



Azerion publishes Interim Unaudited Financial Results Q3 2024 and Year to Date Q3 2024

Robust Platform performance driving growth

Highlights of Q3 2024

In Q3 2024 we have not only increased our revenues but also continued to improve and develop our portfolio of clients, technologies and partnerships;

- Increased client spend generated € 124.8 million of revenues, up 22.6% Year on Year.
- Signed 115 new publishers and connected 4 additional SSPs and 6 DSPs to expand our digital audiences across Europe and the Americas.
- Continued delivery on the product roadmap including expanding our CTV, DOOH and Audio advertising offering for brands and publishers whilst enhancing brand safety and control across the Platform.
- Launch of Azerion Podcast Hosting Platform and Audio Adserver, unlocking additional revenue streams in the fast growing digital audio advertising segment.
- 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.
- Successfully completed the placement of additional bonds for an amount of €50 million under Azerion's existing Senior Secured Callable Floating Rate Bond framework of €300 million.

Post Q3 2024 Highlights

Increasingly favourable market conditions for partnerships and acquisitions provide opportunities for Azerion to continue its growth into 2025.

- We announced the acquisition of Goldbach Austria GmbH in November, one of the foremost digital and linear advertising brokers in the DACH region. Goldbach's expertise in DOOH, linear TV, CTV, and display advertising will amplify Azerion's offerings across the DACH region. Completion of the transaction is subject to regulatory approval by the Austrian Federal Competition Authority. In the 12 months ended September 2024, Goldbach Austria generated advertising revenue of approximately €26 million.
- We have built a strong pipeline of actionable partnership and acquisition opportunities. In this context, Azerion has mandated Pareto Securities AB and Arctic Securities AB to conduct a series of fixed-income investor meetings and subject to, inter alia, market conditions a subsequent bond issue may follow utilising some or all of the capacity available of up to €85 million out of the Company's already existing Senior Secured Callable Floating Rate Bond framework of €300 million with ISIN NO0013017657.

Selected KPIs

Financial Results - Azerion Group N.V.

in millions of €

	Q3 2024	Q3 2023	Growth	YTD 2024	YTD 2023	Growth
Platform Segment						
Advertising Platform	92.4	73.3	26%	286.0	222.6	29%
AAA Game Distribution (e-commerce)	18.5	17.5	6%	58.1	57.1	2%
Revenue	110.9	90.8	22%	344.1	279.7	23%
Operating profit / (loss)	(0.9)	4.0	(123)%	(8.9)	(7.6)	17%
Adj. EBITDA	13.1	13.5	(3)%	36.2	30.4	19%
Premium Games Segment ¹⁾						
Revenue	13.9	17.7	(22)%	39.1	63.5	(38)%
Operating profit / (loss)	1.0	73.3	(99)%	(0.6)	74.3	(101)%
Adj EBITDA	4.6	4.8	(4)%	8.8	15.1	(42)%
Group (excluding social card games)						
Revenue	124.8	101.8	23%	383.2	314.9	22%

Operating profit / (loss)	0.1	2.2	(96)%	(9.5)	(14.3)	(34)%
Adj. EBITDA	17.7	16.2	9%	45.0	35.8	26%
Group (including social card games)						
Total Revenue	124.8	108.5	15%	383.2	343.2	12%
Total Operating profit / (loss)	0.1	77.3	(100)%	(9.5)	66.7	(114)%
Total Adj. EBITDA	17.7	18.3	(3)%	45.0	45.5	(1)%

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 respective section below.

	Q3 2024	Q3 2023		YTD 2024	YTD 2023	
Adj. EBITDA Margin %						
Platform	12%	15%		11%	11%	
Premium Games	33%	27%		23%	24%	
Group (excluding social card games)	14%	16%		12%	11%	
Group	14%	17%		12%	13%	

Message from the CEO

"We are pleased with the performance of our business model during Q3, with the Platform and Premium Games segments both delivering revenue growth of over 20% compared to the same period last year, excluding the divested social card games portfolio. Importantly, we strengthened our local connections with advertisers and publishers and delivered significant innovation through our product and technology roadmap, developing new revenue streams and enhancing our ability to reach targeted audiences at scale. We invested further in our cookieless solutions through the partnership with Captify, onboarding their sales teams in France and Italy, whilst expanding our inventory in emerging channels such as DOOH through the partnership with MyAdbooker. Earlier in November, we announced the acquisition of Goldbach Austria GMBH, opening new doors for growth, innovation, and impactful advertising opportunities in Austria and advancing our strategic goals in the wider DACH region.

