% from € 18.5 million in Q2 2023 including the contribution from the social card games portfolio of € 4.1 million for Q2 2023.

The operating loss for the quarter amounted to € (3.9) million, compared to a loss of € (2.9) million in Q2 2023 with increased Platform revenue and contribution from Direct sales, platform efficiencies from optimisation and consolidation efforts, offset by the loss of contribution from social card game portfolio divested in Q3 2023 and a one-off increase in other expenses in the quarter related to the settlement of a commercial dispute.

H1 2024

Adjusted EBITDA for H1 2024 was € 27.3 million compared to € 19.6 million in H1 2023 excluding the divested social card games portfolio, an increase of 39.3%, largely driven by increased Platform revenue from advertising, cost savings and efficiencies from the integration of previous acquisitions and improved Premium Games segment performance due to the Habbo Hotel Origins release in Q2 2024. Adjusted EBITDA for H1 2024 was up 0.4% from € 27.2 million in H1 2023 including the contribution from the social card games portfolio of € 7.6

million for H1 2023.

The operating loss for H1 2024 amounted to € (9.6) million, compared to a loss of € (10.6) million in H1 2023, an improvement of 9.4%, mainly due to increased Platform revenue and contribution from Direct sales, platform efficiencies from optimisation and consolidation efforts, and notwithstanding the loss of contribution from the social card game portfolio divested in Q3 2023 and a one-off increase in other expenses in Q2 2024 related to the settlement of a commercial dispute.

Cash flow

Q2 2024

Cash flow from operating activities in Q2 2024 was an inflow of €6.7 million, mainly due to operating profit after non-cash adjustments, movements in net working capital reflecting a decrease in trade and other receivables of €5.7 million partly offset by a decrease in trade and other payables of €(0.6) million, €(6.0) million paid on interest and €(0.8) million paid in income tax. Cash flow from investing activities was an outflow of €(11.4) million, mainly due to payments for intangible assets of €(4.6) million and net cash outflow on acquisition of subsidiaries of €(7.2) million. Cash flow from financing activities was an inflow of €6.7 million, mainly due to proceeds from borrowings of €9.4 million offset by repayments of external borrowings and the principal portion of lease liabilities amounting in total to €(2.7) million.

H1 2024

Cash flow from operating activities in H1 2024 was an inflow of €8.4 million, mainly due to operating profit after non-cash adjustments, movements in net working capital reflecting a decrease in trade and other receivables of €8.5 million and an increase in trade and other payables of €3.6 million, partly offset by interest paid in the amount of €(10.5) million and €(2.2) million paid in income tax. Cash flow from investing activities for the period was an outflow of €(20.6) million, mainly due payments for intangible assets of €(9.5) million and net cash outflow on acquisition of subsidiaries of €(10.8) million. Cash flow from financing activities for the period totalled an inflow of €3.5 million, mainly due to proceeds from borrowings of €9.4 million offset by repayments of external borrowings and the principal portion of lease liabilities amounting in total to €(5.7) million.

Capex

Azerion capitalises development costs related to the internal development of assets, a core activity to support innovation in its platform. These costs primarily relate to developers' time devoted to the development of the platform, games and other new features. In Q2 2024 Azerion capitalised €4.0 million, equivalent to 16.3% (Q2 2023: €5.9 million, equivalent of 21.1%) of gross personnel costs excluding restructuring provision expense. In H1 2024 Azerion capitalised €7.3 million, equivalent to 14.8% (H1 2023: €10.2 million, equivalent of 18.0%) of gross personnel costs excluding restructuring provision expense.

Financial position and financing

Net interest-bearing debt^{*)} amounted to €165.1 million as of 30 June 2024, mainly comprising outstanding bond loan with a nominal value of €165 million (part of a total €300 million framework) and lease liabilities with a balance of €18.2 million less the cash and cash equivalents position of €31.8 million.

The settlement of the subsequent bond issue in an amount of €50 million under Azerion's existing Senior Secured Callable Floating Rate Bond framework of €300 million took place after 30 June.

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

Segment Platform

Our Platform segment includes our digital advertising activities, AAA Game Distribution (formerly referred to as e-commerce), Casual Game Distribution (being the operation and distribution of casual games) and Azerion Sports. The Platform segment generates revenue mainly by displaying digital advertisements in both game and general content, as well as selling and distributing AAA games. 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.

Selected business highlights in Q2 2024 include:

- Launched Generative AI Contextual solution in Marketplace, a robust system that provides accurate and reliable classification of web content, enabling more effective campaigns and curated deals for our partners.
- Partnered with Philips' Pregnancy+ & Baby+ Apps, providing tailored content for mothers, reaching approximately 6 million highly engaged monthly active users predominately in the Netherlands and Belgium.
- Announced a strategic partnership with Stamp, an innovative France-based platform for monetizing streaming services on television screens, enabling all Azerion and Hawk DSP media agencies and advertisers across Europe to instantly access all types of CTV inventories available via the Stamp platform.
- Signed an additional two sporting clubs to Fanzone, Azerion's white label fan engagement app, now partnering 25 clubs in total, compared to 14 clubs in Q2 2023.
- Continued expansion of Azerion's casual games distribution portfolio, adding 337 new games and 58 new publisher partners in the quarter.

Platform – Selected Financial KPIs

Financial results - Platform

In millions of €

	Q2 2024	Q2 2023	H1 2024	H1 2023
Advertising Platform	104.4	81.3	193.6	149.3
AAA Game Distribution (formerly e-commerce)	20.4	18.3	39.6	39.6
Total Revenue	124.8	99.6	233.2	188.9
Operating profit / (loss)	(4.3)	(3.2)	(8.0)	(11.6)
Adj. EBITDA	14.1	13.3	23.1	16.9
Revenue growth % - Advertising Platform	28.4%		29.7%	
Revenue growth % - AAA Game Distribution	11.5%		-	
Total Revenue growth %	25.3%		23.5%	
Adjusted EBITDA growth %	6.0%		36.7%	
Adjusted EBITDA margin %	11.3%	13.4%	9.9%	8.9%

Total Platform Revenue of €124.8 million in Q2 2024, an increase of 25.3% compared to €99.6 million in Q2 2023, mainly due to increased Advertising Platform Revenue particularly in Direct sales and Automated auction sales and the integration of past acquisitions, as well as improved revenue from AAA game key sales in AAA Game Distribution (formally referred to as e-commerce) due to a stronger publisher release schedule as compared to the same quarter last year. Total Platform Revenue of €233.2 million in H1 2024, an increase of 23.5% compared to €188.9 million H1 2023, mainly due to growth in advertising revenue from Direct sales, and the integration of previous acquisitions.

Advertising Platform Revenue of €104.4 million in Q2 2024, an increase of 28.4% compared to €81.3 million in Q2 2023, mainly driven by increased Direct and Automated auction sales, due to the benefits of integrating and consolidating past acquisitions, including Hawk as Azerion's single media buying platform, and the onboarding of additional publisher inventory across different formats. Revenue in Hawk increased by 27.6% as compared to Q2 2023, contributing €18.5 million of Revenue in Q2 2024 as compared to pre-acquisition Revenue of €14.5 million for the same period last year, largely due to the scale benefits and efficiencies from operating within Azerion's Platform and confirming the improved value proposition and synergies generated by the acquisition. In Q2 2024, Azerion's Direct sales contributed approximately 70% of Advertising Platform revenue, as compared to 65% in Q2 2023, with the balance provided by Automated auction sales.

In Q2 2024, AAA Game Distribution generated Revenue of €20.4 million as compared to €18.3 million in Q2 2023, an increase of 11.5% largely due to the rise in high-profile AAA game releases in Q2 2024 as compared to Q2 2023. In Q2 2024, AAA Game Distribution Revenue represented 16.3% of total Platform Revenue, as compared to 18.4% in Q2 2023.

Total Platform Adjusted EBITDA of €14.1 million in Q2 2024, compared to €13.3 million in Q2 2023, an increase of 6.0% largely due to increased Direct and Automated auction sales, lower personnel costs due to operational efficiency efforts as well as developments of platform technology resulting in lower operating costs and benefits of scale, offset in part by increased lower-margin revenue from Hawk acquisition and AAA Game Distribution. Excluding the effects of foreign exchange, Adjusted EBITDA increased by 11.2% compared to Q2 2023.

Total Platform Adjusted EBITDA of €23.1 million in H1 2024, compared to €16.9 million in H1 2023, an increase of 36.7% largely due to growth over the period in higher-margin Direct sales, improved spend on higher-impact ads in channels such as audio, CTV and DOOH, increased monetisation of exclusive partnerships and owned and operated content, together with ongoing consolidation and integration of previously acquired businesses and cost optimisation.

Advertising - Selected Operational KPIs

Advertising - Operational KPIs

	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024
Avg. Digital Ads Sold per Month (bn)	12.3	13.0	11.9	13.9	11.9	12.1
Avg. Gross Revenue per Million Processed Ad Requests across the Azerion Platform (€) ¹⁾	25.1	30.3	25.4	34.5	25.4	29.0

¹⁾Average gross revenue per million processed ad requests across Azerion Platform is calculated by dividing gross advertising revenue (processed by Azerion's advertising auction and monetisation platforms) by a million advertisement requests processed by Azerion's advertising auction and monetisation platforms.

The **Average Digital Ads sold per Month** decreased to 12.1 billion in Q2 2024 from 13.0 billion in Q2 2023, a decrease of (6.9)%, reflecting an ongoing focus on premium digital advertising formats such as DOOH, digital audio, drive to store, resulting in higher CPMs and fewer digital ads sold.

The **Average Gross Revenue per Million Processed Ad Requests across the Azerion Platform** in Q2 2024 was €29.0, compared to €30.3 in Q2 2023, reflecting a small decline year on year as we continue to consolidate advertisers and publishers onto a single media buying platform.

In Azerion's Q1 2024 interim report, it was announced that the reporting of Average Gross Revenue per Million Processed Ad Requests from advertising auction platform (€) was temporarily discontinued due to the ongoing integration of operational reporting data from the acquisition of Hawk completed in Q4 2023 and a review of our selected operational KPIs for this segment more generally.

The definition and methodology for our second Operational KPI have been updated to **Average Gross Revenue per Million Processed Ad Requests across the Azerion Platform** to reflect the integration of operational reporting data of more recent acquisitions; it is now calculated by dividing the gross advertising revenue (processed by Azerion's advertising auction and monetisation platforms) by a million advertisement requests processed by Azerion's advertising auction and monetisation platforms.

Both Advertising Operational KPIs now include data relating to the Hawk acquisition as of Q4 2023.

Segment Premium Games

From 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.

Selected Q2 2024 business highlights

- Launched Habbo Hotel: Origins, recreating the iconic virtual world as it existed in 2005, targeting audiences 18+ to offer a true nostalgic and immersive experience.
- Launch of MyJackpot Journey, a progression-based social casino slot game, throughout the DACH region after successful testing in the French market.
- Expanded partnerships with Verse Group providing monetization services and game content in their decentralized metaverse with its own marketplace and digital economy.

Premium Games – Selected Financial KPIs

Financial results - Premium Games

In millions of €

	Q2 2024	Q2 2023	H1 2024	H1 2023
Revenue (excluding social card games)	13.9	12.1	25.2	24.2
Social card games portfolio	-	10.3	-	21.6
Total Revenue	13.9	22.4	25.2	45.8
Operating profit / (loss) (excluding social card games)	0.4	(2.5)	(1.6)	(4.9)
Social card games portfolio	-	2.8	-	5.9
Total Operating profit / (loss)	0.4	0.3	(1.6)	1.0
Adjusted EBITDA (excluding social card games)	3.4	1.1	4.2	2.7
Social card games portfolio	-	4.1	-	7.6
Total Adjusted EBITDA	3.4	5.2	4.2	10.3
Revenue growth % (excluding social card games)	14.9%		4.1%	
Adjusted EBITDA growth % (excluding social card games)	209.1%		55.6%	
Adjusted EBITDA margin % (excluding social card games)	24.5%	9.1%	16.7%	11.2%

Revenue of € 13.9 million in Q2 2024, as compared to € 12.1 million in Q2 2023 (excluding social card games), an increase of 14.9%, mainly driven by the increased number of paying users in social casinos due to new sale features and improved discount strategies, improved performance from metaverse titles due to the release of Habbo Hotel Origins, offset by the sale of Woozworld at the start of January 2024 (totalling € 0.4 million Revenue in Q2 2023). Revenue was € 25.2 million in H1 2024, as compared to € 24.2 million in H1 2023 (excluding social card games), an increase of 4.1%, driven by social casino and metaverse performance and the factors previously described for Q2 2024, partly offset by decreased Q1 2024 Revenue due to lower user acquisition spend in social casinos and the sale of Woozworld at the start of January 2024 (totalling € 0.9 million Revenue in H1 2023).