With favourable market dynamics, we see increasing opportunities to accelerate our growth through strategic partnerships and acquisitions and have developed a strong pipeline of actionable opportunities to execute on. We therefore intend to conduct a series of investor meetings to explore further funding of those opportunities through the debt markets."

- Umut Akpinar

Financial overview

Revenue

Q3 2024

Revenue for the quarter amounted to € 124.8 million, up 22.6% from € 101.8 million in Q3 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 the integration of previous acquisitions. Revenue for the quarter was up 15.0% from € 108.5 million in Q3 2023 including the revenue from the social card games portfolio of € 6.7 million in Q3 2023.

YTD Q3 2024

Revenue for YTD Q3 2024 amounted to € 383.2 million, up 21.7% from € 314.9 million in YTD Q3 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 the integration of past acquisitions. Revenue was up 11.7% from € 343.2 million in YTD Q3 2023 including the revenue from the social card games portfolio of € 28.3 million YTD Q3 2023.

Earnings

Q3 2024

Adjusted EBITDA for the quarter was € 17.7 million compared to € 16.2 million in Q3 2023 excluding the divested social card games portfolio, an increase of 9.3% mainly driven by improved performance of Premium Games, specifically metaverse titles due to the release of Habbo Hotel Origins and product development across the social casino titles, and cost savings and efficiencies from the integration of previous acquisitions. Adjusted EBITDA for Q3 2024 was down (3.3)% from € 18.3 million in Q3 2023 including the contribution from the social card games portfolio of € 2.1 million in Q3 2023.

The operating profit for the quarter amounted to € 0.1 million, compared to a profit of € 2.2 million in Q3 2023 (excluding gain on the sale and the result of the social card games portfolio of € 75.1 million), mainly due to a one-off increase in operating expenses in Q3 2024 related to the renegotiation of contingent consideration terms for one of the acquisitions (€ 2.9 million) and a fair value gain on contingent consideration for previous acquisitions in Q3 2023 (€ 2.0 million) that is absent in Q3 2024, offset by the improved performance of Premium Games described above, and cost savings and efficiencies from the integration of previous acquisitions.

YTD Q3 2024

Adjusted EBITDA in YTD Q3 2023 was € 45.0 million compared to € 35.8 million in YTD Q3 2023 excluding the divested social card games portfolio, an increase of 25.7% driven by higher advertising spend across the Platform Segment and improved performance of Premium Games, specifically metaverse titles due to the release of Habbo Hotel Origins and product development across the social casino titles, cost savings and efficiencies from the integration of previous acquisitions and a gain on acquisition related earn-outs of € 1.6 million. Adjusted EBITDA in YTD Q3 2024 was down (1.1)% from € 45.5 million in YTD Q3 2023 including the contribution from the social card games portfolio of € 9.7 million in YTD Q3 2023.

The operating loss in YTD Q3 2023 amounted to € (9.5) million, compared to a loss of € (14.3) million in YTD Q3 2023 (excluding gain on the sale and the result of the social card games portfolio of € 81.0 million), driven by increased Platform revenue and contribution from Direct sales, improved performance of Premium Games, specifically metaverse titles due to the release of Habbo Hotel Origins and product development across the social casino titles, efficiencies from optimisation and consolidation efforts, and notwithstanding the one-off increase in operating expenses related to the settlement of a commercial dispute and renegotiation of contingent consideration terms for one of the acquisitions.