Adjusted EBITDA of € 3.4 million in Q2 2024, compared to € 1.1 million in Q2 2023 (excluding social card games), an increase of 209.1%, mainly driven by improved performance from metaverse titles due to the release of Habbo Hotel Origins, consolidation and integration efforts resulting in improved operational performance and product development across the social casino and other metaverse titles. Adjusted EBITDA was € 4.2 million in H1 2024, as compared to € 2.7 million (excluding social card games), an increase of 55.6% compared to H1 2023 reflecting the previously discussed drivers in Q2 2024 and partly offset in Q1 2024 by the social casino portfolio shift in new-user generation to mobile in Azerion's own environment, as well as through its white label partners, which has higher growth potential over time, but also higher transaction costs as compared to web.

Premium Games – Selected Operational KPIs

Premium Games - Operational KPIs

	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024
Avg. Time in Game per Day (min)	81	80	95	87	81
Avg. DAUs (thousands)	274	252	255	251	253
Avg. ARPDAU (€)	0.42	0.44	0.47	0.42	0.53

- The **Average time in game per day** increased in Q2 2024 by 0.3% compared to Q2 2023 due to the ongoing development of new features and events in social casino and metaverse titles.
- The **Average daily active users (DAUs)** decreased by (7.7)% in Q2 2024 compared to the previous year, mainly due to lower user acquisition spend across titles with an increased focus on greater engagement with higher paying users offset by the successful launch of Habbo Hotel Origins.
- The **Average revenue per daily active user (ARPDau)** increased by 26.2% compared to Q2 2023, due to increased spending in social casino driven by improved in-game sales mechanics, features and events as well as the successful launch of Habbo Hotel Origins.

Given the sale of the social cards portfolio in August 2023, the selected operational KPIs for all quarters have been revised to no longer contain results from the social card games portfolio.

Outlook

The guidance previously provided remains unchanged:

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

Other information

Interest-bearing debt

Interest-bearing debt

In millions of €

	30 June 2024	31 December 2023
Total non-current indebtedness	175.5	172.0
Total current indebtedness	21.4	12.6
Total financial indebtedness	196.9	184.6
Deduct Zero interest-bearing loans	-	(0.1)
Interest-bearing debt	196.9	184.5
Less: Cash and cash equivalents	(31.8)	(40.3)
Net Interest-bearing debt (Bond Terms)	165.1	144.2

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

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

Reconciliation of Profit / (loss) for the period to Adjusted EBITDA - Q2

In millions of €

	Q2							
		2024				2023		
	Azerion Group	Premium Games	Platform	Other	Azerion Group	Premium Games	Platform	Other
Profit / (loss) for the period	(13.0)				(9.7)			
Income Tax expense	(0.5)				2.4			
Profit / (loss) before tax	(13.5)				(7.3)			
Net finance costs	9.6				4.4			
Operating profit / (loss)	(3.9)	0.4	(4.3)	-	(2.9)	0.3	(3.2)	-
Depreciation & Amortisation	10.6	2.7	7.9	-	10.9	3.4	7.5	-
Other	0.7	0.1	0.6	-	1.5	1.1	0.5	(0.1)
Acquisition expenses ¹⁾	10.0	0.2	9.8	-	4.9	-	4.8	0.1
Restructuring	0.1	-	0.1	-	4.1	0.4	3.7	-
Adjusted EBITDA	17.5	3.4	14.1	-	18.5	5.2	13.3	-

¹⁾In the past, all changes to the fair value of liabilities for contingent considerations were adjusted out of EBITDA on the basis that these impacts were acquisition related. Management has decided to cease these adjustments where the consideration is contingent upon the achievement of financial targets, because these changes in fair value are offsetting opposite movements already included in the operational performance of the acquired entity. This change has been applied prospectively.

Additional notes:

- Results of investments in associates were immaterial in Q2 2024.
- Acquisition expenses for Q2 2024 includes €4.8 million relating to one-off settlement of a commercial dispute and contingent consideration fair value loss (non-operational performance target) relating to a previous acquisition.

Reconciliation of Profit / (loss) for the period to Adjusted EBITDA - H1

In millions of €

	H1							
		2024					2023	
	Azerion Group	Premium Games	Platform	Other	Azerion Group	Premium Games	Platform	Other
Profit / (loss) for the period	(29.3)				(22.1)			
Income Tax expense	1.4				3.3			
Profit / (loss) before tax	(27.9)				(18.8)			
Net finance costs	18.3				8.2			
Operating profit / (loss)	(9.6)	(1.6)	(8.0)	-	(10.6)	1.0	(11.6)	-
Depreciation & Amortisation	21.0	5.2	15.8	-	21.2	6.6	14.7	(0.1)
Other	1.3	0.2	1.1	-	1.5	1.0	0.5	-
Acquisition expenses ¹⁾	13.8	0.3	13.5	-	7.7	-	7.6	0.1
Restructuring	0.8	0.1	0.7	-	7.4	1.7	5.7	-
Adjusted EBITDA	27.3	4.2	23.1	-	27.2	10.3	16.9	-

¹⁾In the past, all changes to the fair value of liabilities for contingent considerations were adjusted out of EBITDA on the basis that these impacts were acquisition related. Management has decided to cease these adjustments where the consideration is contingent upon the achievement of financial targets, because these changes in fair value are offsetting opposite movements already included in the operational performance of the acquired entity. This change has been applied prospectively.

Operating expenses

Breakdown of Operating expenses

In millions of €

	Q2		H1	
	2024	2023	2024	2023
Personnel costs	(20.7)	(26.0)	(42.9)	(53.8)
Includes:				
Restructuring related expenses	(0.1)	(4.1)	(0.8)	(7.4)
Other expenses	(13.0)	(10.2)	(20.9)	(21.7)
Includes:				
One-off settlement expense ¹⁾	(3.0)	-	(3.0)	-
Operating expenses	(33.7)	(36.2)	(63.8)	(75.5)

¹⁾The one-off settlement is related to settlement of a commercial dispute.

Condensed consolidated unaudited financial results for the six-month period ended 30 June 2024

Introduction

The principal activities of Azerion Group N.V. ('the Company') and its group companies (jointly, the 'Group') are described in the Annual Report 2023. The interim financial results for the six months period ended 30 June 2024 consist of the condensed consolidated financial statements, the management report and responsibility statement by Azerion Group N.V. Management Board. The information in this interim financial report has not been audited or reviewed by Azerion Group N.V.'s external auditor.

Responsibility Statement

Pursuant to section 5:25d, paragraph 2(c), of the Dutch Financial Supervision Act (Wet op het financieel toezicht), the Management Board of Azerion Group N.V. hereby declares that to the best of its knowledge:

- the condensed consolidated unaudited financial statements for the six-month period ended 30 June 2024 give a true and fair view of the assets, liabilities, financial position and profit or loss of Azerion Group N.V. and the entities included in the consolidation taken as a whole; and
- the interim report of the Management Board for the period ended 30 June 2024 gives a fair review of the information required pursuant to article 5:25d, paragraph 8 and 9 of the Dutch Financial Supervision Act regarding Azerion Group N.V. and the entities included in

the consolidation.

Schiphol-Rijk, 29 August 2024

Management BoardMr. U. Akpinar

Condensed consolidated statement of profit or loss and other comprehensive income

Condensed consolidated statement of profit or loss and other comprehensive income

in millions of €

	Q2		H1	
	2024	2023	2024	2023
Revenue	138.7	122.0	258.4	234.7
Costs of services and materials	(96.7)	(76.0)	(183.2)	(146.7)
Personnel costs	(20.7)	(26.0)	(42.9)	(53.8)
Depreciation	(2.0)	(2.0)	(3.8)	(3.9)
Amortisation	(8.6)	(8.9)	(17.2)	(17.3)
Other gains and losses ¹⁾	(1.6)	(1.8)	-	(1.9)
Other expenses	(13.0)	(10.2)	(20.9)	(21.7)
Operating profit / (loss)	(3.9)	(2.9)	(9.6)	(10.6)
Finance income	1.1	2.5	2.1	5.4
Finance costs	(10.7)	(6.9)	(20.4)	(13.6)
Net finance costs	(9.6)	(4.4)	(18.3)	(8.2)
Profit / (loss) before tax	(13.5)	(7.3)	(27.9)	(18.8)
Income tax expense	0.5	(2.4)	(1.4)	(3.3)
Profit / (loss) for the period	(13.0)	(9.7)	(29.3)	(22.1)
Attributable to:				
Owners of the company	(13.6)	(10.0)	(30.2)	(22.5)
Non-controlling interest	0.6	0.3	0.9	0.4
Exchange difference on translation of foreign operations	0.9	(0.1)	0.1	-
Financial instruments fair value through OCI	(1.3)	-	(1.3)	-
Total other comprehensive income	(0.4)	(0.1)	(1.2)	-
Total comprehensive income/(loss)	(13.4)	(9.8)	(30.5)	(22.1)
Attributable to:				
Owners of the company	(14.0)	(13.0)	(31.4)	(25.2)
Non-controlling interest	0.6	3.2	0.9	3.1
Loss per share for losses attributable to the ordinary equity holders of the company:				
Basic profit/(loss) per share (in €)			(0.25)	(0.19)
Diluted profit/(loss) per share (in €)			(0.25)	(0.19)

¹⁾Earn-out results have been reclassified from Other expenses to Other gains and losses

Condensed consolidated statement of financial position

Condensed consolidated statement of financial position

in millions of €

	Notes	30 June 2024	31 December 2023
Assets			
Non-current assets		395.8	413.6
Goodwill	10	188.4	187.1
Intangible assets	9	169.0	176.3
Property, plant and equipment	8	20.7	17.0
Non-current financial assets	11	5.0	30.8
Deferred tax assets		0.8	2.3

Investment in associates	7	11.9	0.1
Current assets		241.2	238.4
Trade and other receivables		208.0	196.7
Current tax assets		1.4	1.4
Cash and cash equivalents		31.8	40.3
Total assets		637.0	652.0
Equity			
Share capital		1.2	1.2
Share premium		143.6	140.2
Legal reserve		30.3	27.7
Share-based payment reserve		12.5	12.7
Currency translation reserve		(2.1)	(1.9)
Fair value through OCI		(1.3)	-
Retained earnings		(108.0)	(75.6)
Shareholders' equity		76.2	104.3
Non-controlling interest		6.0	5.3
Total equity	12	82.2	109.6
Liabilities			
Non-current liabilities		223.9	220.1
Borrowings	15	162.3	161.9
Lease liabilities		13.2	10.1
Provisions	13	1.8	1.6
Deferred tax liabilities		30.4	30.0
Other non-current liability	14	16.2	16.5
Current liabilities		330.9	322.3
Borrowings	15	16.4	8.4
Lease liabilities		5.0	4.2
Provisions	13	2.2	3.6
Trade payables		145.1	142.0
Accrued liabilities		99.9	112.7
Current tax liabilities		11.6	13.4
Other current liabilities	14	50.7	38.0
Total liabilities		554.8	542.4
Total equity and liabilities		637.0	652.0

Condensed consolidated statement of cash flow

Condensed consolidated statement of cash flow

In millions of €

	Q2	Q2	H1	H1
	2024	2023	2024	2023
Cash flows from operating activities				
Operating profit / (loss)	(3.9)	(2.9)	(9.6)	(10.6)
Adjustments for operating profit / (loss):				
Depreciation and amortisation & Impairments	10.6	10.9	21.0	21.2
Movements in provisions per profit and loss	0.6	3.3	1.4	6.6
Share-based payments expense	0.1	0.6	0.3	0.6
Other non-cash items	1.4	-	(1.6)	-
Changes in working capital items:				
(Increase)/Decrease in trade and other receivables	5.7	3.9	8.5	23.7
Increase (decrease) in trade payables, accruals and other liabilities	(0.6)	0.2	3.6	7.9
Utilisation of provisions	(0.4)	(3.1)	(2.7)	(5.2)
Interest received	-	-	0.2	-

Interest paid	(6.0)	(4.8)	(10.5)	(8.9)
Income tax paid	(0.8)	(0.6)	(2.2)	(0.6)
Net cash provided by (used for) operating activities	6.7	7.5	8.4	34.7
Cash flows from investing activities				
Payments for property, plant and equipment	(0.1)	(0.1)	(0.4)	(0.6)
Payments for intangibles	(4.6)	(5.8)	(9.5)	(12.0)
Net cash outflow on acquisition of subsidiaries	(7.2)	(6.8)	(10.8)	(25.0)
Net cash inflow/(outflow) from sale of business	-	-	(0.4)	-
Distributions from equity method investees	0.5	-	0.5	-
Net cash provided by (used for) investing activities	(11.4)	(12.7)	(20.6)	(37.6)
Cash flows from financing activities				
Proceeds from external borrowings	9.4	-	9.4	0.1
Repayment of external borrowings	(1.2)	(1.3)	(2.7)	(2.8)
Payment of principal portion of lease liabilities	(1.5)	(1.6)	(3.0)	(3.3)
Dividends paid to shareholders of non-controlling interests	-	-	(0.2)	-
Net cash provided by (used for) financing activities	6.7	(2.9)	3.5	(6.0)
Net increase/(decrease) in cash and cash equivalents	2.0	(8.1)	(8.7)	(8.9)
Effect of changes in exchange rates on cash and cash equivalents	0.1	-	0.2	0.2
Cash and cash equivalents at the beginning of the period	29.7	50.3	40.3	50.9
Cash and cash equivalents at the end of the period	31.8	42.2	31.8	42.2