Cash flow

Q3 2024

Cash flow from operating activities in Q3 2024 was an outflow of € (11.4) million, mainly due to movements in net working capital reflecting a decrease in trade and other payables of € (40.9) million and a decrease in trade and other receivables of € 18.9 million, € (7.8) million paid on interest and € (0.8) paid in income tax, partly offset by operating profit after adjustments. Cash flow from investing activities was an inflow of € 2.0 million, mainly due to the receipt of deferred consideration for the sale of the social card games portfolio in amount of € 11.6 million, partly offset by payments for intangible assets of € (4.3) million and net cash outflow on acquisition of subsidiaries of € (5.2) million. Cash flow from financing activities was an inflow of € 45.9 million, mainly due to net proceeds in the amount of € 48.2 million (net of transaction costs) from additional bonds placed under the existing Senior Secured Callable Floating Rate Bond framework offset by repayments of external borrowings and the principal portion of lease liabilities amounting in total to € (2.3) million.

YTD Q3 2024

Cash flow from operating activities in YTD Q3 2024 was an outflow of € (3.0) million, mainly due to movements in net working capital reflecting a decrease in trade and other payables of € (37.3) million and a decrease in trade and other receivables of € 27.4 million, € (18.3) million paid on interest and € (3.0) paid in income tax, partly offset by operating profit after adjustments. Cash flow from investing activities was an outflow of € (18.6) million, mainly due payments for intangible assets of € (13.8) million and net cash outflow on acquisition of subsidiaries of € (16.0) million, partly offset by the receipt of net deferred consideration for the sale of social card games portfolio in amount of € 11.2 million. Cash flow from financing activities was an inflow of € 49.4 million, mainly due to net proceeds from borrowings of € 57.6 million offset by repayments of external borrowings and the principal portion of lease liabilities amounting in total to € (8.0) 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 Q3 2024 Azerion capitalised € 3.8 million, equivalent to 14.3% (Q3 2023: € 3.9 million, equivalent to 16.2%) of gross personnel costs excluding restructuring provision expense. In YTD Q3 2024 Azerion capitalised € 11.4 million, equivalent to 15.0% (YTD Q3 2023: € 14.1 million, equivalent of 17.5%) of gross personnel costs excluding restructuring provision expense.

Financial position and borrowing

Net interest-bearing debt^{*)} amounted to € 177.7 million as at 30 September 2024, mainly comprising the outstanding bond loan with a nominal value of € 215 million (part of a total € 300 million framework) and lease liabilities with a balance of € 17.1 million less the cash and cash equivalents position of € 68.3 million.

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

Platform Segment

Our Platform segment includes our digital advertising activities, 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 Q3 2024 include:

- Expanded our Digital-Out-of-Home ("DOOH") advertising through the integration of MyAdbooker into Azerion's DSP, through which Azerion will support local advertisers and agencies in France, The Netherlands and Belgium access exclusive high-impact DOOH inventory offering a powerful new dimension to their programmatic media strategies.
- 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.
- Enhanced our Demand Side Platform adding new CTV and Set-Top Box localised in-home granular targeting for improved geographic audience identification.
- Improved our programmatic open auction capabilities for audio, enabling advertisers greater access to highly engaging podcasts,

radio, music and more.

- ▮ Brought greater brand safety and control to advertisers and publishers through launch of Child-Safe Marketplace in collaboration with Beeswax and integrated DoubleVerify's verification solutions in Azerion's SSP.
- ▮ Our B2B Game Key distributor Genba, expanded its network of AAA and boutique publisher partners averaging 175 connected studios in Q3 2024, an increase of 11% from 157 in Q3 2023 increasing its catalogue of popular games accessible to etailer partners.
- ▮ Azerion Sports expanded into a new area of sport signing with the national Premier Hockey League of the Netherlands, signed an additional 3 clubs to its white-label fan engagement app, now totalling 26 clubs (18 in Q3 2023), and launched in-app digital sports collectibles to reward the clubs' most loyal fans.
- ▮ Azerion strengthened its casual games distribution portfolio during Q3 2024, adding 419 new games and 15 new publisher partners.