Condensed consolidated statement of changes in equity

Condensed consolidated statement of changes in equity

In millions of €

	Share capital	Share premium	Legal reserves	Share-based payment Reserve	Currency translation reserve	FV through OCI	Other equity instruments	Retained earnings	Attributable to parent	Non-controlling interest	Total equity
Balance as of 1 January 2023	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	-	-	-	-	-	-	-	-	-	(0.4)	(0.4)
Grant of share-based payment	-	-	-	0.7	-	-	-	-	0.7	-	0.7
Settlement of share-based payment	-	0.5	-	(0.5)	-	-	-	-	-	-	-
Shares issued in new acquisitions	-	8.3	-	-	-	-	(8.3)	-	-	-	-

Modification of equity instruments	-	-	-	-	-	-	(20.7)	9.3	(11.4)	-	(11.4)
Exercise of call option	-	1.2	-	(1.2)	-	-	-	-	-	-	-
Non-controlling interest transaction	-	(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
Profit for the period	-	-	-	-	-	-	-	(30.2)	(30.2)	0.9	(29.3)
Other comprehensive income	-	-	-	-	0.1	(1.3)	-	-	(1.2)	-	(1.2)
Total comprehensive income / (loss)	-	-	-	-	0.1	(1.3)	-	(30.2)	(31.4)	0.9	(30.5)
Transactions with owners in their capacity as owners:											
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(0.2)	(0.2)
Vesting of share-based payment	-	-	-	0.2	-	-	-	-	0.2	-	0.2
Settlement of share-based payment	-	0.4	-	(0.4)	-	-	-	-	-	-	-
Shares issued in new acquisitions	-	3.0	-	-	-	-	-	-	3.0	-	3.0
Allocation / withdrawal legal reserve	-	-	2.6	-	-	-	-	(2.6)	-	-	-
Other movements	-	-	-	-	(0.3)	-	-	0.4	0.1	-	0.1
Total other movements	-	3.4	2.6	(0.2)	(0.3)	-	-	(2.2)	3.3	(0.2)	3.1
Balance as of 30 June 2024	1.2	143.6	30.3	12.5	(2.1)	(1.3)	-	(108.0)	76.2	6.0	82.2

Notes to the condensed consolidated financial statements

1 General 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 comparative figures in the condensed consolidated financial statements being compared to the 6 months period ended 30 June 2024 are those of Azerion Group N.V.

These condensed consolidated financial statements comprise the Company and its subsidiaries (the 'Group' or 'Azerion').

2 Preparation basis

These condensed consolidated financial statements have been 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 condensed consolidated interim financial statements do not present all the information required for a complete set of annual financial statements and should be read in conjunction with the consolidated financial statements of Azerion Group N.V. for the year ended 31 December 2023.

The consolidated interim financial statements have been prepared on the historical cost basis unless otherwise indicated. The going concern basis has been used in preparing the condensed consolidated interim financial statements as the Management board have a reasonable expectation that the Group will continue as a going concern for the foreseeable future.

The condensed consolidated interim financial statements have not been audited nor reviewed by the Group's external auditor. The condensed consolidated interim financial statements were authorized for issuance by the Management Board on 29 August 2024.

Functional and presentation currency

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

Comparative information

The following change has been made in comparative figures for 2023: fair value changes in contingent consideration balances were reclassified from Other expenses to Other gains and losses, both part of operating profit / (loss).

Use of estimate and judgements

The preparation of these condensed consolidated interim financial statements in conformity with IFRS requires management to make estimates, judgments, and assumptions which affect the reported amounts in these condensed consolidated interim financial statements. These estimates are inherently subject to judgement and actual results could differ from those estimates. The estimates, judgments, and assumptions in applying Azerion Group N.V. accounting policies and the key sources of estimation uncertainty were the same as those described in Azerion Group N.V. consolidated annual financial statements for the year ended 31 December 2023.

3 Significant accounting policies

The accounting policies applied in the preparation of the condensed consolidated interim financial statements are consistent with those applied in the preparation of Azerion's annual consolidated financial statements for the year ended 31 December 2023, except for the following:

Investment in associates

An *associate* is an entity over which the investor has significant influence. If an entity holds, directly or indirectly (eg through subsidiaries), 20 per cent or more of the voting power of the investee, it is presumed that the entity has significant influence, unless it can be clearly demonstrated that this is not the case. Conversely, if the entity holds, directly or indirectly (eg through subsidiaries), less than 20 per cent of the voting power of the investee, it is presumed that the entity does not have significant influence, unless such influence can be clearly demonstrated. A substantial or majority ownership by another investor does not necessarily preclude an entity from having significant influence.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting. Under the equity method, an investment in an associate 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 as well as any dividend received. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), 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 associate.

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

New standards

No new standards became effective from 1 January 2024; the amendments to existing standards that became effective on 1 January 2024 are not identified to have a material impact on the Group's condensed consolidated interim financial statements. The Group has not early-adopted any standard, interpretation, or amendment that has been issued but is not yet effective and endorsed.

4 Risk Management

The consolidated annual financial statements as at 31 December 2023 describe the principal material risks that could impact Azerion's business and the industries it operates in. The risk categories described therein remain valid and should be read in conjunction with the condensed consolidated interim financial statements.

5 Seasonality

Azerion is subject to the seasonal nature of advertising and games spending. Historically, Azerion's results of operations and cash flows have been subject to reasonably predictable seasonality. There is no assurance that these patterns will continue to be visible in future which may impact the predictability of Azerion's operating results and financial position.

Advertising activity is generally highest during the winter holiday season (to reflect consumer spending), while games activity is usually highest during the summer and end-of-year holiday periods. The Company expects these patterns to continue over the long-term with Azerion benefitting from an increasingly scaled and diverse customer and partner base business model over time.

6 Operating segments

Products and services from which reportable segments derive their revenues

Information reported to the Group's Chief Executive Officer (Chief Operating Decision Maker) 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. The Group's reportable segments in 2024 and 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:

Analysis of the Group's revenue by reportable segment in H1 2024

in millions of €

	Premium Games H1 2024	Platform H1 2024	Consolidated H1 2024
External revenue	25.2	233.2	258.4
Inter segment revenue	-	-	-
Total revenue	25.2	233.2	258.4

Analysis of the Group's revenue by reportable segment in H1 2023

in millions of €

	Premium Games H1 2023	Platform H1 2023	Consolidated H1 2023
External revenue	45.7	189.0	234.7
Inter segment revenue	0.1	(0.1)	-
Total revenue	45.8	188.9	234.7

Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by country of origin for the first half year periods of 2024 and 2023:

Disaggregation of revenue from customers by country of origin

in millions of €

	H1 2024			H1 2023 ¹⁾		
	Platform	Premium Games	Total	Platform	Premium Games	Total
Germany	40.7	15.0	55.7	11.9	13.7	25.6
France	39.0	0.7	39.7	17.6	0.8	18.4
Ireland	29.0	0.7	29.7	32.7	18.1	50.8
United Kingdom	19.5	0.3	19.8	13.0	1.0	14.0
The Netherlands	12.4	2.7	15.1	7.9	2.5	10.4
Italy	9.3	0.2	9.5	7.6	0.1	7.7
Nordic Countries ²⁾	17.2	0.2	17.4	19.2	0.1	19.3
Other European Countries	17.5	4.3	21.8	14.6	4.3	18.9
United States	32.8	0.6	33.4	29.8	4.1	33.9
United Arab Emirates	5.6	-	5.6	25.6	-	25.6
Other Countries	10.2	0.5	10.7	9.0	1.1	10.1
Total revenue from contracts with customers	233.2	25.2	258.4	188.9	45.8	234.7

¹⁾Based on voluntary management decision comparatives for H1 2023 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.

7 Acquisitions

On 26 April 2024, Azerion acquired 26.1% of the share capital of Eniro Group AB ("Eniro"). Founded in 2000, Eniro operates as a marketing-as-a-service company providing essential digital marketing services tailored to micro, small, and medium-sized businesses across Sweden, Norway, Denmark, and Finland. The company is listed on the Stockholm Stock Exchange.

The fair value of the purchase consideration for 26.1% of the share capital of Eniro was €13.0 million, which comprised of a cash payment at closing of €6.5 million (SEK 73.5 million), equity of €3.0 million issued and classified in share premium and deferred consideration of €3.5 million (SEK 40.0 million).

The deferred consideration is to be paid within 6 months after the acquisition date. Refer to Other liabilities where the deferred consideration relating to the acquisition of Eniro as at 30 June 2024 is included.

Based on the share purchase agreement, Azerion provided 1,799,017 shares at the share price of €1.67 with a fair value of €3.0 million. The issued shares are classified in equity, as increase of share capital and share premium, as of 30 June 2024.

Investment in Eniro is treated as investment in associate under IAS 28 Investment in associates and joint ventures and is accounted for using the equity method. There were the following movements on the investment in the first half of 2024 since the acquisition:

- ┆ Azerion's share in the profit of the associate since acquisition was immaterial,
- ┆ In June 2024 Azerion received a dividend of €0.5 million which was deducted from the cost of investment in associate,
- ┆ Intercompany downstream transaction was eliminated in amount of €0.8 million, decreasing the cost of investment in associate,
- ┆ Foreign currency translation gain amounted to €0.1 million.

As a result, the investment balance as at 30 June 2024 amounted to €11.8 million.

8 Property plant and equipment

Property, plant and equipment consists of right of use assets, equipment and leasehold improvements. At 30 June 2024, property plant and equipment amounted €20.7 million (31 December 2023: €17.0 million). The balance increased by €3.7 million, due to €7.9 million of additions (mainly in Right of use buildings) offset by to €(3.8) million of depreciation and €(0.5) million of cancellations (mainly in Right of use buildings).

9 Intangible assets

Intangible assets consist of games, software, websites, client lists, trademarks and other intangibles. As at 30 June 2024, intangible assets amounted to €169.0 million (31 December 2023: €176.3 million). The balance decreased by €(7.3) million, which was mainly due to €(17.2) million of amortisation. This was offset by €7.3 million of capitalized internal development costs and €2.3 million of additions mainly related to Games and Software.

Amortisation of the respective intangible assets categories were as follow: games, software and websites amounted to €(13.1) million, client lists amounted to €(3.0) million, trademarks amounted to €(0.6) million, while other amounted to €(0.5) million.

10 Goodwill

Goodwill as at 30 June 2024 amounted to €188.4 million (31 December 2023: €187.1 million), an increase of €1.3 million. This was mainly due to €1.7 million updates in the fair value of identifiable assets related to past acquisitions in the Platform segment, offset by €(0.2) million disposal of goodwill allocated to an entity divested in 2024 in the Premium games segment and €(0.1) million of currency translation impact in the Platform segment.

11 Non-current financial assets

Non-current financial assets as at 30 June 2024 amounted to €5.0 million (31 December 2023: €30.8 million), a decrease of €25.8 million. This was mainly due to:

- ┆ Loan receivable and related call option from Principion Holding B.V., a shareholder of the Group, with a total amount of €25.3 million as at 31 December 2023 were reclassified from non-current financial assets to current other receivables as they mature on 31 March 2025.
- ┆ Fair value loss of €1.3 million on equity investments held by the Group. These investments are not held for trading and are carried at fair value through other comprehensive income, based on irrevocable election made at initial recognition.
- ┆ Recognition of contingent consideration receivable in amount of €0.8 million from the sale of WoozWorld Inc, a subsidiary in the Premium games segment. Loss on divestment amounted to €0.1 million and is included in other gains and losses.

12 Equity

Share capital

As at 30 June 2024, the authorised share capital of Azerion Group N.V. comprised 122,870,787 ordinary shares (31 December 2023: 122,870,787 ordinary shares) with a par value of €0.01 per share and zero preference shares with no par value. As of June 2024, 122,193,277 shares were placed and paid up amounting to a total of €1.2 million share capital (31 December 2023: 120,281,425 shares and €1.2 million). The increase is related to the 1,799,017 treasury shares issued as part of Eniro Group AB acquisition on 15 May 2024 and 112,835 treasury shares issued for the share awards that vested as part of Annual Executive Annual plan on 11 April 2024.

Share premium

As at 30 June 2024, the share premium amounted to €143.6 million (31 December 2023: €140.2 million). The increase in the share premium is a result of the issuance of share consideration related to acquisition of Eniro Group AB of €3.0 million and the settlement of the share-based payments awarded as part of the Annual Executive Incentive Plan amounting to €0.4 million.