Platform – Selected Financial KPIs

Financial results - Platform

In millions of €

	Q3 2024	Q3 2023	YTD 2024	YTD 2023
Advertising Platform	92.4	73.3	286.0	222.6
AAA Game Distribution (formerly e-commerce)	18.5	17.5	58.1	57.1
Total Revenue	110.9	90.8	344.1	279.7
Operating profit / (loss)	(0.9)	4.0	(8.9)	(7.6)
Adj. EBITDA	13.1	13.5	36.2	30.4
Revenue growth % - Advertising Platform	26.1%		28.5%	
Revenue growth % - AAA Game Distribution	5.7%		1.8%	
Total Revenue growth %	22.1%		23.0%	
Adjusted EBITDA growth / (decrease) %	(3.0%)		19.1%	
Adjusted EBITDA margin %	11.8%	14.9%	10.5%	10.9%

Total Platform Revenue of €110.9 million in Q3 2024, compared to €90.8 million in Q3 2023, an increase of 22.1% due to increased Revenue from the Advertising platform particularly in Direct sales and resilient AAA Games Distribution performance. Total Platform Revenue of €344.1 million in YTD Q3 2024, an increase of 23.0% compared to €279.7 million YTD Q3 2023, mainly due to growth in advertising revenue from Direct sales, and the integration of previous acquisitions.

Advertising Platform Revenue of €92.4 million in Q3 2024, an increase of approximately 26.1% compared to €73.3 million in Q3 2023, mainly driven by increased Direct sales due to integration and consolidation benefits from past acquisitions. In Q3 2024, Azerion's Direct sales contributed approximately 70% of Platform advertising revenue, as compared to approximately 60% in Q3 2023, with the balance provided by Automated auction sales.

In Q3 2024, AAA Game Distribution generated Revenue of €18.5 million as compared to €17.5 million in Q3 2023, an increase of approximately 5.7% due to strong performance of B2B sales of high-profile AAA game releases driven by promotional sales increase and new eTailer partners added in Q3 2024. Strong revenue performance was driven by the new releases and promotional sales of popular titles. In Q3 2024, AAA Game Distribution Revenue represented 16.7% of total Platform Revenue, as compared to 19.3% in Q3 2023.

Total Platform Operating Loss of €(0.9) million in Q3 2024, compared to Operating Profit of €4.0 million in Q3 2023, a decrease largely due to a one-off increase in operating expenses in Q3 2024 related to the renegotiation of contingent consideration terms for one of the acquisitions (€2.9 million) and a fair value gain on contingent consideration for previous acquisitions in Q3 2023 (€2.0 million) that is absent in Q3 2024. Total Platform Operating Loss of €(8.9) million in YTD Q3 2024, compared to €(7.6) million in YTD Q3 2023, a decrease largely due to a one-off increase in operating expenses related to the settlement of a commercial dispute in Q2 2024 (€3.0 million) and renegotiation of contingent consideration terms for one of the acquisitions, offset by increased Platform revenue and contribution from Direct sales and efficiencies from optimisation and consolidation efforts.

Total Platform Adjusted EBITDA of €13.1 million in Q3 2024, compared to €13.5 million in Q3 2023, a decrease of (3.0)% largely due to the mix of Advertising Platform Revenue, increased share of Direct Sales offset by the lower-margin revenue from Hawk acquisition. Total Platform Adjusted EBITDA of €36.2 million in YTD Q3 2024, compared to €30.4 million in YTD Q3 2023, an increase of 19.1% mainly as a result of growth in advertising revenue from Direct sales and the integration of previous acquisitions.

Advertising - Selected Operational KPIs

Advertising - Operational KPIs

	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024
Avg. Digital Ads Sold per Month (bn)	12.3	13.0	11.9	13.9	11.9	12.1	12.6
Avg. Gross Revenue per Million Processed Ad Requests across the Azerion Platform (EUR) ¹⁾	25.1	30.3	25.4	34.5	25.4	29.0	23.4

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.

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

The **Average Digital Ads sold per Month** increased to 12.6 billion in Q3 2024 from 11.9 billion in Q3 2023, an increase of 5.9%, reflecting the Platform's demand side growth due to the integration of past acquisitions and the consolidation of Azerion's monetisation technology into a single scalable media buying platform.