Legal reserve

As at 30 June 2024, pursuant to Dutch law, certain limitations exist relating to the distribution of shareholders' equity of €76.2 million. These limitations relate to legal reserves required by Dutch law of €30.3 million (31 December 2023: €27.7 million). The legal reserve movement in 2024 is comprised of €2.6 million relating to capitalized development costs for the Group's developed technology and is not freely distributable to shareholders.

Share-based payment reserve

In 2024, the following plans were carried forward:

Share-based payment granted by EFIC1 in the De-SPAC Transaction, which includes:

- | (Conditional) Special shares
- | (Conditional) Option to acquire Special Shares (Davey Call option)
- | (Conditional) HTP Call Option
- | Azerion Founder Warrants
- | Management Board Long-Term Incentive Plan (LTIP)
- | Annual Executive Incentive Plan

As at 30 June 2024, the share-based payment reserve amounted to €12.5 million (31 December 2023: €12.7 million). The movement of the period relates to: a) vesting of share awards under the Annual Executive Incentive Plan in amount of €0.2 million; b) settlement of the share awards under the Annual Executive Annual plan of €(0.4) million.

Currency translation reserve

As at 30 June 2024 the currency translation reserve amounted to €(2.1) million (31 December 2023: €(1.9) million). The translation reserve comprises foreign currency differences arising from the translation of the assets and liabilities of non-Group currency reporting foreign operations of Azerion Group N.V. (excluding amounts attributable to non-controlling interests).

Fair value through OCI

As at 30 June 2024 the reserve for financial instruments at fair value through other comprehensive income amounted to €(1.3) million (31 December 2023: € - million). The movement in 2024 represents the fair value loss of €1.3 million on equity investments held by the Group. These investments are not held for trading and are carried at fair value through other comprehensive income, based on an irrevocable election made at initial recognition.

Movements in retained earnings

As at 30 June 2024 the retained earnings amounted to €(108.0) million (31 December 2023: €(75.6) million). The change is mostly related to the €(30.2) million net loss for the first half year 2024 attributable to the owners of the company and allocation of legal reserve in amount of €(2.6) million.

Non-controlling interest

As at 30 June 2024 the non-controlling interest amounted to €6.0 million (31 December 2023: €5.3 million). €0.9 million relates to the total comprehensive income for the half year attributable to the non-controlling interest. In addition, €(0.2) million dividend was declared and paid to minority shareholders of Admeen B.V. in 2024.

13 Provisions

As at June 2024, provisions (current and non-current) amounted to €4.0 million (31 December 2023: €5.2 million). The balance decreased by €(1.2) million and is mainly explained by the following:

Restructuring

As of 30 June 2024, the restructuring provision was fully utilised (31 December 2023: €0.5 million). In 2023, Azerion initiated a restructuring plan designed to continue the integration of acquired businesses, improving efficiency and focusing on key strategic opportunities. Additional restructuring provision in the amount of €0.9 million was recorded in the first half of 2024 (H1 2023: €7.4 million) consisting

primarily of employee contract termination costs. Total provision utilisation in the first half of 2024 amounted to €(1.3) million (H1 2023: € 5.0 million) with reversals in 2024 amounting to €(0.1) million.

Litigations and other

As of June 2024, litigation and other provisions amounted to €3.1 million (31 December 2023: €3.9 million). The balance decreased by €(0.8) million in the period mainly explained by utilisation of €1.3 million in January 2024 on a provision related to the establishment of a new commercial relationship and the required technology to facilitate that commercial relationship. The decrease was partly offset by a balance sheet reclassification made in the first half of 2024 related to a legal claim on a company acquired in 2022 from Trade and other payables to Provisions of €0.6 million.

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 Belgian 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. As of 30 June 2024, employee benefit obligations amounted to €0.9 million (31 December 2023: €0.8 million).

14 Other liabilities

As at 30 June 2024, other liabilities (current and non-current) amounted to €66.9 million (31 December 2023: €54.5 million) and mainly consisted of:

- ┆ deferred and contingent consideration in the amount of €18.8 million (31 December 2023: €18.1 million). The increase was mainly due to the deferred consideration on the acquisition of Eniro Group AB in the amount of €3.5 million and the unwinding of interest in the amount of €0.6 million, offset by the pay outs that were due in the first half of 2024 in the amount of €3.5 million.
- ┆ postponed government payments amounting to €4.1 million (31 December 2023: €4.6 million).
- ┆ other liabilities in the amount of €44.0 million (31 December 2023: €30.9 million), mainly including non-recourse factoring liabilities with the increase in 2024 relating to higher balances of receivables sold by the Group during the year compared to the previous year.

15 Borrowings

Borrowings as at 30 June 2024 are mainly comprised of Senior Secured Callable Floating Rate Bonds of €164.5 million (31 December 2023: €163.8 million) and Debt to credit institutions amounting to €14.2 million (31 December 2023: €6.5 million). The increase in Senior Secured Callable Floating Rate Bonds is mainly related to amortisation of capitalised transaction costs, while the increase in Debts to credit institutions is explained by the drawing as at 30 June 2024 of €9.5 million under a super senior working capital facility entered into on 4 April 2024 as contemplated by and permitted under the terms and conditions of the Senior Secured Callable Floating Rate Bonds.

Borrowings of the Group are carried at amortised cost using the effective interest method. The fair values of these instruments are not materially different from their carrying values.

16 Income tax

Income tax expense is recognised at an amount determined by multiplying the profit (loss) before tax for the interim reporting period by management's best estimate of the weighted-average annual income tax rate expected for the full financial year, adjusted for the tax effect of certain items recognised in full in the interim period. As such, the effective tax rate in the interim financial statements may differ from management's estimate of the effective tax rate for the annual financial statements.

The Group's consolidated effective tax rate for the six months ended 30 June 2024 was negative 5.0%. The main contributors to the effective tax rate deviating from the Company's tax rate are non-recognition of available tax losses and non-deductible expenses.

17 Net Finance Costs

Net finance costs for the first half of 2024 amounted to €(18.3) million (H1 2023: €(8.2) million), an increase of €10.1 million. This was mainly due to the following: a) €5.0 million fair value loss on the call option from Principion Holding B.V., a shareholder of the Group; and b) decrease in the fair value gain on the Public Warrants and the Founder Warrants which in H1 2023 amounted to €4.4 million, but was €0.1 million in H1 2024.

18 Earnings per share

Basic loss per share

Basic profit/(loss) per share

in €

	30 June 2024	30 June 2023
Total basic profit/(loss) per share attributable to the ordinary equity holders of the company	(0.25)	(0.19)

Profit/(loss) in calculating profit/(loss) per share

in millions of €

	30 June 2024	30 June 2023
Loss from operations as presented in the statement of profit or loss	(29.3)	(22.1)
Less: Profit from operations attributable to non-controlling interests	(0.9)	(0.4)
Loss attributable to the ordinary equity holders of the company used in calculating basic earnings per share:	(30.2)	(22.5)

Weighted average number of shares used as the denominator

in number of shares

	30 June 2024	30 June 2023
Weighted average number of ordinary shares used as the denominator in calculating basic loss per share	120,788,506	119,394,507

Diluted loss per share

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.

Diluted profit per share

in €

	30 June 2024	30 June 2023 ¹⁾
Total diluted profit/(loss) per share attributable to the ordinary equity holders of the company	(0.25)	(0.19)

¹⁾Based on voluntary management decision comparatives for H1 2023 have been updated. There has been no material effect on the financial statements as a result.

Weighted average number of shares used as the denominator

in number of shares

	30 June 2024	30 June 2023 ¹⁾
Weighted average number of ordinary shares used as the denominator in calculating diluted loss per share	121,039,118	123,943,577

¹⁾Based on voluntary management decision comparatives for H1 2023 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 H1 2024

Number of shares

	Number of Potentially Dilutive Shares	Theoretical Start Date	Theoretical End Date	Weighted Average Number of Shares
Conditional special shares ¹⁾	1,152,886	1-Jan-24	30-Jun-24	-
HTP call options ¹⁾	25,700	1-Jan-24	30-Jun-24	-
Davey call options - Conditional ¹⁾	110,996	1-Jan-24	30-Jun-24	-
Public warrants ¹⁾	12,736,605	1-Jan-24	30-Jun-24	-
Founder warrants ¹⁾	5,256,167	1-Jan-24	30-Jun-24	-
Azerion founder warrants ¹⁾	17,992,773	1-Jan-24	30-Jun-24	-
Employee SARs - Unvested	152,368	1-Jan-24	30-Jun-24	152,367
Employee SARs - Vested	176,062	1-Jan-24	11-Apr-24	98,245
Total	37,603,557			250,612

¹⁾Conversion and/or exercise conditions for these instruments were not met during 2024. Therefore, their potential dilutive effect was not taken into account.

Potentially dilutive shares H1 2023

Number of shares

	Number of Potentially Dilutive Shares	Theoretical Start Date	Theoretical End Date	Weighted Average Number of Shares ¹⁾
Subordinated loans - Principion	2,621,147	1-Jan-23	30-Jun-23	2,615,931
Subordinated loans - STAK I	96,299	1-Jan-23	30-Jun-23	96,299
Subordinated loans - STAK II	11,572	1-Jan-23	30-Jun-23	11,572
Subordinated loans - STAK III	53,433	1-Jan-23	30-Jun-23	53,433
Conditional special shares ²⁾	1,152,886	1-Jan-23	30-Jun-23	-
HTP call options ²⁾	25,700	1-Jan-23	30-Jun-23	-
Davey call options - Conditional ²⁾	110,996	1-Jan-23	30-Jun-23	-
Davey call options - Unconditional I	314,974	1-Jan-23	13-Feb-23	75,244
Davey call options - Unconditional II	314,000	1-Jan-23	30-Jun-23	314,000
Public warrants ²⁾	12,736,605	1-Jan-23	30-Jun-23	-
Founder warrants ²⁾	5,256,167	1-Jan-23	30-Jun-23	-
Azerion founder warrants ²⁾	17,992,773	1-Jan-23	30-Jun-23	-
Investor SARs - Hybrid Theory I	18,551	1-Jan-23	8-Feb-23	3,916
Investor SARs - Hybrid Theory II	1,171,236	1-Jan-23	15-Feb-23	292,809
Investor SARs - Hybrid Theory III	33	1-Jan-23	23-Jun-23	32
Investor SARs - Hybrid Theory IV	9,433	1-Jan-23	26-Jun-23	9,223
Investor SARs - Target Spot	38,298	1-Jan-23	27-Jan-23	5,532
Investor SARs - Sulake	792,207	1-Jan-23	30-Jun-23	792,207
Employee SARs - Unvested	335,773	11-Apr-23	30-Jun-23	149,232
Employee SARs - Vested I	132,736	3-Apr-23	28-Jun-23	63,418
Employee SARs - Vested II	167,887	11-Apr-23	21-Jun-23	66,222
Total	43,352,706			4,549,070

¹⁾Based on voluntary management decision comparatives for H1 2023 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 H1 2023. Therefore, their potential dilutive effect was not taken into account.

19 Subsequent events

Subsequent bond issue

Azerion successfully placed a subsequent Senior Secured Callable Floating Rate Bond issue (the “Subsequent Bond Issue”) in an amount of €50 million under the Company’s existing senior secured floating rate bond framework of €300 million with ISIN NO0013017657 (the “Bonds”). The transaction was placed at a price of 100.75% of par. Following the Subsequent Bond Issue, the outstanding aggregate principal amount under the Bonds is €215 million. The bookbuilding process was completed on 19 June 2024 with settlement taking place on 5 July 2024. Proceeds from the Subsequent Bond Issue will be used to finance general corporate purposes of the Company, including capital expenditure, acquisitions and transaction costs.

Renegotiation of contingent consideration terms on Hawk acquisition

The acquisition of the Hawk Group (“Hawk”) in October 2023 led to the recognition of certain contingent consideration liabilities. On 2 August 2024, for the purpose of accelerating the integration of the Hawk acquisition, Azerion agreed with the sellers of Hawk to convert these contingent consideration liabilities into guaranteed payments at the same future dates. The agreement led to a negative impact on operating profit of €2.3 million, with no impact in Adjusted EBITDA on the basis that they are related to acquisitions.

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Definitions

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

Adjusted EBITDA Margin represents Adjusted EBITDA as a percentage of Revenue.

Average gross revenue per million processed ad requests across Azerion Platform is calculated by dividing gross advertising

revenue (processed by Azerion's advertising auction and monetisation platforms) by a million advertisement requests processed by Azerion's advertising auction and monetisation platforms.

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

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

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

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

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

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

Operating expenses are defined as the aggregate of personnel costs and other expenses as reported in the statement of profit or loss and other comprehensive income. More details on the reporting of cost by nature can be found in the published annual financial statements of 2023.

Operating Profit / (Loss) represents revenue less costs of services and materials, operating expenses, depreciation and amortisation and other gains and losses.

Disclaimer and Cautionary Statements

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

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

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

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

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

Certain financial data included in this communication consist of alternative performance measures ("non-IFRS financial measures"),

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

For all definitions and reconciliations of non-IFRS financial measures please also refer to www.azerion.com/investors.

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

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

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