The **Average Gross Revenue per Million Processed Ad Requests** across the Azerion Platform in Q3 2024 was €23.4, compared to €25.4 in Q3 2023, reflecting a small decline year on year as we continue to balance and optimise between volume and efficiency.

Premium Games Segment

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 Q3 2024 business highlights

- Partnered with Everi, one of the largest suppliers of technology solutions for casinos, to empower their Social Casino Brand Super Jackpot Slot offering with Whow's established technology and game mechanics bringing innovative gaming to the casino industry.
- Test launch of new mobile portrait social casino application to further engage audiences on the go increasing daily active users and in-game purchases.
- Created new immersive quests and rolled out second hand store in Hotel Hideaway, encouraging social journey gameplay and allowing users to purchase their favourite add-ons at a discount further monetising the game.

Premium Games – Selected Financial KPIs

Financial results - Premium Games

In millions of €

	Q3 2024	Q3 2023	YTD 2024	YTD 2023
Revenue (excluding social card games)	13.9	11.0	39.1	35.2
Social card games portfolio	-	6.7	-	28.3
Total Revenue	13.9	17.7	39.1	63.5
Operating profit / (loss) (excluding social card games)	1.0	(1.8)	(0.6)	(6.7)
Social card games portfolio	-	75.1	-	81.0
Total Operating profit / (loss)	1.0	73.3	(0.6)	74.3
Adjusted EBITDA (excluding social card games)	4.6	2.7	8.8	5.4
Social card games portfolio	-	2.1	-	9.7
Total Adjusted EBITDA	4.6	4.8	8.8	15.1
Revenue growth % (excluding social card games)	26.4%	-	11.1%	-
Adjusted EBITDA growth % (excluding social card games)	70.4%	-	63.0%	-
Adjusted EBITDA margin % (excluding social card games)	33.1%	24.5%	22.5%	15.3%

Revenue of €13.9 million in Q3 2024, as compared to €11.0 million in Q3 2023 (excluding social card games), an increase of 26.4%, mainly driven by the increased number of paying users in metaverse titles due to the release of Habbo Hotel Origins combined with new social casinos sale features, improved discount strategies and increased partner user acquisition spend, offset by the sale of Woozworld at the start of January 2024 (totaling €0.4 million Revenue in Q3 2023). Revenue was €39.1 million in YTD Q3 2024, as compared to €35.2 million in YTD Q3 2023 (excluding social card games), an increase of 11.1%, driven by social casino and metaverse performance and the factors previously described for Q3 2024, partly offset by and the sale of Woozworld at the start of January 2024 (totaling €1.3 million Revenue in YTD Q3 2023).

Adjusted EBITDA of €4.6 million in Q3 2024, compared to €2.7 million in Q3 2023 (excluding social card games), an increase of 70.4%, 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 of €8.8 million in YTD Q3 2024, as compared to €5.4 million (excluding social card games), an increase of 63.0% compared to YTD Q3 2023 reflecting the increased performance of our metaverse titles due to the launch of Habbo Hotel origins, consolidation and integration efforts resulting in improved operational performance and product development across the social casino and other metaverse titles offset by the shift in new user generation to mobile in Azerion's social casino environment which has higher growth potential over time, but also higher transaction costs as compared to web.

Operating Profit of €1.0 million in Q3 2024, compared to Operating Loss of €(1.8) million in Q3 2023 (excluding social card games), an increase mainly driven by the reasons outlined in the preceding paragraph. Operating Loss of €(0.6) million in YTD Q3 2024, compared to €(6.7) million in YTD Q3 2023 (excluding social card games), an improvement once again reflecting the developments described for Adjusted EBITDA above.

Premium Games – Selected Operational KPIs

Premium Games - Operational KPIs

	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024
Avg. Time in Game per Day (min)	81.0	80.0	95.0	87.0	81.0	84.7
Avg. DAUs (thousands)	274.1	252.0	255.4	251.2	252.9	239.4
Avg. ARPDau (EUR)	0.42	0.44	0.47	0.42	0.53	0.57

- ▮ The **Average Time in Game per Day (min)** increased by 6% in Q3 2024 to 84.7 minutes per day as compared to 80.0 minutes per day in Q3 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 (5)% in Q3 2024 to 239.4 compared to Q3 2023 of 252.0, mainly due to lower user acquisition spend and increased focus on greater engagement with higher paying users.
- ▮ The **Average Revenue per Daily Active User (ARPDau)** increased by 30% in Q3 2024 to €0.57 compared to Q3 2023 of €0.44, driven by improved in-game sales mechanics in social casino, features and events and continued benefits from the successful launch of Habbo Hotel Origins in Q2 2024 which progressively normalised during the quarter.

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%.

Update on M&A and Funding Strategy

With favourable market dynamics, Azerion sees increasingly attractive opportunities to accelerate its growth through further strategic partnerships and acquisitions. At this stage, the highest conviction components of the pipeline represent annual aggregate revenue of between €255 and €285 million and aggregate adjusted EBITDA in the range of approximately €20 to €25 million pre-synergies. The precise mix of opportunities to be executed upon and the timing for execution on them is subject to normal M&A contingencies, including availability of funding for those opportunities, and would be executed in accordance with the terms and conditions of the Senior Secured Callable Floating Rate Bonds.

In this context, Azerion has mandated Pareto Securities AB and Arctic Securities AB to conduct a series of fixed-income investor meetings and subject to, inter alia, market conditions a Subsequent Bond issue may follow utilising some or all of the capacity available of up to €85 million out of the Company's already existing Senior Secured Callable Floating Rate Bond framework of €300 million with ISIN NO0013017657. Proceeds from the Subsequent Bond issue will be used to finance general corporate purposes of the Company, including capital expenditure, acquisitions and transaction costs.

Other information

Interest-bearing debt

Interest-bearing debt

in millions of €

	30 September 2024	31 December 2023
Total non-current indebtedness	224.4	172.0
Total current indebtedness	21.8	12.6
Total financial indebtedness	246.2	184.6
Deduct Zero interest-bearing loans	(0.2)	(0.1)
Interest-bearing debt	246.0	184.5
Less: Cash and cash equivalents	(68.3)	(40.3)
Net Interest-bearing debt (Bond terms)	177.7	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 - Q3

in millions of €

	Q3							
	2024				2023			
	Azerion Group	Premium Games	Platform	Other	Azerion Group	Premium Games	Platform	Other
Profit / (loss) for the period	(9.4)				54.4			
Income Tax expense	(0.7)				18.1			
Profit / (loss) before tax	(10.1)				72.5			
Net finance costs	10.2				4.8			
Operating profit / (loss)	0.1	1.0	(0.9)	-	77.3	73.3	4.0	-
Depreciation & Amortisation	11.3	2.7	8.6	-	11.3	3.0	8.2	0.1
Social card games portfolio	-	-	-	-	(72.6)	(72.6)	-	-
Other	0.3	0.1	0.2	-	-	(0.1)	0.1	-
Acquisition expenses ¹⁾	5.6	0.6	5.0	-	2.8	1.2	1.7	(0.1)
Restructuring	0.4	0.2	0.2	-	(0.5)	-	(0.5)	-
Adjusted EBITDA	17.7	4.6	13.1	-	18.3	4.8	13.5	-

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:

- Acquisition expenses for Q3 2024 includes €2.9 million relating to renegotiation of contingent consideration terms for one of the acquisitions.

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

in millions of €

	YTD							
	2024				2023			
	Azerion Group	Premium Games	Platform	Other	Azerion Group	Premium Games	Platform	Other
Profit / (loss) for the period	(38.7)				32.3			
Income Tax expense	0.7				21.4			
Profit / (loss) before tax	(38.0)				53.7			
Net finance costs	28.5				13.0			
Operating profit / (loss)	(9.5)	(0.6)	(8.9)	-	66.7	74.3	(7.6)	-
Depreciation & Amortisation	32.3	7.9	24.4	-	32.5	9.6	22.9	-
Social card games portfolio	-	-	-	-	(72.6)	(72.6)	-	-
Other	1.6	0.3	1.3	-	1.5	0.9	0.6	-
Acquisition expenses ¹⁾	19.4	0.9	18.5	-	10.5	1.2	9.3	-
Restructuring	1.2	0.3	0.9	-	6.9	1.7	5.2	-
Adjusted EBITDA	45.0	8.8	36.2	-	45.5	15.1	30.4	-

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:

Acquisition expenses for YTD Q3 2024 includes €7.7 million relating to:

- €4.8 million in Q2 2024 on one-off settlement of a commercial dispute and contingent consideration fair value loss (non-operational performance target) relating to a previous acquisition, and
- €2.9 million in Q3 2024 on renegotiation of contingent consideration terms for one of the acquisitions.

Operating expenses

Breakdown of Operating expenses

in millions of €

	Q3	YTD
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	2024	2023	2024	2023
Personnel costs ¹⁾	(23.1)	(19.8)	(66.0)	(73.6)
Includes:				
Restructuring related expenses	(0.4)	0.5	(1.2)	(6.9)
Acquisition related one-off item	(1.7)	-	(1.7)	-
Other expenses	(7.3)	(6.9)	(28.2)	(28.6)
Includes:				
One of settlement expenses ²⁾	-	-	(3.0)	-
Operating expenses	(30.4)	(26.7)	(94.2)	(102.2)

¹⁾Personnel costs in Q3 2024 include Hawk, which was acquired in Q4 2023.

²⁾The one-off settlement is related to settlement of a commercial dispute.

Condensed consolidated statement of profit or loss and other comprehensive income

Condensed consolidated statement of profit or loss and other comprehensive income

In millions of €

	Q3		YTD	
	2024	2023	2024	2023
Revenue	124.8	108.5	383.2	343.2
Costs of services and materials	(81.8)	(67.7)	(265.0)	(214.4)
Personnel costs	(23.1)	(19.8)	(66.0)	(73.6)
Depreciation	(2.2)	(2.0)	(6.0)	(5.9)
Amortisation	(9.1)	(9.3)	(26.3)	(26.6)
Other gains and losses ¹⁾	(1.2)	74.5	(1.2)	72.6
Other expenses	(7.3)	(6.9)	(28.2)	(28.6)
Operating profit / (loss)	0.1	77.3	(9.5)	66.7
Finance income	1.8	2.1	3.9	7.5
Finance costs	(12.0)	(6.9)	(32.4)	(20.5)
Net Finance costs	(10.2)	(4.8)	(28.5)	(13.0)
Profit / (loss) before tax	(10.1)	72.5	(38.0)	53.7
Income tax expense	0.7	(18.1)	(0.7)	(21.4)
Profit / (loss) for the period	(9.4)	54.4	(38.7)	32.3
Attributable to:				
Owners of the company	(9.8)	54.1	(40.0)	31.6
Non-controlling interest	0.4	0.3	1.3	0.7
Exchange difference on translation of foreign operations	1.2	(0.3)	1.3	(0.3)
Financial assets fair value through OCI	0.5	-	(0.8)	-
Total other comprehensive income	1.7	(0.3)	0.5	(0.3)
Total comprehensive income/(loss)	(7.7)	54.1	(38.2)	32.0
Attributable to:				
Owners of the company	(8.1)	56.5	(39.5)	31.3
Non-controlling interest	0.4	(2.4)	1.3	0.7

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 €

	30 September 2024	31 December 2023
Assets		
Non-current assets	393.3	413.6

Property, plant and equipment	19.2	17.0
Goodwill	190.5	187.1
Intangible assets	165.3	176.3
Non-current financial assets	5.0	30.8
Deferred tax asset	0.8	2.3
Investment in joint venture and associate	12.5	0.1
Current assets	249.0	238.4
Trade and other receivables	179.6	196.7
Current tax assets	1.1	1.4
Cash and cash equivalents	68.3	40.3
Total assets	642.3	652.0
Equity		
Share capital	1.2	1.2
Share premium	143.6	140.2
Legal reserve	31.9	27.7
Share based payment reserve	12.6	12.7
Currency translation reserve	(0.6)	(1.9)
Fair value through OCI	(0.8)	-
Retained earnings	(119.7)	(75.6)
Shareholders' equity	68.2	104.3
Non-controlling interest	6.4	5.3
Total equity	74.6	109.6
Liabilities		
Non-current liabilities	269.5	220.1
Borrowings	211.5	161.9
Lease liabilities	12.9	10.1
Provisions	1.8	1.6
Deferred tax liability	29.2	30.0
Other non-current liability	14.1	16.5
Current liabilities	298.2	322.3
Borrowings	17.6	8.4
Provisions	2.3	3.6
Trade payables	117.2	142.0
Accrued liabilities	87.1	112.7
Current tax liabilities	10.6	13.4
Lease liabilities	4.2	4.2
Other current liabilities	59.2	38.0
Total liabilities	567.7	542.4
Total equity and liabilities	642.3	652.0

Condensed consolidated statement of cash flow

Condensed consolidated statement of cash flow

In millions of €

	Q3	Q3	YTD	YTD
	2024	2023	2024	2023
Cash flows from operating activities				
Operating profit / (loss)	0.1	77.3	(9.5)	66.7
Adjustments for operating profit / (loss):				
Depreciation and amortisation & Impairments	11.3	11.2	32.3	32.5
Movements in provisions per profit and loss	(0.2)	1.3	1.2	7.9
Gain on sale of social card game portfolio	-	(72.6)	-	(72.6)
Share-based payments expense	0.1	0.1	0.4	0.7
Adjustment for acquisitions and disposals presented under investing activities	7.3	(2.9)	5.7	(2.9)
Changes in working capital items:				

(Increase)/Decrease in trade and other receivables	18.9	(5.1)	27.4	18.6
Increase (decrease) in trade payables and other payables	(40.9)	(18.0)	(37.3)	(10.2)
Utilization of provisions	(0.1)	(1.6)	(2.8)	(6.8)
Interest received	0.7	-	0.9	-
Interest paid	(7.8)	(5.1)	(18.3)	(14.0)
Income tax paid	(0.8)	(0.4)	(3.0)	(1.0)
Net cash provided by (used for) operating activities	(11.4)	(15.8)	(3.0)	18.9
Cash flows from investing activities				
Payments for property, plant and equipment	(0.1)	(0.8)	(0.5)	(1.4)
Payments for intangibles	(4.3)	(7.6)	(13.8)	(19.6)
Net cash outflow on acquisition of subsidiaries	(5.2)	(8.1)	(16.0)	(33.1)
Net cash inflow/(outflow) from sale of business	11.6	66.0	11.2	66.0
Distributions from equity method investees	-	-	0.5	-
Net cash outflow on acquisition of securities and equity investments	-	(2.6)	-	(2.6)
Net cash provided by (used for) investing activities	2.0	46.9	(18.6)	9.3
Cash flows from financing activities				
Proceeds from external borrowings	48.2	0.4	57.6	0.5
Repayment of external borrowings	(0.5)	(0.8)	(3.2)	(3.6)
Payment of principal portion of lease liabilities	(1.8)	(1.7)	(4.8)	(5.0)
Early cancellation of lease liability	-	(1.5)	-	(1.5)
Dividends paid to shareholders of non-controlling interests	-	(0.4)	(0.2)	(0.4)
Net cash provided by (used for) financing activities	45.9	(4.0)	49.4	(10.0)
Net increase/(decrease) in cash and cash equivalents	36.5	27.1	27.8	18.2
Effect of changes in exchange rates on cash and cash equivalents	-	(0.1)	0.2	0.1
Cash and cash equivalents at the beginning of the period	31.8	42.2	40.3	50.9
Cash and cash equivalents at the end of the period	68.3	69.2	68.3	69.2

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 Floating Rate Bonds ISIN: NO0013017657.

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

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

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

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

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

Contact

Investor Relations: ir@azerion.com Media relations: press@azerion.com